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Comm.on Administration of the
Dept.of Customs and Excise,
Etc.,Etc.,Etc.

Minutes of proceedings
[and evidence] v.1,c.2

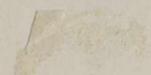
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SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 1—TUESDAY, FEBRUARY 9, 1926

MINUTES OF PROCEEDINGS

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

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 3—THURSDAY, FEBRUARY 11, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. R. R. Farrow, Deputy Minister of Customs and Excise.

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

EXHIBITS FILED:

- No. 1—Department of Customs and Excise. Chart showing organization.
- No. 1 (a)—Department of Customs and Excise. Organization for Preventive Service.
- No. 1 (b)—Department of Customs and Excise. Organization for Inspection Service.
- No. 1 (c)—Department of Customs and Excise. Organization for Special Branch, Toronto.
- No. 2—Department of Customs and Excise. Memorandum No. 55, to Collectors of Customs and Excise, amendments to Customs Act, 1925.
- No. 3—Letter from Mr. Farrow, Deputy Minister of Customs and Excise, re reports made by Inspector Walter Duncan.
- No. 4—Recommendation to Council re dismissal of Inspector J. E. Bisailon.
- No. 5—Letter from Mr. Farrow, Deputy Minister of Customs and Excise, re liquors released from bonded warehouses.

MEMBERS OF THE COMMITTEE

MERCIER, Mr. P. (*St. Henri*), *Chairman*

and

Messrs.

BELL, C. W. (*Hamilton West*)

BENNETT, Hon. R. B.

DONAGHY, D.

DOUCET, A. J.

Messrs.

ELLIOTT, J. C.

KENNEDY, D. McB. (*Peace River*)

ST. PÈRE, E. C.

STEVENS, Hon. H. H.

WALTER TODD,

Chief Clerk of Committees.

ORDER OF REFERENCE

HOUSE OF COMMONS,

OTTAWA, Friday, February 5, 1926.

Resolved,—That a Special Committee of this House, consisting of nine members, be appointed forthwith to investigate the administration of the Department of Customs and Excise and alleged serious losses to the public treasury because of inefficiency or corruption on the part of officers of the Department and others, and that such investigation extend back over such period of time as the Committee may decide and have regard to all matters affecting the prevention of smuggling, the prosecution of offenders, the seizure, storage and disposal of smuggled goods, or goods seized for purposes of excise or other taxes, the appraisal of goods for revenue purposes, the collection of customs and excise duties, the knowledge of ministers or officials of offences or irregularities affecting the public service in said department, the efficiency of the administration thereof, and the necessity of safeguarding the public revenue and the public treasury, and that such Committee have power to send for persons, papers and records, to adjourn from place to place, to print the evidence taken before the Committee, and to report from time to time.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House of Commons.

FRIDAY, February 5, 1926.

Ordered,—That the Special Committee appointed this day to investigate and report upon the administration of the Department of Customs and Excise be composed of the following members, viz.: Messieurs Bell (Hamilton), Bennett, Donaghy, Doucet, Elliott, Kennedy (Peace River), Mercier (St. Henri), St. Père and Stevens.

Attest.

ARTHUR BEAUCHESNE,
Clerk of the House of Commons.

SPECIAL COMMITTEE INVESTIGATING THE ADMINISTRATION OF THE DEPARTMENT OF CUSTOMS AND EXCISE

MINUTES OF PROCEEDINGS

TUESDAY, February 9, 1926.

The Committee met at 10.30 a.m.

Present: Messrs. Bell (Hamilton, West), Bennett, Donaghy, Doucet, Elliott, Kennedy (Peace River), Mercier (St. Henri), St. Père, and Stevens, 9.

In attendance: Hon. G. H. Boivin, Minister of Customs and Excise.

On motion of Mr. Elliott; it was

Resolved, That Mr. Mercier (St. Henri), be chairman of the Committee.

The Order of Reference was read by the clerk.

The question of obtaining the services of a French interpreter and a French stenographer having been discussed,

Mr. Bennett moved

That the clerk be authorized to obtain the services of a competent French interpreter, and also a competent French stenographer, which was agreed to.

Hon. Mr. Boivin informed the Committee that the Government was willing to engage counsel for the purpose of assisting the Committee in bringing out the facts in evidence in connection with the investigation, and that he had accordingly communicated with Mr. Aimé Geoffrion, K.C., of Montreal, who had accepted the mandate.

Objection having been taken by some of the members to the appointment of a counsel for the Committee by the Government, instead of by the Committee itself, after discussion, it was, on motion of Mr. Bennett, *Resolved*: That Mr. Aimé Geoffrion be recognized as appearing for the Department of Customs and Excise.

The question of the appointment of counsel to assist the Committee was postponed to a later meeting.

Moved by Hon. Mr. Stevens:—That summons be issued requiring the attendance upon the Committee, on Wednesday, 17th February, and to remain until discharged, of official representatives of the following firms:—

Charles Jenkins, Jenkins Overall Co., Rock Island, Que.

Mr. Bissonnette, Peerless Overall Co., Rock Island, Que.

Mr. Turner, Snag Proof Overall Co., Rock Island, Que.

G. Scherer, Ford, Ont.

John W. Gaunt, John W. Gaunt & Co., Ltd., Montréal, Que.

and that each be required to produce all original books of entry, receiving books and shipping books, cash books, journals, ledgers, and bank books or bank account statements and cancelled checks; also for the years 1924 and 1925, invoices of goods inwards, invoices of goods outwards, waybills (express and freight), shipping receipts, warehouse receipts, original order books, orders received for goods, shipping instructions, Customs entries, Customs receipts, Sales Tax returns, Sales Tax receipts, transfer and cartage accounts and all insurance policies of all descriptions, also particulars of the names of the officers and directors of each firm.

Motion agreed to.

Moved by Hon. Mr. Stevens:—That summons be issued requiring the attendance upon the Committee Monday next and from day to day until discharged of official representatives of the following firms:—

Mr. G. A. George, Secretary.

The Dominion Distillers Products Co., Ltd., Montreal, Quebec.

W. George, Limited, 1185 St. James street, Montreal, Quebec.

W. J. Hushion, 1195 St. James street, Montreal, Quebec.

And that each be required to produce all original books of entry, receiving books and shipping books, cash books, journals, ledgers, and bank books or bank account statements, and cancelled checks; also for the years 1924 and 1925, invoices of goods inwards, invoices of goods outwards, waybills (express and freight), shipping receipts, warehouse receipts, original order books, orders received for goods, shipping instructions, Customs entries, Customs receipts, Sales Tax returns, Sales Tax receipts, transfer and cartage accounts and all insurance policies of all descriptions, also particulars of the names of the officers and directors of each firm.

Motion agreed to.

Moved by Hon. Mr. Bennett:—That a summons be issued requiring the attendance of Commissioner Cortland Starnes and Superintendent A. J. Cawdron of the Royal Canadian Mounted Police, at the next sitting of the Committee to-morrow, Wednesday, and that they be then and there required to produce all papers, documents, evidence, reports, memoranda and correspondence on the files of the Royal Canadian Mounted Police, and relating to any question or matter of Customs and Excise smuggling, or any violations of the Narcotic Drug Act, or of the regulations governing bonded warehouses, liberation of liquor of any form and seized liquor. As well as all reports made by the said Royal Canadian Mounted Police, by the said Commissioner Starnes or Superintendent Cawdron, or any other officers to any and all Ministers of the Crown, any and all Deputy Ministers and any and all Departments, as well as all instructions given or memoranda containing instruction given by the Ministers or Deputy Ministers of Departments to the Royal Canadian Mounted Police during the years 1924, 1925 and to date in 1926.

Motion agreed to.

Moved by Mr. Doucet:—That the Department of Customs and Excise, produce all reports made by Inspector Walter Duncan or by any other investigating officer or by any other person having regard to any alleged offences against the laws of Customs and Excise, and received by any Minister or by their offices during the past year (1925) and to date in 1926, and of all recommendations to council having regard to the above matters, together with all letters, telegrams of instructions issued by the Ministers or by or from the

offices to any and all Customs officers or special investigating officers or officers of the Royal Canadian Mounted Police regarding cases of smuggling or seizure of goods by Customs under investigation, or suspending the investigation of any such cases. Also the production of the letter from the Minister of Customs, Hon. Jacques Bureau to J. E. A. Bisailon instructing him to settle Customs seizure cases according to his own judgment without reference to Chief Preventive Officer Wilson.

Motion agreed to.

Moved by Mr. Bell (Hamilton West):—That the Deputy Minister of Customs and Excise be requested to file forthwith with the Committee a statement for the year 1925, and the month of January, 1926, setting forth the quantities, value and strength of all classes and forms of spirituous liquors released from:—

- (a) Bonded warehouses, from bond for export.
- (b) Bonded warehouses, from distilleries for export.
- (c) Bonded warehouses, from bond for home consumption.
- (d) Bonded warehouses, from distilleries for home consumption.

Showing in each case the date of the release from bond, the date of the application of the release from bond, the amounts of excise duty paid and when paid, together with copies of all correspondence relating to each case. Also all applications for release and all orders for release and receipts acknowledging receiving of the goods out of bond, together with copies of all permits from Provincial Governments where affected covering the same period showing (a) the amount of spirits legally in bond in each case at January 1, 1925, and (b) the amount of spirits legally received into bond in each case during the said period.

Motion agreed to.

Moved by Mr. Stevens:—That a summons be issued requiring the attendance on the Committee of Inspector Walter Duncan at the sitting of the Committee on Thursday, February 18, and from day to day until discharged, and to produce all papers, documents, evidence, reports, memorandums and correspondence relating to any question or matter of Customs and Excise smuggling or any violations of the Narcotic Drug Act, or of the regulations governing bonded warehouses, liberation of liquor of any form and seized liquor, also all instructions given him by any Minister of the Crown or Deputy Minister of any Department relating to the above, also all papers, documents, memorandum books, diaries, correspondence and records seized or found in the office of Bisailon at Montreal either on the files or in the safe in the said office.

Motion agreed to.

Moved by Mr. Stevens:—That a summons be issued requiring the attendance on the Committee of W. Stuart Edwards, Deputy Minister of Justice, at the sitting of the Committee on Thursday, February 11, 1926, and to produce all papers, documents, evidence, reports, memorandums and correspondence relating to any question or matter of Customs and Excise smuggling or any violations of the Narcotic Drug Act, or of the regulations governing bonded warehouses, liberation of liquor of any form and seized liquor, also all instructions given him by any and all Ministers of the Crown or Deputy Ministers of any Department relating to the above during the years 1923, 1924, 1925 and to date in 1926, also copies of all instructions to any and all barristers, advocates solicitors acting on behalf of the Justice Department or any Department of

the Government in any and all cases of smuggling or any violations of the Customs and Excise law or the Narcotic Drug Act, together with the record showing the amount paid in each case to each barrister, advocate or solicitor, and the number of adjournments or remands in each case.

Motion agreed to.

Moved by Mr. Kennedy (Peace River):—That the officials, Mr. Farrow, Mr. Taylor, Mr. Wilson, Mr. Blair, be summoned to appear before this Committee to-morrow, Wednesday, 10th February, instant, to explain the organization of the said Department of Customs and Excise.

Motion agreed to.

Mr Mercier (St. Henri) having expressed his thanks to the Committee for the honour conferred upon him in choosing him as chairman.

The Committee adjourned till to-morrow at 10.30 o'clock, a.m.

WALTER TODD,
Chief Clerk.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 2—WEDNESDAY, FEBRUARY 10, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Commissioner Cortlandt Starnes, Royal Canadian Mounted Police

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

WEDNESDAY, 10th February, 1926.

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

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

Mr. Aime Geoffrion, K.C., counsel for the Department of Customs and Excise, was in attendance. Hon. Mr. Boivin, Minister of Customs and Excise, was also present.

The minutes of yesterday's meeting of the Committee were read and approved.

On motion of Hon. Mr. Stevens,

Ordered, That 1,000 copies of the day-to-day proceedings and evidence of the Committee be printed.

On motion of Hon. Mr. Stevens,

Ordered, That a summons be issued requiring the attendance on the Committee of R. P. Sparks, Esq., Ottawa, at the sitting of the Committee on Tuesday next, and from day to day until discharged, and to produce all reports to the Government on matters relating to the Customs and Excise Department on smuggling, and copies of all correspondence with any Ministers or officers of the Crown.

Hon. Mr. Stevens gave notice that at a later date he would move that a group of business men be called before the Committee.

On motion of Hon. Mr. Bennett,

Resolved, That the Commercial Protective Association be permitted to be represented by counsel before the Committee.

Discussion took place as to the order of procedure to be followed in pursuing the inquiry. Mr. Donaghy moved that the chief officers of the Department of Customs and Excise be first heard. Mr. Bell moved in amendment thereto that Commissioner Starnes and Superintendent Cawdron, both of the Royal Canadian Mounted Police, be first heard. The Committee divided, yeas 5, nays 3. Amendment agreed to. Motion, as amended, agreed to.

Commissioner Cortlandt Starnes, Royal Canadian Mounted Police, was called and sworn. He was examined by Messrs. Bennett, Stevens and Bell. During his examination, Commissioner Starnes produced a number of reports and documents, as required by his subpoena.

Ordered, That the said reports and documents be place in the custody of the Clerk of the Committee, with instructions that the same should not be open to examination by any persons other than members of the Committee, and that they be not taken out of the clerk's room or the committee room.

The Chairman announced the receipt of a letter asking that Mr. Bisailon, whose name has been mentioned in connection with the present inquiry, be permitted to be heard through Mr. Oscar Gagnon, as his counsel.

On motion of Mr. Elliott,

Resolved, That Mr. Bisailon be permitted to be represented before the Committee by counsel.

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

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

ROOM 429, HOUSE OF COMMONS,

WEDNESDAY, February 10, 1926.

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

COMMISSIONER CORTLANDT STARNES: called and sworn.

By Hon. Mr. Bennett:

Q. Mr. Starnes, you are the Commissioner of the Royal Canadian Mounted Police?—A. Yes, sir.

Q. And have been for how long?—A. Since April, 1923.

Q. Who is your chief departmental officer?—A. The Minister of Justice.

Q. To whom you report?—A. In matters of administration.

Q. Have you had occasion to direct members of your force to make investigations and reports with respect to the conduct of the Department of Customs and Excise?—A. Not with respect to the conduct of the department. We have assisted; we have made investigations and inquiries in assistance of the Customs Department.

Q. Did you make these investigations in consequence of written instructions?—A. Sometimes written requests from the Department of Customs, and sometimes verbal requests.

Q. Will you produce the written requests from the Department of Customs?—A. In any particular case?

Q. In all the cases from the Customs Department beginning, we will say, at the first of this year. We will take that first.—A. This year. There have been no written requests that I know of during this year.

Q. What about 1925?—A. In 1925 we did a lot of investigation work for the Department of Customs and Excise throughout the country from Halifax to Victoria, sometimes at their verbal request, and sometimes on our own initiative, where we reported, but we took no prosecutions without instructions from the Department of Customs and Excise.

Q. The Mounted Police have headquarters or inspectors at how many points in Canada?—A. They have ten divisional points and a number of detachments.

Q. You have detachments that report to the various inspectors at these ten points?—A. There is a superintendent in command of each district.

Q. Where are the written instructions which you received from the Department of Customs and Excise with respect to investigations in 1925?—A. They would be on each particular file of the case in question.

Q. And you have a record of them?—A. Yes.

Q. Produce it?—A. The files that I have taken here are the particular files that were mentioned in connection with Mr. Stevens.

Q. I am asking you, for the moment, for all cases in which you had instructions in writing from the Department of Customs and Excise in 1925. Will you produce the record?—A. I could produce them, but it would take some little time.

[Commissioner Cortlandt Starnes.]

Q. Not very long; I know the way the records are kept?—A. There would be quite a number—

Q. How many have you produced with you to-day?

By the Chairman:

Q. How many?—A. Several hundreds, because of a lot of ordinary illicit still cases and cases of that kind where we report and get instructions from the Department of Customs and Excise to go on with prosecutions.

By Hon. Mr. Bennett:

Q. How many have you produced with you to-day?—A. I have produced perhaps a dozen or **twenty files**.

Q. Will you just give a record of those files, so that it may be taken down by the reporter?—A. I have 32 files here.

Q. Would you just read what they are, shortly, without going into details?—A. You do not want anything previous to 1925.

Q. Not at the moment. Mr. Commissioner, if you will just read slowly—
A. All these files, Mr. Bennett, are 1924 and previous.

Q. You have not anything for 1925?—A. I have nothing here for 1925.

Q. You will get them for 1925, will you not?—A. Do you want the files—

Q. As long as you bring me a record to which you will pledge your oath, and the number of the file, that will be sufficient for the moment; what I want is to see if there is anything for 1925?—A. You want them for the whole country?

Q. Quite so; in 1925, you say you have none with you this morning?—A. No, sir.

Q. In 1924,—they are the ones you have with you? You might give them by the name of the case, so we can carry them in our minds. I will tell you, Mr. Commissioner, in order to save time, read the ones you have brought with you?—A. I will get the files themselves.

Q. Never mind the files; just read from your list?—A. This (indicating) is mostly 1923.

Q. We are more modern really, in our requirements?—A. One of them is called the Spanish Consul Case, Opium and Narcotic Act; that was in 19—

Q. You might give us the name of the place. Montreal?—A. Montreal.

Q. Now, go on, please?—A. There are quite a number of files—different volumes of this file.

Q. That is narcotic drugs?—A. Yes.

Q. Go on?—A. And customs; it was a mixed case.

Q. A mixed tribunal?—A. Yes. The next is in Montreal, a case called the Borden case.

By Hon. Mr. Stevens:

Q. Borden?—A. Yes.

Q. What was it?—A. It was a smuggling case.

By Hon. Mr. Bennett:

Q. What is the next one?—A. J. P. Landy, was another case.

Q. Another smuggling case?—A. Yes.

Q. What is the next one, Mr. Commissioner?—A. The next one is the Quong Long Frisco Cafe.

Q. That is a Chinese case?—A. Yes.

Q. Narcotic drugs?—A. Yes.

Q. Where?—A. Montreal.

Q. What is the next one, Mr. Starnes?—A. In connection with the appointment officers at Customs.

By Hon. Mr. Stevens:

Q. What is that?—A. The appointment of our men as Custom and Excise officers at Montreal.

Q. You have a file on that?—A. Yes.

By Hon. Mr. Bennett:

Q. That was to enable your men to act as preventive Customs officers all over the country?—A. In different places; they are appointed by name.

Q. Yes, I know; I am familiar with that. What is the next one?—A. Regarding the Maxe gang, Montreal.

By Mr. Bell:

Q. Was that a prosecution, Mr. Commissioner?—A. No, that was a report.

By Hon. Mr. Bennett:

Q. What is the next one?—A. V. M. Noel, Montreal.

Q. Smuggling?—A. It was reported as smuggling.

Q. Yes, I mean charged with smuggling?—A. Yes.

Q. And the next?—A. There is a different volume on that.

Q. On the same matter?—A. Yes.

Q. That is all you have brought with you?—A. That is all I have brought, yes.

Q. Now, Mr. Commissioner, I want to make myself very clear to you. Can you not very readily look up your files and produce for this Committee the instructions received by you from the Customs Department, asking for investigations, or whatever it may be?—A. Each separate file would have its own instructions.

Q. It is initiated or originated with a request from the Customs Department?—A. Not always.

Q. Sometimes verbally?—A. Sometimes verbally; as on the prairies, where there are a lot of illicit stills, our men on patrol will hear of an illicit still, and they will perhaps make a seizure, and then the matter is reported to the Customs, the stuff is analyzed, and instructions are then given by the Customs as to whether prosecution will take place or not.

Q. Now, Mr. Commissioner, you received written instructions asking your Department to take action, thereupon, your practice would be to instruct your officers to make investigation?—A. Or prosecution.

Q. Or prosecution?—A. Yes.

Q. And they report back to you?—A. Yes.

Q. And you report to the Department of Customs or Justice—which?—A. Customs.

Q. You report direct to the Customs Department?—A. Direct to the Customs.

Q. You keep copies of your reports?—A. Yes.

Q. I would like a copy of all the reports you have made to the Customs Department with respect to alleged infractions of the law during the years 1926, 1925 and 1924?—A. You wish me to have a list made—because it will be very considerable.

Q. I judged that?—A. It may be up in the thousands.

Q. Not as bad as that?—A. Yes, taking it all through.

Q. My learned friend says we want to lay this report before the Committee. We will not publish them—the reports you made to the Minister?—

A. Our reports as regards the Customs Department go to the Chief Preventive Officer.

Q. Who is that?—A. Mr. Wilson.

Q. And you have been reporting to him since you took office as commissioner?—A. In 1923—I am not quite sure of the date—we used to report to the Deputy Minister, but some change was made in their organization and we were requested to send our reports to the Chief Preventive Officer.

Q. That being Mr. Wilson?—A. That being Mr. Wilson.

Q. And you have since sent your reports to him?—A. Yes.

Q. You have copies of them?—A. Yes.

Hon. Mr. BENNETT: Will Mr. Wilson produce the originals of those reports? (To witness) You need not bother about that; I was asking generally.

The WITNESS: I might say I do not send the originals; I keep the originals, and the copies are sent to Mr. Wilson.

By Hon. Mr. Bennett:

Q. That is better still. You will produce the originals? You can do that?—A. I can do that.

Q. What reports do you make to the Department of Justice with respect to these matters?—A. None.

Q. Do you make a daily report or a weekly report to the Department of Justice?—A. No.

Q. None at all?—A. No, except on matters of administration, to the Minister; but whenever we do work for any department, we report direct to that department, whether it is Health, Post Office, Customs, Secretary of State—all the departments virtually.

Q. And they have a right to requisition your services directly?—A. Yes.

Q. And not through the Minister of Justice?—A. No. Whenever a request is made by one of the departments, unless there is objection to it, we comply; if we have the men and the facilities, we comply with it.

Q. Now, has your Department made investigations with respect to the conditions prevailing at Rock Island, Quebec?—A. No, sir.

Q. You were not requested so to do?—A. No; we make no investigation for any department unless we are requested by that department.

Q. Have you a member of the Police at Rock Island?—A. No.

Q. There is none there?—A. No.

Q. At what border points have you detachments?—A. We have none in the province of Quebec; we have in Ontario.

Q. At what points?—A. At Niagara, Windsor, Sarnia and Sault Ste Marie.

Q. Then you proceed west along the boundary line?—A. We have one at Fort Francis, and some along the borders of Saskatchewan and Alberta, and some in British Columbia.

Q. Do they report direct to you or to their several superintendents or inspectors?—A. They report to their several officers commanding the districts.

Q. And these reports are transmitted to you?—A. Yes, transmitted to me.

Q. And are on file in your office?—A. On file in my office.

Q. That is the position in respect to that?—A. Yes,

Q. I take it you have these reports?—A. Yes, I have these reports.

Q. What are the duties of these men at these various points—the members of the Police?—A. Those on the border carry out the Federal laws, and assist the Customs or Immigration departments, or whatever department—

Q. Are the instructions embodied in a written memorandum sent to them? Have you those in writing?—A. No general instructions, no, because it would be impossible to give general instructions. The conditions vary too much.

Q. But, generally, it is their duty to see that Federal laws are observed and kept?—A. Yes.

Q. Generally, that is fair, is it?—A. Yes, but they initiate no prosecutions or investigations for any department unless requested, but that is quite sufficient—

Q. I want to come to that. Do prosecutions only originate through your action? That is, have these men at these various border points any power to initiate prosecutions?—A. No.

Q. They report to you?—A. And we report to the department concerned, and receive instructions from them whether to prosecute or not.

Q. Then, in the ultimate analysis, prosecutions are initiated only at the instance of the department concerned?—A. Yes.

Q. And whether or not action is taken upon the reports received by your men throughout Canada, depends upon the instructions given by the Department concerned?—A. Yes.

Q. You have no power to initiate prosecutions?—A. No.

Q. That is the position?—A. Yes.

Q. At any rate, you do not do it? You do not do it?—A. We do not do it.

Q. Do you keep a record, an index record, showing the instructions received for prosecution with respect to smuggling and excise?—A. When a case is started, a particular case, under its heading, a file is started and every report, every piece of correspondence regarding that particular case is placed on that particular file.

Q. From your annual report I observe you refer to the activities of the force. Would it be possible for you, without much difficulty, to prepare a list of the instructions received from the Customs and Excise Department, with respect to prosecutions for violation of the Customs Act and the Narcotic and Drugs Act?—A. It would be possible, but it would take some time, because each file would have to be gone into.

Q. I mean, you do not keep an index?—A. A card index of each case.

Q. You do not keep a general index from which you can prepare a report quickly?—A. We keep a number of cases on a particular kind of crime or a particular kind of case; for instance, illicit stills. We could turn up all the illicit stills on any particular case of that kind.

Q. Could you undertake, without very much trouble, to prepare a list of prosecutions that have been carried on through instructions from the Customs Department, with respect to (A) smuggling and (B) the Excise Department?—A. As I say, we would have to go through each file to see the particular instructions in that particular case.

Q. Well, but you take no proceedings without instructions?—A. No. I could make a list.

Q. I do not want immigration matters. Just Customs and Excise?—A. Yes.

Hon. Mr. BENNETT: Does the Committee want these stills?

Hon. Mr. STEVENS: I am not interested in them except in this way, if you would not mind me asking this question because I think it comes in right here; then it will get on the record. You mention that no prosecutions are instigated without instructions from the Customs Department. Have you any general orders not to prosecute unless you get those instructions.

WITNESS: In matters of stills we have, I am not sure about others; but it is the general understanding that we would not start any prosecution without reporting.

By Hon. Mr. Stevens:

Q. You are the head of the Mounted Police. The Mounted Police get evidence of smuggling, infractions of the law. You say you never proceed without getting specific instructions in each case?—A. That is in prosecutions?

Q. Exactly, you do not proceed with a prosecution unless you get orders in each case?—A. Yes.

Q. Have you a general order not to proceed except with instructions?—A. I am not sure, but it has been the custom.

Q. Under whose authority do you refrain from prosecuting?—A. Because we have no authority by ourselves.

Hon. Mr. BENNETT: He says he does not refrain, he does not initiate, except on the instructions he had.

WITNESS: We are only assisting, and naturally assisting the department, we take our instructions and we would make ourselves liable to exceeding our powers if we took some action for another department, of which they did not approve.

By Hon. Mr. Bennett:

Q. Do you drop action by orders from the Customs Department?—A. I do not remember of dropping actions.

Q. They always go through once you start?—A. As far as I remember; I do not know. I cannot remember any case—as a rule, if there is a prosecution in the Customs or Excise that has been taken up by us on their instructions some legal assistance is given to us.

Hon. Mr. STEVENS: Are you through, Mr. Bennett?

Hon. Mr. BENNETT: Go on, you have something in your mind; proceed with it.

By Hon. Mr. Stevens:

Q. I do not understand the point he answered to you. Your officers discover what they consider infractions of the law, violations of the law; they gather the evidence, they would report right off?—A. The first thing they would report.

Q. To you?—A. To the officer commanding. We send to the Department concerned a report of whatever action is taken. There are continually coming in reports on that particular case.

Q. Supposing one of your officers discovers on some boundary point a truck load of silk coming through, which he knows is coming through in violation of the law, can he, without sending word to you yourself and then from you to the chief preventive officer, on that get authority to seize and prosecute?—A. If he is a Customs and Excise officer, as several of our men are, he would seize at once; he would take action at once. If he is not a Customs and Excise officer he has no authority to make a seizure. His instructions there are that he would have to go to the nearest Customs officer and assist that Customs officer.

Q. In the meantime the truck might be ten miles away, or fifteen miles away?—A. I do not know that it has occurred, but it is only those who have the powers of Customs and Excise officers that can make a seizure.

Q. You said a moment ago that you made perhaps thousands of reports in cases in the last two years. I take it that you have made a great many. How many cases did you prosecute under instructions from the Customs Department?—A. I could not say from memory.

Q. Have you any idea?—A. It is over a thousand, I would not like to say the number. It is in the annual report for the last year.

Q. Can you give us that?—A. If I had the annual report I could give it in a few minutes.

Q. The number of cases reported, and the number of cases prosecuted?—A. Yes. I will take a note.

Q. When you prosecute who acts for you in court?—A. There is generally a counsel appointed by the department concerned.

Q. By the department concerned? By the Justice Department?—A. I think they consult the Justice Department, I do not know.

By the Chairman:

Q. Do you know that personally?—A. We go to the department concerned. If it is narcotic drugs, we ask the Customs Branch for counsel. They send us the name of counsel. Where they get them I do not know.

Q. You do not know who appoints the counsel?—A. No.

By Hon. Mr. Stevens:

Q. Mr. Bennett asked you about the Rock Island district, have you any officer in the Rock Island district? Did you ever have any?—A. No.

Q. Have you any officers operating in that district at all?—A. Not at Rock Island.

Q. Or along the boundary?—A. In Quebec?

Q. Yes.—A. No.

Q. None at all?—A. No.

Q. Have you ever received any objection to your officers acting in connection with smuggling cases during the last two years, we will say?—A. Received objections?

Q. Objections from——. I had better make it clearer; have you ever received any objections from any department—well, the Department of Customs, to the activities of your officers in connection with customs?—A. With cases we started?

Q. Yes.—A. No.

Q. Nor in any district?—A. Not when cases were started.

Q. In any district?—A. As matters of organization, we have been told that we had to report the case to a certain officer before any action was taken.

Q. You do not know the number of cases you have had, for instance for the last year, as compared with two years ago, or three years ago?—A. Yes, our annual report shows that. The table of statistics and the annual report show that.

Q. Any increase or decrease?—A. The cases generally are on the increase.

Q. Cases prosecuted?—A. Yes, cases prosecuted.

Q. Now, I want to ask you one or two specific questions if I may; do you report—I may be asking you to strain your memory, but I caught the name a moment ago. You mentioned a "Landy," I think you spelled it. Where was that?—A. I think that was in Montreal.

Q. What was it?—A. I think it was a case of smuggling liquor off a ship.

Q. Do you know of a case of Lande, in which a certain smuggler at Quebec was apprehended by one of your officers, I think it was in the spring of 1924; women's goods, silk goods, I presume?—A. Yes, I know the case.

Q. Was it officer Sergeant Zenith—I think it was that made the seizure?—A. Yes.

Q. Z-e-n-i-t-h?—A. Zanith.

Q. One of your officers?—A. Yes.

Q. Will you tell the Committee, if you can, from memory, just briefly what the case was?—A. I think it was a case of smuggling of dresses.

The CHAIRMAN: It might be better if the record was before the Committee.

Mr. GEOFFRION, K.C.: Suppose he makes a mistake?

Hon. Mr. STEVENS: I am not afraid of him making a mistake.

Mr. GEOFFRION, K.C.: May I point out, Mr. Stevens—

Hon. Mr. STEVENS: I am not going into that in detail.

The CHAIRMAN: Sometimes the general appearance of everything is worse than in detail, because the detail corrects the general impression.

WITNESS: I might point out that in dealing with these records of cases, sometimes there will be a report on the case that it would be very unjust to make public in any way, where names might be mentioned, and an officer or a constable, or a non-commissioned officer in Montreal, Quebec, or anywhere who is working on the case hears rumours; he gets suspicious; he reports these things to me, because he knows that it is in a confidential way. If that were made public it would be destructive to police methods afterwards.

By Hon. Mr. Stevens:

Q. I am not asking for anything like that. This was a case of a seizure made by an officer, whom you say was a reputable officer?—A. Yes.

Q. That case was not proceeded with?

Mr. GEOFFRION, K.C.: What I am suggesting is that we better go on with that when the record is here. A question may be put and we may control them as they go on.

By Hon. Mr. Stevens:

Q. I just want to put one thing on the record, which I will come to in the next question. The case was not proceeded with, is that right?—A. No. We had nothing to do with it after a certain point.

Q. The case was not proceeded with?—A. No.

Q. Have you forgotten?—A. No. The case was settled in some way or another, but we had nothing to do with it.

Q. It was dropped as far as you were concerned?—A. It was dropped.

Q. Under whose orders?—A. I would not say from memory. It is some time ago.

The CHAIRMAN: I wish to point out that this evidence is not fair and should not go further before the records are filed and the proceedings are before the Committee.

Mr. GEOFFRION, K.C.: There is no objection to the question being put when the record is available, as if the witness makes a mistake we can correct him immediately; otherwise we cannot correct it for days afterwards.

By Hon. Mr. Stevens:

Q. I want an answer to this question. Under whose instructions was the case dropped?

Mr. GEOFFRION, K.C.: I object to that.

The CHAIRMAN: Objection maintained.

By Hon. Mr. Stevens:

Q. Would you please produce that file, before this Committee, including instructions given to drop that particular case?

The CHAIRMAN: The whole record.

WITNESS: I can only produce the whole of what I have got.

The CHAIRMAN: And the record will speak for itself.

Hon. Mr. STEVENS: Yes.

By Hon. Mr. Stevens:

Q. Have you got an officer called Staff-sergeant Hall?—A. Not at present.

Q. You did have?—A. Yes.

Q. Was he a good officer?—A. He was for about fourteen or fifteen years, but I regret to say—

Q. And he slipped a cog?—A. Slipped a cog. We had to get rid of him.

Q. When did you get rid of him?—A. In 1921, or 1922; 1921, I think.

By the Chairman:

Q. Do you remember the date?—A. No. It is on the file.

By Hon. Mr. Stevens:

Q. I want to ask a question regarding Staff Sergeant Hall. Do you remember a report from Staff Sergeant Hall regarding the Lortie-St. George cases?—A. I have the whole file, I dare say.

Q. Can you produce to this Committee—I do not want the whole file of the Lortie-St. George cases, but a part of it. Can you produce to the Committee a report by Staff Sergeant Hall regarding the action of Customs officer Bisailon in connection with the original seizure of the two trunks of drugs that were involved in that case?—A. Yes.

Q. You can do that, can you?—A. I can, if it is there.

Q. There is one other matter. You got a summons yesterday, Mr. Commissioner, setting forth certain documents and so forth, that you were to produce; have you produced them?—A. All I can possibly produce.

Q. Will you produce the documents asked for in this memorandum?—A. I have tried to produce all I can.

Q. Are you producing all that is asked for, or only part of them, and if not all, why not?—A. I have produced everything I have.

Q. Have you got them here?—A. I have them here, if I understand exactly what you want. There is no file I am not ready to produce.

Q. The reason I am asking is that objection was taken to my motion yesterday, on the ground that you would have certain confidential documents. We are all agreed that where there were confidential documents we would give the matter consideration; but speaking personally for myself, I would not like to have you hold back certain documents on the ground that they are confidential, and not apprise the Committee of them. So I am asking you the question. Are you producing all documents called for here, or are any held back?—A. None are held back, no. If anything is not here, it is because we have not thought that anything was wanted. Nothing was omitted from what you asked for.

Q. If there are any confidential documents, will you advise the Committee?—A. Certainly I will advise the Committee. I said a moment ago that there were certain things I would not feel justified in making public.

By Mr. Bell:

Q. How can you explain that in a number of cases you have to get your instructions before any prosecution is instituted. Does that apply in the discovery of stills, for instance?—A. Yes. That is, the prosecutions?

Q. Yes?—A. If we have rumours about a still, we do not do much of that in the east here, because we have not the number of men sufficient, but in the west, in the provinces of Manitoba, Saskatchewan and Alberta, where there

are much greater distances and spaces and a lot of foreigners, and where there is no revenue officer to attend to it, whenever our men hear rumours of a still somewhere, they look for information and go and make a raid or a seizure. Probably some men on the detachment hold commissions as Customs or Excise officers, a seizure is made, a report is sent down, an analysis of the mash is made, the reports are sent to the Customs and Excise Department, and in due form we get orders to proceed with the prosecution.

Q. Do I understand you to say that after you seize a still which you know is operated against the law, you still are not able to institute a proceeding until after your report has been received?—A. Yes, because we are working for another department.

Q. Is it or is it not a fact that some time ago your department—when I say your department I mean you yourself—had power to institute prosecutions without referring to any department at all?—A. Not since I have handled things.

Q. That was in 1923; is that correct?—A. I think so.

Q. Is it correct to say that the present situation is as I have describe?

Mr. GEOFFRION: The question is ambiguous. Do you mean that he received instructions in 1923?

Mr. BELL: No, I do not mean that.

By Mr. Bell:

Q. Since 1923, when you came on, there has been no change?—A. No.

Q. Are you in a position to know whether or not the system was changed not very long before you came on?—A. I could not say from memory.

Q. Have you any information at all that would lead you to know the truth about that?—A. I would have to look up some files.

Q. Is there, to your knowledge, a file which contains a record setting out the change?—A. I am not in a position to say; I would have to look it up.

Q. Can you not tell me that?—A. If there is anything, there would be a file, and we can find it if it exists.

Q. Can you not tell me whether or not there is such a file?—A. With instructions as to a change in policy?

Q. A file containing a record of what happened, and showing when and how the change occurred, if there was a change?—A. If there was a change, there would be a file.

Q. Do you know of any, and can you not tell me at this moment whether there is such a file?—A. I would not be sure.

Q. Do you know whether or not there is a file in existence which gives the names of certain persons to whom the question of prosecutions must be referred?—A. In case of stills?

Q. Yes.—A. There must be a file of some kind.

Q. Is it not a fact that there is authority extended to some to authorize prosecutions, and withheld from others?—A. No.

Q. What is the file you have; just tell me about the one you say there must be; how is it described?—A. General instructions from the Customs. All these authorities for prosecutions we receive from the Chief Preventive Officer.

Q. Are you able to tell me, I am speaking now of the file which requires that certain matters be referred to certain parties who had authority to institute prosecutions?—A. I know of no such file.

Q. Have you got in your custody any file that contains any history of authorities given out to prosecute?—A. No. Each case, each authority, is on its own file.

Q. The general instructions file is in whose custody now?—A. It will be in the records.

Q. In what department?—A. Our own department.

Q. Is it in the Customs and Excise?—A. No. If it is on our file, it will be on our own records.

Q. Don't you know?—A. I cannot answer the question directly.

Q. I thought you said you had the original?—A. In the reports, we have the originals themselves. Each case has its own file, and each case has its own authority.

Q. Have you nothing in your list of files which will tell you where such a file is?—A. I say each case has its own file.

Q. I am talking about these general instructions files?—A. We would have a general instructions file, general correspondence with the Customs.

Q. Where is that?—A. I think I have one here.

Q. You can produce it, and you will; is that so?—A. The one I have here.

Q. Is there any other that you know of?—A. No.

Q. The Rock Island matter was mentioned; did you have any reports at any time calling for you to investigate conditions there?—A. No.

Q. Nobody made that suggestion, then?—A. I have no recollection of it at all.

Q. To what other departments have you been reporting, in addition to the Department of Customs?—A. To the Department of Health, the Post Office Department, the Department of the Secretary of State, the Department of Marine and Fisheries, the Department of Militia and Defence, and the Department of Agriculture.

Q. Do any of those relate to the matters we are interested in here, in which you have been called upon to produce documents?—A. There may be correlation with the Department of Health; sometimes the Department of Health and the Department of Customs would be interested in one case.

Q. Would it be correct to say that the documents in connection with the Narcotic Drug system would go to the Health Department?—A. They all go to the Health Department. Any case under the Narcotic Drugs Act is reported to the Health Department for detail.

Q. You are in a position to hand these files in too, are you?—A. I have copies of some of them; I have several records of them.

Q. Did you have anything to do, as a supervising officer, in any capacity with prosecutions in Montreal?—A. No Sir.

Q. Who would be the officer who could tell us about that?—A. There are cases that come to me naturally. Any reports that come to me, the Officer Commanding in Montreal has the running of them.

Q. Did you have a special staff which attended upon prosecutions there?—A. In Montreal?

Q. Yes?—A. Yes.

Q. Who is the head of that?—A. Inspector Phillips.

Q. Inspector Phillips would be able to tell us what occurred during the various cases there, after you had reported to the Department?—A. Yes.

Q. He is available, is he?—A. Yes.

By Mr. Doucet:

Q. I would like to ask the witness a few questions. In compliance with the summons you received, you are now in a position to produce some of the files called for by the motion?—A. Yes. I don't think I understood that I was to produce great quantities of files; they were just ordinary files. I understand a list is wanted of them.

Q. You have some you can produce to the committee now?—A. I have some files here.

Q. Are you prepared to leave them with the committee for the information of the committee, to-day?—A. Well, I would rather be able to call attention to any confidential matters in them, if that is possible.

Q. They would be marked "confidential"?—A. Sometimes, one part of a file is confidential; there might be one report that it would be in the public interest to keep confidential.

Q. As a matter of fact, I believe all these reports and correspondence will be kept strictly confidential within the committee. What I want to know is this: you were called upon by summons yesterday to produce some of this correspondence and these reports, which are very necessary to the deliberations of this committee; what you have in your possession now I believe will be ready before the committee, and will be left with the committee?

Mr. GEOFFRION: May I suggest when the committee examines these files it will be done in the presence of this witness, and if you come to a document in the files which he considers confidential, you might pass upon the question at the time.

Hon. Mr. STEVENS: He is to produce the file, anyway?

Mr. GEOFFRION: If he claims something is confidential, the committee will decide whether it is or is not, and how it is to be handled, in view of it being confidential—if it is confidential, because I do not believe you can withhold from publication the whole files. Therefore you have to make what is confidential as regards publication, even if you exhibit them to yourselves. The point will have to be decided which is confidential, and then if it is confidential what you will do with it, and that point cannot be well decided unless the witness is there.

By Mr. Doucet:

Q. Have you the file of the Lortie-St. George case?—A. Yes, I think I have.

Q. Are you prepared to leave that file with the members of the committee?—A. If I am instructed to do so, but I would prefer that I be able to point out to the committee if there is anything confidential in it. I am ready to do whatever I am required.

Hon. Mr. STEVENS: Mr. Chairman, we must have access to these files. If we are to be denied access to the files the whole thing is a farce. The file ought to be left in the custody of the committee, so that we could have access to it.

The CHAIRMAN: May I suggest that you will have access to them in the presence of the witness?

Hon. Mr. STEVENS: I do not care if there are forty witnesses.

Mr. DOUCET: We do not propose to publish these files, but we want them for the benefit of the committee.

The CHAIRMAN: When the witness testifies you will have these files and may examine them.

Mr. DOUCET: We want to have access to them.

Hon. Mr. BENNETT: All that is intended is that documents on the files should not be used until such times as they have been spoken of by the witness, but the witness has no objection to the committee using the files as much as we like so long as we do not publish anything.

The WITNESS: Yes. I want to preserve the secrecy of our system for one thing, and then things that are only rumours and hearsay about this man's name being mentioned, or that man's name being mentioned, because you sometimes get a detective or an agent who has a vivid imagination, and who will start making statements about everybody.

By the Chairman:

Q. I understand the objection is yours, and is that the documents may be filed under reserve of your own objections?—A. Yes.

Q. When they are supposed to be kept secret and confidential?—A. The files are here, and whatever files we have we have nothing to withhold from any of them from the committee. We do not want to hide anything.

By Mr. Bell:

Q. How many would there be?—A. I have 32 now, but altogether up to the present time there would be several thousand.

Q. How many do you figure there are?—A. If I am desired to bring all these inland revenue cases there are hundreds of those, where John Smith, with a still, was fined \$200 and so on.

Q. May I ask you if you have a file showing a list or referring in any way to prosecutions withheld under instructions?—A. No. I have no recollection of any prosecutions withheld on instructions.

Q. You could at least give us a file, I take it, of cases in which reports were made and no prosecution followed?—A. I have a form that would perhaps answer what you are asking. I have a monthly form, about 125 of them, from every district, that shows every case entered and the results, whether prosecution or whatever it is. That will perhaps cover what Mr. Bennett wants, too. That is a monthly form from each district in the whole force.

Q. Is that available immediately?—A. Yes, I could get that this afternoon.

By Hon. Mr. Stevens:

Q. For the last two years anyway?—A. For the last two years, 1924, 1925, and 1926. Those are regular monthly forms with the fines paid, or whatever action is taken.

By Mr. Bell:

Q. And it contains a resume of what you report to the Department?—A. No, it just gives each case, the date it occurs, but it gives you the number of the file so if the file is wanted you could get the number of the file of that case.

Q. Does it give no indication of the nature of the evidence at your command when you report?—A. That is on the files. There is one line for each case, and the district reports all cases entered and whether they were prosecuted and convictions obtained, or what happens.

Q. Do you, having regard to your knowledge of the particular situation, you are reporting from, recommend prosecutions?—A. If we recommend prosecutions?

Q. Yes?—A. We often do.

Q. And that shows on the files themselves?—A. Yes.

By Mr. Elliott:

Q. Mr. Commissioner, have I understood you correctly in this, that you act under instructions only?—A. Yes.

Q. That is correct?—A. Yes.

Q. How long have you been connected with this Department?—A. Forty years at the end of this month.

Q. You started in in what year?—A. The 1st of March, 1886.

Q. And have been connected with the department constantly since?—A. Ever since.

[Commissioner Cortlandt Starnes.]

Q. Is this what occurs? You have referred to officers obtaining certain evidence. My friend asked you, if an officer received certain information, he would report it. That is correct, is it?—A. Yes.

Q. To whom would he report it?—A. To the officer commanding.

Q. And if he had reason to believe that this particular suspect had goods in his possession which should be seized, he would seize if he had authority?—A. If he was a Customs and Excise officer. If not, he would report to the nearest Customs officer.

Q. If he was not an officer vested with authority to seize, he would immediately report to the nearest officer having authority?—A. Yes.

Q. Is that correct?—A. Yes, to the regular Customs nearby, by telephone or the quickest way.

Q. Then this evidence would be submitted to whom?—A. The result of his investigation would be put in the form of what we call a Crime Report.

Q. He would make it in the form of a report?—A. Which would be sent to the officer commanding the district, and three copies would be sent here, and we would send it to the department concerned.

Q. That would reach the department?—A. Yes.

Q. Then instructions would be issued by the department, after perusing that report, as to whether prosecution should be taken or not?—A. Yes, unless there was a Customs officer, a regular Customs collector or preventive officer on the spot there, who would take over the case and handle it from his own department. Very often where there is a regular Customs officer he would ask for assistance, and we would simply send a man to assist in carrying out whatever work he had, then the Customs officer would take the responsibility of the case.

Q. Then the prosecution would follow on instructions from the particular department involved? Is that correct?—A. Yes.

Q. Then as I understand it you do not make a report to your own department, the Department of Justice at all?—A. No.

Q. Your report is to the particular department involved?—A. Yes.

By Hon. Mr. Bennett:

Q. Did I understand you to say you had nothing to do personally, or your department, with that Bisailon case?—A. Personally?

Q. Your department?—A. We have had reports.

Q. That is what I thought. You had reports with respect to Bisailon?—A. Confidential reports.

Q. Of course they will be produced?—A. If the committee says so.

By Hon. Mr. Stevens:

Q. You will produce them, Mr. Commissioner?—A. If the committee orders them.

HON. MR. STEVENS: They are ordered. That is what I asked for a moment ago. We want all the reports, that is why I asked the Commissioner very particularly if there were any reports he wanted to hold in reserve.

By Hon. Mr. Stevens:

Q. If this is one you had in mind, I want to say frankly that we want that report, the report regarding Bisailon. You have got that?—A. Yes.

Q. Is it here?—A. Yes.

HON. MR. STEVENS: Let it remain in the custody of the Committee.

By Mr. Doucet:

Q. And the Lortie-St. George report as well?—A. Yes, but that is a much older report.

By Hon. Mr. Stevens:

Q. That is 1920?—A. Yes.

The CHAIRMAN: Has any other member of the Committee desire to question the witness?

By Hon. Mr. Bennett:

Q. In that Lortie-St. George case you have not the entire report—part of it is in the police court in Montreal?—A. I think it is not complete, the Health Department has a lot of it.—

Q. And the police court of Montreal?—A. Yes, the police court of Montreal has a lot of it.

Hon. Mr. BOIVIN: They have the original.

WITNESS: We have some of it.

By Hon. Mr. Bennett:

Q. And the Health Department of Montreal have some?—A. Yes, the Health Department would have a copy.

Q. But you have not a copy of all they have?—A. Yes.

By Hon. Mr. Stevens:

Q. Before you leave the stand, I would like to ask a question. I stepped out for a moment and did not get the point. Did you say that Inspector Phillips was the officer of the Royal Canadian Mounted Police who assisted the court in these prosecutions?—A. He does not necessarily attend court; he is in charge of Montreal.

Q. You have reports from him?—A. Yes, we have reports from him.

Q. Have you those in your file here?—A. We have some, yes.

Q. All of them?—A. All the particular files I have; every file I have here is complete.

Q. I quite understand that. What I want is all the reports from Inspector Phillips for the years 1924, 1925, and to date in 1926. The reason I limited that—I would have limited it to half of 1924 if you like.—A. Only in connection with these cases according to your question.

Q. There is no limitation to it?—A. We get daily reports from Mr. Phillips; we get hundreds of reports from him on routine matters which have no connection at all—

Q. We do not want those, but I do not want important matters buried in routine matters?—A. No; I have picked out what from my subpoena I thought was of interest to the Committee.

Hon. Mr. STEVENS: I would like to be my own judge as to what is of interest.

By Mr. Bell:

Q. I think you stated to me, Mr. Commissioner, that Mr. Phillips is available at any time to come before this Committee?—A. Yes. He is in charge at Montreal, and has under him a number of non-commissioned officers. We take lots of cases into court, but Mr. Phillips himself does not go into court very much, but his officers do.

Mr. BELL: Mr. Chairman, am I right in assuming that Commissioner Starnes will be here during the balance of the week, in case we wish to call him for further information?

The CHAIRMAN: As you wish; he is at the disposal of the Committee.

The WITNESS: A telephone will get me in ten minutes.

By Mr. Elliott:

Q. Mr. Starnes, just one question; have you in your custody all the reports that have been made for years back?—A. Yes, I think I can say that our records are very complete.

Q. How far back do they go—approximately?—A. Our records go back to the inception of the force; that is fifty years.

By the Chairman:

Q. From fifty years ago?—A. Yes.

By Mr. Elliott:

Q. And the records are all kept?—A. Yes. There have been changes in the organization in the matter of making reports. Before 1904 we did not have very much criminal work; the force did more soldiering than actual police work except amongst the Indians, and most of the reports of a criminal nature were in the form of letters. About 1902—I am not quite sure of the date—the then commissioner instituted a system of criminal reports where all this business of “I have the honour to be” was cut out, and a regular form of criminal reports was adopted, and has been in force ever since. Then in 1920 with the amalgamation of the Dominion and the Northwest Mounted Police, the headquarters were changed from Regina to Ottawa, and other changes were made, in view of the extension of the work. This Narcotic and Drug Act business was not known of before we came down here in 1920, and the first years we had to grope to a certain extent with a new problem, but it has gradually become organized, and is in better shape, and our records now are in better shape than they were some years ago.

Q. You have the records for 1912?—A. Yes, we have them.

Q. And for the years from then up till the present?—A. Yes.

Q. And such records as were kept prior to 1912 are still in the custody of the Department?—A. Yes.

Q. And you will be able to produce such as are required?—A. Anything that is required, yes.

By Hon. Mr. Bennett:

Q. But, Commissioner, your force was only moved east in 1920?—A. Yes.

Q. Not in 1912?—A. No. I said in 1902 the change was made in the criminal reports.

Q. But you only began the criminal reports in 1902?—A. Yes, in 1918 we were extended to Manitoba and British Columbia.

Q. And prior to that time your headquarters were at Regina?—A. Yes.

Q. And dealt with western matters solely?—A. Yes.

Q. In 1920 you moved east?—A. Yes.

Q. And the headquarters of the Department are now here?—A. Yes.

Q. And such records as you had were moved east with you?—A. Yes.

Q. In their entirety?—A. Yes, except in regard to local matters at Regina.

Q. What is the strength of your detachment at Montreal?—A. About twenty-eight or thirty men.

Q. Is there a superintendent there?—A. No; an inspector.

Q. How many non-commissioned officers?—A. Seven or eight.

Q. How many constables?—A. The balance would be constables.

Q. Was there ever a body of Mounted Police on detachment duty on the border between Quebec and the United States?—A. Yes, for a year or so at Phillipsburg.

Q. When was it taken off?—A. About three years ago.

Q. Have you the instructions that took it off?—A. I can turn up the file on that.

Q. Will you produce it?—A. Yes.

Q. So that, so far as the police force is concerned, there is a detachment of police on the border of Ontario, Manitoba, Alberta, Saskatchewan, and British Columbia, but in Quebec it was removed?—By the order of whom?—A. I do not know, sir.

Q. Oh, yes you do. You should know from whom you got your instructions?—A. I do not think I was in command at that time.

Q. I do not think so either— —A. I cannot say—

Q. But you were the assistant?—A. Yes.

Q. I would like to know; you remember the time?—A. I do not know the reason.

Q. Well, it is since 1921?—A. Oh, yes; it was since then, but I do not know the reason for the move.

Q. That is a matter of high policy about which you know nothing?—A. It might have been a question of economy, or it might have been a question of request.

Q. To what extent has the force been increased on the border along Ontario since that time?—A. They have since then remained about the same.

Q. There has been some increase and some additional men put at some additional points?—A. On the Six Nation Reserve there is an increase there.

Q. The truth was they were not going to have mounted police on the border in Quebec. That is the story?

Mr. BELL: The witness says "yes."

WITNESS: Yes.

Hon. Mr. BENNETT: He and I were old friends. We were together in western Canada years ago.

Hon. Mr. STEVENS: We ought to know, and I would suggest that Commissioner Starnes get the necessary authority to withdraw the officers from the Quebec border. You did not do it off your own bat?

WITNESS: There must be some reason for it.

By Hon. Mr. Stevens:

Q. Never mind the reason, the order. There were an order and instructions given to the force. Will you file those instructions?

Hon. Mr. BENNETT: Give who they were from and to whom they were given. In order to remove any misapprehension, the fact is that you only have an inspector at Montreal and at similar points of any importance, you have a superintendent?

WITNESS: That would not be necessary on account of—

By Hon. Mr. Bennett:

Q. I do not ask if it was necessary, it was a fact?—A. I might explain that there are inspectors now in a place where we might put a superintendent, but for the good of the service I would rather have the inspector who is there.

Q. Although he has not the rank of superintendent, the inspector is better fitted for that job for that particular place?—A. Yes, it is a round peg in a square hole.

By Mr. Elliott:

Q. At how many points on the border of Quebec have you got mounted police?—A. Only one, and only one man.

Q. How long was he there?—A. About a year and a half, I think.

Hon. Mr. STEVENS: Mr. Chairman, before the witness leaves the stand, we are not clear on the filing of these documents. The Commissioner has been good enough to say he has here certain files and documents, but they are not placed in the custody of the clerk. I would ask that they now be placed in the custody of the clerk formally that we may have them and in order that the clerk may tabulate them formally in order, as exhibits A, B, etc.

The CHAIRMAN: No, no.

Hon. Mr. STEVENS: Let us get them in the custody of the clerk. We do not want to wake up tomorrow and find these somewhere else.

The CHAIRMAN: They will be copied.

Mr. KENNEDY: I presume we can have access to these files any time that the House is sitting.

The CHAIRMAN: Certainly the Clerk will hand you these documents and you can verify them.

Hon. Mr. BENNETT: The proper thing is for the Clerk to give Mr. Starnes a receipt for the files. They are not in evidence and not yet filed as exhibits and such parts of them as may be needed may be used, but they are not open at the present moment to the Clerk or to anybody else.

The CHAIRMAN: They should not be removed from the hands of the Clerk. They are open to inspection, but not to the public, and they are not to be removed.

Hon. Mr. BOIVIN: They are to be retained in the custody of the Clerk, and not to be taken out even by a member of the Committee.

The CHAIRMAN: Kept all the time in your custody, Mr. Clerk. Have you any other questions, Mr. Stevens.

Hon. Mr. STEVENS: No.

The CHAIRMAN: Now, Mr. Starnes and Mr. Cawdron you are released for the present moment, but you will kindly stay in Ottawa so that if we need you we can get you at the first opportunity by 'phone.

Witness retired.

The CHAIRMAN: We will adjourn now until ten thirty to-morrow morning to meet in the Railway Committee room.

The Committee adjourned.

MINUTES OF PROCEEDINGS

THURSDAY, 11th February, 1926.

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

Present: Messrs. Bell (Hamilton West), Bennett, Donaghy, Doucet, Elliott, Kennedy (Peace River), Mercier (St. Henri), St. Père, and Stevens, 9.

In attendance: Hon. G. H. Boivin, Minister of Customs and Excise, and Mr. Gagnon, counsel for Mr. Bisailon.

The minutes of the last meeting were read and adopted.

The Chairman read a letter from the Merchants' Protective Association, Montreal, protesting against Mr. R. P. Sparks' claim to represent that body before the Committee, as announced in Montreal *Star* of 10th February.

Mr. Sparks, who was present, reminded the Committee that he had requested permission to be heard on behalf of the Commercial Protective Association, not the Merchants' Protective Association. (For this letter, etc., see Minutes of Evidence).

Hon. Mr. Stevens moved,—For the production of all correspondence passing between the Minister of Customs and the Civil Service Commission or between the Deputy Minister of Customs and the Civil Service Commission regarding the appointment and promotion of J. E. Bisailon, whether such correspondence is marked "Private" or otherwise, and of such other correspondence as may be on the files of the Civil Service Commission, the Minister of Customs, the Deputy Minister of Customs or of the Prime Minister of Canada regarding the promotion of the said Bisailon to the position of Chief Preventive Officer for the district of Montreal.

Motion agreed to.

Hon. Mr. Stevens moved,—That the Chief of the Passenger Traffic Department of the Canadian Pacific Railway and the Canadian National Railways respectively, be requested to produce statements showing the amount of excess baggage handled and the amount collected on excess baggage during the past five years at Montreal and Toronto.

Motion agreed to.

Commissioner C. Starnes, R.C.M.P., produced some further files, as called for during his examination on the 10th instant.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise, was called and sworn.

On motion of Mr. Donaghy,

Resolved, That it be a standing order of the Committee that in the absence of Mr. Geoffrion, counsel for the Department of Customs and Excise, Hon. Mr. Boivin may act in that capacity.

Mr. Farrow was examined by Messrs. Boivin, Bennett, Elliott, Kennedy, Bell and Stevens. In the course of the examination, Mr. Farrow filed with the Committee the following exhibits, viz:—

- No. 1 —Chart showing organization of the Department of Customs and Excise.
- No. 1 (a)—Department of Customs and Excise—Organization for Preventive Service.
- No. 1 (b)—Department of Customs and Excise—Organization for Inspection Service.
- No. 1—(c)—Department of Customs and Excise—Organization for Special Branch, Toronto.
- No. 2 —Department of Customs and Excise. Memorandum No. 55, to Collectors of Customs and Excise, respecting 1925 amendment to Customs Act.

Mr. Farrow was asked to provide the Committee at a later date with:—

- (a) number of prosecutions where value of goods less than \$200;
- (b) lists of ports in each of the provinces and the outports connected with them;
- (c) Record for 1925 and for 1926 to date of infractions of Customs laws, showing where they arose, persons concerned, reports of officers thereon, and final disposition of goods;
- (d) copies of Form "K";
- (e) report of Accountant of Department of Customs and Excise to Mr. Farrow re Bisailon depositing public funds to his own account;
- (f) service record of Mr. R. P. Clerk.

On motion of Mr. Donaghy, the Clerk was directed to obtain a certified copy of the Record in the case of Rex vs. J. F. Simons et al, tried in the Court of Sessions, Quebec City, on 13th February, 1925.

The Chairman read two letters received from Mr. Farrow respecting motions made by the Committee at the instance, respectively, of Mr. Doucet, and Mr. Bell on the 9th instant in connection with (a) reports made by Inspector Walter Duncan, and (b) spirituous liquors released. Said letters were filed as Exhibits Nos. 3 and 5. (See page of the Evidence).

Also a recommendation to the Governor in Council by the Hon. G. H. Boivin, Minister of Customs and Excise, dated 11th December, 1925, recommending that the services of Mr. J. A. E. Bisailon be dispensed with, which was marked as Exhibit No. 4. (See Evidence).

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

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

THURSDAY, February 11, 1926.

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

The CHAIRMAN: Now gentlemen of the Committee, before beginning to examine witnesses to-day, I wish to say that I have received a communication from the Merchants Protective Association of Montreal, dated February 10, addressed to the Chairman of this Committee, which reads as follows:

"Montreal, 10th February, 1926.

8 P.M.

PAUL MERCIER, Esq., M.P.
Chairman, Customs Investigation Committee,
Ottawa, Ont.

Dear Mr. MERCIER,

Several of our members have called me up regarding a statement in to-night's issue of the Montreal Star, Page 1, to the effect that 'The Committee decided to hear next week, R. P. Sparks, of the Merchants' Protective Association.'

We have no 'R. P. Sparks' and at no time made an appeal on behalf of our members or any complaint about the Customs officials. So far as Montreal is concerned, the writer has always found the officials here honest, and straightforward in their dealings with the public.

Will you please therefore have deleted from the records our name as far as Sparks is concerned. Thank you.

Believe me,

Yours faithfully,

(Sgd.) M. M. CAMPBELL, Mgr."

I will leave this letter on the table for the consideration of this Committee.

Hon. Mr. BENNETT: Is Mr. Sparks here? What is the proper name of your Association?

Mr. SPARKS: The Commercial Protective Association, incorporated by letters patent.

Hon. Mr. BENNETT: How do the minutes read, Mr. Clerk?

The CLERK: Commercial Protective Association.

Hon. Mr. BENNETT: Is that correct, Mr. Sparks, Commercial Protective Association?

Mr. SPARKS: Commercial.—

Hon. Mr. BENNETT: The "Star" will make the necessary change.

CORTLANDT STARNES, Re-called.

By Mr. Donaghy:

Q. Colonel Starnes, do you require some further time to search your files and to produce the documents asked for?—A. Yes. We are working hard at them. I have some of them with me now, and others will come on from time to time as we get them ready.

Witness retired.

ROBINSON RUSSELL FARROW called and sworn.

By the Chairman:

Q. What is your full name, Mr. Farrow?—A. Robinson Russell Farrow.

Q. What is your occupation?—A. Deputy Minister of Customs and Excise.

Q. Of Ottawa?—A. Yes, sir.

The CHAIRMAN: In the absence of Mr. Geoffrion, K.C., who represents the Department of Customs and Excise, Mr. Geoffrion being engaged before the Supreme Court, it is moved by Mr. Donaghy that the Hon. Mr. Boivin, the Minister of Customs should conduct the examination of this witness.

Mr. DONAGHY: We might have this in a form of a standing order.

(Carried.)

By Hon. Mr. Boivin:

Q. Mr. Farrow, how long have you been in the service of the Department?—A. The Department of Customs, sir?

Q. Yes?—A. Forty-one years.

Q. What are the different positions you have occupied during those forty-one years?—A. All the ranges of clerkships, accountant of the department, assistant commissioner, commissioner of Customs, and Deputy Minister of Customs and Excise.

Q. If I understand you correctly, the position you now occupy of Deputy Minister of Customs and Excise is practically the same position as Commissioner of Customs, with a different title, is it not?—A. Yes.

Q. You are now Deputy Minister of Customs and Excise?—A. Yes, sir.

Q. You were previously Commissioner of Customs?—A. Yes.

Q. Will you tell the Committee when the Department of Excise or the Department of Inland Revenue was linked up with the Customs Department, approximately of course?—A. The Department of Inland Revenue was amalgamated with the Department of Customs in the month of May, 1918, but the actual consolidation of the two Departments was not made until the 1st of April, 1921.

Q. So that it is only since the 1st of April, 1921 that the administration of the Department of Excise has come directly under your control?—A. Yes.

Q. Will you tell the Committee how many years you have been in charge of the Department of Customs as Deputy head?—A. Since the 1st of July, 1919.

Q. As you have just stated, since the amalgamation you have been in charge of the other department?—A. Yes.

Q. Previous to the amalgamation, all cases concerning Excise did not come under your jurisdiction?—A. No, sir.

[Mr. R. R. Farrow.]

Q. I do not want to go into too many details, but will you give the Committee some idea of the difference between a Customs seizure and an Excise seizure, just in two or three words, so that we may get it on the record and everybody will understand it?—A. A Customs seizure under the provisions of the Customs Act is dealt with by the Department, and the final decision rendered by the Minister. In Excise seizures, they are indictable offences, and they go before the Courts.

Q. If I understand it correctly—you will correct me if I am wrong, because I want to get this on the record—a Customs seizure is a seizure made in connection with goods imported into Canada without the payment of duty?—A. Yes.

Q. Without a report to the Customs and without payment of duty, if the goods are dutiable?—A. Well, the duty might be partially paid in some cases; there are questions of undervaluation. I mean without the payment of the proper duties.

Q. Excise seizures are seizures of what?—A. Stills, principally, illegal distillation, and tobacco. Mr. Taylor will tell you more about that than I can.

Q. Now as to the organization of the Department. As deputy head of the department, what are your duties?—A. My duties are to administer the affairs of the department, under the direction of the Minister, and with the assistance of the Executive Officers.

Q. Will you tell us, without giving the individual names, just by the title of the office, how many executive officers there are in the department?—A. I can submit a chart showing the organization of the department, as approved by the Civil Service Commission and Orders of the House.

Q. I think it would be a good idea to have that?—A. I can give you the names of the executive officers if you wish to know them, sir. (*Filed as exhibits 1, 1a, 1b and 1c.*)

The CHAIRMAN: Name them.

Hon. Mr. BOIVIN: I suppose the Minister would like to know something about his own Department.

By Hon. Mr. Boivin:

Q. Give us the titles of the executive officers?—A. The Minister, the Deputy Minister, Assistant Deputy Minister, General Executive Assistant, Chief Clerk of Refunds Branch, Chief Clerk of Correspondence, Dominion Appraiser, Chief Clerk of the Staff, Chief Clerk of Statistics, Departmental Solicitor, Chief Clerk of Excise Tax Branch, Chief Clerk of Drawbacks, Chief Accountant, Chief of Records, and Chief of the Supply Branch. Those are in the Department. Then there are in the Department also, although paid from outside appropriations, the Chief Inspector of Customs and Excise, and the Chief of the Customs and Excise Preventive Service.

By Hon. Mr. Bennett:

Q. I did not hear the name of the Commissioner of Taxation?—A. No. I did not give that. That work is so apart from mine that I had overlooked it. That is practically a department by itself.

By Hon. Mr. Boivin:

Q. I would like to ascertain, and I think the Committee would like to know, how many of the executive officers you have just mentioned have anything to do directly or indirectly, with the payment of Customs duties and the decisions rendered upon Customs seizures, that is, from the Minister down?—A. The Minister is final; then the Deputy Minister, that is, as far as Customs

seizures are concerned; then the General Executive Assistant, the head Law Clerk and the Chief of the Customs and Excise Preventive Service, outside of course, and the Collectors outside.

Q. Perhaps the Committee do not understand exactly what you mean. Did you tell us that the Chief of the Customs and Excise Preventive Service is head of an outside organization; isn't his office located in Ottawa, in the Building?—

A. Yes.

Q. Is he not directly under your control?—A. Yes.

Q. And through you, under the control of the Minister?—A. Yes.

Q. Is it not his duty to report to you, and through you to the Minister, all seizures which come to his attention?—A. Yes.

Q. Can you tell us, of course very briefly, because Mr. Wilson I understand is here, in what way or in what manner the different Customs seizures are brought to his attention?—A. When an officer on his staff makes a seizure, he makes a report of the seizure on what is known as Form K-9. That is known as the seizure report, giving the particulars of the seizure or the circumstances in connection therewith; he sends it to Mr. Wilson, and Mr. Wilson transmits it to the Department with a covering letter usually, and it goes to the Seizures Branch. The head law clerk then prepares the notice of seizure to the party, which has to go out immediately. That is signed by Mr. Blair, the General Executive Assistant. All the correspondence in connection with the seizure is then dealt with by the Head Law Clerk, and Mr. Blair until such time as the seizure is ready to be reported on for decision. Mr. Blair then prepares the report to the Deputy Minister, on the evidence submitted; he submits it to me, and I sign it if I am satisfied it is right; if not I make whatever changes I think are necessary; I send my report in to the Minister, and the Minister either signs it or changes it, as he sees fit; he has the final decision.

Q. The first knowledge the Department at Ottawa has of the seizure is by the report received from the seizing officer to Mr. Wilson?—A. Insofar as the Preventive Service is concerned, yes, but not Port seizures; they come through the Collectors, by the same procedure.

Q. When they come to the office in the Parliament Building, do they come to Mr. Wilson or to some other officer?—A. They come to me in my official capacity, marked for the Seizure Branch, and are dealt with in the same way.

Q. So that seizures made directly by the Port officers are not reported to Mr. Wilson at all?—A. No.

Q. Does he at any stage have anything to do with these seizures?—A. Nothing.

Q. Has Mr. Wilson anything to do with a seizure after it has been reported by him with his covering letter to the Seizures Branch, and if so, what has he to do with it?—A. Just in what connection?

Q. Well, after a seizure reaches Mr. Wilson, and Mr. Wilson hands that seizure or sends that seizure with a covering letter to the Seizures Branch—I think that is what you said he did?—A. Yes.

Q. Does he have anything further to do with the seizure; in other words, has he any further decision to make, has he anything further to do with it?—A. No, not until the seizure is decided, unless he discovers some new evidence.

Q. If he discovers new evidence, or if any communications are sent to him in connection with it, they are passed on to whom the seizure branch?—A. Yes sir.

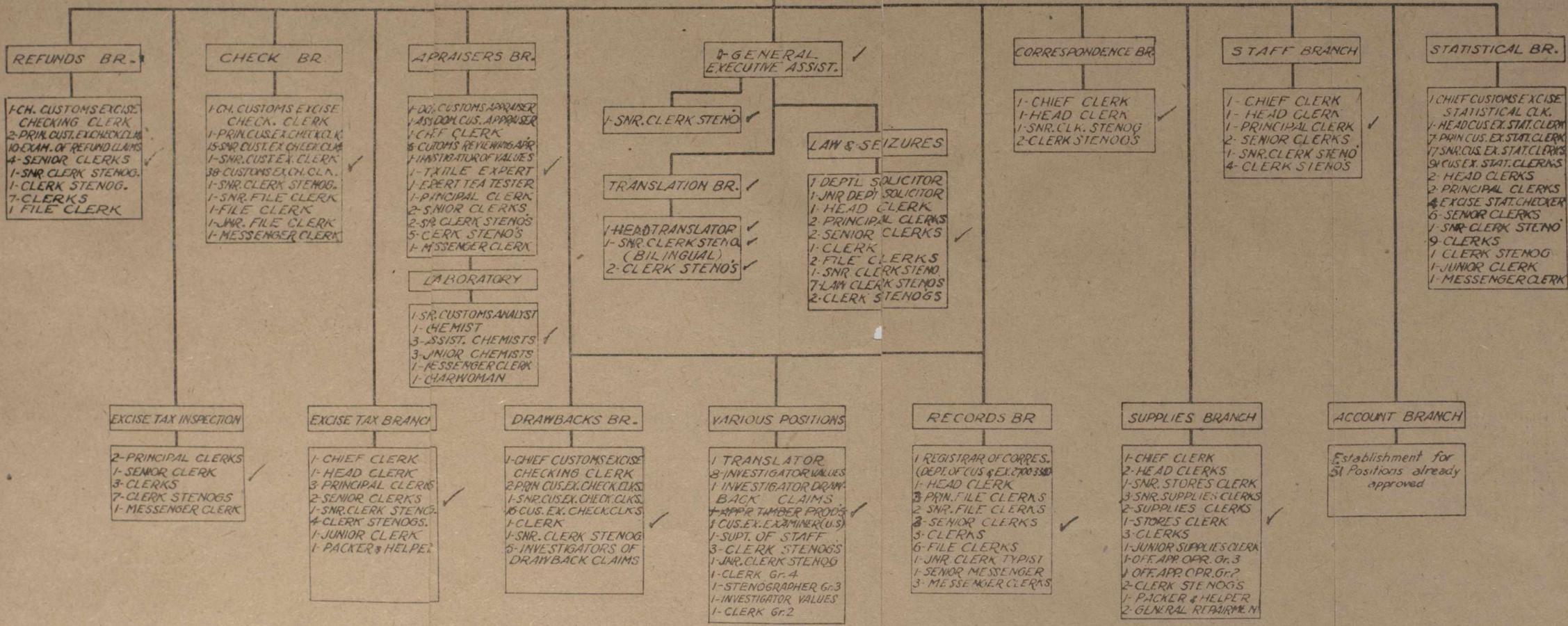
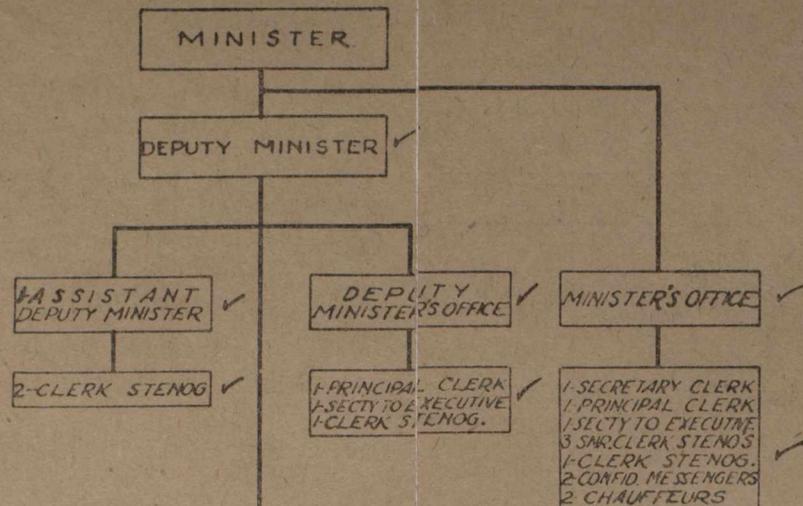
Q. That is, up to the moment of decision?—A. Yes sir.

Q. When the matter has been decided, when the decision has been prepared by the general executive assistant, approved of by the deputy minister, then it goes into the ministers office for approval?—A. Yes.

Chart Showing
Organization of the
DEPT. OF CUSTOMS & EXCISE
March 1925

EXHIBIT NO. 1

SUMMARY	
DEPUTY MINISTER	1 ✓
MINISTER'S OFFICE	11 ✓
DEPUTY MINISTER'S OFFICE	3 ✓
ASST. DEPUTY MINISTER'S OFFICE	3 ✓
GENERAL EXECUTIVE ASSISTANT	6 ✓
CORRESPONDENCE BRANCH	5 ✓
STATISTICAL BRANCH	144 ✓
CHECK BRANCH	61 ✓
RECORDS BRANCH	28 ✓
APPRAISERS BRANCH	33 ✓
REFUNDS BRANCH	27 ✓
EXCISE TAX BRANCH	14 ✓
DRAWBACKS BRANCH	27 ✓
STAFF BRANCH	10 ✓
LAW & SEIZURES BRANCH	20 ✓
SUPPLIES BRANCH	21 ✓
EXCISE TAX (INSPECTION)	14 ✓
VARIOUS POSITIONS	17 ✓
Total	441 ✓
ACCOUNTS BR. already Authorized	51 ✓
	492 ✓



Q. The approval of the minister is given by signing a printed form at the bottom of the report, which is already signed by the deputy minister, approving of that report?—A. Yes.

Q. And this procedure is followed in all seizures, from the largest to the smallest—that is, in all customs seizures?—A. Yes.

By Hon. Mr. Stevens:

Q. Or the minister may change it?—A. Yes.

By Hon. Mr. Boivin:

Q. Of course, the minister in signing the report takes the responsibility for it?—A. Yes.

Q. The procedure is somewhat different in connection with excise seizures?—A. Yes.

Q. Would you prefer to tell us about this, or would you rather that this be left to Mr. Taylor?—A. I would prefer to have Mr. Taylor deal with that; he is more familiar with it than I am.

Q. While he is acting as assistant deputy minister, he is also chief of the excise branch?—A. Yes sir.

Q. In connection with seizures made for undervaluation, are they submitted to, or do they go through any other chain of procedure than that just outlined by you?—A. The same procedure.

Q. In a general way what happens to goods placed under seizure? In other words, under how many different methods may seized goods be disposed of, or may seizures be decided under the law; customs seizures, just a general idea, depending as I understand it upon the merits of the case and the evidence adduced in reply to the notice?—A. It is very difficult to say.

Q. Perhaps you do not exactly understand the question. I am not asking for any specific case. In other words, putting the responsibility upon the minister as a last resort, in the decisions rendered by the minister, what are his rights under the law? Is it correct to say, for instance, that the minister can, if he so desires, confiscate the goods and have them sold—that is, if there is absence of defence or if the defence is not considered to be valid by the minister and the other officials who pass upon it.—A. If they are subject to forfeiture under the law. I might just say here, sir, that since July 1925, or since the last session of Parliament, the powers of the minister in that regard have been changed in respect of goods, smuggled goods, of the value of \$200 or over, where the goods are forfeited without power of remission.

By Hon. Mr. Stevens:

Q. Is that the amendment to section 219?—A. Sections 206 and 219.

By Hon. Mr. Boivin:

Q. As I understand it, when sections 206 and 219 were adopted by the Dominion Parliament, a circular of instructions was issued. Is that right?—A. I have it here.

Q. Issued by the department. Will you file that as an exhibit?—A. I will. (*Exhibit No. 2.*)

Hon. Mr. BENNETT: I would suggest that perhaps Mr. Farrow has an office consolidation of the Customs and Excise Act.

The WITNESS: I have it here.

By Hon. Mr. Bennett:

Q. Could you supply each member of the committee with a copy of that? A. I would be very pleased to. I think the amendments are included in the

[Mr. R. R. Farrow.]

Act, but these instructions to the officers are not. That is a circular, and I would also like to add that at the same time warning notices on cardboard and later on on metal were prepared and put up at border points in Canada, on ferry boats, international bridges and everywhere else, to warn the people.

Hon. Mr. BOIVIN: You have filed a copy of these instructions. I suppose there is no objection to that.

Hon. Mr. BENNETT: Oh no. The clerk had better mark that chain of responsibility Exhibit, 1, and the circular as Exhibit, 2. There is no necessity of marking the office consolidation, because that is a statute. If the witness can supply each member of the committee with a copy of that it will be a great convenience.

By Hon Mr. Boivin:

Before this last amendment to the law and at present in connection with goods of a value of under \$200, to go back to my question, seizure can be disposed of by a forfeiture of the goods, by the imposition of a penalty of the duty paid value. Sometimes that is done?—A. Yes sir.

Q. Sometimes a penalty equal to double duty?—A. Yes.

Q. And sometimes single duty—that is to say, duty and sales tax?—is accepted by the minister, depending always of course upon the defence. When I say by the minister, I mean of course by the officials also who prepare the decision. Is that right?—A. You are speaking of at the present time or back a year?

Q. I am speaking of the general custom which has existed in the department say for the last ten years.—A. Yes, releases on payment of duty sometimes.

Q. Sometimes on payment of duty; sometimes on payment of double duty; sometimes on payment of duty paid value; sometimes goods are confiscated, and so on?—A. Yes, sir.

Q. Sometimes confiscated and destroyed?—A. Yes sir.

By Hon. Mr. Bennett:

Q. Sometimes prosecutions?—A. No prosecutions, in my memory, until the last amendment to the Act.

By Hon. Mr. Boivin:

Q. And no prosecutions since the Act except in cases where the value of the goods was over \$200, in your memory, offhand?—A. Since the Act?

Q. Yes. Have any prosecutions been taken for the importation of goods under \$200 in value since this new amendment to the Act?—A. I think so. Mr. Blair will bear me out in that, perhaps. In cases of cigarettes, I think sometimes where the value is very small, we sometimes prosecute.

By Hon. Mr. Stevens:

Q. How many prosecutions under section 219 as amended in 1925?—A. It is not possible for me to say, but I would think six or seven. Mr. Blair could tell you better, perhaps.

Q. Under the amended Act?—A. Under the amended Act.

By Hon. Mr. Boivin:

Q. You could give the exact information by referring to the files?—A. Absolutely.

Q. Would you be willing, Mr. Farrow, to refer to the files and give us that information when you are again called as a witness?—A. Yes, but I just want to say one thing in connection with that, that if the members of the committee

will notice that circular of instructions to all collectors of customs and all other outside officers dealing with seizures, they are instructed there that where a seizure of goods is made of the value of \$200 or more—and that is duty paid value of goods—not for personal use,—they are instructed to take prosecution forthwith without reference to the department.

By Mr. Bell:

Q. Who did you say were instructed to do that?—A. Every officer outside, in that meaning.

By Hon. Mr. Boivin:

Q. To whom was that memorandum addressed?—A. It was addressed to collectors of customs throughout Canada.

Q. And a sufficient number of copies sent to them to be passed on to their subordinate officers?—A. Every one.

Q. So the entire force were made familiar with the terms of that circular?—A. Absolutely.

By Hon. Mr. Stevens:

Q. Were they issued to the preventive officers too?—A. Yes.

By Hon. Mr. Boivin:

Q. Could you tell the committee offhand about how many officers there are on the regular preventive service staff, and on the special preventive service staff, constituted in virtue of the vote which was passed in the House of Commons last year?—A. If you could let me see that chart on file, perhaps I can tell you. The regular organization for the preventive service provides for 104 officers, including the chief of the staff.

By Hon. Mr. Stevens:

Q. In all Canada?—A. In all Canada. The number of special officers employed—because they are not appointed—as I recollect it, was 67.

By Hon. Mr. Boivin:

Q. Some of whom have since been dismissed?—A. Some of whom have since been cut out.

By Hon. Mr. Stevens:

Q. Did you bring a list of their names? We asked for that.—A. I think there is an Order of the House for that.

Hon. Mr. BOIVIN: The Order of the House for a list of the names has not yet been passed.

Hon. Mr. STEVENS: But the hon. Minister of Customs promised me from his place in the House to give them to me, without passing it.

Hon. Mr. BOIVIN: He promised that he would prepare all that could possibly be prepared. Mr. Stevens will get from the department everything we can possibly give him. I do not want to argue the point now.

Hon. Mr. STEVENS: I am just reminding you of your statement.

Hon. Mr. BOIVIN: I recognize that I made the statement, but it was pointed out to me that the utility of the preventive service would be completely destroyed if their names were made public, and insofar as secret officers are concerned I think the objection was well taken. It is true that there are a

number of officers who are recognized as such publicly, and there is no objection to giving their names; no objection to giving the number, the amount paid and all possible information of that kind. I will confer with Mr. Stevens.

Hon. Mr. STEVENS: Why cannot this committee have the names?

Hon. Mr. BOIVIN: As confidential information I would have no objection, providing it is not made public.

Hon. Mr. STEVENS: Let the committee determine whether it will remain confidential.

Mr. DONAGHY: I think the committee can be well trusted with that.

Hon. Mr. BOIVIN: We have nothing to hide; we will give the information to the committee and they will use it as they see fit.

By Hon. Mr. Boivin:

Q. Now, Mr. Farrow, as you will note, we have not gone into any specific case this morning. Will you undertake to remain in Ottawa at the disposal of the committee, in order that you may be called by telephone at any time you may be required?—A. Yes.

Q. Is there anything else you can think of yourself before the other members of the committee may ask you a few questions? Is there anything you can think of yourself in connection with the organization or with the establishment of the chain of responsibility which you would like to state to the committee, and which you think the committee should know, before you leave the stand?—A. No.

Hon. Mr. BENNETT: I will ask Mr. Farrow a few questions.

By Hon. Mr. Bennett:

Q. Now, Mr. Farrow, we have nine provinces in the confederation. Is there anyone in each particular province who heads the Customs and Excise Department?—A. No.

Q. So the reports from the Customs House officers in the various communities in the provinces are made direct to Ottawa?—A. Yes.

Q. And there are no intermediate persons through whom reports pass—they come straight to the office here?

Q. That is clear?—A. Yes.

Q. Perhaps you will prepare a list of the number of ports in each of the provinces, and the outposts or outports connected with them?—A. We have a printed list, sir.

Q. You will file that with the Committee, please, because it may be helpful?—A. Yes.

Q. Now, you have Preventive Officers in each of the provinces?—A. Yes.

Q. What are the duties of Preventive Officers of the Customs Department?—A. Well, I think the Chief Preventive Officer could give you more details than I.

Q. They report to you, as I understand it?—A. No, they report to Mr. Wilson.

Q. But Mr. Wilson is under you, to use the words colloquially?—A. Yes.

Q. Therefore, you should know the duties of your officers, in a general way?—A. In a general way to prevent smuggling.

Q. You have as assistants to these Preventive Officers, the Mounted Police?—A. In some cases.

Q. Who have a general power conferred upon them by which they act as Preventive Officers?—A. No.

[Mr. R. R. Farrow.]

Q. Individually: names, of course, being necessary to confer that power?
—A. When they act for us they have a letter assigning them as acting Customs and Excise Enforcement Officers.

Q. And you have done that quite generally during the last two or three years?—A. Yes.

Q. In some of the provinces anyway?—A. Yes.

Q. Particularly in the western provinces?—A. Well, in the western provinces we are appointing more regular officers than formerly.

Q. But you did use the Mounted Police considerably?—A. Yes.

Q. In order that we will have it more clearly before us, we will assume that at Calgary someone has violated the Customs law by bringing in goods at an undervaluation. The Preventive Officer would seize them?—A. Yes.

Q. What would be his next step?—A. He would report to Mr. Wilson and leave the seized goods—

Q. Mr. Wilson being— —A. The Chief Customs and Excise Preventive Officer.

Q. The Chief Preventive Officer?—A. Yes.

Q. He would report to him?—A. Yes.

Q. By name?—A. As Chief Preventive Officer.

Q. Not to you?—A. No.

Q. What would happen to the goods?—A. They would be released on deposit if he thought they were perishable, or—

Q. Put in a warehouse and locked up?—A. Yes.

Q. What is the next step?—A. The next step is the procedure which I indicated in the examination.

Q. Prosecution might take place under the law, if it is desirable?—A. If the goods were valued at \$200 or over, there would be a prosecution, if the officer carried out his duties.

Q. That prosecution would be initiated under whose instructions?—A. The usual procedure would be that he would wire Mr. Wilson for the name of the legal agent to conduct the prosecution.

Q. And as I understand it, the name of the legal agent would be obtained from the Department of Justice?—A. Yes.

Q. And the local man would confer with the legal agent of the Crown, and the prosecution would go forward?—A. Yes.

Q. Except it be stopped by the direction of the Department?—A. Yes.

Q. That is the position?—A. Yes.

Q. That is the prosecution?—A. Yes.

Q. And the goods themselves may be sold at public auction or confiscated and destroyed?—A. They may be sold by other means than public auction.

Q. They may be sold by private treaty?—A. By tender, or maybe disposed of as the Minister sees fit.

Q. That is what I am coming to. The goods themselves the subject of the seizure at Calgary, for instance, may in the ultimate analysis be sold by direction of the Minister?—A. Yes.

Q. That is clear?—A. Yes.

Q. They are forfeited or destroyed?—A. Yes.

Q. Or sold by public auction or by tender?—A. Yes.

Q. And all that takes place under the direction of your Chief Preventive Officer, Mr. Wilson?—A. Yes.

Q. And he reports to you?—A. Yes.

Q. But the final decision rests with the Minister himself?—A. Yes.

Q. Your recommendation is supposed to accompany the report, upon which the Minister acts?—A. There is a printed form for it on the report.

Q. There is a printed form attached to the report, but the Minister may exercise his discretion in any way he pleases?—A. Yes, but the law provides that the Deputy Minister "shall" report.

Q. And the Minister decides?—A. Yes.

Q. The largest port you have in Canada is the port of Montreal?—A. Yes.

Q. The port of Montreal covers a very considerable territory? No doubt you know that? It is important because of the goods coming from the sea?—A. Yes.

Q. When did prohibition come into force in the United States?—A. I cannot say.

Q. But since the passing of the Volstead Act there has been a very considerable increase in smuggling?

Mr. BELL: That was about the end of 1917 or early in 1918.

By Hon. Mr. Bennett:

Q. There has been a considerable increase of smuggling? There is no question about that, is there?—A. Of course, I am not prepared to say from our records whether we have more cases of smuggling. I suppose we have. It is pretty generally supposed we have more smuggling.

Q. You have reports in your records that indicate that on the boundary of Quebec, and the boundary of the province of Ontario, in particular, there has been a very considerable business of moving liquor into the United States?—A. Yes.

Q. That is clear?—A. Yes.

Q. And it is also clear that the reports indicate that very considerable quantities of manufactured goods have been coming into Canada at the same places—in Ontario and Quebec in particular?—A. You had better ask Mr. Wilson about that.

Q. You have reports indicating that is so?—A. I have heard it.

Q. Well, put it that way: you have heard it?—A. Yes.

Q. It is a very general subject matter of discussion in your Department?—A. We have not the time—we have other things to discuss besides that.

Q. It has been brought to the attention of the Department by various people that there is a very considerable extension of smuggling from the United States of manufactured goods into Canada during recent years?—A. Yes.

Q. That is clear?—A. That is clear.

Q. What extra precautions have been taken by your Department during the last two years or three to meet that situation? You can deal with the whole of Canada.—A. Increased the Preventive Service staff.

Q. To what extent?—A. I cannot say at the present time.

Q. Would Mr. Wilson be able to speak with certainty as to that?—A. He would.

Q. I suppose you can file with us a record of the goods that have been forfeited in Canada during the past two years?—A. It would be a pretty big record.

Q. Of goods seized and forfeited for infraction of the Customs Law?—A. Particulars of them?

Q. No— —A. Just the number of cases?

Q. Yes, with the names?—A. The names of the parties from whom seized?

Q. Yes; "Smith; Calgary; seized; sold or forfeited" or whatever disposition has been made of them?—A. I can prepare that, but it will take some time to do it.

Q. Supposing we start, in order to get the matter in more simple form, with the year 1925, and the first month of this year. That would not be very

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long?—A. I would like you to put it in writing, so that I would know what I am to get.

Hon. Mr. BOIVIN: It will appear in the printed evidence.

The WITNESS: I have not got the printed evidence yet.

By Hon. Mr. Bennett:

Q. What I have suggested is not very clear to you?—A. No.

Q. I would like to have a record of the cases that have come to you in the manner you have indicated, for infractions of the Customs Laws of Canada since the first of January, 1926, and for the year 1925?—A. Of infractions?

Q. Indicating only the particulars which are necessary to enable me to understand where they arose, and the persons concerned. Do you follow me?—A. Yes, sir.

Hon. Mr. BOIVIN: And the disposition of the goods, Mr. Bennett?

Hon. Mr. BENNETT: I am coming to that, yes; thank you.

By Hon. Mr. Bennett:

Q. Then in the same precis you might indicate what was,—to use the language sometimes used—the fate of the goods in each case. Could you, at the same time, indicate the reports made by your Preventive Officers in each case? You have copies of them, I take it. Could you produce them?—A. We have not copies of them.

Q. Have you not?—A. No.

Q. There is your report to the Minister in each case?—A. Yes.

Q. On this printed form?—A. Yes.

Q. And you will indicate what your report was and what the action of the Minister was in each case?—A. Yes.

Q. Can you produce those? I will ask them for the year 1925 and up to date in 1926?—A. I think we have about 2,500 of them.

Q. As many as that?—A. Yes.

Q. That is a considerable number, but life is all before us, and much of it is behind us. It can be done. It is important, Mr. Farrow. You realize that?—A. I am here to get whatever is asked for, but you must understand it will take considerable time to get it.

Q. We will expedite it if you will produce the original files here and leave them with the Clerk, and we will then determine to what extent we will bother you further with respect to specific cases?—A. I would suggest, Mr. Bennett, that you speak to our General Executive Assistant, Mr. Blair, about this matter, and he could indicate to you just about what it means. He is a lawyer, and he will indicate to you what such a request would mean.

Q. I have not undertaken these duties without realizing what it means to me. I am going to get at the bottom of this, Mr. Farrow, if it takes the rest of my life. I understand these papers are needed in the Department, but I cannot help that. We will have them. You might as well understand that. Let us start fair.—A. Sure.

Q. What we want is the records for the year 1925 and since the 1st of January, 1926 of the cases which have arisen in the Dominion of Canada, where they arose, and what the ultimate action in each case was; do you follow that?—A. Yes.

Q. There is no difficulty in doing that?—A. No, but I understood you wanted all the files brought here.

Q. I do not want them brought here, except to the extent that I want that information?—A. I thought you said you wanted all the files—

[Mr. R. R. Farrow.]

Q. I did suggest it, because you said it was so much work. You bring the files here, and we will do the work, if you are overworked?—A. I did not say I was overworked.

Q. I admit you have a difficult task; you must keep the machinery going, because cases are coming in every day. If it is so difficult, we could look over the files and pick out the ones we want. Do you follow me?—A. Yes, I understand.

Q. Now, we have the report showing what the ultimate actions of the Minister were?—A. Yes.

Q. And you realize how important this is to us, because we are responsible to Parliament. You merely make a report to the Minister and the Minister takes the ultimate action?—A. Yes.

Q. That is clear?—A. Yes.

Q. So we are agreed up to that point?—A. Yes.

Q. Now, having a record as to what you have said of the knowledge of smuggling conditions in Canada, do you keep a file upon which complaints are recorded, or an index of complaints? How do you deal with that in your Department?—A. When I receive a complaint that goods are smuggled at a certain place, or undervalued, I refer it to Mr. Wilson with instructions to investigate.

Q. And I take it you receive a considerable number of anonymous letters in your Department?—A. Sometimes.

Q. There are also a considerable number of people who figure in actions, and get part of the fees for informing?—A. Not so much of that.

Q. You say there are a considerable number?—A. Informers, yes.

Q. So you take the names of the persons who write about the smuggling that goes on at Rock Island, Que., and at Niagara Falls, Ont. A considerable number of letters come to you, that is clear, Mr. Farrow?—A. Yes.

Q. Then there are a class of men who want part of the fines, in *qui tam* actions, and then there are some of your officials themselves?—A. Yes.

Q. Do you keep a record of those various communications so that we can easily inspect them?—A. That would be for those where the seizures are made.

Q. Assuming that no seizures were made, could you produce readily for the Committee the records with respect to these men?—A. They would all go in to Mr. Wilson.

Q. He is the man to talk to?—A. Yes.

Q. If a communication or a letter comes directed to you, as Deputy Minister of Customs, you pass it on to him?—A. Yes.

Q. All right, I will leave it at that. It is a fact that a very considerable number of complaints have been made with respect to conditions prevailing at Niagara Falls, N.Y., and at Niagara Falls, Canada, during the last ten months?—A. I do not have any before me.

Q. They do not come to you personally?—A. Yes, we have one now.

Q. One?—A. Yes.

Q. And with respect to Rock Island conditions, in Quebec?—A. There have always been complaints about that.

Q. Always complaints about Rock Island?—A. Yes.

Q. Well, when I said Niagara Falls, I meant Bridgeburg as well. I included that even in the question?—A. Yes.

Q. Considerable complaints about that locality too?—A. Yes.

Q. Those being well-known border points at which difficulties have arisen for many years in connection with smuggling?—A. Yes.

Q. What would you regard the two most important points—I will take two as the most important points, from the standpoint of smuggling in Canada, Rock Island being one, Niagara Falls, and along the district, being two. Is

the Soo one?—A. As far as Niagara Falls and Bridgeburg and the Soo are concerned, it is clearly what is called petty smuggling because there is a good opportunity there of examining the people arriving by ferry and by bridge.

Q. The difficulties of course at Rock Island being intensified by the fact that it is a land frontier?—A. Yes.

Q. In the lower province points all the difficulties are in New Brunswick, Nova Scotia and Prince Edward Island?—A. There is a land frontier in New Brunswick.

Q. It is all along the Maine border, in the United States?—A. Yes.

Q. There is a bridge there?—A. Yes.

Q. And in Nova Scotia?—A. Yes.

Q. And Prince Edward Island the same?—A. Yes.

Q. Coming up into Quebec, the land frontier, you have a particular difficulty at a place called Rock Island?—A. That has always been the place of the most difficulty.

Q. It is fair to say it has been a quantitative difficulty for how many years?—A. Even since I have been in the service.

Q. That is 40 years?—A. Yes.

Q. So for 40 years that has been a difficult point?—A. Yes.

Q. Because it is land frontier or boundary?—A. Yes.

Q. It has been intensified, you said, by the prohibition act in the United States?—A. I do not remember saying about that.

Q. At Rock Island, conditions of smuggling have been intensified?—A. Yes.

Q. In Ontario your principal difficulties are where?—A. At the points I have mentioned, Windsor and Sarnia.

Q. I was coming to that. That is the next point. Then going further West, you have difficulties at Emerson?—A. Yes.

Q. There is a land frontier there?—A. Yes.

Q. And what other points? At Kingsport, Northport, Mission?—A. At any of those ports there is difficulty.

Q. You have a point in Saskatchewan, at Northport?—A. North Portal.

Q. In Alberta at Coote?—A. Yes.

Q. And British Columbia at Kingsgate and at Huntingdon?—A. The Pacific highway.

Q. Can you, with those points in your mind, give us a record, showing the cases that have originated there during the past year? You could not give it in that way?—A. I do not recollect.

Q. You have a record of it that could be referred to in that way?—A. This record simply gives where the seizure was made.

Q. With reference to those points in particular?—A. Yes.

Q. That will give us the names and particulars for that point?—A. To take the name of the person who seized?

Q. Yes. If it is not too much trouble. In the precis you are going to prepare, the character of the goods seized, whether overalls, silk or cotton. Could you put it in that way?—A. Yes.

Q. That would not be difficult?—A. No.

Q. How long would you think it would be before you could get that information for us?—A. If Mr. Blair is going to be under examination, he would be able to tell you better than I can, because he is dealing with it every day.

Q. There are a number of questions I would like to ask after that information comes. I want to lay the foundation for something and I shall not further bother you for the moment?—A. All right.

Q. You do not deal with the excise yourself at all, the liberation of alcohol. These are not matters under your activities at all?—A. No. Mr. Taylor deals with that. Except to put in this blank form I mention. I am responsible for it.

[Mr. R. R. Farrow.]

By Mr. Elliott:

Q. Just a couple of questions, Mr. Farrow. Mr. Bennett was asking you with regard to the record at different points. Do you keep your record in that way, that is the cases that have arisen at Windsor on which money was collected. What is the method you adopt?—A. We have two records in the department. One is for the purpose of recording seizures and recording the condition in which the seizures are received. It is in the Seizure Branch, sending out copies and keeping a record of it. There is a further record in the Accountants Branch, of seizures at ports by the Preventive Service.

Q. So you have seizures by ports and by preventive service, you say?—A. Yes.

Q. I took down that there are 104 officers in the Preventive Service now?—A. Yes.

Q. Sixty-seven special officers?—A. Yes.

Q. And the increase has been in the Preventive Service in recent years?—A. The Principal increase.

Q. Can you give us an idea of the increase in that staff?—A. No, I said that Mr. Wilson could give you that better than I could. I cannot remember it.

Q. Now, your main activities have been under the Customs Act?—A. Yes.

Q. And the amendments to that Act?—A. Yes.

Q. And the excise, you say, you are not so familiar with, did I understand you?—A. That is right, Sir.

Q. The form "K" that you referred to, do you happen to have one of those forms with you?—A. No.

Q. I think it would be well if you would let each of the members of the Committee have one of those forms?—A. Yes.

Q. That would be quite convenient?—A. Yes.

Q. That contains the first information that you get, practically?—A. Yes.

Q. And is a general summary of the information that is intended to be conveyed to you by the officers who report?—A. Yes.

Q. And that form is supposed to contain all the different kinds of information that is required to decide upon what course to take?—A. No, that has to be supplemented by evidence.

Q. By evidence?—A. Oh yes.

Q. Does the form include what the evidence is, or what information they have?—A. Decides whether the seizure was made on information or not.

Q. Nothing more than that?—A. No.

Q. Then the department make a supplementary report—A. As soon as the party gets the notice of the seizure he is required to file his evidence.

Q. That evidence is not passed on by the assistant law clerk?—A. By the head law clerk. And then by the general executive assistant.

Q. I suppose the main test he applies is whether or not on the statement given to him he can reasonably expect to obtain a conviction, that is, whether the evidence is such as to justify proceeding further. Is that it?—A. No, that is for prosecutions only.

Q. Yes, in deciding as to prosecutions?—A. In deciding as to prosecutions the officer has instructions where he is to prosecute forthwith, but as I said before, I never knew of any prosecutions under the Act until this last amendment to the Act.

Q. That is the amendment of 1925?—A. July, 1925.

Q. There were no prosecutions at all?—A. Very, very rarely.

Q. Up to 1925?—A. Yes.

Q. You are to prepare a list of the prosecutions?—A. Yes.

[Mr. R. R. Farrow.]

Q. Now, in the chart you have furnished—just let me have a look at that chart, please. In the chart which you have furnished, you have just given the officers. You do not attempt here to give the names of the officials?—A. Not in organization, you never do.

Q. I suppose those are very readily obtainable?—A. Yes, they are.

Q. Now, did I understand you to say to Mr. Bennett that you had not a list kept as far as you know of complaints that are received, where they are not acted upon?—A. Where they are not acted upon, no. I say that they go to the Chief of the Preventive Service to investigate.

Q. He will be able to tell us whether or not a record of those has been kept and whether when a decision has been arrived at they are abandoned?—A. Yes.

By Mr. Kennedy:

Q. The regular preventive staff is numbered 104, I believe?—A. Yes.

Q. I understood you to say that smuggling difficulties had been intensified since 1917, since the adoption of the Volstead Act of the United States?—A. That is what they say.

Q. Was there any sharp increase about 1925, or 1924 or 1925? Did it not call for an increase of the staff by sixty or sixty-seven special officers, in addition to the regular 104?—A. That was the feeling, yes.

Q. We may take it that smuggling is steadily on the increase, apparently, that is—A. Well, I would not know that I would take it that way. The way I would take it would be that the staff of the Department was insufficient to cope with it, not that it was increasing, but that we had not sufficient officers to protect the revenue.

Q. Where were those sixty-seven officers located? Were they located in one part of Canada, or on one part of the boundary?—A. The Chief of the Preventive Service will give you more information on that than I can. No, it is not part of my duty to look after that.

Q. Were the original officials appointed by the Civil Service Commission?—A. Some of them, and I think the larger number of them since 1919. But there were some of these men who were there before the Civil Service Commission.

Q. Are there 67 Special Investigators or Preventive Officers, and are they permanent officials?—A. No.

Q. They are just appointed?—A. Their appointments are revocable at any time in the discretion of the Minister. That is in the terms of their employment. They can be dismissed without notice.

By Mr. Kennedy:

Q. Who decides upon the necessity for appointing these officials?—A. The Chief of the Staff makes his recommendations.

Q. I suppose the decision as to the termination of their services would be made when the special work for which they had been appointed was done?—A. He would report.

By Mr. Bell:

Q. Mr. Farrow, when Rock Island was a notorious locality, why were no preventive officers stationed there?—A. There were officers there always, Mr. Bell.

Q. Why were none of the Mounted Police sent there?—A. The Mounted Police are not authorized to act for the Department unless they are given employment as Customs officers.

Q. I take it that they were charged with the duty of looking after the border, or some portion of it?—A. The Mounted Police.

[Mr. R. R. Farrow.]

Q. Yes.—A. Not that I know of.

Q. What was the rank of the people there, what did they do at Rock Island?—A. We always had a regular staff there.

Q. How many?—A. I could not say.

Q. Are there reports from them?—A. There would be some.

Q. Can you give me the names of any of them, of the officials you had there?—A. No. It is pretty difficult for me to remember the names of 4,000 or 5,000 employees.

Q. I beg your pardon?—A. It is pretty hard for me to recollect the names or the places of 4,000 employees.

Q. Have you got available records from Rock Island, from any of the people you have had there?—A. Whatever records there are.

Q. Are they among those you are producing?—A. We will produce all the records we have, Mr. Bell.

Q. Are their reports from Rock Island among the ones you are going to produce?—A. I will produce what we have.

Q. Can you not tell at this stage?—A. You cannot expect me to remember whether an officer at Rock Island made a seizure or not.

Q. Are you prepared to say that there are reports from Rock Island?—A. Not unless I examine the records.

Mr. DONAGHY: We are wasting time on this. Let us get along.

Mr. BELL: We will get along when I finish my questions.

By Mr. Bell:

Q. You say that for some forty years of your experience there has been a practice of making settlement, where goods were brought in with the duty not properly paid or not paid at all?—A. I don't think I used the word "settlements," Mr. Bell.

Q. What do you prefer instead?—A. Decisions of the Minister.

Q. Which resulted in the payment of money which ought to have been paid for duty; is that correct?—A. Yes.

Q. During that time is it right to say that there was repeated smuggling by people who were known to the Department to make it their business?—A. I would not say that.

Q. You can tell me whether it is so or not?—A. Mr. Wilson can tell you better than I can.

Q. I thought the Customs seizures were in your Department?—A. They are.

Q. Can you not tell me whether in cases of seizures, or adjustments if you do not like the word settlements, the names of certain people did not appear repeatedly?—A. I have a knowledge of some such.

Q. And that practice in their cases existed week after week, month after month, and year after year; that is right, is it not?—A. I would not say that.

Q. At least repeatedly for a long time; you would say that, would you not?—A. I would only say what I know.

Q. Is it not the case that the records, as you recall them, will show that there were people engaged in the business of smuggling who were caught time and again?—A. I have a knowledge of one case, where a man had three seizures made against him.

Q. Can you give us any idea within what length of time those three seizures occurred?—A. No.

Q. Can you tell us this at any rate; in all these forty years, when there were people smuggling to a very large extent, I suppose it ran sometimes into hundreds of thousands of dollars, didn't it?—A. There is one point, Mr. Bell, that I want to make clear to you; it is that I had nothing to do with seizures prior to 1919.

[Mr. R. R. Farrow.]

Q. All right, let us take it from 1919 to 1925; that period you do know about?—A. Yes.

Q. During that time is it correct to say that there were seizures of amounts that ran up sometimes into hundreds of thousands of dollars?—A. On goods?

Q. Yes.—A. No, I do not remember any seizure like that.

Q. Have you any idea of the largest one you do recollect?—A. No.

Q. You cannot even tell me that?—A. I can tell you that a number of our seizures are not seizures of goods, but are charges made for having smuggled goods.

Q. That is, on subsequent discovery?—A. No, on investigation.

Q. As a result of investigations you have found out that people—I am not talking about petty matters—have repeatedly smuggled large quantities of goods in for profit?—A. Not repeatedly.

Q. But several times?—A. Not several times.

Q. Do I correctly understand you to say that when the records you are bringing in are laid before the Committee there will not, as far as you know, be cases in which people have repeatedly smuggled large quantities of goods for profit?—A. I said there was one case that I could remember.

Q. One case only?—A. That is all I remember.

Q. You spoke of one man who was caught where there were three cases of smuggling goods for profit, three violations of the law?—A. Yes.

Q. Why was he not prosecuted?—A. You will have to ask the Ministers of the day.

Q. I thought that was in your department?—A. I do not attend on prosecutions.

Q. You have no knowledge of why no prosecution was undertaken in that man's case?—A. No.

Q. Will you give me the name?—A. The name I remember is The Snag Proof Overall Company.

Q. And the nature of the goods?—A. Cotton goods.

Q. On each occasion?—A. On each occasion. The first one started I think in 1912.

Q. And again when?—A. My recollection is not of the next day, I don't know that, but I remember that case because we were preparing our statement for the House; that is how I remember it.

Q. Was there known to you any report made out recommending a prosecution?—A. No.

Q. Either coming to your office or going from it?—A. No.

Q. By the way, I suppose we can get without any serious delay in this case copies of the reports made by you to the Minister, of various infractions?—A. Yes. That is what I understood Mr. Bennett to ask for.

Mr. DONAGHY: This is all covered by what Mr. Bennett asked him to produce.

By Mr. Bell:

Q. You can let us have them without delay?—A. I have explained already how long it will take to copy the documents.

Q. I do not mean copying the list, I mean the actual copy you put on your files when you returned the original report to the Minister?—A. I never kept a copy.

Q. At no time?—A. No; the thing is on the files.

Q. And those files are not available?—A. Yes, they are available.

Q. Will you recall what you said a moment ago about some cases where seizures were made to the value of over \$200?—A. Yes.

Q. Tell me again, please, what you said about the prosecution being left to outside people?—A. I said that under instructions issued by the Department

about the month of July, 1925, when an officer made a seizure of smuggled goods valued at \$200 or over, and the goods were not for personal use, he was to take proceedings to prosecute forthwith.

Q. And I think you said there was a general order which went to all of them?—A. That is right.

Q. What procedure had been taken, because if you told us this I did not hear it, for returns by those officers to the Department, of the prosecutions they had instituted?—A. There are always returns. They ask for the name. I told the Examiner that they asked for the name of a legal agent to conduct the prosecution, which we got from the Justice Department, the prosecution was proceeded with, and it was all reported to the Department, what the decision of the Court was.

Q. I did not hear you say it was reported?—A. Yes, I did.

Q. The records you are going to produce since that went into effect, the reports of the legal agents to whom matters were referred for prosecution; is that true?—A. Yes, where there was a prosecution.

Q. There will be a return of what was done by the legal agent in each case, where it was referred to him?—A. Yes.

Q. They would be obtained from time to time?—A. Yes.

By Hon. Mr. Stevens:

Q. I have a few questions to ask of Mr. Farrow. Having regard to the practice of control of what you call out ports, you have a number of those?—A. Yes, out ports or preventive stations.

Q. Gateways, such as Emerson, Rouse's Point and so on; how do you deal with those points? Does the officer at these points report at regular periods to the Department, or to whom does he report?—A. He makes a weekly report to Mr. Wilson; he is required to do that, I think.

Q. On certain forms?—A. Yes.

Q. Supplied by the Department?—A. Yes.

Q. On which he should set forth what?—A. What he did during the week.

Q. Including any collections of revenue he might make?—A. As a preventive officer who collected revenue.

Q. You have officials at these points who do collect revenue, for instance at Douglas?—A. They report the collections every week that they make.

Q. There is a regular system and regular forms for reports?—A. Yes.

Q. Do you insist upon those reports being made regularly?—A. Yes.

Q. Are they inspected regularly?—A. They are checked by the accountant every week.

Q. Do you keep close count of the revenues so collected?—A. Yes.

Q. The Inspector I suppose of the district inspects them as well?—A. Once a year. But the system is, if I may explain it to you, that an outport will make those collections to the chief port. Take any case you suggest, say Huntingdon, he will make his collections to the collector at New Westminster every week or oftener; he is required in the first place before that to deposit his collections in a bank, when they amount to \$25 or over. That is the first thing he has to do.

Q. Any amount of \$25 or over?—A. \$25 or over he has to deposit; he has to deposit it every week or more frequently, as required by the regulations, and he will report to the Chief Collector at the port and send his report and a remittance, and from time to time he sends an independent report to Ottawa.

Q. A dual report?—A. Yes.

Q. How often is that place checked?—A. Once a year, by an Inspector.

Q. An officer could go along fraudulently for a year without being discovered?—A. I suppose perhaps he could, if the Inspector did not inspect it more frequently.

Q. Still if an officer were collecting considerable sums of money at a given port and did not regularly make his returns, you would discover that by inspecting his weekly reports, would you not?—A. We would ask for it at once.

Q. Do you allow a junior officer—I call them junior officers, because that is what they are—I think you will agree with that?—A. Yes.

Q. Do you allow a junior officer at an outport to deposit Government revenue collected by him or by them, in his or in their own personal account?—A. No.

Q. That is never allowed?—A. No.

Q. How do these officers remit to the Receiver General's account?—A. The sub-collectors remit to the chief port by bank draft, and the chief port remits.

Q. What do you mean?—A. By a bank deposit receipt to the Receiver General, and a draft.

Q. That is, when a junior officer at a port would collect revenue he would deposit it in the nearest bank, if there was a bank there, I presume?—A. He would have to deposit it in the bank authorized by the Department.

Q. He would deposit any money that he secured over \$25?—A. Daily.

Q. If there was no bank there, he would remit that cash to the general port to which he would report, to the collector?—A. He would have to deposit it in some bank authorized by the Department.

Q. To the credit of the Receiver General?—A. No, to his official credit as a sub-collector of Customs.

Q. In a separate account?—A. Absolutely.

Q. Does the bank receive instructions from the Customs Department or some senior officer, regarding these matters?—A. No, I don't think so.

Q. But this junior officer deposits the money to his own credit in a bank?—A. Yes.

Q. But the account is specified as the account of an officer of the Crown?—A. He has an official bank book.

Q. He has an official bank book?—A. Yes, he has an official bank book.

Q. And he has to make returns every week, one to Ottawa and one to the local chief port?—A. That is right.

Q. Are these men in these outports under bond?—A. Every one.

Q. What bond?—A. It depends on the revenue collected.

Q. It varies in different ports? What is the minimum bond?—A. The minimum bond now is \$1,000. That would not be for sub-collectors, you must remember; that would be for truck men. All our officers are bonded.

Q. I mean all officers who would collect revenue at an outport.—A. It would all depend on the revenue, but it would likely be somewhere in the neighbourhood of \$3,000 to \$5,000.

Q. If you discovered an officer of the Crown, entrusted with the power of collecting revenue, handling that money in his own account, what would you do with such an officer as a matter of departmental procedure?—A. As a matter of departmental procedure I would report him to the minister for suspension.

Q. Would you consider it a serious infraction of the departmental regulations?—A. I would, if he had not carried out the instructions of the department, yes.

Q. Supposing the sum ran into thousands of dollars, what would you think of him?—A. Deposited in a private bank account?

Q. In his own account.—A. I wouldn't think it possible.

Q. Would you think such a man was a fair subject for promotion to a senior position?—A. No.

Q. He would not be, would he?—A. No, not if he did that.

Q. If he did that, and did it repeatedly, he ought to be fired, shouldn't he, without ceremony?—A. Well, I think you would have to ask the man who would have the power to fire him.

Q. I am asking you, Mr. Farrow, as the most honourable head of this department, subject to the minister. I want to say frankly—and I am not asking these questions to embarrass you—and I do not want to embarrass you, but I look upon you as an officer of wide experience who knows the business and procedure of the government, and who has endeavoured to carry it out. I am only asking your opinion of an officer who would take funds of the government, when there was a bank in his own district which would be authorized to receive it as government deposits, and place these monies in his own name.—A. I have already said I do not think it would be possible, but if an officer did that, I would certainly think he should be dismissed.

Q. He ought to be dismissed?—A. Yes.

Q. Certainly not promoted?—A. No.

Q. Now, you have seen the evidence given in the case of Bisailon, or in the case of—I think it is the case of Rex vs. Simons et al, in the courts of Montreal on February 13th, 1925, the man being Joseph Alfred Edgar Bisailon?

Hon. Mr. BOIVIN: Mr. Stevens, I do not want to interrupt you, but was it not in Quebec?

Hon. Mr. STEVENS: If I am not mistaken it was traversed from Montreal, but it was in Quebec.

By Hon. Mr. Stevens:

Q. But you know to what I refer?—A. Yes, I remember.

Q. You heard of this evidence?—A. Yes.

Q. And you could not get a copy?—A. No.

Q. You had difficulty in getting a copy?—A. Yes.

Q. You wrote for a copy?—A. I don't know as I wrote for it myself, but a copy was asked for.

Q. You endeavoured, as head officer of the department, to get a copy?—A. Yes.

Q. And you had great difficulty in getting it, for some months?—A. Yes, I had some difficulty.

Q. How did you get the copy eventually?—A. I am not sure whether I got it from Mr. Clerk of Montreal, or Mr. Sparks; I am not sure. Someone presented me with a copy, but I am not sure where I got it. I think I got it from Mr. Clerk.

Q. From Mr. Clerk or Mr. Sparks, you are not quite sure?—A. I am not quite sure.

Q. I will not press it. In any case, you did get a copy?—A. Yes.

Q. How were you impressed when you read the evidence regarding Mr. Bisailon, or given by Mr. Bisailon, on examination by Mr. Cannon?—A. How was I impressed?

Q. You were not favourably impressed?—A. No.

Q. Weren't you shocked?—A. Well, I don't know just exactly what I would say to that. Am I supposed to say that I am shocked at anything?

Q. If it did not shock you it is all right, but I am asking you didn't it shock you?

By the Chairman:

Q. State your impressions at the moment.—A. My impression was not favourable. That is what I said.

[Mr. R. R. Farrow.]

By Hon. Mr. Stevens:

Q. You had an unfavourable impression?—A. Yes.

Q. Let us look at this evidence. This is such a notorious case. Everybody knows it, so let us get this story out right. This case was tried on the 13th day of February 1925, the case of Rex vs. J. F. Simons et al, and the examination is that of Joseph Alfred Edgar Bisailon by Mr. Cannon, who at the time was Prosecuting Attorney.

Mr. DONAGHY: What was Simons charged with?

Hon. Mr. STEVENS: If you will excuse me, I will give you that information after a moment. This is an examination regarding certain deposits made by Mr. Bisailon in his own account.

Mr. GAGNON: Mr. Chairman, may I be allowed to object to this question being put, unless the members of the committee, or myself, representing Mr. Bisailon, have a copy of the document upon which Mr. Farrow is being examined?

Hon. Mr. STEVENS: The client of Mr. Gagnon is not under examination; I am examining Mr. Farrow, and this document is one which is available to anyone and unquestionably the solicitor for Mr. Bisailon has at his disposal the document, if he chooses to get it.

Mr. DONAGHY: Mr. Chairman, there is only one way of getting a proper understanding of the proceedings in a Court. My friend Mr. Stevens is taking the wrong way. The only way to do it is to have the record of the Court produced here and an exemplified copy of the charge; the names of the parties and the evidence taken, and the pronouncement or judgment of the Court upon that evidence. There is no use in putting up a piece of evidence here—

Hon. Mr. STEVENS: I am taking the evidence of Mr. Farrow.

Mr. DONAGHY: —highly coloured. We know in all these matters there is disputed evidence; we should have it all here. That is why I ask the courtesy of my hon. friend to give to us shortly an outline of what this case is which he is cross-examining on. I do not know a thing about it.

Hon. Mr. STEVENS: In the first place, Mr. Chairman, I think the objection raised by Mr. Donaghy is not one which should receive your support. I am examining Mr. Farrow, who is the chief of the Customs Department, on information which he has already admitted he knows of; he has read this evidence; he has had in his possession the evidence and he has said that that evidence did not impress him favourably. Why can I not follow that now with some other questions? If the committee desire the particulars, I have asked for these particulars and they have not yet been brought down. I am going to ask again on the floor of the House this afternoon for the privilege of moving certain motions. That privilege may not be granted, but I am going to ask for it in order to see if I cannot get before this committee all the information I know to be available.

Hon. Mr. BENNETT: A short way out of that, it seems to me, would be to have Mr. Farrow produce the evidence he has in his possession.

Hon. Mr. STEVENS: Very good.

By Hon. Mr. Stevens:

Q. Have you it with you?—A. Which is that?

Q. You have not this with you, Mr. Farrow? You have it in your office? —A. I think I have it in my office.

Q. Will you be good enough to produce the copy you have received?—A. I do not know as it is a court copy which I have.

Mr. DONAGHY: Mr. Chairman, did we not make an order the other day that the Clerk of the Court which heard this case should be required to produce the record or an exemplification of it?

The CHAIRMAN: That is true.

Mr. DONAGHY: I think this examination should be postponed until we have the proper record before us, so we will know what we are acting on. I want some information as well as Mr. Stevens. I do not know what information he has of a fragmentary character, but I want this whole record before us so that we will know what we are doing.

Hon. Mr. STEVENS: I will take care of the fragmentary nature of it.

Mr. DONAGHY: I think this should be left over until the Clerk of that Court complies with the order of this Committee made the other day.

The CHAIRMAN: I think there will be no prejudice. The objection is well taken—

Hon. Mr. STEVENS: Just a moment; Mr. Chairman, before you rule I would like to say a word. I hope you will not rule on this offhand—

The CHAIRMAN: It seems very clear, as far as the Evidence Law is concerned.

Hon. Mr. STEVENS: I am anxious to respect your rulings in all matters, but really I think it would be a most unfair thing to prevent me from proceeding with the examination of Mr. Farrow at this point. I personally am only too anxious to have the fullest information before the Committee. I asked for it long ago, but I have not as yet received it.

Mr. DONAGHY: We have made an order.

Hon. Mr. STEVENS: But on another point, Mr. Chairman.

Mr. DONAGHY: We had better have an order made on the Clerk of this Court—

Hon. Mr. STEVENS: Just a moment, Mr. Donaghy, as a matter of fact you are raising a point which applies more to strict rules of the Court, but if I am not mistaken, under the rules of evidence, or under the rules of the court, in cross-examination I am entitled to a very wide latitude in asking questions.

Mr. BELL: Undoubtedly.

The CHAIRMAN: On what has been mentioned in chief.

Hon. Mr. STEVENS: I am mentioning this in chief—very chief.

Mr. DONAGHY: Nobody would attempt to restrict the examination; it is only a question of conducting this cross-examination at the proper time and when the proper record is here, and no one will be restricted in cross-examination when the proper time arrives, and the proper documents are here for our consideration. Mr. Farrow will always be available to us here.

Mr. BELL: Documents are not being put into evidence at all.

Hon. Mr. STEVENS: I ask, Mr. Chairman, for the privilege of proceeding.

Hon. Mr. BENNETT: What was the question?

Hon. Mr. STEVENS: Mr. Farrow has already stated he was unfavourably impressed regarding the perusal of this evidence—

Mr. DONAGHY: That is something we have not before us; that is what we want.

Mr. BELL: You have Mr. Farrow before you.

Hon. Mr. STEVENS: Mr. Chairman, if I am to supply the Committee in advance with all material upon which I base questions, we will never get anywhere.

Mr. DONAGHY: We are not asking that: the Clerk of the Court should be required to produce this record, and we should wait in our examination until it is produced, so that we will have an opportunity of examining it.

Hon. Mr. STEVENS: I am not going to wait.

Mr. DONAGHY: I think the Committee should rule that you do. Then you will not be restricted in any way in an examination of this witness, and we will be enabled to have a proper view of it.

Hon. Mr. BENNETT: I think, Mr. Chairman, it is proper to ask the witness his impression with respect to the evidence, without being required to produce it, but if he desires to discuss the evidence itself, it should be produced. This question was simply asking the witness what his impression was after reading the record that he had obtained from Mr. Clerk, or Mr. Sparks. I think it is permissible, up to the present, but I do not think we should get into a discussion on the testimony unless it is produced.

Mr. ELLIOTT: Mr. Chairman, he has asked that question.

Hon. Mr. BENNETT: He is asking him again.

Hon. Mr. STEVENS: Mr. Chairman, am I permitted to go on with this examination?

The CHAIRMAN: First, Mr. Stevens, I must say a word in regard to that record. You asked about the Symons case, the Quebec Liquor case, which went on before the Quebec Court of Sessions. There was no formal motion that this record be brought here.

Hon. Mr. STEVENS: The Minister promised in the House to bring it.

Mr. DONAGHY: I move that an order issue, either by summons or subpoena duces tecum to the proper officer of the Quebec Court to produce the record.

Mr. BELL: What is the matter with Mr. Farrow producing what he has in his office?

Hon. Mr. BOIVIN: It is not complete.

The WITNESS: It is not a complete file.

Mr. DONAGHY: I move accordingly, and then we will have the copy here. The Clerk can take the usual procedure to provide the copy.

Hon. Mr. BOIVIN: You remember I brought the matter up and suggested that an order be made.

Mr. DONAGHY: Let us have the motion now.

The CHAIRMAN: Does Mr. Donaghy's motion carry?

Motion agreed to.

By Hon. Mr. Stevens:

Q. In regard to this case to which reference has been made, when did you first hear of this evidence that Mr. Bisailon had put funds in his own bank account which really belonged to the revenue of the country?—A. I saw it in the press.

Q. You saw it in the press?—A. Yes.

Q. Were you informed of it by the Minister?—A. I would not say so.

Q. Did you have any consultation with the Minister about it, the day after the trial, or a day or two after?—A. When was the trial?

Q. The trial was on the 13th of February, 1925?—A. I am not sure.

Q. You are not sure?—A. No.

Q. Immediately after seeing this in the press—you say you are not sure of the other—did you make an investigation?—A. Yes.

Q. What did you ascertain?—A. Well, I have certain documents which I discovered in connection with it.

Q. What documents?—A. Matters relating to the deposits at Farnham.

Q. What did these documents disclose?

Mr. DONAGHY: What documents are those?

Hon. Mr. BENNETT: Documents which he himself discovered in his investigation.

The WITNESS: What did they disclose?

By Mr. Donaghy:

Q. Have you got the documents?—A. I have them in my office.

Mr. DONAGHY: The proper thing to do is to produce these documents to show what they disclosed. There is only one way of doing this, and that is to produce the documents.

Mr. BELL: There is no reason why the witness should not give his recollection.

By Hon. Mr. Stevens:

Q. What did these documents disclose?

Mr. DONAGHY: No, I object to that. There is only one way to find out the true contents of a document, and that is to produce the document.

Hon. Mr. STEVENS: I will ask for it in a moment.

By Hon. Mr. Stevens:

Q. What did the document disclose?

Mr. DONAGHY: I object to that. That is not the way to get the evidence.

Mr. BELL: If it were being put in in chief, yes, but not in cross-examination. Mr. Chairman, may I just say this: that in every court of law in this country it is a recognized principle that a witness may be questioned as to the contents of a document, without that document being shown, and that the only occasion for the actual production of a document comes when it is introduced in chief, and not in cross-examination.

Mr. DONAGHY: We are only wasting time this way.

The CHAIRMAN: If a document is not produced in chief, you will await your turn and file your exhibit, and then the other party has the right to cross-examine on the exhibit filed.

Mr. DONAGHY: It is a very elementary rule of law.

The CHAIRMAN: We cannot make this proof before the Committee, unless we make the best proof, and the best proof is the document itself. It must be brought down and produced before the Committee, and then the questions may proceed within the limits of the document. The objection is well taken.

By Mr. Stevens:

Q. You say that you investigated this case after seeing this report in the press?—A. Yes.

Q. Were you instructed to investigate this case by the Minister of Customs?—A. No, not at that time, I made the investigation myself.

Q. You made the investigation on your own initiative?—A. Yes.

Q. And you discovered certain documents?—A. Well, would you allow me to make a statement in connection with it?

Q. Certainly, Mr. Farrow.—A. When I saw the evidence in the press as to the deposits of the money I did not think it could be possible that the men could

[Mr. R. R. Farrow.]

deposit the money as stated, and I called upon the accountant to make a report to me.

Q. Exactly. And he made that report?—A. Yes, he made the report.

Q. Can you produce before the Committee the report the accountant made?

—A. Yes.

Q. Will you produce that and the other documents to which you referred?

—A. Yes.

Q. Where are those documents?—A. They are copies of the weekly reports and of the bank drafts.

Q. Of whom?—A. Of the sub-collector at Farnham and the collector at St. Johns.

Q. Can you, from your memory tell us what those documents contain?

Mr. ELLIOTT: That is the same thing again. Those documents are going to be produced. Why take up the time of this Committee and the time of the stenographers and everybody else, conjecturing as to what possibly may be in the reports that are going to be produced.

Hon. Mr. STEVENS: The people who are conjecturing are my hon. friends, and I see no reason for alarm.

Mr. ELLIOTT: Here is a question of regularity.

Hon. Mr. STEVENS: It is a question of getting the information that we are entitled to have.

Mr. DONAGHY: I am as anxious as Mr. Stevens to get the information. We want the reports. I am quite anxious to see them. I do not intend to be satisfied with second hand evidence, I want to see them myself.

By Hon. Mr. Stevens:

Q. The question in this investigation, over what period did you investigate?

—A. During the period of time that Mr. Bisailon was on duty at Farnham.

Q. Before and after this date of this evidence to which we have referred? Before and after?—A. Before and after the date?

Q. Yes.—A. During the whole of the time he was at Farnham.

Q. During the whole of the time he was at Farnham.—A. Yes.

Q. What was Mr. Bisailon's position when he was at Farnham?—A. He was acting sub-collector.

Q. He was acting sub-collector at Farnham?—A. Yes.

Q. You will produce these documents, and we will have an opportunity of examining further?—A. Yes.

Q. Now, I want to turn to another matter, Mr. Farrow if I may. By the way I would like to ask you—there was a bank at Farnham?—A. Yes.

Q. An in that bank the revenue collected is deposited to the account?—A. Yes.

Q. What bank, please?—A. The Bank of Commerce.

Q. Now, you mentioned in the early part of your examination, that Mr. Busby was Chief Inspector of Customs, I think you said he was outside of the Department, or outside of the Department's organization? What did you mean by that?—A. Outside service, as distinguished from inside.

Q. What are his duties?—A. His duties are to direct the inspection of all Customs and Excise officers.

Q. Is he a first-class officer?—A. Yes.

Q. Highly regarded in the Department?—A. Yes.

Q. Efficient?—A. Yes.

Q. Thoroughly competent inspector?—A. Yes.

Q. Does he inspect the port of Montreal?—A. His officers are inspecting it now.

Q. Does Mr. Busby inspect the port of Montreal?—A. He has not.

Q. For how long?—A. Since 1921, I think.

Q. Why? Would you rather not say, Mr. Farrow?—A. I have made the statement that he has not inspected it.

Q. Why, Mr. Farrow? Let me put it a little better: Has he refrained from inspecting the port of Montreal, and the district of Montreal under your instructions?—A. What do you mean by that?

Q. I mean, Mr. Farrow, did you instruct Mr. Busby not to inspect the port of Montreal?

Mr. DONAGHY: That is a fair question, I do not see why you should hesitate in answering it, if they want to know.

WITNESS: I have told him the Minister had decided he was not to inspect the port of Montreal.

By Hon. Mr. Stevens:

Q. The Minister decided he was not to inspect the port of Montreal?—
A. Yes.

Q. That is right?—A. Yes.

Q. Have you any idea why he was so instructed, not to inspect the port of Montreal?—A. Well, it was not only Montreal, but all the province of Quebec.

Q. Tell me, is Mr. Busby a good inspector?—A. Yes.

Q. He is head of the Inspection staff?—A. Yes.

Q. Is the district and port of Montreal an important division as regards customs work?—A. Yes.

Q. Is it the most important in Canada?—A. Our work?

Q. The most important district of Customs in Canada?—A. Yes, Montreal.

Q. Pretty large revenue collections there?—A. Yes.

Q. And a huge amount of goods entering and clearing?—A. Yes.

Q. Requiring a large staff of customs' officials?—A. Yes.

Q. Can you tell me when the instructions were given?—A. Early in 1922.

Q. Could you supply the Committee with a copy of the instructions?—
A. They were verbal.

Q. They were verbal instructions?—A. Yes.

Q. Have you received from Mr. Busby during— by the way, Mr. Busby is sick now, is he not?—A. Very ill.

Q. And has been for some little time? How long is it since he was on duty?—A. I think he has been off duty now for a month or so, a little over a month.

Q. Is he still very ill?—A. Yes.

Q. Have you received from Mr. Busby during the last month a report as to his relations to the port of Montreal?—A. No.

Q. You have received no report from Mr. Busby at all on any subject during the past month?—A. Not in the last month. I have received several reports from Mr. Kennedy.

Q. Who is Mr. Kennedy?—A. Acting Chief-Inspector.

Q. In which he refers to Mr. Busby at all?—A. I do not think so.

Q. And Mr. Clerk?—A. Yes.

Q. What are his initials?—A. R. P.

Q. Was he appointed inspector of Montreal?—A. Yes.

Q. When?—A. I could not say.

Q. About when?—A. I really could not give that information; I do not know, I do not recollect, Mr. Stevens.

Q. Three years ago?—A. I should think it was in 1922 or 1923.

[Mr. R. R. Farrow.]

Q. That will do, I am not particular as to the question of the date. I cannot expect you to carry it in your mind. Mr. Clerk was in the Department for some time?—A. Yes.

Q. Now, what position did he occupy in 1911 or 1912?—A. He would be then, I think, perhaps, what we call a locker.

Q. Did not he have a higher position than that?—A. He was chief locker.

Q. He got into some trouble, did he not, and there was an investigation by Mr. Busby and a report?—A. I saw that reference in your speech.

Q. Never mind my speech. It is a very unreliable speech, I am told. You do not remember that?—A. I was not in charge then, Mr. Stevens.

Q. That is quite true. But would you mind refreshing your memory so that we can speak of that again, and look up Mr. Clerk's record.—A. I will look it up.

Q. You are not aware of his being investigated by Mr. Busby, and being promoted?—A. No, it would not come under my observation.

Q. It would not come under your observation?—A. No.

Q. Well, I will not press that point. What qualifications did Mr. Clerk have for the very high position of inspector of the port of Montreal, and the district of Montreal?—A. His length of service; experience; through length of service, I presume.

Q. Did you recommend him to the Civil Service Commission?—A. I think he was recommended, of the applicants for the position or promotion.

Hon. Mr. STEVENS: I have put on the order paper a resolution calling for papers in regard to Mr. Bisailon himself and I would like the papers in regard to Clerk as well.

Mr. KENNEDY: We consent to that being added.

Hon. Mr. STEVENS: We will add Clerk's name, so we will have the evidence before us regarding him.

WITNESS: The position would be advertised in the usual way for promotion, and there would be a certain number of applicants. They would be rated and the man usually thought best qualified of the applicants would be recommended.

By Hon. Mr. Stevens:

Q. Did you recommend Clerk yourself?—A. I cannot remember the details now. There would be a certain number of applicants. But I do not remember how many there were. There may not have been more than one, for all I know.

Q. From your own knowledge of Clerk, would you consider Clerk a proper officer to recommend for the high position of inspector for the port of Montreal? I want you to give me your candid, frank opinion on that, without any question of what you might have done?—A. I do not think I should be asked to give any opinion of that kind.

Q. I am going—A. Yes, I know—well, I do not think I will answer it, unless it is necessary for me to make a statement regarding every officer.

Q. You would rather not tell me whether in your opinion or not Clerk was a suitable appointee for that high office?—A. No, Mr. Stevens. There is just one thing—you see, in Montreal, we have officers of both languages. Unfortunately none of the men on our chief staff could speak French at all. That was unfortunate, and it was felt, I think, that the men who should be dealing with it should have a knowledge of French as well as English.

Mr. ELLIOTT: I think the witness is a little diffident about criticizing his staff. Was he the best man available at that time?

WITNESS: I should say, when I remember, that this position was to be filled by a man of bi-lingual qualification.

By Hon. Mr. Stevens:

Q. Is that the only qualification?—A. No. But he had to possess that qualification. He was not qualified without it.

By Mr. Donaghy:

Q. Was he the best man available?—A. Of the applicants, yes.

By Hon. Mr. Stevens:

Q. Aside from that qualification did you consider that Clerk was actually qualified for the position of head inspector for the port of Montreal?—A. I am not called upon to answer that, for the simple reason that the appointment was made under qualifications.

Q. You would rather not answer?—A. Yes.

Mr. DONAGHY: He has already answered.

Hon. Mr. STEVENS: Please leave me alone.

Mr. DONAGHY: What are we going to do, leave it vacant?

WITNESS: In other words, you want to know from me whether he was as well qualified for inspection work as Mr. Busby? No, because I do not think that is reasonable.

By Hon. Mr. Stevens:

Q. I am asking this, whether you consider Clerk's qualifications were such as to warrant his appointment as chief inspector of the port of Montreal, after Busby had been ordered to leave it alone?—A. I will not make any further statement than I have made.

Q. All right, we will proceed to another point; I want to ask you this, Mr. Farrow, do you recall another report from Mr. Clerk, in which he stated to you that a bribe had been offered by another officer, if he, Clerk would appoint this officer to a certain position in the Customs?—A. It is pretty hard for me to remember that.

Q. You do not recall it?—A. No.

Q. Probably inasmuch as we will have you before us again, we will let that go for the moment and come back to it on a second occasion. You are sure you do not recall it?—A. No. I remember something of him speaking to me once about a bribe but I do not recall the particulars of it.

Q. I wonder can I help your memory a little; do you recall another report to you, in the presence of another witness, that Mr. Bisailon offered this man a bribe, and I think it was \$100 a week to appoint him to that position, or to secure him the position of chief preventive officer for Montreal?—A. No, I do not remember that.

Q. You do not recall it?—A. I remember something; we had a conversation about a bribe or something about getting a hundred dollars a week, but I do not remember the details, Mr. Stevens.

Q. Have you ever discussed it with the Minister?—A. No, I never did.

Q. You do not recall it?—A. No.

Q. Do you remember what particular position that related to?—A. No, I do not think it was a job at all. I think it was something some person wanted to do to get a hundred dollars a week.

Q. I wish you would refresh your memory on that. I realize that perhaps in shooting a question at a witness, without preparation, it is a little difficult,

[Mr. R. R. Farrow.]

but I think if you will refresh your memory and think it over carefully you will recall the incident, perhaps?—A. No, I think not. My memory, of course, is not as good as it was years ago. It is fairly good yet.

Q. We won't press that for the moment. Now, regarding Bisailon: Bisailon entered the service in April, 1910. That is correct, is it not?—A. Yes.

Q. He was appointed permanently in 1916?—A. Yes.

Q. That is correct?—A. That is right.

Q. Then in 1924, I think it was about January, or thereabouts,—no, in 1924, October, Mr. Bisailon was promoted to the position of special preventive officer?—A. Special inspector, I think.

Q. Special inspector of Customs and Excise?—A. Yes.

Q. A very high position?—A. Yes.

Q. And a very responsible position?—A. Yes.

Q. Now, at whose instance was Mr. Bisailon appointed to that position?—A. He was promoted to it.

Q. He was promoted to it?—A. Yes.

Q. By virtue of his merits wholly?—A. The position was advertised, the same as all positions to be filled by the Civil Service Commission.

Q. I suppose the correspondence with the Civil Service Commission and your own will disclose precisely what occurred in that promotion?—A. As far as that promotion is concerned I can say this: It was advertised by the Civil Service Commission, it was open to applicants from the port of Montreal. I do not know if it was open to the Province of Quebec, but the applicant had to have bilingual qualifications. There were two applicants, Bisailon and another gentleman who did not possess bilingual qualifications. The consequence was that there was nothing to do but to go ahead.

By Mr. Donaghy:

Q. There was only one who could comply with the requirements?—A. Yes.

By Hon. Mr. Stevens:

Q. The other man was John Hough?—A. Yes, Hough.

Q. Was this a new position created?—A. Yes.

Q. It was a new position carved out?—A. Yes.

Q. In the meantime for some time the chief inspector was instructed to keep out of the port of Montreal?—A. I made my statement in reference to it.

Q. There are one or two other things I wanted to speak about, but it is one o'clock.—A. If it will not take long—I have some work to do this afternoon, if you do not mind.

Hon Mr. BOIVIN: May I be allowed to ask one question?

The CHAIRMAN: Yes.

By Hon. Mr. Boivin:

Q. You were asked, Mr. Farrow, if Mr. Busby had been instructed to refrain from inspecting the port of Montreal and you gave your answer to that question?—A. Yes.

Q. I would like to ask you if since the present Minister has come in to office Busby was instructed not to inspect the port of Montreal? Did he make the inspection?—A. His staff are making it now, and have been for the past three weeks.

By Hon. Mr. Stevens:

Q. Mr. Busby has been ill for a month?—A. Yes, but Mr. Kennedy is second in command. He is in charge and has been there for a month.

[Mr. R. R. Farrow.]

By Mr. Kennedy:

Q. I would ask Mr. Farrow whether the dates of the three seizures made in connection with goods brought in, smuggled by the Snag Proof Overalls people are correct?—A. That is subject to correction; it is only from memory.

Hon. Mr. BOIVIN: I would suggest this to Mr. Bell; he asked a question a few moments ago concerning the Snag Proof Overall Company. I do not think the question was put in this form, but if it would meet the convenience of the committee, as the minister of the department I am quite willing to see that the different seizure reports concerning that company are filed at the earliest possible moment, in advance of the others.

Mr. BELL: Thank you sir.

The CHAIRMAN: I have received some communications addressed to this committee. One is from Mr. Farrow, the deputy minister concerning the motion of Mr. Doucet the other day, and is as follows:

(Exhibit No. 3):

"I beg to acknowledge receipt of your letter of the 9th instant, communicating motion of Mr. Doucet quoted therein.

I have never received and have not now in my possession or under my control any reports made by Inspector Walter Duncan, or any other investigating officer or other person, and received by any minister of Customs or by their offices during the period named in the motion; nor have I any letters or telegrams of instructions issued by any minister or by or from their offices. Copy of only recommendation to Council attached."

Then I have the communication of Hon. Mr. Boivin, as follows:

"To His Excellency

The Governor General in Council:

The undersigned, Minister of Customs and Excise, has the honour to recommend that the services of Mr. Bisailon, Special Inspector of Customs and Excise, Preventive Service, be dispensed with as from the 14th day of December, 1925.

This recommendation is based upon a report to the undersigned by a Special Investigating Officer for the Department of Finance, dated the 10th instant, disclosing a number of gross irregularities and offences and neglect of duty on the part of Inspector J. E. Bisailon and conduct unbecoming an Officer of Customs and Excise.

Respectfully submitted,

(Sgd.) Geo. H. Boivin,
Minister of Customs and Excise.

Department of Customs and Excise,
Ottawa, 11th December, 1925."

Then I have another letter from Mr. Farrow, as follows:

"I beg to acknowledge receipt of your letter of the 9th instant, communicating motion of the Special Committee appointed to investigate the administration of the Department of Customs and Excise, requesting me to file forthwith with the committee a statement regarding liquors released from bonded warehouses for export or home consumption as detailed in the motion.

It will be impossible to furnish the required information forthwith as the details are not on record at this department and will require to be obtained from the Collectors at the Ports where such warehouses and distilleries are established.

I sent instructions by nightletter on the 10th instant to all such Collectors and will produce the information as soon as received.

I should point out that the motion as worded will include all liquors imported by the various provinces and placed in bonded warehouse and all domestic liquors purchased by them in bond."

By Mr. Bell:

Q. I suppose, Mr. Farrow, that correspondence will be available this afternoon?—A. I just wanted to remind the committee that the motion as worded will include all liquors imported by the various License Boards of the provinces. I did not know whether that was required or not.

Hon. Mr. STEVENS: Yes.

Mr. DONAGHY: Mr. Chairman, in regard to the documents which you just read, two of them were in the nature of interim reports of what the deputy minister is doing, and one is in the nature of a record. That record should go in the evidence. I noticed in the McGreevy case that letters which were evidence went right in the evidence. I think you should probably have the clerk read that, and the reporter take it down.

Hon. Mr. STEVENS: Why not leave it till we come to it?

Mr. DONAGHY: We have come to it now, and we might as well finish it.

Hon. Mr. STEVENS: Just a moment, before this is read into the records. We are still examining Mr. Farrow; we are not through with his examination, and this will come in as part of the examination without any doubt. I suggest that the matter be left until Mr. Farrow's examination is continued and it can be read in in the proper place.

Mr. DONAGHY: The letter should be read in now, the moment it is produced to the committee.

Hon. Mr. STEVENS: I have no objection, but it is making fish of one and flesh of the other.

Mr. DONAGHY: The proper practice is to have the clerk read it out and the reporter take it down.

The CHAIRMAN: This will appear in its proper place in the record.

Hon. Mr. STEVENS: Mr. Chairman, we passed a resolution asking for the production of the report of Walter Duncan, all reports by him. I would like to ask the clerk if the order has been complied with, and if we have received the reports of Inspector Walter Duncan, and the other documents set forth in the order?

The CHAIRMAN: No, but we have a letter from Mr. Farrow which I have just read, explaining why the report was not sent.

Hon. Mr. BOVIN: I might say this, if you will allow me; I know it will be of interest to the committee in connection with the reports received from Inspector Walter Duncan. As I said the other day, the only report which had been received at the time the motion was made, was the interim report which came to me on the 10th day of December last, which really contains nothing of importance. It contains no specific charge; it merely enumerates these accusations which he considers should be levelled against Mr. Bisailon. The other report, with the complete report of the evidence, reached me last night. It is my intention, just as soon as I have had time to peruse it, to place that report

[Mr. R. R. Farrow.]

before this committee together with all the exhibits in connection with it—not to file it, but to produce it as the Commissioner of the Royal Canadian Mounted Police produced his files for the use of the members of this committee, in order that it may be consulted and examined thoroughly and that the committee may take therefrom the names of any witnesses they may desire to summon, and proceed with the investigation.

Hon. Mr. STEVENS: That is what I am asking for, simply that it be produced and placed in the hands of the clerk. It is very important that we get this report as soon as possible.

Hon. Mr. BOIVIN: I suppose to-morrow morning we will go on with the other officials of the department, as soon as Mr. Farrow is finished with?

Hon. Mr. STEVENS: Quite so, as far as I am concerned.

The committee adjourned until Friday, February 12, at 10.30 a.m.

EXHIBIT No. 1

(Folder)

EXHIBIT No. 1A

ORGANIZATION FOR PREVENTIVE SERVICE

Class.	Number
Chief, Customs Excise Preventive Service	1
Assist. to Chief, Customs Excise Preventive Service	2
Principal Clerk	2
Clerk, Grade 4	1
Translator	1
Clerk, Grade 3	2
Clerk, Grade 2	2
Stenographer, Grade 2	9
Special Customs Officer, Grade 2	20
Special Customs Officer, Grade 1	16
Assistant Inspector of Customs and Excise	3
Special Exciseman, Grade 2	1
Customs Excise Examiner	2
Customs Excise Enforcement Officer	36
Senior Translator	1
Chauffeur	1
Customs Excise Enforcement Officer (Seasonal)	1
Special Inspector of Customs and Excise	1
Stenographer, Grade 3	1
Customs Excise Clerk	1
	<hr/>
Total	104

EXHIBIT No. 1B

ORGANIZATION FOR INSPECTION SERVICE

Class.	Number.
Chief Inspector of Customs and Excise	1
Dominion Inspector of Excise	1
Inspector of Customs and Excise	32
Special Inspector of Customs and Excise	7
Assistant Inspector of Customs and Excise	64
Principal Clerk	1
Stenographer, Grade 2	8
Customs Excise Examiner (United States)	4
Customs Excise Clerk	1
	<hr/>
	119

EXHIBIT No. 1c

ORGANIZATION FOR SPECIAL BRANCH.—TORONTO

Class.	Number.
Inspector of Customs and Excise	1
Investigator of Drawback Claims	30
Special Customs Officer, Grade 2	1
Stenographer, Grade 3	1
Special Typist, Grade 3	1
Clerk, Grade 4	2
Special Inspector of Customs and Excise	1
Senior Customs Excise Clerk	1
	<hr/>
	38

EXHIBIT No. 3

Reply (if any) to be addressed to
 "Deputy Minister of Customs
 and Excise"
 (R. R. Farrow)

Refer to File No. 126394

B/M

DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, CANADA, 11th February, 1926.

WALTER TODD, Esq.,
 Chief Clerk, Committees,
 House of Commons,
 Ottawa.

DEAR SIR:—I beg to acknowledge receipt of your letter of the 9th instant, communicating motion of Mr. Doucet quoted therein.

I have never received and have not now in my possession or under my control any reports made by Inspector Walter Duncan, or any other investigating officer or other person, and received by any Minister of Customs or by their offices during the period named in the motion; nor have I any letters or telegrams of instructions issued by any Minister or by or from their offices. Copy of only recommendation to Council attached.

Yours truly,

R. R. FARROW,
Deputy Minister.

Encl.

EXHIBIT No. 4

Copy (L.C.B.)

File 125625

To His Excellency

The Governor General in Council:

The undersigned, Minister of Customs and Excise, has the honour to recommend that the services of Mr. J. E. Bisailon, Special Inspector of Customs and Excise, Preventive Service, be dispensed with as from the 14th day of December, 1925.

This recommendation is based upon a report to the undersigned by a Special Investigating Officer for the Department of Finance, dated the 10th instant, disclosing a number of gross irregularities and offences and neglect of duty on the part of Inspector J. E. Bisailon and conduct unbecoming an Officer of Customs and Excise.

Respectfully submitted,

(Sgd.) GEO. H. BOIVIN,
Minister of Customs and Excise.

Department of Customs and Excise,
 Ottawa, 11th December, 1925.

EXHIBIT No. 5

Reply (if any) to be addressed to
"Deputy Minister of Customs
and Excise"
(R. R. Farrow)

Refer to File No. 126394

B/M

DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, CANADA, 11th February, 1926.

WALTER TODD, Esq.,
Chief Clerk, Committees,
House of Commons,
Ottawa.

DEAR SIR:—I beg to acknowledge receipt of your letter of the 9th instant, communicating motion of the Special Committee appointed to investigate the administration of the Department of Customs and Excise, requesting me to file forthwith with the committee a statement regarding liquors released from bonded warehouses for export or home consumption as detailed in the motion.

It will be impossible to furnish the required information forthwith as the details are not on record at this Department and will require to be obtained from the Collectors at the Ports where such warehouses and distilleries are established.

I sent instructions by nightletter on the 10th instant to all such Collectors and will produce the information as soon as received.

I should point out that the motion as worded will include all liquors imported by the various Provinces and placed in bonded warehouses and all domestic liquors purchased by them in bond.

Yours truly,

R. R. FARROW,
Deputy Minister.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 4—FRIDAY, FEBRUARY 12, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES

- Mr. R. R. Farrow, Deputy Minister of Customs and Excise.
Mr. C. P. Blair, General Executive Assistant, Department of Customs
and Excise.
Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise.

EXHIBITS FILED.

- No. 6—R.C.M.P. statement of record of cases investigated and number prosecuted.
- No. 7—Department of Customs and Excise staff record of Mr. Bisailon.
- No. 8—Department of Customs and Excise staff record of Mr. Clerk.
- No. 9—Civil Service Commission papers *re* promotion of Mr. Bisailon.
- No. 10—Civil Service Commission file *re* Mr. Clerk.
- No. 11—Department of Customs and Excise file *re* Mr. Bisailon.
- No. 12—Department of Customs and Excise file correspondence to or *re* Mr. Clerk.
- No. 13—Report of Chief Accountant of Department of Customs and Excise respecting collections at Farnham under J. E. Bisailon.
- No. 14—Prosecutions under sections 206 (3) and 219 (3) Customs Act from date Act was amended in 1925 to date.
- No. 15—Names of Customs Officers at Rock Island and Beebe Junction.
- No. 16—Form K-9 (Customs Reports).

MINUTES OF PROCEEDINGS

FRIDAY, 12th February, 1926.

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

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

Counsel:—Mr. Geoffrion.

The minutes of yesterday's meeting being read, Hon. Mr. Stevens pointed out that the name of Mr. R. P. Clerk should have been included, with that of Mr. Bisailon, in the request to the Civil Service Commission made yesterday for the production of papers *re* appointment and promotion. An amendment to the minutes will be made accordingly. The minutes, as so amended, were approved.

Commissioner Starnes, R.C.M.P., produced further files asked for at a previous sitting of the Committee. He also produced a statement showing record of cases investigated and number prosecuted, which was filed as Exhibit No. 6.

The Chairman stated that Mr. Edwards, Deputy Minister of Justice, and Commissioner Starnes and Superintendent Cawdron of the R.C.M.P. were excused, with the understanding that if required at any time they would be called by telephone.

Hon. Mr. Boivin handed in the staff record of Mr. J. A. E. Bisailon and the staff record of Mr. R. P. Clerk of Montreal, which were filed as Exhibits Nos. 7 and 8, respectively.

The Civil Service Commission filed with the Committee:—

Exhibit No. 9.—Civil Service Commission papers *re* promotion of Mr. Bisailon.

Exhibit No. 10.—Civil Service Commission file *re* Mr. Clerk.

Mr. Farrow's examination was resumed.

Hon. Mr. Bennett moved that the reading of exhibits filed to-day be dispensed with, subject to the reading of such portions as may be requested to be read. Motion carried.

Mr. Farrow filed with the Committee:—

Exhibit No. 11.—Department of Customs and Excise file *re* Mr. Bisailon.

Exhibit No. 12.—Department of Customs and Excise correspondence to or *re* Mr. Clerk.

Exhibit No. 13.—Report of Chief Accountant of Department of Customs and Excise respecting collections at Farnham under J. E. Bisailon.

Exhibit No. 14.—Prosecutions under sections 206 (3) and 219 (3) Customs Act, from date Act amended in 1925 to date.

Exhibit No. 15.—Names of Customs Officers at Rock Island and Beebe Junction.

Exhibit No. 16.—Form K-9 (Customs Reports).

Mr. C. P. Blair, General Executive Assistant, Department of Customs and Excise, was called, sworn and examined.

Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise, was called, sworn and examined.

The Committee adjourned until Monday next at 10.30 a.m.

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

FRIDAY, February 12, 1926.

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

Commissioner Starnes produced further files, also a statement showing cases investigated, number prosecuted, etc. (*Exhibit No. 6.*)

Hon. Mr. Boivin filed the following papers:

Ex-Staff Record of J. A. E. Bisailon, (*Exhibit No. 7*), and
Staff Record of R. P. Clerk. (*Exhibit No. 8.*)

The following were filed by the Secretary of the Civil Service Commission:

Civil Service Commission file re promotion of J. A. E. Bisailon. (*Exhibit No. 9.*)

Civil Service Commission file re R. P. Clerk. (*Exhibit No. 10.*)

R. R. FARROW recalled.

By Hon. Mr. Stevens:

Q. Mr. Farrow, have you with you some of the documents that were required yesterday?—A. Yes.

Q. Would you mind handing these in, please. We had better put these in as exhibits, whatever they are.

WITNESS: This is a Report on the collections made at Farnham during the period of Mr. Bisailon's regime. (*Exhibit No. 13.*) Copy of correspondence affecting the promotion of Clerk, as far as the appointment is concerned. (*Exhibit No. 12.*)

By Hon. Mr. Bennett:

Q. Mr. Farrow, these documents you produce are the ones you promised yesterday to produce?—A. Yes sir. I have two more to produce, sir. Prosecutions under sections 206-3 and 219-3, from the date of the amendments to the Act in 1925 to this date. (*Exhibit No. 14.*) Then I have one which I am not sure that I was asked to produce. This is a list of the Customs and Excise officers at Rock Island, Quebec, and Beebe Junction, Quebec. (*Exhibit No. 15.*) Also Form K-9. (*Exhibit No. 16.*) Now, Mr. Chairman, may I make a statement in regard to my evidence yesterday?

The CHAIRMAN: Yes, you may.

The WITNESS: Last night about a quarter to eight I was called up over the long distance telephone at my home by J. H. Turner of the Snag Proof Overall Company of Beebe Junction, Quebec, who objected to the evidence I gave before the committee yesterday, in which I said he had been charged—under pressure, I was asked if I had known of any person who had been charged more than

[Mr. R. R. Farrow.]

once. I said he had been charged three times with smuggling. He denied that and wanted me to make a denial of my statement this morning. I told him I was speaking from recollection yesterday as I was pressed for an answer and wished to consult the record, and he said he wished me to correct it this morning, and I told him I would look over my records. I did so, and while Mr. Turner is technically correct, yet he is not correct in this way. He stated to me over the phone last night that no goods were actually seized from him. That is technically correct, but he was charged with the smuggling of goods on three occasions, at least his firm was so charged. I wish to make that clear. We regard these in our department as seizures, just the same as where goods were actually seized, but we preferred charges. Those goods had gone into consumption.

By Mr. Bell:

Q. May I ask you there, Mr. Farrow: did it happen that he was actually called upon to make some payment to the department, and did make it?—A. In two cases, and the other case is undecided.

Q. Then the minister was good enough to say yesterday that that file would be available first. Can we get it this morning?

Hon. Mr. BOIVIN: Those copies are being made this morning, and I can hand them to the members of the committee this afternoon. I will file them with the clerk this afternoon.

The WITNESS: Mr. Turner wanted me to make this statement because he said it was injuring his business; because it was being reported all over that he was a smuggler, and he thought it was due him that I should correct my evidence.

By Hon. Mr. Stevens:

Q. Mr. Farrow, at the conclusion of your examination yesterday the Minister asked you a question about Chief Inspector Busby—asked you, I think, if Mr. Busby had not been instructed to proceed with the inspection of Montreal?—A. Yes.

Q. I think you said he was.—A. Yes.

Q. When was that instruction given to Mr. Busby?—A. I could not give you the exact date, Mr. Stevens.

Q. Within a week?—A. No, not within a week. I wrote a letter to Mr. Busby, I should think it was about six weeks ago, if my memory serves me right.

Q. Since the first of the year?—A. Before that, I think.

Q. Has Mr. Busby personally been inspecting in Montreal?—A. No, because he is too ill.

Q. Has Mr. Busby inspected the Montreal district at all since 1922?—A. No.

Q. Has he inspected Rock Island?—A. As I said yesterday, no place in Quebec.

Q. No place in Quebec?—A. That is right.

Q. And he is not at present inspecting there?—A. His staff—Mr. Kennedy is Acting Chief Inspector; when Mr. Busby was seriously ill with heart trouble and I found he could not go, I spoke to the Minister about sending Mr. Kennedy, his first assistant, and the Minister said, "Yes, send him at once," and I then wrote a letter of instruction to Mr. Kennedy to go to Montreal with his staff.

Q. But as a matter of fact Mr. Busby has not been in the province of Quebec since 1922?—A. Not for inspection purposes.

[Mr. R. R. Farrow.]

Q. Now a word about the dismissal of Mr. Bisailon. A document was put in yesterday (Exhibit No. 4), an Order in Council ordering his dismissal. That was dated, I think, December 11, was it not?—A. I could not say; I was absent at the time he was dismissed.

Q. It was on December 11, I think?—A. It was around December.

Q. What peculiar event occurred to cause his dismissal then, that was not the case prior to that?—A. I think I said a moment ago that I was absent through illness during that period, and I don't know.

Q. I want to ask you a few questions on some other matters, and I want to say to you very frankly and candidly that the object of my questions is this: I want to find out—and I think the committee should know, too—if you, as an officer, are giving certain instructions; whether doing so under instruction from your Minister, and I shall ask you some questions probably that will be very direct and I would like an answer quite as direct. Now, in the administration of the department, seizures are made and reports are made by the officers on form K-9. Is that right?—A. Yes.

Q. And form K-9, then, comes up finally to you?—A. Yes.

Q. And you send it to the Minister?—A. Yes.

Q. And the Minister determines what penalty or action shall be taken in regard to the seizure? He can release a seizure if he so desires. Is that true?—A. Sure; he has the power, under the Act, to decide.

Q. I want to know if you can produce a letter from Mr. Bisailon written to the Minister, and having relation to the case of a man called Ouimet; you probably recognize that name. You had a case of a man named Liboiron, against a man called Besner, in which the seizure was settled for the sum of \$200, a voluntary abandonment. That would come through you, would it not, as deputy minister?—A. Is that an excise seizure or a customs seizure? The words "voluntary abandonment" lead me to believe it would be a customs seizure. I would know nothing about it. Mr. Taylor would explain that.

Q. Mr. Wilson would?—A. Mr. Wilson or Mr. Taylor.

Q. We will leave that until we come to Mr. Wilson and Mr. Taylor. Now, you have quite a lot of automobiles, stolen automobiles from the United States, coming into Canada, and from time to time they are seized by your department?—A. Yes.

Q. Quite a traffic in that, is there not?—A. Quite.

Q. You have had some very serious complaints, from Montreal particularly, and other sections of the country. Montreal being a large place, there have been a large number there regarding these cars, which are stolen in the United States and disposed of in Canada?—A. Yes.

Q. Insurance companies and so on?—A. Yes.

Q. Now, would you file with the committee some correspondence you had with Mr. Calder, of Montreal, who was Crown Prosecutor there—R. L. Calder, K.C., in relation to this very matter of stolen cars?—A. Yes.

Q. Do you recall a particular case of the claim of the Atlas Insurance Company, a seizure at Ste. Cesaire? The seizure was made from a garage there; I have not the name. It was the Atlas Insurance Company involved, and Mr. Calder.—A. The Atlas Insurance Company would be involved in a number of claims, because they claim the return of stolen cars; they have had more claims than one. I may say in respect of that that the head law clerk or Mr. Blair, would remember more about the details of each case, because that is their particular province.

Q. There was a final ruling given in this case by the Minister?—A. I don't know.

Q. I would like to have that produced.—A. Yes, if I could get the date of it.

Q. I have here a letter written by the Inspector of Customs at Montreal, Bisailon, to the Minister. I will read it, because I have no doubt you will recall it when I read it, and I want to question you in regard to the method followed by the department. This was written by Bisailon on May 2, 1925, to Mr. Bureau.

“Your Ouellette—”

who is, I understand, an employee of the late Minister—

“—arrived yesterday morning. I took him to Mr. Dandurand's office so that he might examine the automobiles. I bought him a Dodge sedan which is first class, except that it needs tubes for the tires. I paid that car \$455 plus government tax which amounts to \$4.55, making a total of \$459.55.

“If he is not satisfied, kindly tell me so, for I can sell it again with a good profit. Moreover, I will remit a difference which will be worth while. Ouellette went to dinner yesterday and he was to come back and I did not see him the whole day. I do not understand that guy.

“Please tell me something on the subject.”

Now, in reply to that, there is a telegram—

Mr. DONAGHY: What is Mr. Stevens reading from? Is it a letter he is reading?

Hon. Mr. STEVENS: I am asking the Deputy Minister to produce these.

Mr. DONAGHY: If you want him to produce a letter, you have no right to read the whole letter, because there may not be such a letter. I do not know from what you are reading.

Hon. Mr. STEVENS: I will read the next one. In reply to that—

Mr. DONAGHY: I asked for a ruling on the question of the procedure Mr. Stevens is adopting. If letters are to be read here, they should be produced. I am not satisfied to take Mr. Stevens' version of the letter at all; I want to see the letter and if Mr. Farrow has the letter in his files, he should bring it here, and then we will have it read. I want a ruling on this matter.

By Hon. Mr. Stevens:

Q. Do you recall this case—

Mr. ELLIOTT: Mr. Chairman, as I understand the situation, Mr. Stevens, a moment ago, was objecting to certain letters being read, and now he starts in and reads copies—

Mr. DONAGHY: And we do not even know whether they are true copies or not. The originals are available; let us have them brought here, and proceed in a sensible way.

Hon. Mr. STEVENS: I think these letters went out in the nine famous cabinets.

Mr. DONAGHY: I do not think that remark—

Hon. Mr. STEVENS: That is just exactly what I am driving at.

Mr. ELLIOTT: Mr. Chairman, I object to the remark of Mr. Stevens, about anything going out in the “nine famous cabinets”. That is exactly the object Mr. Stevens has in mind, to get something into the press, and not facilitate this inquiry. I object to it most strenuously, and I want a ruling.

Hon. Mr. STEVENS: Well, you can exclude the press if you don't want it printed.

Mr. ELLIOTT: No, we will exclude you.

Hon. Mr. STEVENS: Try it on, brother, try it on.

[Mr. R. R. Farrow.]

Hon. Mr. BENNETT: Mr. Chairman, it is perfectly clear that when documents are being referred to, they should be filed in the custody of the Committee, and you should not read copies of them until the originals are produced. I think we are all agreed about that. But Mr. Farrow may be asked if he has a file, and then asked to produce the file, and if it is found that certain letters are not in the file, we will try then to find out where they are.

Hon. Mr. STEVENS: Then I will not read the document, but I will ask Mr. Farrow if he will be good enough—

The CHAIRMAN: Do you withdraw your question?

Hon. Mr. STEVENS: No, I withdraw no question, but I am not pressing that point at the present. I will stop reading the documents, and will ask Mr. Farrow a question.

By Hon. Mr. Stevens:

Q. Will you produce a file having to do with the purchase by Bisailon of a car for a man called Ouellette, a Dodge sedan, for which Mr. Bisailon, I understand, paid \$455—

Mr. DONAGHY: Just a moment, Mr. Chairman, my learned friend has no right to make a statement of that kind. This should be made under oath.

By Hon. Mr. Stevens:

Q. —which car was in his custody and he, being Inspector of Customs in the port of Montreal, holds in his custody these cars which are under seizure? Am I right in that, Mr. Farrow?—A. The cars under seizure?

Q. Yes?—A. They would be in the custody of the Collector of Customs of the port of Montreal, in a garage.

Q. None of them in the custody of Mr. Bisailon?—A. You had better ask Mr. Wilson.

Mr. DONAGHY: So that I can correct my friend, and indicate to him the proper procedure—

Hon. Mr. STEVENS: No, you can't do that. You can correct me if you like, but you cannot lecture me, or indicate to me any form of procedure—

Mr. DONAGHY: I am a member of this Committee, and I have a right to be heard. Mr. Chairman, I want to indicate what in my view is the proper procedure to be followed in calling for documents.

Hon. Mr. STEVENS: All right; that is all right.

Mr. DONAGHY: The person calling for a document should indicate the date, indicate the man who wrote it and the person to whom it was written—

Hon. Mr. STEVENS: I have already done that.

Mr. DONAGHY: —and it is highly improper to give a summary of the contents of a letter, because the summary may turn out to be erroneous, and tending to bias the Committee. I would ask Mr. Stevens to proceed in the regular way and not endeavour to take any unfair advantage in getting things on the record which may not be the truth.

Hon. Mr. STEVENS: All right; I will follow the directions of my worthy, learned and hon. friend. This letter is dated May 2nd, 1925 from Mr. Bisailon to the Minister of Customs and has to do with the purchase of a sedan car for Ouellette. Surely that is clear enough. I also want the reply from Mr. Bureau, the then Minister of Customs, to Mr. Bisailon, dated May 4th, 1925.

Mr. ELLIOTT: I suppose that is all on one file?

Hon. Mr. STEVENS: I also want a letter replying to this telegram, written by Mr. Bisailon, the said inspector of Customs and Excise, to Mr. Bureau,

[Mr. R. R. Farrow.]

dated May 4th. I also want Mr. Farrow to examine the records and see if a remittance was made to the Department of Customs in regard to the sale by Bisailon at that time of a Hudson touring car, the property of the Dominion of Canada, and in his custody. I will not go any farther with that.

The WITNESS: The proceeds of sale?

Hon. Mr. STEVENS: Yes.

The CHAIRMAN: Any remittance.

By Hon. Mr. Stevens:

Q. This letter indicates "I will remit the difference which will be worth while". Now, I would like to ask a question or two in regard to some employees. Have you an employee at Rock Island named Hector Herbert?—A. There is a list, there.

Hon. Mr. BOIVIN: There was a list filed this morning, Mr. Stevens; you can refer to the list.

The CHAIRMAN: It is filed, and you can refer to it.

Hon. Mr. STEVENS: Well, I will not press that; I thought Mr.—

The WITNESS: I cannot remember.

By Hon. Mr. Stevens:

Q. Will you look at this (handing witness a book); I have marked it to give you no trouble. Is that gentleman in the employ of the Department now?—A. No.

Q. When were his services dispensed with? That is Mr. C. M. Bolger.—A. M. C.; this is Montreal? I was thinking of Mr. Bolger in Quebec. There was a Mr. Bolger there. I cannot say about this man.

Q. Is Mr. Bolger at Quebec now in the employ of the Department?—A. No; he was superannuated.

Q. When were his services dispensed with?—A. The year before last.

Q. By superannuation?—A. Yes.

Q. What were his initials, do you recall?—A. Not the same initials, I don't think. What year is this? 1925? No; I do not recall his initials.

Q. Well, that is all in regard to that. Now, just a word in regard to the appointment of Mr. Clerk. I asked you some questions yesterday in regard to this matter?—A. Yes.

Q. Just to refresh your memory of my question yesterday, it was this; after the exclusion of Mr. Busby, the Chief Inspector, from the Quebec district—or, we will say, the province of Quebec,—Mr. Clerk was appointed Inspector of the port of Montreal, in the district of Montreal, is that right?—A. The port of Montreal.

Q. Now, yesterday you apparently did not care to tell me whether or not, in your opinion, Mr. Clerk was qualified for the important position of Inspector for the port of Montreal. Will you tell the Committee to-day, Mr. Farrow, after thinking the matter over?—A. No. I will say this, Mr. Stevens, that at the time he was assigned to the duties of Inspector of the port of Montreal, we placed with him two very qualified officers from Mr. Busby's staff, Mr. Barnard, and Mr. Graham, and gave him some staff from the Montreal Customs to assist him.

Q. In other words, you took some junior members from Mr. Busby's staff?—A. To assist him.

Q. —and assigned them to Mr. Clerk to assist him in his duties?—A. Yes.

Q. Will you tell the Committee if Mr. Clerk's activities as Inspector of the port of Montreal have been satisfactory since his appointment, in your opinion?—A. On inspection work?

[Mr. R. R. Farrow.]

Q. His work as Inspector of the port of Montreal?—A. Not as satisfactory as those of the Chief Inspector.

Q. Have you had reports of thefts from the examining warehouse in the port of Montreal, since Mr. Clerk's appointment?—A. Yes, and before.

Q. I am asking you about since?—A. Yes.

Mr. DONAGHY: You are entitled, witness, to say "before" as well; we want to know it all.

The WITNESS: Yes.

Mr. DOUCET: Now we have the second lecture.

By Hon. Mr. Stevens:

Q. Naturally, there have been thefts before and after, but I am speaking now about this particular regime?—A. Yes.

Q. Have you referred those to Mr. Clerk for investigation?—A. Yes.

Q. Do you consider as head of the Department that Mr. Clerk's investigations of these thefts have been satisfactory?—A. Well, I would have to refresh my memory by reference to the files; I cannot remember the cases now.

Q. I would like to have your general impression of the man? You have already stated his services were not as satisfactory as Mr. Busby's, but I would like to know if they are satisfactory?—A. Not as satisfactory an investigator as Mr. Busby.

Q. Supposing we leave Mr. Busby out of it?—A. I can only give you the statement by comparison.

Q. How about his reliability as an individual, as compared with Mr. Busby?—A. I have always found him honest.

Q. But not competent?—A. I have already made a statement in regard to that.

Q. Have the conditions in the port of Montreal, district of Montreal I might say, and other sections from which Mr. Busby has been excluded since 1922—have the conditions in that area, from the standpoint of evasions and violations of the law, become worse than they were before?—A. Not any better.

Q. Have you had more complaints from prominent business men, or what we might call the business world, regarding conditions since then than before?—A. Yes.

Q. Decidedly more?—A. Yes.

Q. To a degree that you consider it serious?

Mr. DONAGHY: I take it that all violations of law are serious.

Hon. Mr. STEVENS: Let the witness answer, please, Mr. Donaghy. I have the highest regard for your opinion. I may be stupid but I know where I am getting to.

Mr. DONAGHY: Violations are increasing, but to what degree would be a matter of statistics.

Hon. Mr. STEVENS: Somebody said figures lie.

By Hon. Mr. Stevens:

Q. I asked you this question: Do you consider that complaints from the business public, reputable business men, regarding the conditions in the area from which Mr. Busby was withdrawn in 1922 may be considered serious?—A. What do you mean by complaints?

Q. I mean complaints by business men in Montreal regarding smuggling, violations of the Customs Act, and so on and also regarding the reliability of some of the officials?—A. Yes, regarding the latter.

Q. Your answer is "yes"?—A. Yes.

Q. I am not going to ask Mr. Farrow any more questions now until he brings the files and papers and documents which we will have to deal with at some other time. I want to thank Mr. Farrow for his very frank answers, as far as I am concerned.

By Mr. Elliott:

Q. Were those complaints received in writing, Mr. Farrow?—A. Not always.

Q. When they were received in writing, have the records of them been kept?—A. Yes, they would be kept, surely.

Q. And you have in your Department these records, and they will speak for themselves?—A. Yes.

Q. And they are among the other documents there, among the documents that were asked for yesterday, and which you are going to produce?—A. They might not be.

Q. Records of those complaints?—A. They might be in the general correspondence of the Department. They might be on the Preventive Service files.

Q. I see. Did you, in receiving these complaints, usually receive them in writing, or usually receive them verbally?—A. Well, the principal complaints I received verbally were from the Commercial Protective Association.

Q. From the Commercial Protective Association?—A. Yes.

By Hon. Mr. Stevens:

Q. We got cross-wired yesterday when we said the Merchants?—A. No, the Commercial.

By Mr. Elliott:

Q. Well, the serious complaints, were they put to you verbally?—A. Yes, the serious ones.

Q. You were to make a record of them?—A. That would eventuate with a record by the action which was taken.

Q. If the complaint was serious, in your opinion you would have a record?—A. Yes.

Q. So, a comparison of the records can be made and I suppose that is the only way you can compare conditions now with what they were before?—A. Yes.

Q. The Mr. Busby to whom you have referred as an excellent official, and I believe that is correct, was he operating generally over the district, over Canada?—A. Always.

Q. Yes. He was not limited to Montreal?—A. No.

Q. Did he speak the French language?—A. No.

Q. Is it not a fact that the reason why a change was made at Montreal was because it was considered that it was necessary to have somebody who could understand the French language looking after the district of Montreal?—A. Yes.

Q. No doubt about that?—A. No doubt about that.

Q. No? That was the view of the Minister?—A. Yes.

Q. And your view and the view of the Civil Service Commission?—A. Yes. It was certainly the view of the Minister and it was important that the man have bilingual qualifications.

Q. And then the selection was made of a man to act in Montreal, particularly a man with binlingual qualifications was preferred by the Civil Service Commission?—A. By the officer of the Department who examined him.

Mr. ELLIOTT: Thank you, Mr. Farrow.

The CHAIRMAN: Any other questions.

By Hon. Mr. Bennett:

Q. Mr. Farrow, Mr. Busby was an inspector throughout Canada?—A. Yes, all of Canada.

Q. In the beginning of 1922 Quebec was taken out of his jurisdiction. That is a short way to put it.—A. He did not make any inspections in that province.

Q. The whole province?—A. Yes.

Q. Between the time that he ceased to be permitted to inspect in Quebec and the appointment of an inspector with bilingual qualifications, how many months elapsed?—A. I do not know exactly, Mr. Bennett. I would have to look up the record of that.

Q. Was it a year?—A. I am not prepared to make any statement from memory, after my experience of yesterday.

Q. We can tell it partly from this document, but the whole of it we cannot?—A. No, I could not.

Q. Can you tell me how long prior to 1922 he had acted as inspector or sub-inspector in Montreal?—A. Who, Mr. Busby?

Q. Mr. Busby, yes?—A. He went to Montreal every year to make his inspection.

Q. How long had he been doing that prior to 1922?—A. I do not know just when the practice started. In Montreal there was an inspector in charge of the district.

Q. Can you give us an approximate idea of how long he was engaged in it?—A. Ten years at least.

The CHAIRMAN: Any other questions, gentlemen? You are released, Mr. Farrow.

By Mr. Bell:

Q. Before Mr. Farrow goes, may I ask, can you give the Committee an idea of how long it would take to produce the records to the Committee which are now under way?—A. Do you mean those records of returns to the House of Commons.

Q. I mean those that were spoken of yesterday, which Mr. Bennett for instance, called for?—A. That is the list or the statement of the seizures?

Q. Yes.—A. They started at that last night, and they worked last night, and they are working to-day.

HON. MR. BENNETT: You can simplify it if you have Mr. Farrow's evidence that he gave to me and have the documents called for and that evidence produced.

WITNESS: I have not seen a copy of the evidence. I will have any documents which you call for brought up. Any of these which I have got will be presented; they will be presented through the Clerk.

By Mr. Elliott:

Q. As I recollect, my hon. friend, Mr. Bennett asked for the records since the 1st January, 1925?—A. A statement of the seizures, I think, showing what disposition had been made.

Q. You are preparing that statement?—A. I started it yesterday when I went back to the Department.

Q. I desire a record of seizures back some years prior to that?—A. Yes.

Q. Of course, naturally I expect you to prepare first the record that was first asked for?—A. Yes.

Q. But I would like you to start somebody working on the record of the seizures made since the 1st January, 1915. I realize it will take some time?—A. Yes, just in the same form?

Q. Just in the same form.

Mr. BELL: You need not delay the production of the other, I take it.

Mr. ELLIOTT: No, I think it is only fair that those which were requisitioned first should be presented first.

Hon. Mr. BENNETT: But before we are through, we will require them back that far and perhaps farther.

WITNESS: It is only a certain man who can work on them. We have to dictate them from the books.

Mr. BELL: The suggestion was that it would be slowed up.

WITNESS: The suggestion was that we could not prepare two at one time for the reason that only one man can dictate the work, and he would have to dictate to a typewriter.

Hon. Mr. BENNETT: I have a question to ask here, which I think you could clear up. Letters are some times directed to the Minister. Will the files contain the letters so directed?—A. No.

Q. Where would those letters go?—A. To the Minister's office.

Q. From his office, when he has read them, would they not appear on the official files dealing with the case?—A. Not in all cases; they might not be placed on the official files.

Q. Who determines where those letters go to; whether they were filed with respect to the matter dealt with, or placed on some other file?—A. You as a former Minister could tell better than I could.

Q. I am not in your Department?—A. I do not know about the Department, I am not the Minister.

Q. You have files, on some of which the Minister's letters appear, letters to the Minister?—A. I know, but you are asking me a question about all the letters going to the Department.

Q. I mean letters dealing with the seizures, because Mr. Stevens asked you a question in which the Minister's letters appeared?—A. Well, he asked me a question about that.

Q. The Minister keeps his own files, as all ministers do?—A. Yes.

Q. Where in those files would letters addressed to him on those seizures appear?—A. It all depends on whether they are official letters. When the previous minister left the Department, he took his personal files with him.

Q. As is usual?—A. I have nothing to do with the office, but I believe he did, as every minister does.

Q. As every minister does, except those of us who were there only for a short time?—A. It must have been a short time indeed if you had nothing to take away.

Q. Assuming that somebody at Calgary wrote the Minister a letter in connection with a seizure of horses, and assuming that on the strength of that letter the Minister gave a direction to you, would that letter appear on the file of complainants in the Department?—A. If it was officially addressed to the Minister on a matter of departmental work, it would come in.

Q. It should be there on the file?—A. It would come in in the ordinary course of business.

Q. There must be some cases, judging from what you have said, in which personal directions were given to you by the Minister that would not be evidenced by correspondence at all?—A. Yes.

Q. That is clear?—A. Surely.

Q. As has been done by all ministers?—A. All ministers.

Q. Then we come to a matter that is a very simple one: When the Commercial Protective Association came to you to make complaints, were they made in the presence of others than yourself, or to yourself alone as Deputy Minister?—A. I cannot say. Sometimes there would be one of the officers there. Perhaps Mr. Sparks would speak to me by himself.

Q. And the principal representative of the Association who met you was Mr. Sparks? R. P. Sparks?—A. Yes.

Q. Were you present at any meeting where he met a committee of the cabinet?—A. No.

Q. When you refer to interviews you had with him, you have in mind complaints that you got as to the administration of the law generally?—A. Yes.

Q. Not reduced to writing in every instance; sometimes in writing and sometimes verbally?—A. Yes.

Q. Those that were in writing you will produce?—A. They will be on file.

Q. You will produce them among the papers you promised yesterday, constituting complaints with respect to administration?—A. Yes.

Q. You will remember that there were anonymous complaints, then there were complaints that were signed; you will get those in the papers you were to produce yesterday?—A. Yes, sir.

By Mr. Elliott:

Q. Mr. Farrow, you would be able to tell us with regard to the filing of the letters received by the Minister; is there a Departmental Secretary, or by whom would they be filed? Would they be filed by his personal secretary? Can you tell us that?—A. The ordinary procedure is, the Minister sends his letters out to the Department, that is, those for departmental work, through his Private Secretary.

Q. Who is the Private Secretary to the Minister of this Department?—A. Mr. Ide.

Q. Has he been there for some time?—A. He has been 25 or 30 years in the service; 30 years or more, I suppose.

Q. He is still in the service?—A. Yes.

Q. He is available if he is wanted, I suppose?—A. Yes, sir.

The CHAIRMAN: Is that all, Mr. Elliott?

Mr. ELLIOTT: Yes.

The CHAIRMAN: You are released for the day, Mr. Farrow.

The witness retired.

CHARLES P. BLAIR, called and sworn.

By the Chairman:

Q. What is your name, Mr. Blair?—A. Charles P. Blair.

Q. And your occupation?—A. I am the General Executive Assistant in the Department of Customs and Excise.

Q. In Ottawa?—A. In Ottawa.

By Mr. Geoffrion:

Q. Mr. Blair, you have been in the Department how long?—A. Since 1909; March 1909.

Q. How long have you occupied your present position?—A. I think since 1922 or 1923; I would not be sure about the date. I came in in the capacity of Law Clerk first, and was afterwards made General Executive Assistant. I should think that would be in March of 1923. In March 1923 the Civil Service Commission classified the position.

Q. I suppose your title gives a fair description of your duties; you are assistant to the Deputy Minister?—A. Yes. The Commission have a classification of the duties, if you wish to see it. It is pretty nearly correct, I think.

Q. Have you got it here?—A. I have it here.

[Mr. C. P. Blair.]

Q. Will you read it to the Committee?—A. The definition of the class is, "Under direction to assist the Commissioner of Customs and Excise, and Assistant Commissioner of Customs and Excise in administrative matters; as delegated, to conduct the administration of all Branches of the Department, to assist in the formulation of administrative procedure and the preparation of regulations, to handle correspondence relating to the external affairs of the Department, and to perform other related work as required."

By the Chairman:

Q. What is the date of that, Mr. Blair?—A. The date of the Order in Council is March 20th, 1923.

Q. Will you file that as an exhibit?—A. Certainly.

Mr. GEOFFRION: It is on record now, Mr. Chairman; we do not need it as an exhibit.

By Mr. Geoffrion:

Q. Mr. Blair, in that capacity you would have under you the preventive activities of the Department?—A. Well, no, not the preventive service; the seizures coming from the preventive service would come under my notice, all seizures would come under my notice, but not the direction of the preventive service.

Q. You have nothing to do with the direction of the preventive service?—A. Nothing at all.

Q. You say seizures coming from the preventive service, and all seizures—do not all seizures come from the preventive service?—A. Yes. The correspondence from the Law Branch all comes under my notice, and goes out under my signature.

Q. You speak of seizures of the preventive service, and other seizures; what other seizures are there?—A. That was because you mentioned other seizures. Seizures are reported from the preventive service and once a seizure is in the correspondence it comes under my notice.

Q. What about the Excise?—A. I do not touch Excise seizures at all.

Q. You deal with the port seizures, the Customs seizures?—A. Yes, just in the Customs House.

Q. Will you explain the method of dealing with seizures in the Custom House that come to you; will you please tell us how it operates when it comes to you, a seizure?—A. Well, Form K-9 reporting the seizure comes in in correspondence.

Q. You receive that Form?—A. It does not come to me first; it comes into the Law Branch, to the head clerk of that Branch. He prepares notice of the seizure, if it is a simple thing he can prepare, but if it is more difficult he refers it to me and I prepare it. After that is prepared by him or by myself, that starts the correspondence; evidence is filed, and it is sometimes referred to me, sometimes not, until the report of the Deputy to the Minister is being prepared.

Q. I missed the last remark.—A. I meant to say that the correspondence in connection with the seizure might be prepared originally by the head clerk in the Law Branch, but it comes under my notice before it goes out, and it may be specially referred to me and the whole thing comes up for review by me when the matter is being reported upon by the Deputy to the Minister.

Q. All the difficult questions come under your personal examination?—A. Yes.

Q. And you make the decision or the recommendation?—A. I either make it or revise what has been made.

Q. You either make, revise or confirm the decision on the subject?—A. Yes, I am responsible for it.

[Mr. C. P. Blair.]

Q. You are responsible for the subsequent developments upon that seizure?
—A. Yes.

Q. In all cases?—A. In all cases.

Q. Your decision of course is signed by the Deputy Minister or the Minister?—A. Oh, yes.

Q. You are the one who makes the decision?—A. It is done for the Deputy.

Q. Who signs your report?—A. He takes the report, and changes it if he thinks it should be changed.

Q. Of course he has the power, but for practical purposes you have the decision?—A. I would not say that, sir; I think the Minister has the decision.

Q. Are decisions very often reversed?—A. Sometimes they are.

Q. You are sometimes reversed?—A. Yes, indeed.

Q. You have not got the final decision, in fact?—A. No.

Q. Your decisions are signed and revised often, you mean?—A. Yes.

Q. The Minister having the last word?—A. Yes.

By Mr. Bell:

Q. I take it, Mr. Blair, that you would not have the decision as to the institution or the discontinuance of prosecutions?—A. No.

Q. That would rest with Mr. Wilson?—A. I might write letters under direction, but I would never decide on anything like that myself.

By Mr. Donaghy:

Q. Who did you say that rested with, the decision on prosecutions?—A. I did not get that.

Q. Who does the deciding on prosecutions?—A. I would not do anything unless I was directed to do it, and my directions would come from the Deputy Minister.

Q. Is it he or the chief preventive officer who decides upon prosecutions?
—A. I don't know about that.

By Hon. Mr. Bennett:

Q. You say you do not decide about prosecutions?—A. As to whether or not there should be a prosecution?

Q. Yes.—A. No.

Q. Upon whom does that fall?—A. It very often happens that in my observation of the evidence in the case I might have some idea as to whether or not there should be a prosecution.

Q. But who decides it?—A. In that case, I prepare a memorandum, which goes to the Deputy, and I get my instructions from him. I do not know whether he decides it eventually, or whether the Minister decides it.

Q. Let us take a concrete case; we have had the Gaunt case; do you know anything about that?—A. I do, in a general way.

Q. How did that case come before you, if at all?—A. That case came before me on a K-9 report, notice of seizure was sent out, and the evidence was filed.

Q. You being the Law Clerk and a lawyer?—A. Yes.

Q. When Form K-9 comes before you, it indicates with particularity the goods seized, by whom seized, and for what they were seized?—A. Yes.

Q. It is signed by the proper officer?—A. Yes.

Q. Take a Customs House at any port like Calgary, for instance, one of your preventive officers, or it may be a Mounted Policeman who occupies a special preventive position might make it?—A. Yes.

Q. Assume that that has been done, and form K-9 comes to you, what would happen would be that you would read it or one of your experts?—A. Yes, an officer would do it.

Q. And the acknowledgment of it would go out under your name?—A. Yes.

Q. The notice would go out under your name; is that right?—A. That is right.

Q. Then you ask the person whose goods have been seized for his defence?—A. Yes.

Q. And that defence may be made by affidavit, declaration, or a mere letter?—A. Yes.

Q. And in some instances unfortunately the defence is made in person to the Minister?—A. Well, I would regard that as a possibility.

Q. You know that has been done?—A. They very often see the Minister, I am satisfied of that.

Q. If, for instance, we will say that John Smith's stuff is seized at Rock Island by a zealous officer, the matter comes to you, you advise the owner that the stuff is seized, and ask him for his defence?—A. Yes.

Q. He may make his defence in writing?—A. Yes.

Q. And send that up to you?—A. Yes.

Q. In which event you would see it?—A. Yes.

Q. But he might get on a train, come up and see the Minister, and you would not see the proceedings until the case was settled?—A. I don't know just what you mean.

Q. I mean the matter is disposed of?—A. A matter of that kind would only be disposed of by the Minister, on a recommendation such as I suggest.

Mr. DONAGHY: He says it would be disposed of upon a recommendation.

Hon. Mr. BENNETT: I would like Mr. Donaghy to let me finish before he interrupts.

By Hon. Mr. Bennett:

Q. I was just asking you how it would be disposed of?—A. Will you ask the question again.

Q. You said that it would be possible for the man to get on the train and go up and settle the matter with the Minister—not any particular Minister, of course; what I am now putting to you is, what would then transpire with regard to your record of the disposition of the case?—A. Nothing would transpire but that the matter would come up in the ordinary way for a report. At the expiration of 30 days, if there was no evidence on the file, that would be stated, as far as I am concerned.

Q. Then what?—A. The recommendation of the Deputy would go to the Minister in the ordinary course.

Q. What would then happen?—A. It would depend upon the Minister's action.

Q. It is not unusual for matters of seizure to be determined in that way?—A. I would say that it is extremely unusual.

Q. But it has happened?—A. I would not say that it had ever happened, that the matter had been settled I think you said that.

Q. I see you are drawing a fine distinction in respect of that; instead of putting in a written defence, the persons whose goods had been seized have gone direct to the Minister with their defence and made it verbally? Do you know of cases in which that has happened?—A. I do not recall any.

Q. You would not know of them, perhaps, until the matter was disposed of?—A. It would not be disposed of until a report was prepared to the Deputy Minister.

[Mr. C. P. Blair.]

Q. And your report would show that no evidence was forthcoming?—A. If the evidence was not forthcoming.

Q. You cannot help me with that; it is only hearsay?—A. It is not even hearsay now.

By Mr. Donaghy:

Q. I want to put a question now. I am sorry I interrupted Mr. Bennett, but I want to clear up what I had in mind. You spoke of a case where a man should fail to put in a written defence, and we will say went to see the Minister, and you spoke of some recommendation eventually being made by some officer of the department before the case would be closed. I did not quite understand that.—A. That is the recommendation that has been spoken of before. In all these seizure matters there is a recommendation prepared by the Deputy Minister to the Minister; that is required by the Customs Act.

Q. That is necessary?—A. Yes, and if the Deputy Minister did not know of any evidence being filed, it would be so stated.

Q. So that there is not such a thing, so far as you are aware, of a man whose goods have been seized in this way, going in to the Minister and settling his case without regard to the officials of the department?—A. I know of no other way of settling a case than by a decision of the Minister in that formal way. I never heard of anything else.

Q. That is what I want to make clear, because I think it was implied in some of the cases put to you that they might be settled in the absence of the officials, and without their knowledge, and without the formalities being complied with. You say that is not the case, to your knowledge?—A. Oh no.

Mr. GEOFFRION: May I ask a question?

The CHAIRMAN: Certainly.

By Mr. Geoffrion:

Q. Since the amendment of last session, or rather before the amendment of last session, the department instituted prosecutions?—A. I think prosecutions have been entered. I have no figures on that, but I think prosecutions have been made from time to time.

Q. Before the Court?—A. There was a new offence created by the amendment of last year, making it an indictable offence to smuggle or have in your possession smuggled goods over the value of \$200. That is entirely a new provision, and of course there were no prosecutions of that kind before it came into force.

Q. I understood—I was not here—that Mr. Farrow said that previous to the amendments there were very few Court prosecutions instituted.—A. Yes, I think he said that, and I think he was correct. I have no figures, but there have been odd prosecutions always. That would be my impression since I came into the department.

By Mr. Bennett:

Q. Just one question, Mr. Blair. Have you any original files, or do you merely transmit that to other files?—A. The original file all comes before me.

Q. Do you initiate the file? Take the case which was mentioned here, that of the Snag Proof Overall Company down at Rock Island. Did you initiate that file?—A. When the correspondence came in a file would be made in the Records Office, and the correspondence would come down to me or the law clerk's office as a file, with that evidence on it.

Q. The lodging place of the file is not your office; it passes on? That is what I want to get at.—A. The files of seizures, while they are open, are kept in the law clerk's office.

Q. That is what I want to know. So it is at your office and not elsewhere that we would look for the files in connection with seizures?—A. As soon as they are closed they pass up to the Records.

Q. That is a closed file, but I mean a live file.—A. A live file would be found in the office of the law clerk.

Q. That is under your personal direction?—A. He is under my direction, but it is not in the same office.

Q. I quite understand that. Take the Gaunt seizure. Is that file in your office?—A. I would expect it to be.

Q. Take the Snag Proof Overall Company file; is that in your office?—A. It should be, if it is not completed.

Q. Take any seizures at Rock Island, automobiles or matters of that kind now pending; they are in your office?—A. They are in the office I speak of. When I speak of them being in my office, they are taken in and out of the office, but that is the depository until the matter is closed.

Q. So it is in your office we will look for these files that deal with current matters respecting property under seizure for infraction of the Customs law?—A. Yes, I would look for them in that office. It might be that temporarily it would not be there.

Q. Who is the record clerk in the office in charge of the files, the filing clerk?—A. Really, the clerk who is looking after the files—his name is J. F. Kincaid, and of course the head clerk, Mr. Callbeck—.

Q. He is not one of the Lunenburg Callbecks?—A. Pretty near there; he comes from Prince Edward Island.

By Mr. Elliott:

Q. What officers are supplied with form K-9?—A. They are requisitioned by the Courts when they are needed.

Q. I suppose every Customs office is supplied with these forms?—A. Through the Collector under whom he was acting, he would get them, and through Mr. Wilson in the Preventive Service.

Q. And this is the form that emanates from the local office?—A. That is the form the seizing officer signs. The man who makes the seizure signs that form.

Q. I am not asking you that. What office does it emanate from, usually?—A. Do you mean as a prepared form?

Q. When it first comes.—A. It is printed first and comes into the Customs Department. Then it is requisitioned for by Collectors as required for their officers, and the Collectors are supplied; Mr. Wilson has a supply, and when his officers need them they are handed to them.

Q. I have not made myself clear. I am not referring to the form as it is unfilled, but as a completed form. Who are the officers who have authority to fill in form K-9 and send it in to the department?—A. You will see that part of the form is made up by the seizing officer, and he hands it to his Collector. On the form, on the second page, you will find a place for the collector to sign, and he sends it to the department.

Q. Every Collector or Inspector may fill up and forward form K-9? Is that correct?—A. Yes. As a matter of fact, our Inspection Service does not make seizures now. I do not know whether or not they ever did, but they do not now.

Q. Then suppose a claim is made for goods, to whom is that claim made for goods seized?—A. The goods, of course, would be held by the Collector at

[Mr. C. P. Blair.]

the port. The claim would be made to him and transmitted to the department.

Q. To the Minister, or to you, or to the deputy?—A. If the Collector were writing a letter, I think he would address it to the Deputy Minister of Customs.

Q. Then it would come first to the Deputy Minister, from the local port?—

A. It would be addressed to the Deputy Minister; the Deputy Minister might not see it. The Records Branch would distribute it to the officer who they thought should attend to it.

Q. This is correct, then. It would be sent to the local officer addressed to the Deputy Minister of Customs?—A. I would expect that.

Q. And would come into the office and would probably be, in the distribution, handed to you?—A. Handed to the head law clerk.

By Hon. Mr. Bennett:

Q. Mr. Blair, a dead file might be drawn in ten minutes?—A. You mean ten minutes from the time you got to the office?

Q. Yes.—A. I think so. They accumulate, and if you should ask for an old file, they have a room downstairs where it is a little more difficult to get, but if it is one within the last few years, it can be found within ten minutes if it is there.

HON. MR. BENNETT: Now, just one question, and then I am through with you.

By Hon. Mr. Bennett:

Q. How long do you keep papers in your Department—you are the Executive Officer?—A. You are speaking now in connection with seizures?

Q. Yes?—A. I do not know as they are ever destroyed.

Q. You have a rule to destroy some papers in three years, some in five years, and some in seven?—A. I think they have a rule about invoices, but I am not familiar with that.

Q. And, as far as you know, there is no rule that calls for the destruction of any of these papers dealing with seizures?—A. No.

By Mr. Elliott:

Q. All those for the last fifteen years should be in the custody of some Customs official?—A. Oh, yes, they are.

The CHAIRMAN: Are there any other questions, gentlemen? (To witness) You are released for to-day; if we need you again, we will call you.

The witness retired.

GEORGE WILSON TAYLOR, called and sworn.

By the Chairman:

Q. What is your name?—A. George Wilson Taylor.

Q. What is your occupation?—A. Assistant Deputy Minister of Customs and Excise.

Q. At Ottawa?—A. Yes.

By Mr. Geoffrion:

Q. Mr. Taylor, what are your duties in the Department?—A. They are defined by the Customs and Excise Act. Generally speaking, they are to have control of the administration of the Excise Act.

Q. Of the Excise Act?—A. Of the Excise Act.

Q. So, in that respect, you are the head?—A. Under the Deputy Minister, yes.

Q. You have control of the Excise seizures?—A. Yes.

Q. Will you please explain to us how that works? Give us the history of the Excise seizures?—A. The seizures when made by the officers of either the Preventive Service or the port are furnished to the Department on Form E-101, and come into the records office where they are filed, and from there they go down to the Law Branch—that is, the Excise portion of the Law Branch. Action is taken there by the principal clerk who prepares the letters dealing with the cases on their merits, and sends them to me for signature, if I approve them.

Q. What is sent to you? The report on what? What does he send to you for signature?—A. The letters dealing with the disposition of the case.

Q. The decision of the case?—A. Yes.

Q. And you sign them?—A. Yes, if I approve them.

Q. Therefore, you have the decision in respect of Excise seizures?—A. Yes. That is, if the offence is an indictable offence, the practice is to refer the matter to the courts; if it is a non-indictable offence, I have been in the habit of dealing with the case on its merits.

Q. What is the difference between the Excise seizures and the Customs seizures?—A. Under the Customs Law a customs seizure may be decided by the decision of the Minister; under the Excise Law the seizure is determined by the Act itself; that is to say, the matter dealing with it.

Q. That is exactly what I mean. The Excise seizures are for breaches of the Inland Revenue?—A. Yes.

Q. And the other for infractions of the Customs Act? Is that a correct statement? If not, please complete it.—A. There is one section of the Act—under the Inland Revenue Act—which covers the cases where goods are imported; for instance, the illegal importation of spirits, or the illegal importation of tobacco, cigars, or cigarettes, constitute offences under the Excise Act.

Q. So, as a general proposition, the Inland Revenue offences are Excise?—A. Are Excise, yes.

Hon. Mr. BENNETT: Stamps, sales tax, and all that sort of thing come under his direction—internal revenue.

By Hon. Mr. Bennett:

Q. Mr. Taylor, you have charge of the alcohol situation, I understand?—A. Domestic alcohol, yes.

Q. Will you briefly tell the Committee, so we may understand the evidence that comes hereafter, how alcohol is dealt with, Domestic alcohol?—A. Well, there are 17 distilleries at the present time licensed in the Dominion.

Q. Any in the lower provinces?—A. None in the lower provinces.

Q. How many in Quebec?—A. Six; three in Vancouver, two in Manitoba; and—

Q. Five in Ontario?—A. Five in Ontario, yes.

Q. They all operate under license from your Department?—A. Yes.

Q. And under that license they are compelled to keep a record of the quantity of alcohol or spirits they produce?—A. An exceedingly complete record.

Q. A very careful one?—A. Yes, a very careful one.

Q. And no portion of the spirits thus produced can be released without your authority? Is that the usual way of putting it?—A. Yes, sir.

Q. And in every instance that authority must be the subject of a special request? It is not a blanket authority?—A. Oh, no.

[Mr. G. W. Taylor.]

Q. And the authority just given by you deals with a specific quantity, in gallons of spirits?—A. By entry, yes.

Q. Assuming that a distillery in Manitoba desires to sell alcohol, what does it do? —desires to sell a thousand gallons of alcohol to somebody in St. Paul, what do they do?—A. In St. Paul the only means, under the present law of disposing of it, would be to enter it for export, after having entered it for duty.

Q. They enter that thousand gallons of alcohol with your Department for duty?—A. Yes.

Q. For how much?—A. Nine dollars a proof gallon.

Q. Then what happens?—A. Requisition for a permit is made by the distiller for the removal of the goods, of the alcohol, as duty paid and the permit is made out and the distiller is then at liberty to remove it under a Customs Export entry.

Q. That is what I was coming at. He must have a Customs Export if it is going out of the country?—A. Out of the country.

Q. Where does he get the Customs Export?—A. He gets it from the collector of Customs at the point at which he is located.

Q. When he gets that he loads it on the cars?—A. Yes.

Q. Supposing a 1,000 cases of Scotch Whiskey are being imported into Canada, what happens then? I want to put this case to you, being imported into Canada?—A. You are dealing with a matter which is outside my jurisdiction.

Q. It does not touch you at all?—A. Not the Excise Branch.

Q. Assuming they desire to release 100 cases of Canadian Rye, a distillery in Ontario, then what happens?—A. For export?

Q. I am going to take the two, for domestic use and for export?—A. For domestic use that liquor may only be shipped to government vendors and they may remove it in bond on paid duty.

Q. If the duty is paid the same process goes through that you mentioned with respect to alcohol, except that they require no Customs Exports?—A. Yes.

Q. If it is shipped to a vendor it can go to him in bond?—A. No.

Q. In such instance you issue a permit through the Department, from the distillery to the vendor?—A. Yes.

Q. And the customs duty must be paid before it is shipped?—A. Nine dollars per proof gallon.

Q. That is all that your Department has to do with those matters?—A. Yes.

Q. If a distillery at Montreal desires to release a thousand gallons for domestic use, what happens?—A. The same thing as in St. Paul becomes applicable to the Dominion.

Q. That will be a duty of how many dollars per proof gallon?—A. Nine dollars per proof gallon. If the alcohol is made from not less than 90 per cent of raw, or unmalted grain—if it is made from molasses, the duty would be three cents on the proof gallon. If made entirely from malt, \$9.02. The rate is fixed on the duty applicable.

Q. There is nothing in respect to hospitals?—A. No. That is to say the duty is collected, but there is a provision in the Act now where ninety-nine per cent may be made as a drawback.

Q. Am I right in assuming that you have told me of the only method under the law by which alcohol may be released from distilleries of Canada?—A. I know pure alcohol may be released from a distillery in the form of denatured alcohol, as provided by Section 363, that is, beverage alcohol.

Q. I do not like to use the word "beverage" in respect to alcohol, but we will leave that for the moment. Now, denatured alcohol—how can that be

dealt with under the law as far as your Department is concerned?—A. An entry ex-warehouse, for denaturing purposes; it is passed by the distillery. The officers learn the quantity of alcohol covered by their entry and under their supervision it is transferred in the distillery.

Q. Transferred into the denaturing warehouse?—A. Transferred into the denaturing warehouse under their supervision, and is manufactured into denatured alcohol with the officers being present to observe it.

Q. No alcohol is denatured except under the supervision of the law?—A. No.

Q. When the alcohol has been denatured it is shipped under the supervision of the officer?—A. Yes.

Q. Have you a record of the method by which alcohol spirits, denatured alcohol may be released for consumption or use, either domestic or export?—A. It can only be removed either in bond or duty paid, or for denaturing.

Q. And denaturing must be done before it leaves the place of manufacture?—A. Yes, absolutely.

By Mr. Donaghy:

Q. You say there are three licenses for the province of British Columbia. Where are those parties located?—A. The British Columbia Distillery at New Westminster; the Consolidated Distilleries, Limited, Vancouver; and the United Distillery, Limited, at Point Gray, seven miles outside of Vancouver.

Q. What is the general wording of the license? How does it read? Licensed to what?—A. Licensed to distil or rectify spirits subject to—

Q. I did not hear you?—A. The license is to distil or rectify spirits subject to the provisions of the Excise Act.

Q. Does your Department issue what are called licenses to export houses?—A. No sir.

Q. Licenses to houses to hold liquor in storage?—A. No sir, not for export.

Q. I beg your pardon?—A. Not for export.

Q. Have you received any complaints regarding the manner in which any of those licensees from British Columbia have been observing the law?—A. No.

Q. Around Vancouver?—A. I have not.

Q. You have not heard of any at all?—A. I have not, no.

By Hon. Mr. Stevens:

Q. Mr. Taylor, I think there is something that suggests itself from Mr. Bennett's question. Assuming that any one holding spirits, alcohol or any form of spirits in bond, desired to or makes a sale to a distiller, for what is the term—blending purposes—A. Yes.

Q. What is the procedure of law in this case?—A. Are you referring now to imported spirits?

Q. No, spirits held in the country, in bond, we will say?—A. The regulations provide for the removal from one distiller to another of spirits in bond and it might be that the spirits thus removed would be for flavouring or blending purposes.

Q. For what?—A. Flavouring or blending purposes.

Q. What other purposes could there be?—A. Well, I do not know that there could be any other purpose excepting one distiller was shipping a consignment of liquor to a warehouse, to a vendor, but only a part consignment; he would probably ship his part consignment to the other distiller, to make up a carload and get the benefit of a carload rate.

Q. Blending purposes would be the only purpose for which it was shipped?—A. That is alcohol. That is principally imported spirits.

[Mr. G. W. Taylor.]

Q. I am speaking about a transaction in the country. What course do you pursue to protect the revenue of the country where there is a transaction of that kind, transferring spirits from one to another in the country?—A. The goods are always removed from bond under entry. The distiller gives a bond for double duty, treble duty.

Q. The distiller shipping?—A. The distiller shipping gives a bond for treble duty, and the goods are then removed from bond on the bill of lading, made to the order of the collector at the receiving port.

Q. To the other party?—A. Yes.

Q. In the releasing of spirits by anyone holding it, a distiller or a warehouse, in bond, what documents or orders are required?—A. Either a duty paid entry or another entry for removal in bond. Those are the only two conditions.

Q. Would you describe this latter one, for removal in bond. Describe it please, accurately and carefully?—A. The distilleries require to give a bond on the form provided by the Department for that purpose.

Q. Form what?—A. A bond.

Q. What is the name of the form?—A. It is a removal bond.

Q. A removal bond?—A. That is the general term. That bond describes in detail the character of the goods. Generally it gives the gauges of the barrels, also it states how much spirits are to be removed. We bind the distiller for three times the duty.

Q. That is, the vendor?—A. The distiller.

Q. The distiller from which it is being removed, or to whom it is being sent?—A. The distiller to whom it is being removed; the person shipping, and the bond is signed by the distillery in order to protect it.

Q. That is what I mean?—A. The person shipping, and the bond is signed by the distillery company or their attorney and by another party, who is likewise jointly and severally obligated under the bond.

By Hon. Mr. Bennett:

Q. A Surety Company?—A. No, a personal bond.

By Hon. Mr. Stevens:

Q. What officer of the department authorizes the release or the taking out of the original bonded warehouse these goods?—A. Well, the officer in charge of the distillery, if the entry is passed at the distillery.

Q. Your own officer?—A. The officer in charge of the distillery.

Q. Suppose it is warehoused?—A. We have no bonded warehouses except those licensed by the Liquor Commission.

Q. But who authorizes the release of those goods?—A. I am talking of cases at a port office, and you are talking about the removal in bond or duty paid?

Q. No, removal in bond?—A. You are talking about a bonded warehouse. If the entry is passed at a port office, the collector, or the officer authorized by the collector, signs the document with an order for the release, and that is handed to the officer in charge of the bonded warehouse, who thus has authority to release.

Q. Then what does he do with the document?—A. He has the document with his signature, showing that it has been released.

Q. Would you mind filing for me, giving me an extra copy, these documents required for the removal of goods of that character?—A. Yes, certainly.

Q. Another question; is it according to the Act—I think it is, but you will correct me if I am wrong—that distilled liquor, whiskey or other liquors must be kept in bond two years before they are released for consumption?—A. Except when otherwise ordered by Order in Council.

Q. That is the Act, anyway, that distilled liquors, whiskey or other liquors must be kept in bond two years?—A. Except as I have just stated; except when otherwise ordered by Order in Council.

Q. What is the reason for that?—A. New distilleries starting up.

Q. But the reason for keeping them in bond two years?—A. Well, it has been generally regarded as improving the quality of the liquor.

Q. For the safeguarding of the public health, or the health of the consumers?—A. For the improvement of the quality.

Q. I think perhaps we can say generally that raw liquor is not as good for consumption as a liquor matured; it is for maturing purposes?—A. To improve the quality.

Q. You are an expert in this matter, and I am trying to get your opinion about the keeping of this liquor. Maturing is considered a necessary part of the manufacture of a good line of goods, is it not?—A. Yes, sir.

Q. Two years has been fixed by law for that purpose?—A. As a minimum.

Q. Of course if it is kept 20 years, so much the better; we do not get very much 20-year-old stuff now?—A. No.

Q. I have some copies of Orders in Council before me, and I hope I will not be prevented from using them, because they were laid on the table of the House at my request a few days ago. I have a copy of an Order in Council dated April 17th, 1924, P.C. 641, File 112437. It is unnecessary for me to read it all, unless the members of the Committee desire it. It states:

“The Minister, therefore, recommends, under the provisions of Section 171, Sub-section 4 of the Inland Revenue Act, as amended by 10-11, George V, Chapter 52, Section 4, that authority be granted to permit Messrs. Gooderham and Worts, Limited, Licensed Distillers, Toronto, to manufacture Spirits from the 1st of April to 31st of December, 1924 inclusive, and to enter ex-warehouse for consumption any or all of such Spirits, manufactured during said period at any date after manufacture.

The Commission concur in the foregoing recommendation and submit the same for approval.”

I want to ask you to explain to the Committee just the meaning of that Order in Council if you will?—A. This case of Gooderham and Worts was an exceptional case. During the war their plant was turned over entirely for the manufacture of Acetone. They made no spirits whatever during the period of the war. The result was that after the war they were without a stock of spirits to carry on business with, and their application to the Department was that they be permitted to ex-warehouse for purposes of a general character the spirits manufactured during a period of nine months, in order that they might have some saleable goods. That seemed to me a very reasonable request, and I recommended the matter to the Minister accordingly.

Q. Were those goods released for home consumption, or for export?—A. Either.

Q. You do not make any discrimination in favour of home consumption?

—A. No, just for purposes of a general character.

Q. I have another Order in Council here, dated the 14th of September, 1925, P.C. 1646, File No. 123175:

“The Committee of the Privy Council, on the recommendation of the Acting Minister of Customs and Excise, advise that under the provisions of Section 171, Sub-section 4 of the Excise Act, Chapter 51, R.S.C. 1906, authority be granted to permit the Distillers' Corporation, Limited, Licensed Distillers, Montreal, to enter for consumption, for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in said distillery during the first nine calendar months of production of such spirits.”

This is apparently an Order to permit entering for consumption any spirits as soon as manufactured.—A. Yes.

Q. What was the reason behind the granting of that permit?—A. A new distillery.

Q. All you have to do is to start a new distillery?—A. If the Governor in Council passes the Order in Council.

Q. I do not suppose I would be in order if I were to ask your opinion of the release of the liquor so soon after manufacture; you have had a very long experience as the head of this department; would you mind giving the committee your opinion upon that question?—A. I prefer not to express it.

Mr. DONAGHY: He should not be asked to express an opinion of an action of the Government which passed the Act.

The WITNESS: It is a matter of Government policy.

Hon. Mr. STEVENS: But Mr. Taylor is undoubtedly perhaps the highest authority on this question in the Dominion of Canada.

Mr. ELLIOTT: He does not wish to sit in judgment upon some question of Governmental policy.

By Hon. Mr. Stevens:

Q. In your opinion as an expert, Mr. Taylor, do you consider it advisable to release liquor as soon as manufactured, for consumption?—A. I would prefer, if the Committee will permit me, not to answer the question.

By Mr. Donaghy:

Q. Is it within the Act to do it, or Order in Council?—A. Yes.

Q. The expression has been used that it is contrary to the Act?—A. I have the section before me, Section 171.

Mr. DONAGHY: That settles it. Parliament made that law.

Hon. Mr. STEVENS: I don't think it does settle it.

Mr. DONAGHY: You are above Parliament, then.

Hon. Mr. STEVENS: No, I am not above Parliament. I think Mr. Donaghy said the other day that we were here for the purpose of getting at the facts in any manner we might think desirable. I am taking this matter up with Mr. Taylor as a leading expert in the Dominion of Canada. If he thinks that this provision in the Act providing for the release of liquor as soon as it is manufactured is conducive to the health of the community.

The WITNESS: I certainly do not think that it has any prejudicial effect, so far as the health of the community is concerned.

Mr. ELLIOT: He does not drink it, I suppose.

By Hon. Mr. Stevens:

Q. Let me put it this way. Do you think it is wise to release liquor immediately after it is manufactured?—A. I prefer not to answer the question.

Q. You refuse to give the Committee your opinion as an expert, to guide the Committee in any amendments to the Act they may wish to recommend?—A. I do not refuse to give the Committee my opinion, but in view of the fact that the Act has been passed by Parliament I do not like to give an opinion reflecting upon any action of Parliament.

Mr. DONAGHY: I think he is right. He has no right as an official to cast any reflection upon any action of Parliament. He is quite within his rights in taking that stand.

Hon. Mr. STEVENS: How can we make a recommendation to Parliament that that Act should be amended, withdrawing this privilege, without getting the opinion of an expert?

Mr. DONAGHY: Parliament has not referred this Act to us to make any recommendations on. That is not part of our duties.

Hon. Mr. STEVENS: That was referred to the other day, not by myself, but by the Minister, that we were here for the purpose of suggesting amendments whereby we might improve the Act, and now we are precluded from information which will help us.

Mr. ELLIOTT: I think the question has been fairly answered. The suggestion of the questioner a moment ago was that this was being done contrary to the Act.

Hon. Mr. STEVENS: No, no; if I made that suggestion I gave the wrong impression, because I know better, and I changed the form of the question.

By Hon. Mr. Stevens:

Q. You refuse to answer to that question, Mr. Taylor?—A. I prefer not to, sir.

Q. You have apparently some support from the committee. Well, we will take the next Order in Council, that of October 20, 1925.

"The Committee of the Privy Council, on the recommendation of the Minister of Customs and Excise, advise that under the provisions of Section 171, subsection (4) of the Excise Act, Chapter 51, Revised Statutes of Canada, 1906, as amended, authority be granted to permit the Manitoba Refinery Company Limited, licensed distillers, St. Boniface, Manitoba, to enter for consumption, for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in said distillery during the first nine months of actual production operations."

I suppose your answer to this will be the same?—A. A similar instance.

Q. Another distillery desiring to start business, getting authority to sell liquor immediately after its manufacture, under this special provision of the Act, by Order in Council?—A. Yes sir.

Q. Did you recommend the passing of that amendment to the Act, Mr. Taylor?—A. No.

Q. Did the Department of Excise? Was the Department of Excise consulted, or was your opinion asked on such an amendment?—A. I can not recall.

Q. You cannot recall any request of that kind?—A. I do not recall any such request.

Q. But they never asked your opinion on it, as head of the Department?—A. I recall no request having been made to the Excise branch, of that nature.

Q. Now, on the 7th of January, 1926, we have another Order in Council permitting the Consolidated Distilleries of Manitoba, Limited, St. Boniface, Manitoba, to enter for consumption for purposes of general character, at any date after the manufacture thereof, all or any portion of the stock of spirits produced in that distillery during the period from January 15th to September 15th, 1926. Is this a new distillery?—A. Comparatively; it has been in operation about a year.

Q. And what were the reasons for granting this application?—A. My recollection is that being a new distillery, they made application to be permitted the same privilege as other new distilleries.

[Mr. G. W. Taylor.]

By Hon. Mr. Bennett:

Q. Shortly put, Mr. Taylor, the effect of these Orders in Council is to repeal the provision of the statute which says that spirits shall mature for two years before being sold?—A. In application, only insofar as these new distilleries are concerned.

Q. I say, in practice the effect of the Orders in Council is to repeal, pro tempore, the provision which says that spirits shall mature for two years before being sold?—A. I would like to qualify that by saying, insofar as new distilleries are concerned.

Q. Insofar as the Orders in Council are concerned?—A. I could conceive that it would be within the power of the Governor General in Council to give that privilege to other distilleries than new distilleries, but it has not been done.

Q. Then the distilleries which grew up in this country 50 years ago had to keep their spirits for two years, but new ones can sell them as fast as they are made?—A. For a limited period.

Q. All they make for nine months they can sell, and if they sell all that they do not have any on hand?—A. Quite so.

Q. How long does it take to make the spirits?—A. It is a short process, a matter of ten days.

Q. The grain goes in one end, and ten days later they are able to sell raw spirits—Scotch whiskey, rye whiskey, and so on?—A. They cannot sell Scotch whiskey made in any distillery in Canada, as such.

Q. Just raw alcohol and any other name they see fit to put on it which has reference to the material from which it is produced?—A. Yes.

Q. And to that extent it is a breach of the statute?—A. The Act refers to the whole product of a distillery as "spirits".

Q. In these new distilleries there need never be any two years maturing of spirits at all?—A. Oh yes, all spirits except as provided in the Orders in Council for the limited period. Following that they must be matured.

By Hon. Mr. Stevens:

Q. Just a further question, Mr. Taylor. A great deal of the trade in alcohol in the country during the last couple of years has been for these distilleries manufacturing this raw liquor, raw spirits?—A. No, the trade in alcohol, Mr. Stevens, is principally for manufacturing in bond by licensed bonded manufacturers, articles of commerce such as pharmaceutical preparations, medicines, vinegar, and so on.

Q. A distillery would not buy alcohol for that purpose?—A. They produce it for that purpose.

Q. What would they buy it for?—A. If they were short in stock of the particular quality of alcohol—say we call a No. 2 alcohol non-potable—if they were short in stock of that particular quality, I can understand where they would desire to purchase to fill the orders of their customers.

Q. Do you remember that alcohol seized on the barge Tremblay?—A. Yes.

Q. What was that? Give the precise technical description of it?—A. In my judgment that was a potato spirit.

Q. Is that some of it which you have there in the bottle?—A. Yes sir.

Q. You came prepared?—A. Yes, sir.

Q. You expected some talk on this?—A. I expected there would be some questions asked about the alcohol.

Q. I am not going into it to-day.—A. One of these spirits is a pure spirit. (Witness produces two bottles containing samples of alcohol.)

[Mr. G. W. Taylor.]

By Hon. Mr. Bennett:

Q. The pure spirit is a grain spirit?—A. A grain spirit, and the other is what I believe to be a potato spirit.

By Hon. Mr. Stevens:

Q. How can you find out?—A. It is a question of expert opinion.

Q. Not by analysis?—A. No, sir.

Q. What do the invoices say, the original invoices which were seized?—A. I did not see them.

Q. Do you know?—A. No.

Q. Do you know how it was described?—A. No.

Q. Where are those invoices?—A. I suppose they are on file in the department.

Q. Would you mind producing them?—A. Yes, sir, if they are there.

By Mr. Donaghy:

Q. I want to ask you a question, Mr. Taylor. This provision of the law which has been criticised, whereby the Governor in Council is given power to allow distilleries to release alcohol before the two year period expires, when was that provision of the law enacted by Parliament? What year?—A. I think it was in 1922, I am not sure.

Q. Will you look in this statute and tell me? Look at section six, and see if that is the amendment?—A. Yes.

Q. What year was that law amended?—A. 1920.

Q. Who was the Minister of Customs at that time, the Minister of Customs and Excise?

Hon. Mr. BENNETT: Hon. Mr. Wigmore, was it not?

Hon. Mr. STEVENS: No, I do not think so.

The WITNESS: Hon. Mr. Baxter was the last Minister under the old regime. He was there for three months.

Hon. Mr. BENNETT: He came in in 1921. I think it was Mr. Wigmore in 1920.

Mr. DONAGHY: That is all.

Hon. Mr. BENNETT: I hope my hon. friend does not think it makes it any the less bad because it was passed in 1920.

By Mr. Bell:

Q. May I ask one question? I understood you to say to Mr. Stevens that these distilleries were not permitted to make Scotch?—A. They are not permitted to make Scotch and make it as such.

Q. But it is a fact, is it not, that they are making it notwithstanding that?—A. They are making it, but they may not market it under the name of Scotch. The Department of Health covers that point.

Q. I think you started to give us the distinction between these two samples of alcohol. Would you complete that, if you have not already done so?—A. I was simply taking the case of a pure spirit, and comparing it with this alcohol imported on the barge *Tremblay*. I have reduced that three to one, or four to one—at least, I got the analyst to do it, and I think that even an untrained nose would be able to discriminate and distinguish between them.

Hon. Mr. STEVENS: You had better let me smell it because my nose is untrained.

Mr. DONAGHY: We must not joke about this.

Hon. Mr. STEVENS: I am not joking; I am very serious.

[Mr. G. W. Taylor.]

The WITNESS: I do not think a person needs to be an expert to distinguish between the two.

By Mr. Elliott:

Q. Just a question or two. You were occupying in 1920 the same position which you now occupy?—A. Yes sir.

Q. And this amendment to the Act went through the regular stages, I suppose?—A. So far as I am aware.

Q. You did not receive any protests, so far as you were concerned?—A. No.

Q. Mr. Stevens was in the House at that time?

Hon. Mr. STEVENS: Mr. Chairman, I don't care a button about whether the Conservatives were in power or not; I want the truth and I do not want any insinuations. I do not care who was in.

Mr. DONAGHY: I think Mr. Stevens voted for this amendment, as a matter of fact.

Hon. Mr. BENNETT: I am sure my hon. friend would not like me to ask whether he would like to have been in the House also. It does not matter whether Mr. Stevens was in the House or not.

By Mr. Elliott:

By the way, will you let us have the Act up to date, the office consolidation of the Act? What is the Act you have there in your hand?—A. This is the office consolidation of the Excise Act, but there are one or two further amendments.

Q. Could you conveniently have the amendments attached, and supply each member of the committee with a copy?—A. Yes sir.

Q. What other Acts do you operate under?—A. I am not charged with the administration of the Special War Revenue Act. There is the Petroleum Inspection Act—I think that is all.

Q. And what regulations have you?—A. We have regulations for each branch of excise work—tobacco, malt, brewers, distilleries, cigars, and so on.

Q. Will you let us have all the regulations that are printed?—A. In respect of this Act?

Q. In respect of this Act, if you please.—A. Yes sir.

By Hon. Mr. Bennett:

Q. And at the same time, will you get us the first Order in Council which was passed permitting the release of spirits?—A. Mr. Stevens, in the Order of the House, got the whole of them.

Q. That is what I wanted to be clear on. They are all here?—A. Yes. There were five, if I remember rightly.

By Hon. Mr. Stevens:

Q. No others were passed?—A. No others were passed.

The committee adjourned until Monday, February 15th, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 5—MONDAY, FEBRUARY 15, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES

Hon. G. H. Boivin, Minister of Customs and Excise.

Mr. Gregory George, Vice-President and General Manager, Dominion
Distillery Products Co., Ltd., Montreal, Que.

Mr. William James Hushion, 1195 St. James Street, Montreal, Que.

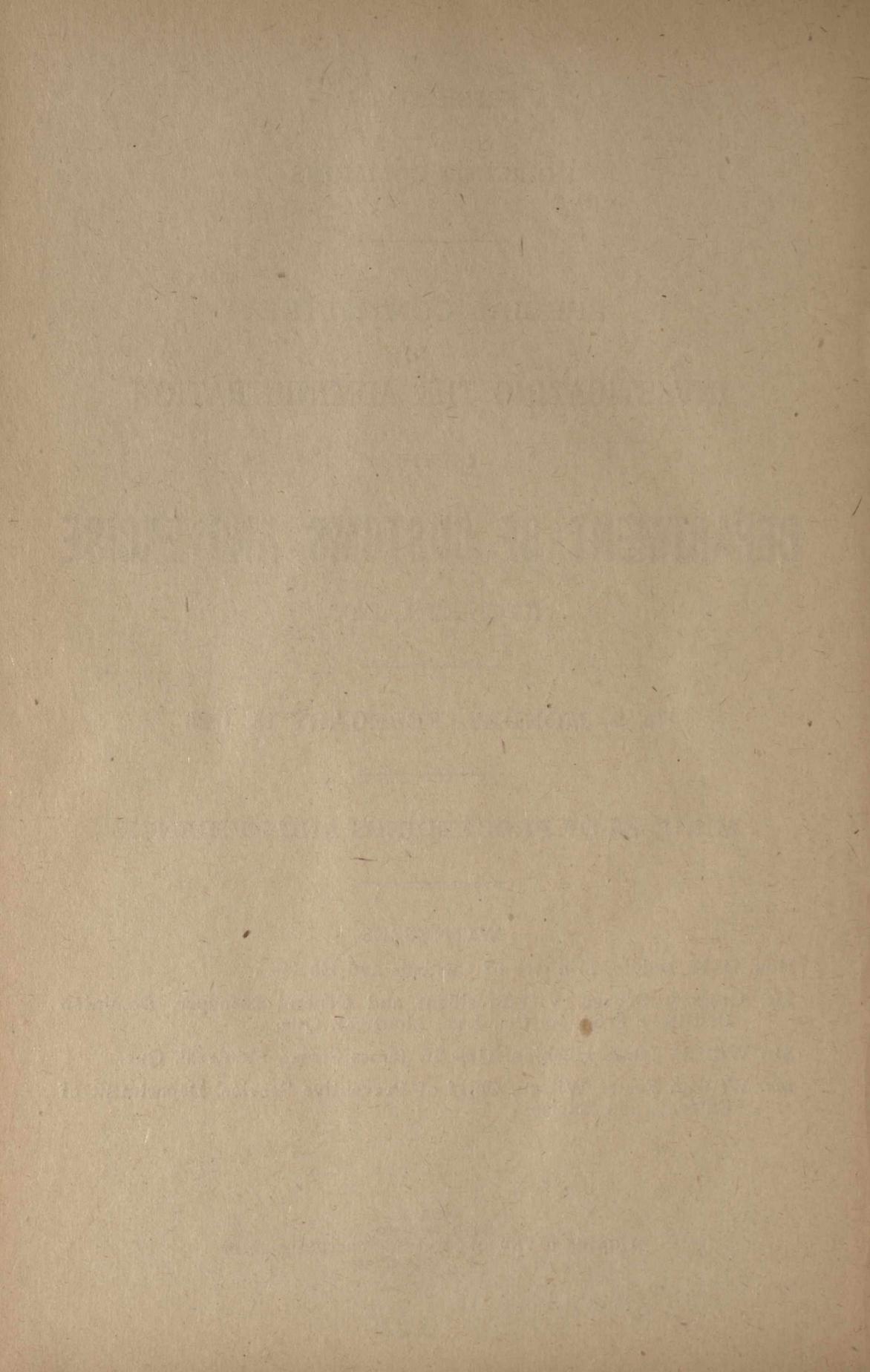
Mr. William Foster Wilson, Chief of Preventive Service, Department of
Customs and Excise.

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1926



MINUTES OF PROCEEDINGS

MONDAY, 15th February, 1926.

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

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

The minutes of the last meeting were read and adopted.

Hon. Mr. Boivin produced for the use of the Committee:—

- (a) Evidence taken by Inspector Walter Duncan in inquiry which began on 1st December, 1925, and concluded on 1st February, 1926;
- (b) All correspondence concerning the purchase by the Dominion Distillery Products Co., Limited, of 16,000 gallons of distilled alcohol at Montreal;
- (c) Confidential interim report of Inspector Walter Duncan, 10th December, 1925;
- (d) Copy of all documents on file in Department of Health in connection with the enforcement of the Narcotic Drug Act, including the evidence, the testimony, and the judge's summing up, in the case of Rex vs. Lortie-St. George;
- (e) Documents from the Department of Health in reference to the case of Lortie-St. George;
- (f) Copy of all correspondence to and from Prime Minister's office in connection with smuggling.

Hon. G. H. Boivin, Minister of Customs and Excise, was called and sworn, and was examined respecting the investigation conducted by Inspector Walter Duncan. He undertook to file with the Committee to-morrow the original interim report and the original of the final report of Inspector Duncan. Witness retired.

Mr. Donaghy moved,—That all the witnesses examined before Walter Duncan in the course of his investigation of the Customs Department on behalf of any one be summoned to appear before this Committee for examination, and that they be required to bring with them all reports, files, letters, telegrams, cheques and documents in any way relating to this inquiry.

Motion carried.

Mr. Elliott moved,—That Messrs. Stevens, Donaghy, Kennedy, and the Chairman, be a sub-committee to arrange the order in which the witnesses to be summoned before this Committee shall be heard, and to group, as far as possible, the witnesses called in connection with each charge or complaint; and that the said sub-committee recommend the dates upon which the various witnesses shall be summoned to appear before this Committee.

Motion stands over until to-morrow.

Commissioner Starnes, R.C.M.P., undertook to produce files respecting smuggling, etc., at Vancouver, Discovery Island, B.C., Victoria, and islands adjacent.

Hon. Mr. Stevens moved,—That A. F. Holmes, Customs Officer, Rock Island, P.Q., be summoned for Wednesday next, February 17, to produce all correspondence with the Department in reference to smuggling at Rock Island.

Motion agreed to.

The question as to whether or not the Committee should sit on Ash Wednesday (17th February) having been brought up, it was decided in the affirmative. (Whether the House sits on that day or not).

Mr. Doucet moved,—For the production of the files containing all documents, correspondence, telegrams and reports in connection with the seizure of the schooner *Margaret Kennedy* for the infraction of Customs and Excise laws in the year 1922, and its subsequent release.

Motion agreed to.

Mr. Doucet moved,—For the production of the files containing the report of one, Prosper Theriault, and others, employees of the Customs and Excise Department, Port of Montreal, on investigation held for the said department on the north shore of the St. Lawrence, for the years 1923, 1924 and 1925.

Motion agreed to.

Mr. Doucet moved,—For the production of the file containing all documents, correspondence, telegrams and reports in the case of the seizure of an automobile from one, Eugene Guertin, of Montreal, 1925.

Motion agreed to.

Hon. Mr. Stevens moved,—That Mr. Brackin, K.C., be allowed to act as counsel to Dominion Distillery Products Co., Limited, to Mr. George, and to Mr. Hushion; and that Mr. Henderson, K.C., be allowed to act as counsel to Commercial Protective Association.

Motion agreed to.

Mr. Gregory George, Vice-President and General Manager, Dominion Distillery Products Co., Limited, Montreal, was called and sworn. After being examined, Mr. George was retired.

Mr. Brackin, K.C., to produce three trunks of records for deposit with the Clerk of the Committee, two of W. George, Limited, and one of Dominion Distillery Products Co., Limited.

Mr. William James Hushion of Montreal, Que., was called, sworn, and examined as to a purchase of alcohol by Dominion Distillery Products Co., Limited, from the Government. Mr. Hushion produced cancelled bank cheques and bank books. He will produce to-morrow remainder of productions called for in his summons. Witness retired.

Mr. William Foster Wilson, Chief Preventive Service, Department of Customs and Excise, was called and sworn. He was examined respecting his duties.

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

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

MONDAY, February 15, 1926.

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

The CLERK: Hon. Mr. Boivin produced for the information of the Committee several documents as set forth in the Minutes of Proceedings.

HON. GEORGE HENRY BOIVIN, called and sworn.

By Mr. Donaghy:

Q. Mr. Boivin, you are the Minister of Customs and Excise?—A. Yes.

Q. When did you assume that office, Mr. Boivin?—A. Speaking from memory, I was appointed on the 4th day of September, 1925, sworn on the 5th of September, 1925, and took over the administration of the Department from the then acting Minister, the Honourable Mr. Cardin, on the 31st day of October, 1925.

Q. It was about the end of October when you assumed active duty?—A. Yes.

Q. We have had produced by you here a large volume apparently of evidence, being the examination of a great number of witnesses on an investigation held by Inspector Duncan?—A. Yes.

Q. How did Inspector Duncan come to examine those witnesses?—A. Very shortly after my arrival at Ottawa on the 31st of October, 1925, I repeated to the Honourable Mr. Robb, the then Minister of Finance, some of the rumours which had reached my ears in the city of Montreal during the general election campaign, concerning inefficiency and maladministration on the part of the preventive service, in the city and district of Montreal. I remember that I mentioned Mr. Bisailon's name, but I cannot remember the other names of the officers who were complained of in those rumours. Mr. Robb immediately said that the proper thing to do would be to have an investigation. I told him that that was my idea too, but that I did not know exactly to whom I could turn to secure a competent investigating officer. He told me that he had in the employ of the Department of Finance as Investigation Agent Inspector Walter Duncan, who had been with them for several years and who had always given them complete satisfaction. If I remember correctly, he told me that Inspector Duncan was engaged upon some particular work for the Department of Finance, but that he would send him to my office in a day or two, in order that I might arrange with him to make this investigation. As near as I can remember, it was about ten days later.

Q. Later than what?—A. Later than this conversation, which took place about two or three days after my arrival at Ottawa, and therefore it would be about the 15th of November when Inspector Duncan came to my office and spent several hours in consultation with me.

Q. That is the middle of November, you mean?—A. About the 15th of November. I asked him if he would undertake to investigate the administration of the preventive service office or staff at Montreal; he said that he would, but

[Hon. G. H. Boivin.]

Q. You might give us some impressions. Does this report contain damaging evidence against some of the employees of the Customs Department?—A. Speaking under oath I would say that, apart from Mr. Bisaillon, it does not contain that kind of evidence upon which I would like to act to dismiss any officer of the department. It does contain a certain number of clues which may lead to serious accusations, or may not.

Mr. BELL: I suppose in any event that is rather anticipating the stand the Committee might take after perusing it.

WITNESS: But I want to say in fairness, Mr. Bell, that I think the report is a very valuable report for the Committee to have, and that it will enable the Committee to bring here as witnesses everyone who was connected with wrongdoing in the port of Montreal.

By Mr. Donaghy:

Q. I see this report of the evidence contains 319 typewritten pages of questions and answers?—A. It does.

Q. Apparently the examination of two or three score of witnesses?—A. Yes.

Q. A great many of them being employees of the Department of Customs?—A. With the exception of three or four I think they are all employees of the Department of Customs, or were at one time or another. One of them is a dismissed employee.

Q. You will submit the result of the inquiry which you had Inspector Duncan make, for the use of the Committee, for our assistance?—A. For the assistance of the Committee.

Q. And I take it that in any other way you possibly can, you are willing to co-operate with the Committee to ferret out any crime or maladministration, or irregularity?—A. That is the reason for my presence here.

Mr. BELL: I would like to have an opportunity of asking you a number of questions, Mr. Boivin, but not this morning, because your being called here comes as a surprise to the Committee. I presume you will be available at any time?

WITNESS: I will be available at any time, and I hope, with the Committee's permission, that I may be present all the time.

Hon. Mr. STEVENS: I was just going to point out that this examination is taken out of its order, because there are some names that should precede that of the Minister. I do not want to object, because I do not want the Minister to think I am always objecting. All I want is to make the statement that we had no knowledge of Hon. Mr. Boivin going on the stand. We had other witnesses we were prepared for. We simply reserve the right to cross-examine or question Hon. Mr. Boivin further.

The CHAIRMAN: But the members of the committee were anxious to have Mr. Duncan's report, and now that it has been produced with the necessary explanation, it will help every member of the committee.

Hon. Mr. STEVENS: I would like to point out, Mr. Chairman, that the report of Mr. Duncan which is now before, the interim report, is only a copy and not the original. I would like to have had the original produced here before the committee.

The WITNESS: I can explain that, if you will allow me. This copy was prepared in answer to the motion made in the House. It was the only document received during the month of December, and it happened to be on my desk this morning. The other report is in my office, but I will file it.

Hon. Mr. STEVENS: Objections have been made time and again to my asking questions on a copied document, and not having the original. That is the only reason I mention the fact.

[Hon. G. H. Boivin.]

The WITNESS: The original of the final report and the original of this interim report will be filed to-morrow morning, if that will be satisfactory.

By Mr. Bell:

Q. Can we not have the original of the interim report filed this afternoon?—

A. I can file it in five minutes, but I will have to go to the office to get it.

Mr. GAGNON: Might I be allowed to put a couple of questions to Mr. Boivin?

Mr. BELL: I certainly would not like to deprive Mr. Gagnon of his opportunity of examining the witness, but I think it ought to be deferred because of the unexpected examination of the Minister to-day. We have refrained from asking the Minister to answer questions on this occasion, and I think that we should defer from doing anything that would necessitate the taking of his evidence piece-meal.

Mr. GAGNON: I wish to put two questions about Mr. Duncan's report. That is all I wish to ask.

Mr. BELL: Not as to the administration?

Mr. GAGNON: No, it is in regard to certain documents.

Hon. Mr. STEVENS: Will you produce those?

Mr. GAGNON: Yes, just two questions concerning the report.

The CHAIRMAN: You will restrict yourself to those questions?

By Mr. Gagnon:

Q. It is in reference to Mr. Duncan's report. When you appointed him to make the investigation, was it to be a confidential report to you? Was he under oath? Did he take a special oath before taking charge of this investigation?—A. Not that I know of. Mr. Duncan was under oath as a special police officer, in the employ of the Department of Finance, and it was under this oath that he conducted the investigation.

Q. And he was supposed to report confidentially to you on it?—A. He was supposed to report confidentially on it from time to time. I might say this, that he did give me one or two verbal reports, but the only written report that I ever received from Mr. Duncan is a report which I received this morning, and the final report will be filed to-morrow morning. If the Committee will allow me just one word of explanation in connection with my former evidence, I stated that I had been sworn on the 5th September, and that I took over the administration of this Department, on or about the 31st October. I do not want the Committee to misunderstand me. During the period between the 5th of September and the 31st October, I happened to be in Ottawa, I think, on three occasions, to attend council meetings, and on those three occasions I went to the office of the Department to sign some routine reports, which reports Mr. Cardin had, he remaining as Acting Minister.

The CHAIRMAN: Mr. Clerk, will you call the names of the other witnesses summoned for to-day. Mr. George of the Dominion Distillers?

Hon. Mr. BOIVIN: He is here.

Hon. Mr. STEVENS: He is in the room.

The CHAIRMAN: W. George, Limited, are they represented here?

Mr. BRACKIN, K.C.: I represent Mr. George.

The CHAIRMAN: Mr. W. J. Hushion of Montreal.

Hon. Mr. STEVENS: He is here.

Mr. DONAGHY: I see two counsel here—Mr. Brackin and Mr. Henderson, and I will be glad—I understand Mr. Henderson represents the Commercial

Protective Association and I understand they will ask to be heard when the occasion arises.

Mr. BRACKIN: I represent the Dominion Distillers.

Hon. Mr. STEVENS: We have no motion that Mr. Brackin be heard, and I will make a motion that Mr. Henderson and Mr. Brackin, both K.C's., be heard before the Committee.

Mr. BRACKIN, K.C.: I understand the motion has already been passed, authorizing counsel to appear?

Mr. GREGORY GEORGE called and sworn.

By Hon. Mr. Stevens:

Q. What is your position?—A. With whom, sir?

Q. With the Dominion Distillers?—A. I am Vice-President and General Manager.

Q. Now, in your summons on Saturday you were asked to produce the original books of entry. I am going to read these-out. I am going to read them first and we will go into them in detail in a moment. The original books of entry, receiving books and shipping books; cash books; journals; ledgers; bank books; bank accounts' statement; cancelled cheques; for the years 1924 and 1925, invoices of goods inward; invoices of goods outward; waybills; express and freight shipping receipts; warehouse receipts, original order book; orders received for goods; shipping instructions; customs entries; customs receipts; sales tax returns; sales tax receipts; transfer and cartage accounts; all insurance policies of all descriptions, also the particulars of the names of the officers and directors of your firm. Have you got those records with you?—A. They are at the Chateau Laurier. I left instructions there to have them brought up here; three trunks.

Mr. BRACKIN, K.C.: When we left the hotel the trunks had not arrived, and we left instructions to have them sent over here. What we are calling Mr. George for is to produce these documents. With regard to some of these cases, there is a chartered company, the George Import and Export Company in St. Pierre, and a lot of those export manifests, etc., a lot of those documents are at St. Pierre; that is, liquor shipped from St. Pierre.

By Hon. Mr. Stevens:

Q. That was included?—A. Of course, I think you realize that it would be utterly impossible for us in that time to get all of them from St. Pierre.

Q. Anyhow you will produce to-day what you have on hand?—A. We have a couple of these trunks which have been shipped, and whatever we have we will produce. We will produce all the information covered by the subpoena.

Q. All documents possible to produce up to this time?—A. We will produce anything different which we have in Montreal, but what we have at the Island of St. Pierre, necessarily we cannot get in time, unfortunately.

By Mr. Donaghy:

Q. When can you get that material from St. Pierre?—A. It will take some time.

Q. What do you mean by some time?—A. Personally, I do not know how long it will take.

Mr. BRACKIN, K.C.: We can telegraph. Of course, this is one of the different companies with which Mr. George is connected, but I am not seeking to hide behind that, although it is not mentioned in the subpoena. At the same

[Mr. Gregory George.]

time even if there is something which Mr. George might have control over, even though it is in the parent company, registered at St. Pierre as a partnership, we would still do everything we can to get it.

Mr. DONAGHY: We should feel very much obliged if you will just carry out that suggestion and do what is necessary.

The CHAIRMAN: You will do everything possible to provide the Committee with everything that is required?

Mr. BRACKIN, K.C.: Yes. For example, there is a branch of the Bank of Commerce at St. Pierre, the only Canadian bank there. Through that branch of the Canadian Bank of Commerce we transact business, bills of lading, remittances of money and all that are done through the Bank of Commerce at St. Pierre, and the company at St. Pierre ships from St. Pierre, a registered partnership, according to the laws of the Island, and while Mr. George is connected with that company, that is the company that makes the shipments, which I assume are to be investigated by the Committee. Therefore we must get that information for you. Where there is such a shipment of liquor paid for, he would pay for it, and we have to get the records of the Bank of Commerce at St. Pierre.

Mr. DONAGHY: Is that the Dominion Distillers?

Mr. BRACKIN, K.C.: No, that is not the Dominion Distillers. That is the George Import and Export Company.

Mr. DONAGHY: Do you think the Committee will require—

Mr. BRACKIN, K.C.: I have not the slightest doubt that the Committee will say "Here is a particular shipment from St. Pierre, we want to know about that, and where are the documents respecting it?"

Mr. DONAGHY: How long does it take to communicate with St. Pierre?

WITNESS: It would depend on the sailings of the boats there.

Mr. DONAGHY: A couple of weeks?

WITNESS: I should say so, probably.

The CHAIRMAN: I think the best thing to do is to open the trunks which are here, and we can look at those documents. They will be deposited in the hands of the Clerk of the Committee, and all the members will see them. Mr. Stevens has made the charges and he can examine the documents.

WITNESS: We have all the documents of the Dominion Distillers and the W. George, Limited.

Mr. DONAGHY: We can examine these documents if the Committee sees fit.

WITNESS: I have the documents of the W. George, Limited.

Mr. BELL: Do you know whether these trunks are in town?

Mr. BRACKIN, K.C.: They had not arrived when we left. They were coming from Montreal.

Mr. DONAGHY: How are they coming, by motor truck?

WITNESS: I understand they are coming by express, and that they are at the station now.

The CHAIRMAN: That is the shortest route in the winter time. Mr. George undertakes to produce the contents of these trunks and they will be left with the Clerk of the Committee; all the records as set forth in this summons.

Mr. DONAGHY: That trunk had better be brought into this room, the same as the files have been.

Hon. Mr. STEVENS: As long as they are in charge of the Committee, I do not care where they are.

Mr. DONAGHY: I understand they have an officer at the door here day and night.

The CHAIRMAN: You are released momentarily, witness. If we need you, we will call you. Stay in the room or around here, so as to be within the advice of your Counsel.

Mr. BRACKIN, K.C.: You want anything in connection with W. George, Limited, as a corporation?

By the Chairman:

Q. You are producing at the same time the records of the W. George, Limited?—A. Yes.

Q. Are they contained in the same trunk?—A. No, they are in another trunk.

By Mr. Donaghy:

Q. How many trunks are there altogether; the Clerk wants to know how many trunks you are bringing altogether; is it three?—A. Two trunks of the W. George, Limited, and one other trunk of the Dominion Distilleries.

WILLIAM JAMES HUSHION, called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Hushion, your place of business is at 1195 St. James street, Montreal? —A. Yes, sir.

Q. Are you connected with the Dominion Distilleries?—A. I am a shareholder.

Q. Are you an officer of the company?—A. No, sir.

Q. Can you tell me who the officers are?—A. No, sir.

Q. You do not know?—A. No, sir.

Q. You say you do not know who the officers are?—A. Not all of them.

Q. Do you know any of them?—A. Some of them.

Q. Can you tell the Committee who they are?—A. Mr. George is one.

Q. Give their names and positions?—A. I don't know their positions.

Q. You do not know?—A. No, sir.

Q. Give us the full names of those you do know, of all you know?—A. Mr. Gregory George, Lee George and Dickson George.

Q. What is Mr. Gregory George's position?—A. I don't know.

Q. Nor Mr. Lee George's?—A. No, sir.

Q. You do not know his position?—A. No, sir.

Q. Do you know the President of the company?—A. I do.

Q. What is his name?—A. Mr. Cooper.

Q. Those are all you know?—A. That is all I know.

Q. Do you know Mr. Cooper's first name?—A. James.

Q. Have you with you your own books?—A. I have.

Q. Will you produce them to the Committee?—A. I will.

Q. Will you produce them now, or where are they?—A. Right here, at the back of the room (Produces package of books).

Q. Have you a company called the Dominion Veneer & Varnish Company? —A. No, sir.

Q. Or a name similar to that—I may be mistaken in the name?—A. No, sir.

Q. Are you associated with any other companies?—A. No, I am not.

Q. What companies are you associated with—I will put it in that way? —A. Just my own company, my own personal business, that is all.

[Mr. William James Hushion.]

Mr. DONAGHY: We have not got the name of that company, Mr. Chairman.

The CHAIRMAN: Mr. Stevens will finish, and then you can examine the witness.

By Hon. Mr. Stevens:

Q. What is the name of the company?—A. W. J. Hushion & Company.

Q. What business do you follow?—A. The hay and grain business; that is my principal business.

Q. Is the office of the Dominion Distilleries at 1185 St. James Street?—A. It is.

Q. Yours is 1195?—A. Yes, sir.

Q. Do the two offices join?—A. No.

Q. They adjoin?—A. They adjoin.

Q. Do you take out a license in the city of Montreal what is called a broker's license or a trader's license?—A. No. I have all the license I require to do business in Montreal.

Q. I am not asking you that. Do you take out a license in the city of Montreal, to do business?—A. Well, I don't have to do that; I pay my taxes, and I think I am entitled to do business.

Q. You are registered in the city of Montreal?—A. I would imagine so; I am a proprietor in the city of Montreal.

Q. Are you not registered in the City Hall, in Montreal?—A. Yes.

Q. In connection with the business of W. J. Hushion & Company?—A. Yes, sir.

Q. At 1195 St. James street?—A. Yes.

Q. Isn't the Dominion Distilleries of 1185 St. James street, registered in your name at the City Hall in Montreal?—A. In my own name?

Q. Yes?—A. No, sir.

Q. Are you positive?—A. I am positive.

Q. In whose name is it registered?—A. I don't know.

Q. How do you know that it is not registered in yours?—A. I ought to know my own business, what it is registered for.

Q. Would you be surprised to know it is registered in your own name?—A. I would be very much surprised.

Q. I think you will find upon inquiry that it is registered in your name, and that the two offices join?—A. No, they do not join, they are different.

Q. They are right beside one another?—A. No, there are eight or ten numbers between; I think there is a space of 100 feet between them.

Q. You declare again that you have no connection with the business operations of the Dominion Distilleries?—A. No, sir.

Q. You never conduct any business for them?—A. No. I have done some missionary work, or messages, or something of that kind.

Q. Missionary work sounds good. Would missionary work be directing the disposal of their products for instance, at one time would that be missionary work?—A. No, that would not be what I have termed it.

Q. What sort of a mission do you run?—A. I don't run any.

Q. What do you mean by doing missionary work for the Dominion Distilleries?—A. I might have been asked to inquire into some particular thing, and I would naturally go and try to find out what I might be asked to do.

Q. You have no connection with them?—A. No, sir.

Q. Yet you do anything they ask you, as a sort of messenger?—A. I am a shareholder of the company.

Q. Do you mean that whenever they ask you, you will do anything—you do not describe it, but anything they might require you to do?—A. Well, what would you suppose I would mean?

SPECIAL COMMITTEE

Q. I could not suppose anything. I asked you what you meant?—A. I mean, suppose you asked me to get you anything; I don't know just what I might suggest now. What would you like me to answer?

Q. I want you to answer directly and tell us what you do when you act as a missionary for the Dominion Distilleries and if you do anything they ask you to do?—A. Well, all I was meaning by that was that the Dominion Distilleries had received a letter from the Department that they had some alcohol to sell, and one day one of the members of the company asked me to see if the government were ready to sell it, or something like that, and I asked the price.

Q. Whom did you ask?—A. After this letter came in, I think I asked the Minister. I think he was the first man I happened to meet in Montreal one day, and I happened to say that I heard they had some alcohol to sell.

Q. Which Minister do you mean?—A. The Hon. Mr. Boivin.

Q. This little missionary work you did for them was in ascertaining the price at which they would sell; you made the approach on behalf of the Dominion Distilleries to the Minister?—A. Yes.

Q. When was that?—A. Well, I really do not remember now, but it would be a month or two ago, a few months ago maybe.

Q. Just before New Year's?—A. No, it was in November I think.

Q. How much alcohol was involved?—A. Well, it was only 9,000 gallons, I think, or 10,000 gallons.

Q. Do you remember where that was warehoused?—A. Well, I know where it was supposed to be warehoused.

Q. Where was it warehoused?—A. In the Customs House, I understood.

Q. Whereabouts?—A. In Montreal.

Q. Montreal is a large place; whereabouts in Montreal?—A. I don't know.

Q. You do not know?—A. No.

Q. You know where the Customs House in Montreal is?—A. I sure do.

Q. You know where the bonded warehouse for spirits is?—A. No.

Q. Did you never have anything to do with releasing liquor from bond, from the Customs?—A. No, sir.

Q. Never?—A. No, sir.

Q. When you saw the Minister in regard to that alcohol, what was his reply?—A. Well, as near as I can recollect he said, when I mentioned that I understood there was some alcohol for sale, he said "What would your company pay?" I said I thought about 35 cents a gallon at that time. The answer was, Well, he would see what the price of alcohol was, and if they had any alcohol he might sell it.

Mr. DONAGHY: He might point out what 35 cents a gallon means.

By Hon. Mr. Stevens:

Q. What do you mean by 35 cents a gallon; in referring to alcohol as you are now, you refer to certain alcohol, what do you mean by that, giving the technical terms?—A. Well, I don't know that; that is the trouble, sir.

Q. 35 cents a proof gallon?—A. I think so.

Q. That is what you were paying?—A. I was not buying it.

Q. You were acting at the request of the Dominion Distilleries to find out the cost of about 9,000 gallons of alcohol; you asked the Minister what he would take for that alcohol. What were you paying?—A. I was not really paying anything at that time, I was simply inquiring whether it was for sale.

Q. As a business man, you did not approach the Minister with regard to 9,000 gallons of alcohol without knowing what you were going to pay for it; you asked the Minister if they had any alcohol for sale, and you said the price was about 35 cents a gallon?—A. I asked him what I have already said, if the Department would sell the alcohol.

Q. What alcohol, alcohol for sale in Montreal; where was it advertised?—
A. I don't know.

Q. Did you see it advertised?—A. No, sir.

Q. How do you know it was advertised?—A. I know some letters came in about it, at least I was told so.

Q. From whom did those letters come?—A. From the Department.

Q. Can you produce those letters?—A. I cannot.

Q. Who has them?—A. The Dominion Distilleries must have them.

Q. The Dominion Distilleries can produce those letters?—A. Yes.

Mr. DONAGHY: The file of all the correspondence was produced for the Minister.

Hon. Mr. STEVENS: It is all here.

By Hon. Mr. Stevens:

Q. This 35 cents a gallon, you do not know what you offered that for?—
A. Well, no, I do not, Sir, to be truthful about it, except that it was for a gallon of alcohol, a proof gallon. I would imagine that it would be that.

Q. What would that be for, 69 per cent over proof?—A. I don't know.

Q. You have no idea?—A. No, sir, not the slightest.

Q. Yet you acted as agent to purchase 9,000 gallons of alcohol?—A. I am no agent.

Q. A missionary, then?—A. No, just a man.

Q. Just doing it for them?—A. Yes, sir.

Q. No commission in it?—A. No commission in it.

Q. I think you are the kind of man a good many business men would like to have, to do their business for nothing. Did you come to Ottawa and see the Minister?—A. No, sir.

Q. Now, think—A. You mean on that particular question? No sir.

Q. Where did you see the Minister?—A. If my recollection serves me well, it was in Montreal.

Q. Where in Montreal?—A. At the office of the government.

By Mr. Donaghy:

Q. Mr. Hushion, did you say you were a shareholder in this company, the Dominion Distilleries?—A. Yes sir.

Hon. Mr. STEVENS: Never mind that.

Mr. DONAGHY: It explains the whole thing. The man is a shareholder.

Hon. Mr. STEVENS: It does not explain the whole thing at all.

By Hon. Mr. Stevens:

Q. Where did you see the Minister in Montreal?—A. At the government office.

Q. What government office?—A. I only know one.

Q. Tell us what it was.—A. It was on St. James Street, the last time I saw it.

Q. In the Post Office?—A. Yes, in the office there.

Q. Do you recall when that was?—A. I do not recall the date.

Q. Do you recall the day?—A. No, I do not.

Q. Was it Saturday or Friday?—A. I think possibly it might have been either Saturday or Monday.

Q. But you could not be sure?—A. No.

Q. Can you refresh your memory by any document?—A. No sir.

Q. Kept no memorandum?—A. No sir.

Q. Did you come to Ottawa later and see the Minister in regard to it?—
A. I think I was up in Ottawa on some business, and I might have mentioned it. I think I might have.

Q. I would like you to be sure on it.—A. I cannot be sure, but I presume I might have done it.

Q. It is not so long ago, Mr. Hushion.—A. It is long enough ago that I am not sure of it.

Q. Will you declare you did not come to Ottawa and see the Minister in regard to it?—A. For that thing?

Q. Did you come to Ottawa and converse with the Minister about the purchase of this alcohol for the Dominion Distillers?—A. No, not for that particular thing.

Q. Did you discuss with the Minister in Ottawa the purchase of this alcohol?—A. Yes, probably I did.

Q. After you made this first approach to him in Montreal?—A. I believe I did.

Q. It has taken rather a long time to get to that point. And you offered on behalf of the Dominion Distillers thirty-five cents a gallon?—A. I only said it at that first interview, and it was then carried on between the company and the department, if there was anything then.

Q. Did the Dominion Distillers buy this alcohol?—A. Yes sir.

Q. Do you know how much they bought?—A. No.

Q. How much did they buy?—A. I don't know.

Q. No idea?—A. No.

Q. Did you know there were 400 gallons more delivered to them than they bought?—A. No sir.

Q. Did you ever hear of that?—A. No sir.

Q. Never heard of that at all?—A. Never heard of it.

Q. And you have no knowledge of the internal workings of the Dominion Distillers at all?—A. No sir.

Q. I suppose you know what business they are in?—A. I imagine I do.

Q. Do you produce there all your books and documents, as asked for in this resolution?—A. Yes sir.

Q. Will you open up your parcels and produce them to the clerk now? I will read the list off, if you will do so. We asked for original books of entry. Have you those with you?—A. I have not those with me.

Q. Why haven't you?—A. Of my own business, you mean?

Q. Yes, W. J. Hushion & Co.—A. I have brought all my bank statements for the last two years.

Q. If you wouldn't mind, Mr. Hushion, I would like to take them in the order they are here. Do you produce your original books of entry—and I will specify—A. No.

Q. You do not?—A. No, not here.

Mr. BRACKIN: No, not here.

Hon. Mr. STEVENS: Just a moment, Mr. Brackin, please.

By Hon. Mr. Stevens:

Q. Why don't you produce, them, Mr. Hushion?—A. I haven't any reason for not producing them; I thought I brought all and more than was required.

Q. Mr. Hushion, the summons is very clear.—A. I can very easily have it here on the afternoon train.

Q. I am not anxious to be unreasonable, but I think it very clear.—A. It was clear, but I brought what I really thought you wanted.

[Mr. William James Hushion.]

Mr. BRACKIN: Mr. Hushion had the idea, sir, when I first saw him, that the hay and grain business had not anything to do with this, and he was not to bring those. But I told him when I saw him this morning that what he should have brought was exactly what was called for by the committee, and that if there was anything relating to his private business the committee would not touch it, and he need not worry about that. That is our situation.

Hon. Mr. STEVENS: You are acting for him?

Mr. BRACKIN: For Mr. Hushion and the Dominion Distillers, and for George.

By Hon. Mr. Stevens

Q. Do you produce your bank books and cancelled cheques and statements?—A. Yes sir.

Q. Do you produce your invoices for goods inwards and outwards?—A. No, not here.

Q. Let us produce what you have. You produce all your cheques?—A. Yes.

Mr. BRACKIN: I do not think he has anything but cancelled cheques and bank books.

By the Chairman:

Q. Do I understand that you are a hay and grain merchant?—A. Yes sir.

Hon. Mr. STEVENS: That is what he tells us.

The CHAIRMAN: Yes, that is what he told us.

Hon. Mr. STEVENS: He is also a missionary for the Dominion Distillers.

Mr. BRACKIN: But he does not take up the collections.

By Hon. Mr. Stevens:

Q. You say you only produce your cancelled cheques?

Mr. BRACKIN: Plus the bank books.

Hon. Mr. STEVENS: What I want from you are your original books of entry, your invoices of goods inwards and invoices of goods outwards.

Mr. BRACKIN: Do you mean by that hay and grain, and all that sort of thing?

Hon. Mr. STEVENS: I want for the years 1924 and 1925 the invoices of goods he has shipped in connection with his business, including hay and grain, or alcohol or anything else.

Mr. BRACKIN: We do not ship anything else.

By Hon. Mr. Stevens:

Q. I want the way bills.—A. You will get them.

Q. And shipping receipts, and warehouse receipts; original order books; orders received for goods; shipping instructions, and your customs entries and customs receipts, insurance policies, and so on.

Mr. BRACKIN: You do not want his life insurance policies?

Hon. Mr. STEVENS: No, everything pertaining to his business.

Mr. BRACKIN: You will take everything but his life.

Hon. Mr. STEVENS: That is not what I mean, Mr. Brackin.

Mr. BRACKIN: Mr. Hushion had the idea that it had something to do with liquor shipments.

[Mr. William James Hushion.]

By Hon. Mr. Stevens:

Q. When will you produce those?—A. To-morrow sometime.

Q. Are you the sole proprietor of your business?—A. Yes sir.

Q. It has no officers? You are not incorporated?—A. No sir.

Q. A private company?—A. Yes sir.

By Mr. Bell:

Q. There is just one thing I would like to know. You have said, Mr. Hushion, I think, that you first discussed the matter of the purchase of this alcohol with the Minister in Montreal, and then afterwards discussed it again here in Ottawa. That is what you said, is it not?—A. I said I thought I had perhaps discussed it in Ottawa.

Q. And I think you told Mr. Stevens just now that in the interim the matter had been proceeded with by the Dominion Distillers themselves?—A. Yes sir.

Q. Under what circumstances did it again pass to you?—A. It did not pass to me again.

Q. What was there present to your mind, when you came back here to Ottawa, that induced you to take it up, when you knew it had been turned over to them?—A. I might have just enquired how it was going, or when they were going to answer, perhaps, the correspondence that had been going on. I might have done that.

Q. Have you no recollection of that?—A. No.

Q. Then you cannot tell us, either, how you knew or how you were again seized of the matter yourself, or what you said when you came here?—A. You are asking me a peculiar question. I came to Ottawa and met the Minister; I naturally might have said, "Have you sold or have you decided to accept their offer," or something like that. That is all.

Q. You might have said that?—A. Sure.

Q. So that your recollection now is that you might have done it and nothing more?—A. That is so.

Q. Do you realize how much farther than that you went in answering the question by Mr. Stevens? Are you going to tell us now that you did see the Minister about it in Ottawa, or that you did not?—A. I should say I did not.

Q. You did not?—A. Yes. I certainly did not come here for that especially.

Q. You know I am not asking you that. Are you now going to say that you did not see the Minister, regardless of the purpose for which you came?—A. Oh, in that case, I would say I did see him.

The CHAIRMAN: That is all just now.

Mr. BRACKIN: Shall we come back to-morrow morning?

The CHAIRMAN: Yes.

The witness retired.

WILLIAM FOSTER WILSON called and sworn.

By the Chairman:

Q. What is your occupation?—A. Chief, Customs and Excise Preventive Service.

The CHAIRMAN: Mr. Minister, (Hon. Mr. Boivin) if you wish to conduct the inquiry, it is permissible, there is a standing order to that effect.

Hon. Mr. BOIVIN: Thank you, Mr. Chairman, I will ask Mr. Wilson a few questions which will perhaps lead up to cross-examination by members of the Committee.

[Mr. William Foster Wilson.]

By Hon. Mr. Boivin:

Q. How long have you been in the Customs service, Mr. Wilson?—A. Since the 19th of June, 1891.

Q. How long have you occupied your present position as Chief of the Customs and Excise Preventive Service?—I have been in charge of the Preventive Service since April, 1909.

Q. Since April, 1909—A. Yes.

Q. Mr. Farrow has already stated to this Committee that your staff was composed of 104 regular employees. Is that correct?—A. The total staff is 367.

Q. 367?—A. Yes.

Q. How is that made up?—A. There is a Headquarters Staff in Ottawa here, numbering 21; there are outside paid officers—permanent officers—numbering 53, plus one clerk stenographer, who is under suspension; there are 90 temporary officers who receive salaries. That makes a total of 165 paid officers. In addition to that there are a number of officers who are appointed by the Minister, without salaries, totalling 181. 165 plus 181 is 346. Then there are 21 secret service officers under the special vote passed by Parliament last year. That makes 367. I should add to that that last year we had fifteen patrol boats. The full complement for these boats was 119. They are not included in the 367, with the exception of possibly one or two paid masters.

Q. Let us take the patrol boats first. You say you have 15 patrol boats? Are these boats owned by the Department or rented by the Department?—A. We had 15 patrol boats in operation last year, 11 of them were owned by the Department and four were chartered.

Q. When a patrol boat is chartered by the Department, does the Department pay the salaries of the crew, or are they paid by the owner of the boat?—A. Well, there have been vessels chartered by the Department where the owner of the vessel paid for the crew; there are other vessels which have been chartered which are manned, or have been manned and paid for by the Department.

Q. Now, you say there are 11 of these boats owned by the Department and four chartered—that is, for the past year?—A. Yes.

Q. Will you tell the Committee on which coast of Canada those vessels operate?—A. In the St. Lawrence and along the Atlantic coast.

Q. Have we any patrol boats on the Pacific coast?—A. There is one patrol boat on the Pacific coast, which I have not included in the 15. Although it is paid for by the Preventive Service, we have nothing to do with it. It is under the direction of the Collector of Customs and Excise in Victoria.

Q. For what purpose are these patrol boats operated—I think that word will cover both boats owned and chartered—by the Department of Customs?—A. For the purpose of apprehending smugglers and preventing smuggling.

Q. Especially on the Atlantic coast and in the Gulf of St. Lawrence?—A. On both coasts, the Atlantic and Pacific.

Q. We only have one boat on the Pacific?—A. Yes.

Q. And these boats are for the purpose of preventing smuggling insofar as it is possible?—A. Quite so.

Q. On the Atlantic coast and in the Gulf of St. Lawrence?—A. Yes.

Q. Could you say for the information of the Committee by what Department the employees on these boats are paid—or do you not know?—A. Well, on our own boats—the boats owned by the Department,—the whole crew is paid by the Department of Customs and Excise.

Q. Under special vote passed by Parliament each year?—A. All the Preventive Service boats and revenue cruisers.

[Mr. William Foster Wilson.]

Q. Are all these boats paid for out of the special vote of \$350,000 which was passed for last year, or are some of them paid for out of the regular Preventive Service vote, or do you know?—A. I would say they are all paid for out of the Preventive Service vote. There may be a small boat, which was chartered at Prince Edward Island. It might possibly have been charged to the special vote, I am not sure of that.

Q. In the event of any of the officers on any of these boats making a seizure, is that seizure reported to you in the same way as a seizure made by any member of your staff?—A. Yes.

Q. Now, coming to the men who are special preventive officers without salary, how many do you say you have?—A. One hundred and eighty-one.

Q. One hundred and eighty-one?—A. Yes.

Q. Can you tell the Committee, in a general way, where these men are located?—A. Well, they are scattered right across Canada.

Q. Right across Canada?—A. Yes.

Q. You have one hundred and eighty-one men who are special preventive officers without pay, scattered across Canada?—A. Yes.

Q. When you say they are preventive service officers without pay, do you mean that they receive no regular salary?—A. Yes, sir.

Q. Are they entitled to a portion of what is commonly called a moiety, although it is not half, of the proceeds of the seizures made by them?—A. Yes.

Q. They are?—A. Yes.

Q. Are any of these 181 men members of the Royal Canadian Mounted Police?—A. Yes.

Q. Could you tell us about how many?—A. I am sorry to say that I have not got the number.

Q. You have not got that?—A. Not the exact figures.

Q. Can you give us an idea?—A. That is hard to say from memory.

Q. Well, could you tell us in what portions of Canada this title or, I should say this privilege, the privilege of acting as a preventive service officer, without pay, is granted to certain numbers of the Royal Canadian Mounted Police? In what portions of Canada?—A. Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta and I think, in British Columbia. I should add that a short time ago there was an officer on the force in Montreal, temporarily authorized in connection with some particular investigation, and when that was completed his appointment was terminated.

Q. Will you prepare, Mr. Wilson, for the information of the Committee, a statement showing first, how many of these 181 men are stationed in each province of Canada, and showing also how many men stationed in each province of Canada are members of the Royal Canadian Mounted Police?—A. Yes, sir.

Q. When could we file that?—A. To-morrow.

Q. Now, the next class of officers that I want to deal with are the officers appointed within the last nine months, under the special vote passed by Parliament last year, of \$350,000. Can you tell us how many men have been appointed under that vote?—A. Well, there are at present 65.

Q. There are at present 65?—A. Yes.

Q. Can you tell us how many have been appointed altogether?—A. There were eleven others appointed, but since dropped or dismissed.

Q. Since dropped or dismissed?—A. Yes.

Q. Will you prepare a statement for the Committee to-morrow, showing the number of men or the proportion of these 65 men stationed in each one of the different provinces of Canada?—A. Yes, I have here a statement showing them all, but they are not divided into provinces.

Q. I would like to have them divided into provinces?—A. Yes.

Q. Of how many in each province, and how many were appointed in each province, who had been dismissed?—A. Yes.

Q. Now, in addition to that, you say that we have, if I understood you correctly, 21 men who are paid out of the special secret preventive service vote, and I just want to know if I am correct in this. What is the amount of that vote, do you remember?—A. Well, these men—these 21 men are paid out of the \$350,000 vote of last year.

Q. They are included in the 65?—A. They are included in the 65.

Q. Will you tell the Committee what difference you make between a special officer, paid for out of that vote, and the special secret officer paid for out of that vote?—A. Well, the secret officers are not empowered to make seizures. Their business is to furnish information. The balance of them are empowered to make seizures.

Q. In other words, if I understand you correctly, the 21 are acting more in the role of detectives, giving information, and I might use the word, informers, giving information either to you or to the collectors or to other preventive service officers. Would that be correct?—A. Not quite. They are employed, as I said, for the purpose of furnishing information of frauds on the revenue. They are to report to me and as such they are special officers, or officers in charge of districts in their particular localities, but they are not authorized, nor expected to report to collectors.

Q. In other words, the officers to whom they are to report are indicated by you when they are appointed?—A. Yes.

Q. Now, you have the regular preventive service officers. What is their special and principal duty?—A. To attend to smuggling, merchandise passed through customs houses in the country, or what is commonly called, under-valuation.

Q. They have the double duty of preventing absolute smuggling and preventing, in so far as you can, under-valuation of imports and merchandise?—A. I think I should add to that that there are special investigations sometimes ordered by the Department which we incidentally do, but their occupation is for the protection of the revenue against frauds.

Q. And even the special investigations ordered by the Department have for their ultimate object the prevention of frauds in the customs revenue of Canada?—A. Of one kind and another.

Q. Are these men empowered to make both customs seizures and excise seizures?—A. Yes, at first when the departments were amalgamated, there was a sort of a line drawn but that has been abolished, and the officers are now all empowered to make seizures under both the Customs and Excise Acts.

Q. Are the Customs and Excise—I do not think it is necessary to make a difference between the two, the Committee understands, and will correct me if I am wrong, that a customs seizure is a seizure made, owing to the fact that goods have been imported into Canada without the payment of customs duty?—A. Or a portion of it.

Q. Or a portion of it?—A. Yes.

Q. An excise seizure is a seizure made for an infraction of the Excise Act of Canada?—A. Yes.

Q. That is to say either for illicit operations or for failure to pay excise duty?—A. Yes. Illicit distillation of spirits; tobacco, cigarettes, ear washes.

Q. Will you tell us how a customs seizure is made and how it is reported to the Department?—A. My officers are in the field. If they have occasion to make a seizure and do make a seizure, they report the details to me, with a report on form K-9, together with a detailed report of further circumstances, if there be any, that are not covered in the seizure report, and that seizure

report is entered in the branch here, in the seizure record book. If it is excise, it goes into the excise book.

Q. We are talking about the Customs?—A. It goes into the Customs book, in which our numbers are entered, then we transfer each seizure to the Deputy Minister of the Department, with the evidence connected therewith.

Q. Transferred to whom?—A. Transferred to the Deputy Minister.

Q. Customs seizures of goods—correct me if I am wrong—goods smuggled into Canada are seized by the officers, goods upon which duty is not fully paid can be seized by the officers, can they not?—A. Yes, sir.

Q. Under the Customs Act, officers as I understand it also have power to seize the vehicle in which smuggled goods are transported, have they not?—A. Yes, sir.

Q. And when these seizures are made, they report accordingly?—A. Yes, sir.

Q. Giving as much detail as possible?—A. Yes.

Q. The report is transmitted from you to the Deputy Minister?—A. Yes.

Q. Will you tell the Committee when that report, if ever, comes back to you?—A. After we submit the matter originally to the Deputy Minister, the only time it may come back to us or has come back to us is for the purpose of further inquiry, if necessary, that is to say, if some evidence submitted by those against whom a charge may be made may require some further investigation, we give it the necessary attention.

Q. So that it happens frequently that when a defence is filed by a party against whom a seizure is made, your officers are asked for further information to rebut the evidence he may have filed?—A. I would not say frequently, but it does arise.

Q. Perhaps not in the large number of cases you handle every month; you would not consider that a frequent occurrence?—A. No.

Q. After a seizure has been disposed of, by what I think you call a decision signed by the Deputy Minister, and approved of by the Minister on Form K-9—I think that is the name of the form?—A. Yes.

Q. Does the seizure then go back to you, or does the record then go back to you?—A. No. After the Minister's decision is rendered, we receive a notice of the decision from the Department, usually signed now by the General Executive Assistant, informing us of the contents concisely of the Minister's decision.

Q. What I am trying to get at, Mr. Wilson, is this: when these decisions are rendered, sometimes a deposit made upon goods is confiscated, sometimes the party is allowed to get possession of the goods on payment of duty paid back, sometimes upon the payment of double duty, sometimes upon the payment of single duty, but it frequently happens, I think you will agree, that the goods are confiscated to the Department or to the Government?—A. Yes.

Q. What I want to get at is, what part do you take or what part do you take in the disposal of goods confiscated to the Government by Ministerial decision? In the other cases I understand the goods are returned.—A. Yes.

Q. What I am coming at is, where the goods are confiscated and must be disposed of, how are they disposed of and what part does your Department take in the disposal of those goods?—A. Under the law, there can be no disposal until the lapse of 30 days after the Minister's decision. After that we endeavour to sell the goods.

Q. How are they sold, by auction, by tender, or by private sale?—A. I will qualify that by saying that in the case of narcotic drugs, we do not always sell them, we destroy them.

Q. In the case of narcotic drugs, you destroy them?—A. Not always, but some times; it depends upon the character of the goods.

Q. Does it not sometimes happen also that in the case of liquor seized the liquor is destroyed?—A. Yes.

By Mr. Donaghy:

Q. Witness, you said "We" endeavour to sell the goods.—A. My branch does.

Q. Your branch, you mean.—A. Yes.

By Hon. Mr. Bowin:

Q. In the case of a liquor seizure in some cases the liquor is destroyed?—A. Sometimes, yes.

Q. Is it not a fact, Mr. Wilson—I wanted to be correct, but I think this is the impression I have so far received from my Deputy Minister—that the Department does not sell liquor for purposes of consumption unless the price paid for the liquor is at least equal to the duty which would be paid upon the same kind of liquor if it was imported into Canada in the ordinary way?—A. Those are our present instructions.

Q. And when liquor cannot be sold at that price, it is generally destroyed?—A. Yes, sir.

Q. In the case of narcotic drugs, are there any special instructions as to when they should be sold and when they should be destroyed?—A. Not from the Department.

Q. Is that a matter for your own judgment?—A. Yes, sir. Our own judgment, that is to say, sometimes narcotic drugs are seized in we will say 2 ounce bottles, and the bottles may have been opened; we cannot sell those because manufacturing chemists will not buy any opened packages, but where they are clearly originally sealed packages our chances for selling are much better.

Q. Now, we have been speaking about customs seizures. In the case of excise seizures, is exactly the same procedure followed?—A. No. In the case of excise seizures, the Minister has not the decision of them.

Q. The decision of excise seizures is left to the Courts?—A. So far as indictable offences are concerned.

Q. And if stills or apparatus are confiscated, they are confiscated by judgment of the Court, as a rule?—A. Yes.

Q. There is a provision in the law for voluntary abandonment?—A. Yes.

Q. Which is sometimes taken advantage of by the accused?—A. Yes, but not so far as the indictable offences are concerned.

Q. But those are the two ways in which the articles seized in excise seizures are disposed of?—A. Yes. Those offences which are not indictable, as I understand it, the assistant deputy minister deals with them himself.

Q. Now, before I let you go, Mr. Wilson,—would you give me the file concerning the Tremblay alcohol, that was filed this morning?—there was a seizure made in 1924, if I mistake not, of a certain quantity of alcohol on a barge called the Tremblay?—A. Yes.

Q. There was a seizure made. There was quite a quantity of liquor seized there?—A. Yes sir.

Q. And among that liquor was, roughly speaking, about 16,000 proof gallons of alcohol, approximately?—A. There were 16,000 odd gallons.

Q. Can you tell us where that alcohol was placed?—A. In a bond room in the Customs House in Montreal.

Q. Can you tell us, Mr. Wilson, how that alcohol or the major portion of it, was disposed of?—A. It was sold.

Q. To the Dominion Distilleries, at thirty-six cents per proof gallon. As I understand it, Mr. Wilson, that sale was made by superior officers in the

department, if I may use the term. I do not mean any reflection upon your office.—A. I know that.

Q. But I mean, by other officers in the department.—A. Yes sir.

Q. Without your knowledge?—A. Yes sir.

Q. But before the sale had you, carrying out your duties, written to different parties in an attempt to dispose of this alcohol?—A. Yes sir.

Q. Among the documents filed this morning, I find a letter which you addressed to a customs excise enforcement officer at Halifax, enquiring from him if the Nova Scotia Liquor Commissioners would be interested in purchasing this liquor. You wrote that letter?—A. Yes sir.

Q. And you received a reply from Mr. Tracey on October 1st to the effect that they were not interested?

Mr. ELLIOTT: Just a moment; have we the originals of those?

Hon. Mr. BOIVIN: They are filed.

By Hon Mr. Boivin:

Q. Did you also offer that liquor to the St. Lawrence Vinegar Manufacturing Company, by letter of September 17?—A. Yes sir.

Q. And have you a letter from the St. Lawrence Vinegar, Manufacturing Company under date of October 1st, offering you a certain price for that alcohol?—A. I had, but I think that original was transferred to the department.

Q. I have a copy here, but we will endeavour to get the original?—A. Yes sir.

Q. They made an offer of thirty-five cents per proof gallon?—A. Yes sir.

Q. Did you also receive a letter under date— —A. That is to say, I should perhaps qualify that.

Q. Yes, make the correction. That was some alcohol, 6,948 proof gallons, which you had at Quebec?—A. Yes sir, also supposed to be out of the Tremblay.

Q. Also supposed to be out of the Tremblay?—A. Yes sir.

Q. Did you receive, on November 14 or rather did you receive a letter dated November 14, from the Dominion Distillers, offering you thirty-five cents?—A. Yes sir.

Q. That letter was addressed to Mr. Henry McLaughlin, in the Department of Customs at Montreal?—A. Yes sir.

Q. And forwarded to you by Mr. Bisailon?—A. Yes sir.

Q. Who was then in the employ of the department?—A. Yes sir.

Q. Do you know personally at what price this alcohol was sold?—A. It is only hearsay.

Q. Then you need not state it.—A. I know the value, the total deposit made.

Q. You have the total deposit made?—A. I have the total proceeds of the sale.

Q. What were the total proceeds of the sale?—A. \$5,906.91.

Q. Can you tell us from the documents you have before you the exact number of proof gallons?—A. Sold?

Q. Yes.—A. No sir.

Q. If I remember correctly, when this liquor was sold, or when this alcohol was sold by some one else in the department, you were not advised?—A. No.

Hon. Mr. STEVENS: I did not catch that question.

By Hon. Mr. Boivin:

Q. I say, if I remember correctly, at the time this alcohol was sold by some other person in the department, you were not immediately advised?—A. I was not.

Q. When the alcohol was first removed from the Customs warehouse in Montreal, did you receive a message from some person in Montreal advising you that the removal was taking place?—A. Yes sir.

Q. From whom did that message come to you?—A. From the officer acting in charge of the preventive service in Montreal.

Q. That is the man who was temporarily replacing Mr. Bisailon?—A. Yes.

Q. What was his name, please?—A. Mr. Hunter.

Q. And if I remember correctly, you gave instructions to have the removal of this alcohol stopped?—A. I did.

Q. And it was only after that that you learned from the acting deputy minister and myself that the alcohol had been sold and that the removal was—I will use the word—"legal", insofar as the buyer was concerned?

Mr. BELL: Mr. Chairman, I do not wish to embarrass the Minister's examination, but may I point out that what is now happening is that the Minister is making a statement here and that the witness is saying yes, and yes, and he is not disclosing to use the course of events as he knows it.

Hon. Mr. BOIVIN: I think I have made it quite clear, Mr. Bell; I do not want to lead the witness, but I think I have made it quite clear that Mr. Wilson was not in Montreal.

Mr. BELL: That is unfortunately what it happening.

Mr. DONAGHY: I think the witness is giving his evidence in a very clear and satisfactory manner.

Mr. BELL: Oh, there is no question about that, if he is allowed to give it.

Mr. DONAGHY: These legal quibbles never get us anywhere.

Mr. BELL: I am glad Mr. Donaghy recognizes that at last.

Hon. Mr. BOIVIN: I want to assure the Committee that it was not my intention to lead. One or two questions, Mr. Bell, may have been what would be termed in a court of justice as leading. I realize your objection is well founded in that respect.

Hon. Mr. STEVENS: Also we will have no time for cross-examination, as it is after one now.

Hon. Mr. BOIVIN: I think Mr. Wilson will be present tomorrow.

By Mr. Donaghy:

Q. You are not going out of town, Mr. Wilson?—A. No, sir.

Hon. Mr. BOIVIN: He will be here for cross-examination.

Mr. BELL: I do not believe we need to ask him to come until later. Mr. Sparks is called for tomorrow.

Mr. DONAGHY: I don't know but that we may as well finish this witness.

Hon. Mr. STEVENS: No, no—

Mr. DONAGHY: You need not make such a hub-bub about it. When the witness is on the stand, he is usually finished.

Hon. Mr. STEVENS: No, your ideas are away out—a long, long way out.

Mr. DOUCET: Is this another legal quibble?

Hon. Mr. BOIVIN: Speaking on behalf of the Department under investigation, if I may be permitted by the Committee, I would like to say this; we readily understand that a general cross-examination of Mr. Wilson would cover such a variety of subjects that it might possibly take one or two days of the sittings of this Committee, and for that reason, if I might make the suggestion, he might be recalled tomorrow morning for cross-examination only on the facts brought out to-day—

The CHAIRMAN: In chief?

Hon. Mr. BOIVIN: In chief—and be held available to the Committee for cross-examination at any time the Committee wants him.

Mr. DONAGHY: I take it that to-morrow morning's proceedings will be ordered to-morrow morning.

Hon. Mr. STEVENS: Exactly.

Mr. DONAGHY: We need not waste any time now.

Hon. Mr. STEVENS: But I want to point this out, that Mr. Sparks, representing the Protective Association, together with a number of prominent business men who are vitally interested in this matter, will be in attendance to-morrow.

Mr. BELL: And are on their way now.

Hon. Mr. STEVENS: It is the common practice of these committees to give right-of-way to people from out of the city—

The CHAIRMAN: To save expense.

Mr. DONAGHY: If we find them here tomorrow morning, we can deal with that question. There is no use anticipating.

Hon. Mr. STEVENS: If I am permitted, I would like to ask one question of Mr. Wilson before he leaves the stand. I wanted file 24 D-64-1-D, which was here the other day, but I have not been able to obtain it.

By Hon. Mr. Stevens:

Q. Do you recall a letter, Mr. Wilson, written by yourself to Commissioner Starnes of the Royal Canadian Mounted Police, dated May 6, 1924, in which you gave instructions, by order of the Minister of Customs and Excise, to Commissioner Starnes that all his officers operating in the district of Montreal should report to Mr. Bisailon, the Chief Preventive Officer, in charge at Montreal? Do you remember that letter?—A. Yes.

Q. Now, I will read this letter to you, so that you may recall its contents (Reading): "Dear Sir,"—

The CHAIRMAN: Wait a minute, Mr. Stevens. You are now confronted with the same objection we had Friday. Your question is "Do you remember such-and-such a letter," and give the contents of it; that is perfectly legal. If the witness says "Yes", then ask him to file the letter, and when it is filed you can cross-examine him at your will.

Hon. Mr. STEVENS: It is on file. I saw it the other day.

By Hon. Mr. Stevens:

Q. You recall a letter of instructions from you to Commissioner Starnes saying that the Minister of Customs had directed you to say that in the future all Canadian Mounted Police Officers in the district of Montreal should report to Mr. Bisailon, and that all reports to you would be received through Mr. Bisailon.

Mr. GAGNON: Mr. Chairman, if there is any letter, I object to this question being put unless the letter is before the Committee.

The CHAIRMAN: The objection is well taken.

Hon. Mr. STEVENS: You have no right to make any objection.

By Hon. Mr. Stevens:

Q. Do you recall that letter, Mr. Wilson?—A. Yes; instructions were sent out, and I have no doubt there was a letter written.

[Mr. William Foster Wilson.]

By the Chairman:

Q. Do you remember the contents of that letter?—A. The contents were as Mr. Stevens indicated. I have no doubt a copy of that letter is on my file.

By Hon. Mr. Stevens:

Q. Will you produce a copy of that letter?—A. Yes.

Q. At the next sitting of the Committee?—A. Yes. I remember the circumstances well; that was the understanding or arrangement.

By Mr. Elliott:

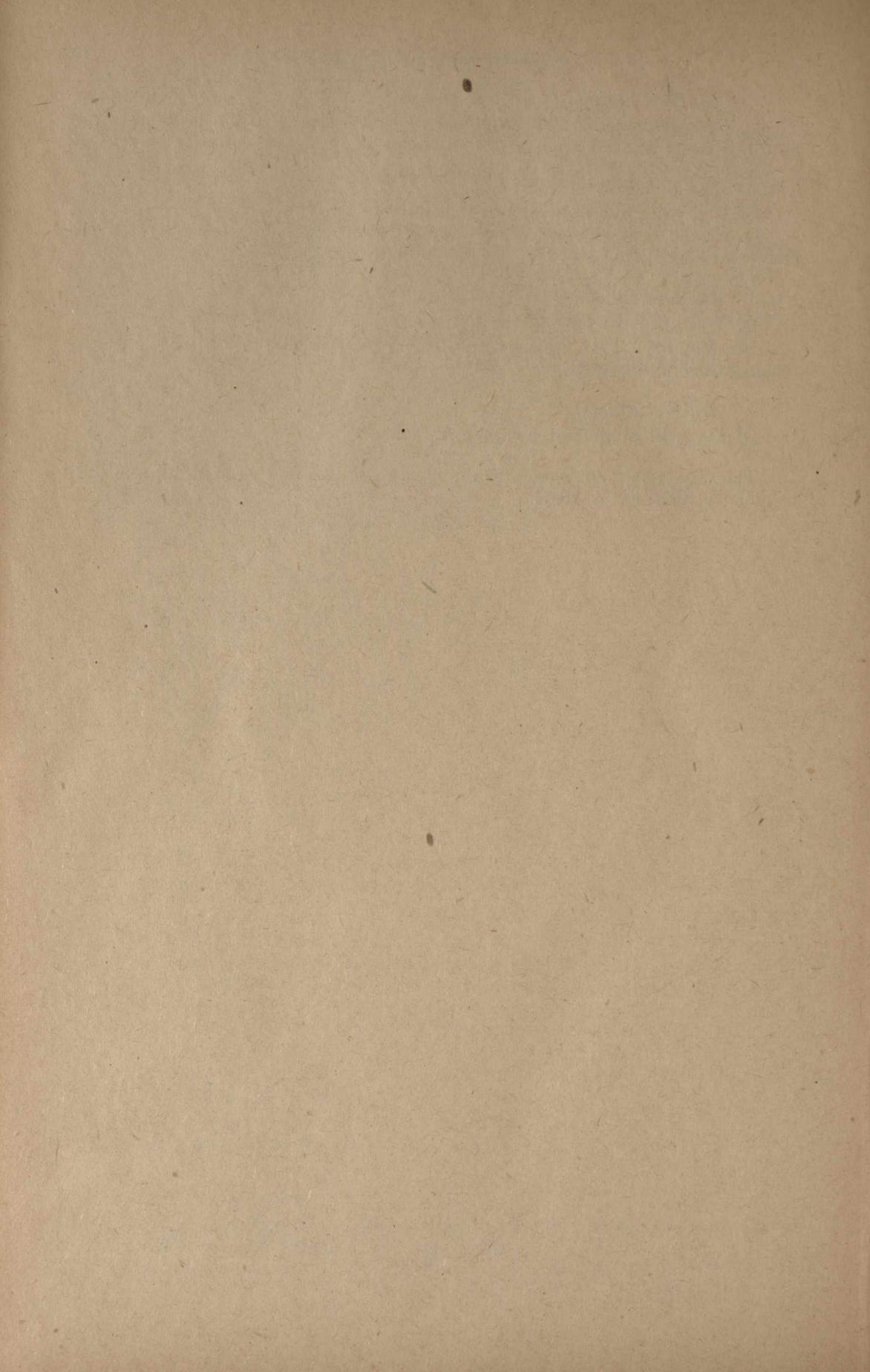
Q. You have the date of the letter—May 6th, 1924?—A. Yes.

Mr. ELLIOTT: Then we need not discuss further now as to what the contents of that letter were.

By Mr. Elliott:

Q. You will produce it please?—A. Yes.

The CHAIRMAN: It is now 10 minutes after one, and we will adjourn until to-morrow morning at 10.30.



SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 6—TUESDAY, FEBRUARY 16, 1926.

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. R. P. Sparks, Commercial Protective Association, Ottawa.

EXHIBITS FILED.

- No. 17—Letter dated 16th February, 1926, from Deputy Minister of Customs and Excise to Clerk of Committee respecting two seized automobiles.
- No. 17a—Memorandum attached to Exhibit No. 17, showing disposition of two seized automobiles.
- No. 18—Letter dated 23rd June, 1924, from Mr. Sparks to Prime Minister.
- No. 19—Minutes of Mr. Sparks' association relative to interview with Cabinet in respect to smuggling.
- No. 20—Telegram, dated Winnipeg, August 5-6, 1924, from Monarch Overall Manufacturing Co. Ltd., and eight other firms, to Mr. Sparks *re* proposed interview with Prime Minister as to smuggling.
- No. 21—Petition to Prime Minister and Members of Cabinet from silk and cotton manufacturers, jobbers and dealers *re* smuggling.
- No. 22—Letters patent incorporating Commercial Protective Association.
- No. 23—Commercial Protective Association, officers and members, with correspondence thereof.
- No. 24—Letter dated 12th December, 1924, from Mr. Sparks to Hon. Mr. Bureau *re* assisting the Department of Customs and Excise to suppress smuggling, also smuggling at Rock Island, Que.
- No. 25—Letter dated 4th February, 1925, from Mr. Sparks to Prime Minister *re* smuggling, and suggesting amendment of Customs Act.
- No. 26—Letter dated 21st February, 1925, from Mr. Sparks to Prime Minister *re* acquittal of Mr. Bisailon by Quebec Courts, and offering if desired, to make suggestions in regard to administration to suppress smuggling.
- No. 27—Letter dated 26th February, 1925, from Mr. Sparks to Prime Minister, stating that present smuggling could be reduced by half within a month, and that eventually ninety per cent of smuggling could be prevented, also *re* Mr. Bisailon.
- No. 28—Letter dated 20th March, 1925, from Mr. Sparks to Prime Minister, *re* making definite charges against Mr. Bisailon.
- No. 29—Letter dated 16th April, 1925, from E. J. Lemaire, Clerk of the Privy Council, to Mr. Sparks, acknowledging receipt of letter *re* Mr. Bisailon.
- No. 30—Letter dated 8th April, 1925, from Mr. Sparks to Prime Minister, suggesting amendments to Customs Act.
- No. 31—Letter dated 13th March, 1925, from Mr. Sparks to Prime Minister, *re* invitation by Cabinet of concrete suggestions as to amendments to Customs Act.
- No. 32—Resolution passed at annual meeting, 11th and 12th March, 1925, of Garment Manufacturers *re* suppression of smuggling.
- No. 33—Letter dated 17th July, 1925, from Mr. Sparks to Mr. Farrow, Deputy Minister of Customs and Excise, *re* trial at Montreal of Israel and Abraham Lenetsky, and complaining of lack of action on part of Department.
- No. 34—Letter dated 24th July, 1925, from Charles P. Blair, Department of Customs and Excise to Mr. Sparks, in reply to letter filed as Exhibit No. 33.

MINUTES OF PROCEEDINGS

TUESDAY, February 16, 1926.

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

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

The minutes of yesterday's meeting having been read, Hon. Mr. Boivin stated that he would prefer to have the word "produce" rather than the word "file" used respecting the original interim and final reports of Inspector Duncan. Minutes of yesterday, as so amended, agreed to.

Hon. Mr. Boivin produced, for the use of the Committee, the following documents, viz:—

1. Original interim report signed by Walter Duncan on December 10, 1925.
2. Exhibits mentioned in the evidence taken by Inspector Walter Duncan, and produced yesterday.
3. The official report into the administration of the Department of Customs and Excise at the Port of Montreal, signed by Walter Duncan, dated February 8, 1926.
4. The enclosures mentioned in the official report of Walter Duncan, dated February 8, 1926.
5. A copy of the Customs Seizure Report in the matter of Rex vs. Lortie and St. George.
6. The original Customs Seizure Report in connection with the Hudson sedan car seized from Mr. Eugene Guertin of Montreal, July 8, 1925.
7. The original correspondence, a copy of which was produced yesterday, exchanged between the Prime Minister's office and all other parties concerning the prevention of smuggling.
8. The original correspondence exchanged between Mr. R. P. Sparks and Mr. Jacques Bureau, former Minister of Customs and Excise, concerning the prevention of smuggling.

The Chairman read a letter, dated February 16, 1926, from the Deputy Minister of Customs and Excise to the Clerk of the Committee, submitting a memorandum in respect to the disposition of two seized automobiles, which was marked Exhibit No. 17.

In connection with Mr. Doucet's motion of yesterday respecting the schooner *Margaret Kennedy*, Hon. Mr. Boivin asked for further particulars so that he could expedite production of the file.

Mr. Elliott moved,—That Messrs. Bennett, Stevens, Donaghy, Kennedy and the Chairman be a sub-committee to arrange the order in which the witnesses to be summoned before this Committee shall be heard, and to group, as far as possible, the witnesses called in connection with each charge or complaint; and that the said sub-committee recommend the dates upon which the various witnesses shall be summoned to appear before this Committee.

Motion agreed to.

Mr. Bell moved,—That Mr. W. F. O'Connor be retained by this Committee to act as counsel for it, under the direction of Hon. H. H. Stevens, and that Messrs. Clarkson & Company be retained by this Committee to act as auditors before it, under the same direction and that such counsel and auditors be supplied with all necessary clerical and stenographical assistance.

After discussion Mr. Bell agreed to divide his motion into two, one for employment of counsel, and one for employment of accountants.

Motions stand until to-morrow.

Mr. Doucet moved,—For the production of the file containing all documents, correspondence, telegrams and reports in connection with the theft of intoxicating liquors from the Customs offices of Shediac, N.B., and Port Elgin, N.B., in October, 1925.

Motion agreed to.

Mr. Doucet moved,—For the production of the file containing the Departmental record of one, John Landry, as an employee of the Customs and Excise Department of the Port of Montreal.

Motion agreed to.

Mr. Roderick P. Sparks, Manufacturer, Ottawa, was called and sworn. He was examined by Mr. G. F. Henderson, K.C., counsel for the Commercial Protective Association, respecting the activities of that body.

During his examination the following exhibits were filed, viz:—

No. 18.—Letter dated 23rd June, 1924, from Mr. Sparks to Prime Minister.

No. 19.—Minutes of Mr. Sparks' association relative to interview with Cabinet in respect to smuggling.

No. 20.—Telegram, dated Winnipeg August 5-6, 1924, from Monarch Overall Manufacturing Co. Ltd. and eight other firms, to Mr. Sparks *re* proposed interview with Prime Minister as to smuggling.

No. 21.—Petition to Prime Minister and Members of Cabinet from silk and cotton manufacturers, jobbers and dealers *re* smuggling.

No. 22.—Letters Patent incorporating Commercial Protective Association.

No. 23.—Commercial Protective Association, Officers and members, with correspondence thereof.

No. 24.—Letter dated 12th December, 1924, from Mr. Sparks to Hon. Mr. Bureau *re* assisting the Department of Customs and Excise to suppress smuggling, also smuggling at Rock Island, Que.

No. 25.—Letter dated 4th February, 1925, from Mr. Sparks to Prime Minister *re* smuggling, and suggesting amendment of Customs Act.

No. 26.—Letter dated 21st February, 1925, from Mr. Sparks to Prime Minister *re* acquittal of Mr. Bisailon by Quebec Courts, and offering, if desired, to make suggestions in regard to administration to suppress smuggling.

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No. 31.—Letter dated 13th March, 1925, from Mr. Sparks to Prime Minister, *re* invitation by Cabinet of concrete suggestions as to amendments to Customs Act.

No. 32.—Resolution passed at annual meeting, 11th and 12th March, 1925, of Garment Manufacturers *re* suppression of smuggling.

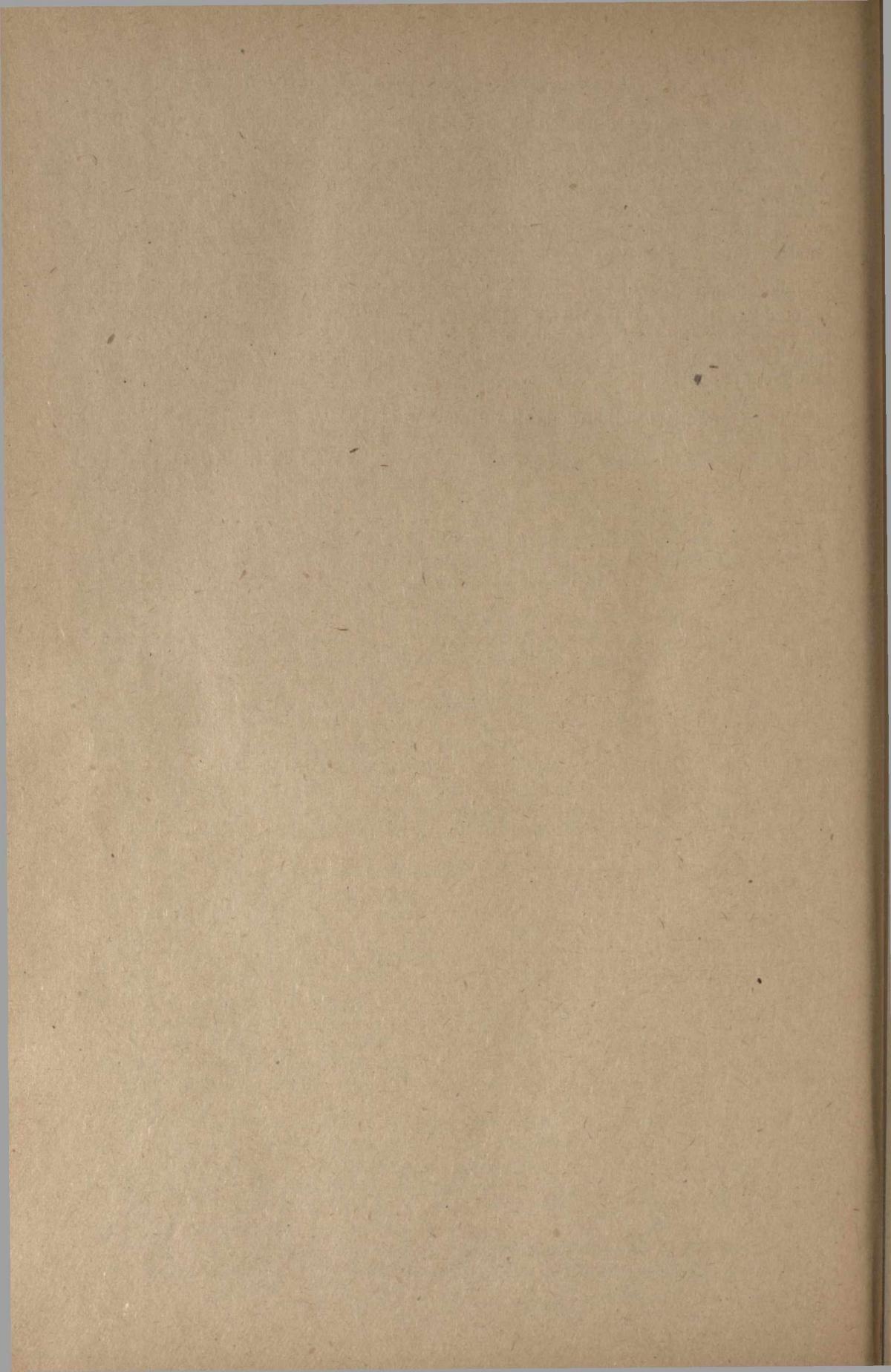
No. 33.—Letter dated 17th July, 1925, from Mr. Sparks to Mr. Farrow, Deputy Minister of Customs and Excise, *re* trial at Montreal of Israel and Abraham Lenetsky, and complaining of lack of action on part of Department.

No. 34.—Letter dated 24th July, 1925, from Chas. P. Blair, Department of Customs and Excise, to Mr. Sparks, in reply to letter filed as Exhibit No. 33.

Mr. Bennett moved,—“That a certified copy of the Court Records in the case of Israel and Abraham Lenetsky be obtained, which was agreed to. At the request of the Hon. Mr. Boivin, the following words were added to the foregoing motion,—“Also a copy of the inscription in appeal which was taken by the Department.”

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

WALTER TODD,
Chief Clerk.



MINUTES OF EVIDENCE

TUESDAY, February 16, 1926.

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

The CHAIRMAN: I have received the following letter addressed to Mr. Todd, the Clerk of the Committee.

EXHIBIT No. 17

OTTAWA, February 16, 1926.

WALTER TODD, Esq.,
Chief Clerk, Committee and Private Bills Branch,
Ottawa, Ont.

DEAR SIR,—I beg to send you herewith a memorandum submitted to me on this date by the Head Law Clerk, respecting the alleged purchase of a seized Dodge Sedan automobile by Special Inspector J. E. Bisailon for a Mr. Ouellette.

There is no record in the Department of a seized automobile having been sold to Officer Bisailon by the Customs Auctioneers in Montreal, Messrs. Dandurand, Limited.

The Departmental records, however, show the sale of a Dodge Sedan automobile to Mr. Ouellette on the 1st May, 1925, the net proceeds of the sale having been duly deposited to the credit of the Receiver General.

The memorandum shows the net amount realized from the sale of the Hudson automobile, the net amount in this case having also been placed to the credit of the Receiver General.

Yours truly,
(Sgd.) R. R. FARROW,
Deputy Minister.

EXHIBIT No. 17a

"OTTAWA, February 16th, 1926.

Memorandum for the Deputy Minister:

Departmental records show that Dodge Sedan Automobile covered by Preventive Service Seizure No. 4539 was sold at Public Auction by W. H. Dandurand Ltd., Montreal, Auctioneers, on instruction from the Department on May 1st, 1925. The car was purchased by J. Ouellette for \$455.00. Disposition was made of the proceeds of sale as follows:

Proceeds of Sale..	\$455 00
Auctioneers Fees..	\$45 50
Advertising Expenses..	23 24
	68 74
Net proceeds..	\$386 26

A draft covering the net proceeds of the sale was remitted to the Department by Special Inspector Bisailon and placed to the credit of the Receiver General.

The Hudson Auto was sold at Public Auction by Dandurand, Ltd., on May 8th to C. Chapleau and was accounted for as follows:

Proceeds of Sale..		\$455 00
Auctioneers Fees..	\$45 50	
Advertising..	10 05	
Polishing..	75	56 30
		<hr/>
Net Proceeds..		\$398 70

A draft covering the net proceeds of the sale was received by the Department and placed to the credit of the Receiver General.

The Departmental records do not show the sale of a Dodge Automobile or any other automobile to Special Inspector J. E. Bisailon.

Respectfully submitted,

(Sgd.) C. H. CALLBECK,
Head Law Clerk."

RODERICK PERCY SPARKS called and sworn.

By the Chairman:

Q. What is your occupation, Mr. Sparks?—A. Manufacturer.

Q. In Ottawa?—A. Ottawa.

HON. MR. STEVENS: Mr. Chairman, I would suggest that the counsel for the Association should conduct the examination of Mr. Sparks.

MR. DONAGHY: No objection.

THE CHAIRMAN: Will you proceed, Mr. Henderson?

By Mr. G. F. Henderson, K.C.:

Q. Mr. Sparks, you have said that you are a manufacturer doing business in Ottawa. Your factory is where?—A. Hull, Quebec.

Q. Your residence being in Ottawa?—A. Yes.

Q. And going back to the years 1923 and the early part of 1924, you had an official position in an organization of manufacturers, I think. What was that organization?—A. I was president of the Canadian Association of Garment Manufacturers.

Q. The Canadian Association of Garment Manufacturers?—A. Yes.

Q. And not to take up too much time in detail, you had in that capacity taken an interest in the question of smuggling, had you not?—A. Yes.

Q. And had you—I do not want to go into the detail of it—prior to the month of August, 1924, been in touch with the Minister of Customs and Excise in that regard?—A. Very frequently.

Q. As well as with officers of his department?—A. Yes.

Q. And in pursuance of your activities am I right in understanding that on the sixth day of August, 1924, a deputation appeared before the Prime Minister and certain members of the Cabinet?—A. Yes.

MR. HENDERSON: I may say, Mr. Chairman, that I want to trace chronologically and connect up, so as to make the correspondence which is already before the committee, understandable.

By Mr. Henderson:

Q. Have you in a concise form a record of what took place when that deputation was heard?—A. Yes.

[Mr. R. P. Sparks.]

Mr. HENDERSON: I would suggest, Mr. Chairman, if the committee is willing, that a report which Mr. Sparks then made to his own organization, of that deputation, might be put in as a convenient synopsis of what occurred, and then we will just mention it. There is nothing controversial about it.

Hon. Mr. BENNETT: And he will say it is true?

Mr. HENDERSON: Yes.

By Mr. Henderson:

Q. Have you before you, Mr. Sparks, a copy of a report which you made, of which I have a copy here, under date of August 9, to your own organization?—A. Yes.

Q. Would you be good enough to produce it and hand it in?

Mr. DONAGHY: If you don't mind, will you have the witness swear positively that it is true in every detail?

Mr. HENDERSON: You understand, Mr. Donaghy, as a lawyer—

Mr. DONAGHY: You are filing it as an exhibit before proving it.

Mr. ELLIOTT: Is it merely produced, or is it filed?

Mr. HENDERSON: It is merely produced for the moment.

By Mr. Henderson:

Q. In fact, Mr. Sparks, are the facts as set out in the report to your organization all true in substance and in fact?—A. Yes.

Q. Then you will be good enough to produce it?—A. I might say, Mr. Chairman, that preceding this I have a letter written to the Prime Minister asking for the appointment, and setting out in a general way the objects of the deputation.

By the Chairman:

Q. What is the date of that letter?—A. That is July 24th, 1924. The letter is of a very general character.

By Mr. Henderson:

Q. And that letter is already—A. Produced. The first letter.

Mr. BELL: Mr. Chairman, if it does not interrupt Mr. Henderson too much in his examination, I would like to hear that letter read.

Mr. HENDERSON: Yes, I will read it. You will find on the file, Mr. Chairman, a letter dated June 23, 1924, addressed by Mr. Sparks in his capacity as president of the Canadian Association of Garment Manufacturers, to the Prime Minister.

Hon. Mr. BENNETT: These letters are not in evidence; they are only produced, and as you use them you should put them in evidence. It is therefore important that you should indicate the file they come from.

Mr. HENDERSON: This is on the file of correspondence with the Prime Minister.

Mr. ELLIOTT: Is that in the file produced?

Mr. HENDERSON: It is in that file. I have checked it, and I understand the original has been produced this morning. Am I right in that, Mr. Boivin?

Hon. Mr. BOIVIN: Yes.

By Mr. Henderson:

Q. You wrote this letter to the Prime Minister?—A. Yes.

Mr. HENDERSON: This letter is dated June 23, 1924, and is as follows:

EXHIBIT No. 18

"Dear Sir,—Confirming the writer's conversation with your secretary, Mr. McGregor, we would respectfully ask the opportunity for a delegation representing this Association to lay before the government certain matters in connection with the wholesale smuggling of various classes of goods into Canada.

We think it would be desirable, should you grant this request, that the Minister of Finance, the Minister of Customs and the Minister of Justice might be present, as the matters which we wish to lay before you affect these three departments."

Mr. ELLIOTT: Will you pardon me a moment. I have here the file which, I take it, is the original file, because it seems to contain originals, some signed by Mr. Sparks, and some by the Minister's secretary, and I do not see any letter of the date you mention.

Mr. HENDERSON: There were copies handed in yesterday, Mr. Elliott; the Chairman has the file under his hand, I think.

The CHAIRMAN: Can you show it to me? I am looking through the file and I do not find it. I would like to follow it.

Mr. HENDERSON: It was marked, in the list furnished to me, as among those on the file.

Mr. BELL: On the file being handed in yesterday, Mr. Doucet checked it. Perhaps he might find it.

Hon. Mr. STEVENS: Read the letter, and Mr. Sparks will declare if it is a letter he wrote, and let us get along.

Mr. HENDERSON: Very well. (Reads):—

EXHIBIT 18—Con.

"We believe the Minister of Finance would be interested in the statement of our opinion that the loss of revenue will exceed \$10,000,000 per annum.

As the prevention of smuggling comes under the Customs Department, certain very important facts which we propose to put before the government in reference to the ineffectual methods now adopted by the Customs Department will be of interest.

We shall also call attention to the fact that conditions in the ports, particularly in Montreal, are such that smugglers are practically immune from punishment.

The whole question of smuggling has become a national problem. It is seriously affecting business, and, as pointed out, causing a tremendous loss of revenue. This Association for more than a year has studied this problem, and we would like to lay before your government a comprehensive statement covering the matter.

We would respectfully suggest that, if you are able to fix a date, it should be at least a week or ten days forward, as representatives from various parts of the country will require to be notified of the date set.

Trusting you will see your way clear to meet this delegation, and awaiting your early reply, we remain,

Yours respectfully,

Canadian Association of Garment Manufacturers,

per (Signed) R. P. SPARKS,

President."

By Mr. Henderson:

Q. Then it was pursuant to that letter, which I understand was in the file—at all events you wrote that letter, did you?—A. Yes.

Q. To the Prime Minister?—A. Yes.

Q. Then I will ask to put in a copy of that letter in the meantime. It merely initiates the proceedings. Then the deputation appeared on the 6th of August, 1924. What Ministers were present?—A. Right Hon. Mackenzie King; Hon. Jacques Bureau; Hon. Mr. Lapointe; Hon. Mr. Macdonald; Hon. Mr. Graham; and Hon. J. H. King.

Q. And who were present representing, first of all, your Association?—A. Representing our Association were:—

P. S. Hardy, Alphonse Racine Ltd., Montreal.
 Geo. Nagley, American Waist & Dress Co., Montreal.
 E. Jones, The Hampton Manfg. Co., Montreal.
 Joseph Moss, The Greenberg Smith Co., Montreal.
 F. W. Schwartz, Queen Dress & Waist Ltd., Montreal.
 W. H. Creamer, Semi-ready, Limited, Montreal.
 Jack Wegler, Wegler Skirt Co., Montreal.
 J. Seligman, S. & G. Dress Co., Montreal.
 S. Greenberg, Textile Skirt & Dress Mfg. Co., Montreal.
 E. H. Near, Larned, Carter & Co., Ltd., Toronto.
 Thos. E. Knowlton, Children's Wear, Ltd., Toronto.
 J. F. Kitchen, The Kitchen Overall & Shirt Co., Brantford.
 R. P. Sparks, Sparks-Harrison, Ltd., Hull.

By Mr. Henderson:

Q. That is your own organization. Now, give us the others.—A. (reading):—

Cotton Mills

E. A. Robertson, Montreal Cottons Ltd., Montreal.
 H. C. Brodie, Dominion Textile Co., Ltd., Montreal.

Representing the silk mills: Sol Bruck, of the Premier Silk Mills, Limited, and C. A. Reynolds of the Belding Corticelli Limited; representing the silk jobbers, J. Fowley, Silks Limited; H. S. T. Piper of the J. O. Bourcier Limited; M. Vineberg, Vineberg Goodman & Company; representing the Wholesale Dry Goods Association of Canada, Mr. N. Paulet; representing the Retail Merchants Association of Canada, Mr. E. N. Trower, and Mr. J. R. Dixon; representing the Canadian Manufacturers' Association, Mr. E. Blake Robertson, and Mr. C. Willis George.

Now, if the Committee would like, I will read a report which was subsequently sent to each of these gentlemen, setting out the facts as they took place at the Conference.

Mr. HENDERSON: As having already stated that these facts—

The CHAIRMAN: I do not think that is necessary, it is filed as a report.

Hon. Mr. STEVENS: I would like to hear it, Mr. Chairman.

The CHAIRMAN: If it is desired, of course we will have it read.

By Mr. Henderson:

Q. Just say what happened, Mr. Sparks.

Mr. ELLIOTT: Perhaps Mr. Sparks can, by looking at the letter, tell us what took place at that Conference in a concise way, better than by reading the letter itself.

Mr. HENDERSON: Mr. Elliott, my idea is that by reading this report the Committee will be in a better position to understand what took place at this Conference.

Hon. Mr. BOIVIN: And apart from that, it will be printed then, and I think it should be read. There was an understanding the other day that whatever was read would be printed.

Mr. HENDERSON: Yes, I think that is so, Mr. Boivin. Proceed, Mr. Sparks.

EXHIBIT No. 19

The WITNESS': (Reading):—

"At a meeting held before the interview with the Cabinet, the whole matter was thoroughly discussed. It was first intended that representatives of the various interests should deal with the different phases of this question, but it was finally decided that the President of this Association should present the whole case, and if it seemed necessary to call on any others, they would be prepared to take up the matter requiring their statements.

The interview lasted for about an hour, and, after the presentation of the general statement, resolved into a discussion between various members of the Cabinet and of the delegation.

The principal points called to the attention of the Cabinet were that legitimate business is being seriously and injuriously affected by the operation of this illegitimate trade, and that, in some branches of the industry, honest traders are actually being driven into bankruptcy owing to the operation of smugglers throughout Canada.

It was pointed out that, even when these criminals are caught, they are not adequately punished, and that particularly in the administration of justice in the city of Montreal the condition in the courts is scandalous.

These general statements were supported by concrete facts with detailed particulars of the names and cases, and a summary of evidence which has been accumulated during the past year's investigation by this Association.

The statement also dealt with the situation existing at certain border points between Quebec and the United States, centering at Rock Island. Conclusive evidence was presented that wholesale smuggling of cotton piece goods and garments is being carried on, and has been for years, and that no adequate means were being taken to prevent it. In regard to this situation, concrete evidence was presented which established the correctness of the statements made beyond the shadow of a doubt.

Attention was drawn to the belief that large quantities of prison-made garments from the United States were being dumped into Canada.

Telegrams were presented from various interests who could not attend, including a strong statement of the situation in Winnipeg signed by every manufacturer of overalls and work-clothing there. Messages from individual firms at other points were also presented, and the Prime Minister had already received telegrams from larger departmental stores in Toronto and Montreal supporting the representations being made. A signed petition from about fifty dress manufacturers in Montreal was also submitted.

The Government were again strongly pressed to amend the Customs Act in accordance with the suggestions put forward by this Association months ago after consultation with the Department of Justice, the Department of Customs and Excise, and the Attorney General of the province of Quebec. This suggestion was that the following clause be added to the Customs Act:—

Provided that in any case where the value of such goods (smuggled) exceeds \$500, such person shall, in addition to any other penalty to which he is subject for any such offence, be liable to imprisonment for a term not exceeding two years and not less than six months”.

The CHAIRMAN: Did I understand you to say \$500?

The WITNESS: Yes. (Reading):

“Concrete proposals were made as to the methods which should be adopted to prevent this illegal traffic. These included the suggestions of the establishment of a bureau to be supported by the various interests affected as a clearing house for information, co-operating with the Government, but under the direction of an Advisory Board of business men, and that the head of this Bureau would be vested with police powers and governmental authority.

The Minister of Customs very naturally defended his administration, but agreed that this traffic had assumed very large proportions, and that more rigid preventive measures were necessary.

The Prime Minister promised consideration to all our suggestions, and assured the Delegation that the Government would leave nothing undone to stop this traffic.

At a meeting held after the interview, steps were taken to immediately establish the Central Bureau above referred to, and we have reason to believe that other suggestions put forward were once taken up by the Department. It was the general consensus of opinion of those who were present, that much had been accomplished, and that very soon this situation would be well in hand”.

By the Chairman:

Q. Was that signed by you?—A. Yes. If the Committee wishes I would like to read two documents which were read to the Cabinet. Oral presentation of the case was made, but two documents were read, which I would like to convey to the Committee. One was a telegram from Winnipeg, addressed to R. P. Sparks, Room 209 Hope Building, Ottawa, Ontario, and reads as follows:

EXHIBIT No. 20

“We understand you are to meet the Prime Minister on the question of smuggling going on in Border towns province of Quebec. Would appreciate conveying the Minister on our behalf the fact that the entire Winnipeg industry of overalls and work-clothing manufacturing is seriously menaced by the unfair competition of border manufacturers who apparently sell their products at least twenty per cent below our legitimate quotations. If this situation is not remedied at once, the entire Winnipeg industry here consisting of nine factories and employing from six to seven hundred people, is threatened with extinction. Without taking any side on the tariff question our opinion is that only immediate and rigid enforcement of the Customs Tariff Regulation can remedy existing conditions. Kindly wire result of interview with Minister. If necessary that a deputation of Winnipeg Overall Manufacturers be present there, advise telegraphically.”

That was signed by the Monarch Overall Manufacturing Company, Limited, Western Kind Manufacturing Company Limited, the Northern Shirt Company Limited, the Henderson Manufacturing Company, Murray's Limited, Western Shirt and Overall Manufacturing Company Limited, Love and Morton Limited, the K.B.B. Manufacturing Company Limited, and the Canadian Shirt and Overall Company Limited.

[Mr. R. P. Sparks.]

In addition to that, there was a petition—

By the Chairman:

Q. Just a moment; do you know these people?—A. Yes, sir. I am a manufacturer of the same class.

Q. A manufacturer of overalls?—A. Yes.

Mr. ELLIOTT: Just a minute, Mr. Chairman, while the witness is stopping for a moment; there would be no objection to all correspondence relating to this matter in the possession of the witness being produced for the Committee?

Mr. HENDERSON: Absolutely not, of course. As a matter of fact, my difficulty would be not to burden the Committee with too much, and anything the Committee wants is, of course, available.

Mr. ELLIOTT: If he will produce the correspondence—it need not be filed, but produced as other files have been—the Committee will have the opportunity of going through it.

Mr. HENDERSON: As I say, it is my intention to make this story as short as possible.

Mr. ELLIOTT: I understand, Mr. Henderson.

Mr. HENDERSON: But anything that rises incidentally—

Hon. Mr. BENNETT: I understand you to say it is your desire to proceed chronologically.

The CHAIRMAN: You certainly will not be blamed if it should prove to be long.

Mr. BELL: In the meantime, I would like the other documents to which Mr. Sparks refers read.

The WITNESS: That was a petition signed by fifty manufacturers along the same general lines, and it applied to women's wear. We will put the two documents in. They were the only two; the rest of the proceedings were oral.

By Mr. Bell:

Q. To whom was this petition addressed?—A. To the Prime Minister and the five members of his Cabinet who were present.

By the Chairman:

Q. Is this last petition a copy or an original?—A. It is an original.

Q. It was never filed?—A. No.

Q. Never handed to the Minister of Customs or anybody?—A. Yes; a copy of each was left with them.

Q. You have the original?

Mr. HENDERSON: I am now handing in the original telegram and the original petition (Exhibit No. 21, not printed) as received, both of which were read for the deputation by the witness.

The CHAIRMAN: What was the date of this deputation?

Mr. ELLIOTT: The 6th day of August, 1924, as I have it.

Mr. HENDERSON: The 6th day of August, 1924, was the date when the deputation was heard.

By Mr. Henderson:

Q. I see you state there, Mr. Sparks, that it was suggested in the course of the Conference that the manufacturers represented on that deputation should be in some way organized for the purpose of following up that investigation. To whom was that suggestion made?—A. We asked the Government, through

[Mr. R. P. Sparks.]

the Prime Minister, if they were desirous of our co-operating with them and we offered our services, if they could be of any use; the reason being that much information reached us through ordinary trade channels. Our members, whether manufacturers, retailers or wholesalers, did not feel disposed to bring evidence to the Government and take the position of informers—

Q. As individuals?—A. As individuals; but they said they would be willing to supply information of a detailed character to a Bureau—a clearing bureau. The government, through the Minister, thought the idea an excellent one—

By Mr. Elliott:

Q. What Ministers?—A. Through the Prime Minister and the Minister of Customs;—and urged us strongly to form such an Association.

By Mr. Henderson:

Q. The idea being that a central organization would be in a better position to furnish information than private individuals in the district?—A. Yes.

Q. And was that association formed?—A. Yes; it was incorporated by letters patent issued by the Secretary of State, and the particular powers set out. (*Exhibit No. 22, not printed.*)

“(A) To establish and operate a Central Bureau for the clearing of information in reference to smuggling and the establishment of branches of the same in other places throughout the Dominion of Canada, through the medium of agencies or otherwise.”

Mr. HENDERSON: This (indicating), Mr. Chairman, is the letters patent incorporating the Commercial Protective Association—my client here—of which Mr. Sparks is Chairman of the Executive Committee. This was issued on the 19th of January, 1925 under the hand and the Great Seal of the Secretary of State. I will put that in.

The CHAIRMAN: This will be received as an exhibit, as will also the petition handed in a moment ago.

Mr. ELLIOTT: Just a minute. What was the name of that Association?

Mr. HENDERSON: The Commercial Protective Association.

The WITNESS: Might I say this, Mr. Chairman? You might ask why there was a delay from January. We had at first suggested using the name “Dominion Smuggling Preventative Association”, but the Minister objected to that, and I think properly so, so we withdrew our application and filed a new one. That accounts for the delay.

The CHAIRMAN: Yes, I understand.

By Mr. Henderson:

Q. That detailed, Mr. Sparks—without going into it in detail now—all the correspondence between yourself and the Minister of Customs which, I understand to be now before the Committee?

Hon. Mr. BOIVIN: Filed this morning.

Mr. HENDERSON: Yes, filed this morning. Eventually this name was agreed upon, and incorporation was taken under this name.

By Mr. Henderson:

Q. What has been your position, as an individual, in that organization?—A. I would be glad, if permitted,—

Q. Just answer my question?—A. I am President.

Q. You are the President of that organization?—A. Yes.

Q. And you are one of the incorporators?—A. Yes.

Q. Then I want to know, for the information of the Committee, as to those who are effective members of the organization. The company obviously required money?—A. Yes.

Q. And those who are effectively contributing to the work of your organization?—A. The association is operated by individuals and associations. The following associations are associated in some official way; some by the contribution of money, and some by the appointment of delegates on our committee. The following associations are in one way or another affiliated with our office, the Commercial Protective Association—

Q. I propose to facilitate the work of the Committee and simply read the names and hand the Committee the original of the documents which indicate the associations or individuals associated with your association, the Commercial Protective Association. It is an organization?—A. Those are the different firms and associations, organizations, and so on, trade organizations:—

EXHIBIT No. 23.

Retail Merchants Association of Canada.

Canadian Jewellers' Association.

The Wholesale Dry Goods Association of Canada.

The Canadian Association of Garment Manufacturers.

The Canadian Manufacturers Association

Merchants Association of Montreal.

Manufacturers' Credit Bureau, Limited.

Board of Trade of the City of Montreal.

Board of Trade of the City of Toronto.

Board of Trade of the City of St. John, N.B.

Board of Trade of the city of Halifax.

Board of Trade of the City of Quebec.

Board of Trade of the City of Ottawa.

Board of Trade of the City of London.

Chamber of Commerce of the City of Hamilton.

Border Chamber of Commerce, Windsor.

Board of Trade of the City of Winnipeg,

Board of Trade of the City of Calgary.

Board of Trade of the City of Edmonton.

Board of Trade of the City of Vancouver.

Board of Trade of the City of Victoria.

The Executive committee composed of the following:—

Chairman: R. P. Sparks, Sparks-Harrison, Ltd., Hull, Que.

Secretary: F. D. Tolchard, Secretary, Toronto Board of Trade, Toronto.

Walter J. Barr, The Goldsmiths' Co. of Canada, Limited, Toronto.

C. L. Burton, The Robert Simpson Co. Ltd., Toronto.

W. S. Campbell, The Canadian General Electric Co. Limited, Toronto.

A. J. Doherty, Doherty Manufacturing Co. Ltd., Toronto.

J. Powley, Silks Limited, Toronto.

A. T. Reid, A. T. Reid Co., Limited, Toronto.

W. B. Woods, Gordon Mackay & Co., Ltd., Toronto.

Sol. Bruck, Bruck Silk Mills, Ltd., Montreal, Que.

G. Lafoley, Mark Fisher, Sons & Co., Montreal, Que.

Hector Racine, Alphonse Racine, Limited, Montreal, Que.

C. A. Reynolds, Belding, Corticelli, Limited, Montreal, Que.

E. A. Robertson, The Montreal Cottons, Limited, Montreal, Que.

Q. Just as a matter of interest, I understand that a number of these gentlemen are here this morning?—A. Yes.

[Mr. R. P. Sparks.]

Mr. HENDERSON, K.C.: I will attach these together, and hand them in, Mr. Chairman, including the original documents, bearing out what Mr. Sparks says as to the support given by these different concerns, to his organization.

Mr. ELLIOTT: Just a moment, Mr. Henderson. I suppose he would like to file them. (*Exhibit No. 23.*)

Mr. HENDERSON, K.C.: Yes.

By Mr. Elliott:

Q. These different organizations as I understand it, were working through this incorporated company, called the Commercial Protective Association?—
A. Yes.

Q. And with the government's assistance, for the purpose of getting—

Mr. HENDERSON, K.C.: It will be developed that this organization worked in very close harmony with the government for quite a period of time.

By Mr. Elliott:

Q. Yes. Then you were, do I understand you, the central part of the organization?—A. Yes.

Q. Did they have an office?—A. We had offices in Ottawa, Toronto and Montreal.

Q. There would be correspondence back and forth with these various organizations?—A. Yes.

Q. Did you dictate most of the correspondence?—A. Yes.

Q. So that you will have the correspondence within your control, relating to the operations of this concern with the various other concerns that it is operating with?—A. Yes.

Q. And that will all be produced for the inspection of the Committee?—
A. Yes.

Mr. HENDERSON: Absolutely. I might say, as you readily understand, correspondence with those organizations is mostly of an advisory character, advising them from time to time as to what was being done.

WITNESS: Receiving suggestions.

Mr. HENDERSON: Receiving suggestions, receiving information, telling what progress was being made. As the Committee will learn, it was a very expensive process, carrying on this work.

By Mr. Henderson, K.C.:

Q. Now, having organized in that way, what did you next do, to make your work effective, in the way of obtaining information or adding to first, what you already had? What subject matters did you take up?—A. We notified the trade, various branches of the trade of the fact that we had offices prepared to receive information; a flood of information reached us. We decided that before passing on this mass we should make some preliminary investigation, and we decided to employ the best criminal investigator that could be obtained.

Q. Now, during that period of time, were you still remaining in touch with the Minister, and the officers of the Department from time to time?—A. Yes, I have been in touch from the very start.

Q. And with other members of the Cabinet?—A. And with other members of the Cabinet.

Q. Am I right in understanding that you were obtaining their sympathetic support?—A. Positively.

Q. From whom and through whom did you arrange for the organization of your criminal investigation staff, if I may call it that?—A. We made inquiries as to who might be regarded as the best investigator, and the name of Mr.

[Mr. R. P. Sparks.]

Walter Duncan was put before us. We learned he was employed at that time by the Department of Finance.

Q. What was his record without going into it? Who had he been previously?—A. He had been, I understand for about thirty years, inspector of detectives in the city of Toronto.

Q. A man of high standing?—A. Yes.

Q. He was then employed by the Department of Finance?—A. Yes.

Q. Did you approach the Minister of Finance with regard to him?—A. Yes.

Q. With what result?—A. The Minister of Finance loaned him to this association.

Q. He loaned him to your association? Under whose pay was he to be?—A. I asked the Minister of Finance if we could pay him something in addition to what he received. The Minister said he did not want to know anything about that. As a matter of fact we did pay him in addition to his salary with the Minister.

Q. Yes. Mr. Walter Duncan became your Chief of Staff?—A. Yes.

Q. By the way, is that the same Mr. Walter Duncan who was referred to yesterday?—A. Yes.

Q. And he was, in fact, in your opinion, the best man available in Canada?—A. Yes.

Q. Precisely. So he became your Chief of Staff. Were others engaged under him?—A. Yes.

By Mr. Elliott:

Q. When?

By Mr. Henderson, K.C.:

Q. When was that, Mr. Elliott asks properly?—A. I think he began active operations about the 1st October, 1924.

Q. Did he have assistants?—A. Yes.

Q. How many?—A. Well, I think our staff would be about ten at the highest point. It varied.

Q. Who made the choice of the staff?—A. Mr. Duncan selected the investigators.

Q. I am talking about the investigators. Mr. Duncan selected the men whom he deemed competent?—A. Yes.

Q. In whose pay were they?—A. In our pay.

By the Chairman:

Q. Mr. Duncan was in your pay also?—A. Yes.

Q. Would you have any objection to file a list of the amounts paid to Mr. Duncan?—A. No, I would be very glad to.

Q. And the dates and everything?—A. I would be very glad to do that.

Q. During all the time he was in your employ?—A. Yes.

By Mr. Henderson, K.C.:

Q. And the other men also?—A. Yes.

Q. Would you give the names of some of the men who are of important?—A. We had four principal investigators, James Knox, George Sloan, C. A. Alexander and Mr. Duncan.

Q. They were the chief ones, in addition to Mr. Duncan?—A. Yes.

Q. And they pursued their investigations, and were reports made from time to time?—A. Yes.

Q. You have those reports, I presume?—A. Yes.

Q. Were the contents of these reports from time to time communicated to the Department, the substance of them?—A. Yes, they were. They were officials of the Customs Department.

[Mr. R. P. Sparks.]

Q. I am coming to that in a moment. I think I had better go into that now. What steps did you take to make their work more effective, as to their having official status?—A. We found very early that we could not do effective work unless these men were granted the powers of Preventive officers, giving them the status of Customs officers.

Q. Having found that, what did you do?—A. We applied to the Minister of Customs.

By the Chairman:

Q. When do you remember the date about?—A. Well, I have some correspondence in reference to the matter.

Mr. ELLIOTT: Perhaps he had better read that.

The WITNESS: Most of the dealings with the Minister of Customs were had verbally. I had comparatively little correspondence, but I saw him,—well, I suppose half a dozen times before he left Ottawa.

By Mr. Henderson:

Q. You are asked to, as nearly as you can, give the time when you first made application?—A. Yes. It was under discussion, but it came to a head on December 12th.

By the Chairman:

Q. Of what year?—A. 1924.

By Hon. Mr. Stevens:

Q. Is that set forth in that letter?—A. It is set forth in that letter of December 12th.

Q. Will you read it? I assume it is on the file, Mr. Chairman; the letter which you wrote to the Minister of Customs and Excise. You have the date.—A. (reads):

EXHIBIT No. 24.

DOMINION SMUGGLING PREVENTATIVE ASSOCIATION.

OTTAWA, December 12, 1924.

Hon. JACQUES BUREAU,
Minister of Customs and Excise,
Ottawa.

“Dear Sir,—As previously advised, a meeting was held yesterday of the members of a small committee interested in smuggling. We had been hopeful of being able to meet you, but, in your absence, we had an interview with Mr. Farrow.”

By Mr. Henderson:

Q. That is the Deputy?—A. Yes (reading.)

“The chief object of our interview was to again urge that the investigators whom we have employed to assist your Department in the apprehension and conviction of smugglers should be granted the powers of preventive officers. We wish to again point out that the sole object of our organization is to assist your Department, and that our efforts cannot be effective unless these officers have the powers above referred to. We trust that we may be able to obtain your co-operation in this regard.”

I deal with another matter in the same letter, if you wish me to read it.

Q. You might finish reading that letter, because it will indicate what went on.

[Mr. R. P. Sparks.]

Mr. ELLIOTT: That should go in.

Mr. HENDERSON: I am going to ask to put it in because it will be read.

WITNESS: (Reading).

"Another matter to which reference was made was the situation at Rock Island, Quebec. It is generally known in the trade that vigorous action was taken by your Department, and that your officers found evidence of smuggling on a large scale. It is further well known that the smugglers who were detected came to Ottawa, interviewed members of the Government, with the result that no prosecution was made. The information to this effect has come direct from Rock Island. These people have always claimed to have influence at Ottawa, and, in the minds of those who are affected by this illegal traffic, the events of the past few weeks demonstrate the truth of their boasts. It was strongly urged at the meeting yesterday that we should press for a prosecution in these cases.

It was pointed out by those who are familiar with the situation that you were dealing with the smuggling problem in an energetic manner and that we should accept your decision not to prosecute, as you may have had reasons for believing that the ends of justice would be met without prosecution. It was further pointed out that you were co-operating heartily with this Association in our efforts to protect our interests, and I might say that nothing would support this position more fully than the prompt and immediate appointment of these investigators as preventive officers.

Our experience, based on the few weeks during which we have been organized, has more than ever convinced us that we can be of great assistance to your Department, but the effectiveness of our organization is entirely dependent upon the granting of the powers to our officers, to be used in emergencies.

Trusting that this matter will have your immediate and favourable consideration, I remain,

Yours truly,

R. P. SPARKS,
President."

By the Chairman:

Q. That is signed by you?—A. R. P. Sparks, President, Commercial Protective Association.

By Mr. Henderson:

Q. At that time you were using the use of the name of the Dominion Smuggling Preventative Association?—A. Yes, possibly so.

Q. Did you succeed at once in having them appointed?—A. Yes.

Q. After that?—A. Yes.

Q. Were they given any other status, for instance, mounted police?—A. We applied to Col. Starnes of the Royal Canadian Mounted Police, and had certain of them sworn in as Dominion Police officers, with powers to make arrests.

Q. In that way their work was made more effective?—A. Yes.

Q. Then you have told me that from time to time they were kept in touch, that is, that the Department was kept in touch with the result?—A. Yes.

Q. What was your experience as to the prosecutions in that regard?—A. Well, we found that it was not the practice of the Department to prosecute in smuggling cases. We were very firmly of the opinion that the true solution of this national problem was in the public prosecution of the criminals and that

[Mr. R. P. Sparks.]

that was a matter which should be undertaken by the Department or by the Government.

Q. Without going into details at this stage, at least it was not the custom to prosecute?—A. No.

Q. To pass that for the moment, and coming on to the month of February, 1925, under date of the 4th of February, 1925, you addressed another letter, which I think is next in order, to the Prime Minister?—A. Yes. Do you wish me to read it?

Q. Yes. You did in fact, did you not, address that letter?—A. Yes, sir.

Q. That is on file?—A. Yes.

EXHIBIT No. 25.

"OTTAWA, February 4, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

Dear Sir:—Some months ago a large representative deputation waited upon you and members of your Cabinet pointing out that smuggling and under-valuation for duty purposes were causing an immense loss of revenue and seriously interfering with the business of legitimate traders and manufacturers.

Subsequent to that time this Association was organized for the purpose of assisting the Department of Customs and Excise in the prevention of smuggling and under-valuation and to make certain investigations of their own into this problem. In this regard we are pleased to say that both the Minister and Deputy Minister of Customs have welcomed our co-operation and have facilitated in every possible way the investigations we have made into the smuggling problem. These investigations have even more strongly impressed the business men who have given close attention to this work with the magnitude of this traffic and the necessity of prompt and drastic action.

Under the present law smuggling is not an indictable offence, although the Minister has the right to take cases of smuggling into the civil courts. It has, however, been the practice ever since Confederation to settle departmentally practically all seizures for smuggling or under-valuation. We believe that this practice has had the general affect of what might not be improperly described as contempt for the law in this regard.

We respectfully submit that, in order to maintain respect for the law and to correct the abuse of its infraction, all cases of fraud whether by way of smuggling or under-valuation under the Customs Act should be dealt with by the civil courts, and, in the case of what might be described as commercial smuggling, that is smuggling of goods for resale of a substantial value, say \$100 or over, the offence should be made punishable by imprisonment without the option of a fine. The various penalties as set out in the Act at present are entirely inadequate. The preventive service as at present constituted is quite unable to cope with the situation, handicapped as they are by existing laws and regulations which interfere with effective preventive work.

To illustrate the difficulties of the present situation we have prepared maps taking a particular section of the Quebec border, showing approximately sixty roads crossing the border, within one hundred and twenty-eight miles. In this section there are at present nine Customs Houses. According to the Act these Customs Houses remain open from sunrise to sunset and, so far as we are aware, after the sun has set the

border is to all intents and purposes wide open. It would be obviously impossible to demand a twenty-four hour service at even all of these sixty roads, let alone the whole four thousand miles of border. We believe the only solution of the problem will be found in drastic punishment for smugglers when caught. In this regard we might refer you to the provisions in reference to the entering into Canada of immigrants under Section 33, sub-section 7 of the Immigration Act. The general conditions as in this section might be applied to smugglers entering Canada on roads other than those on which Customs Houses are located.

The law relating to under-valuation involves complicated and long drawn out investigations which practically nullify their effect. We believe these particular features could be simplified and made more effective.

The appraisal system is unsatisfactory, chiefly owing to the fact that in Canada there are 522 ports of entry, and it is obvious that it would be impossible to keep proper appraisers at all these ports. We might point out, in so far as ports of entry are concerned in Canada in comparison with the United States, that there is one port of entry in Canada for every 17,241 people, whereas in the United States there are only 314 ports of entry, or one to every 372,611 people. We are prepared to make practical suggestions in this regard.

It is respectfully submitted that the conditions herein set forth are sufficiently well known to the Government and to its departmental officers and the requested forms of relief so necessary and reasonable as to justify the Government to take immediate action by instituting the required departmental changes and submitting to Parliament bills providing for necessary legislative enactment, or, if the Government is not satisfied as to the necessity of action and the action which should be taken, it is respectfully submitted that a Parliamentary committee should be appointed immediately to inquire into the necessity of departmental and legislative changes.

I might mention incidentally that this Association has been endorsed and is being supported by the following organizations:—

The Canadian Manufacturers Association,
 Canadian Jewellers' Association,
 Canadian Wholesale Dry Goods Association,
 Canadian Association of Garment Manufacturers,
 Retail Merchants' Association of Ontario,
 Montreal Board of Trade,
 Toronto Board of Trade,

and the boards of trade in a number of the other of the larger cities in Canada.

Yours truly,

(Sgd.) R. P. SPARKS,
Chairman Executive Committee."

Q. You say on the first page of this letter:—

"The preventive service as at present constituted is quite unable to cope with the situation, —"

May I ask you this; during the whole course of your activities, Mr. Sparks, had you any fault to find with the officers of the Customs Department?—A. Not the officers at the head office.

Q. I am speaking of at the head office?—A. No.

[Mr. R. P. Sparks.]

Q. I understand you found them entirely sympathetic, and anxious that the service should be effective?—A. That is right.

Q. But your experience and your conversations with them satisfied you that the law was defective?—A. Yes.

Q. As indicated in that letter?—A. Yes.

Q. You desired changes in the law which would enable them to do more effective work, that is your position?—A. Well, we desired more than changes in the law.

Q. But going as far as that?—A. Yes.

Q. That was not all you desired?—A. No.

Q. You desired changes in the Act to make the Act more effective?—A. Yes.

Q. Were these matters dealt with in general conversations with the Minister, as well as by this correspondence?—A. Yes.

Q. I notice on the second page of the letter that you suggest a Parliamentary Committee to investigate the situation?—A. Yes.

Q. Had that been suggested in personal conversations as well?—A. It had been urged very strongly on the Prime Minister, six months earlier.

Q. So that what is now happening is in line with the suggestion you made then?—A. Yes.

Q. What followed that next in order of time, as to representations made by you; your work was going on of course in the meantime?—A. Yes.

Q. In the month of February had you come into touch with the activities of the gentleman whom we now know as Mr. Bisailon?—A. Yes. We had very early come in contact with his activities.

Q. What was the general situation, as you found it there?—A. Very, very unsatisfactory.

Q. Just explain that to the committee, without too much detail?—A. Our investigators got many rumors of corrupt acts.

Mr. GAGNON: If Mr. Sparks is getting to the proof, as I understand, I will ask that he be allowed to just mention the facts which he knows personally. Rumors and hearsay cannot make proof, and I wish to object strongly to Mr. Sparks giving, so far as my client is concerned, anything he does not know personally.

The CHAIRMAN: Your objection is well taken, Mr. Gagnon.

Mr. HENDERSON: I do not want Mr. Sparks to speak of anything which was not communicated to the Minister or to some other member of the Government, because I take it that what we want to illustrate is the manner in which he was kept in touch with the parties in the course of his work. Mr. Sparks will understand that I do not want him to speak of anything which was not communicated to the Minister, and I am going to follow immediately with a letter of the 21st of February, 1925, written by Mr. Sparks to the Prime Minister.

Mr. GAGNON: I do not want to interfere, but I think my objection is right, in taking the attitude that Mr. Sparks must have had some information, but that he may have had information which he gave to the Minister which might not be true.

Mr. DONAGHY: It is not proof against him that it is true, but that he communicated it to the Minister.

The CHAIRMAN: If Counsel for Mr. Bisailon objects, we will deal with that when it arises.

By Mr. Henderson:

Q. Mr. Sparks, just sketch the situation that existed; what was going on in February?—A. I addressed the following letter to the Prime Minister. Might I say, Mr. Chairman, at this stage, that the Prime Minister asked me to keep him advised of all our activities, and all of these letters were written at the solicitation of the Prime Minister. I wrote him on February the 21st, 1925, as follows:—

EXHIBIT No. 26.

Ottawa, February 21, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

DEAR SIR:—The acquittal by the Quebec courts of J. E. A. Bisailon, the Chief Preventive Officer at Montreal, who was charged with conspiracy, creates a new situation in reference to the prevention of smuggling. I think you should be in possession of certain information which we have in reference to this matter, as he is the key to the whole smuggling situation.

We have other information of the most important character which I would like to convey to you, and also make some definite suggestions for the prevention of this traffic. If you wish to discuss this matter, I will be glad to make an appointment at any time which suits your convenience. I would suggest that it might be desirable to have the Hon. Mr. Robb also present, and I have some information which I think would be of a good deal of interest to the Hon. Mr. Graham.

Might I again repeat what I think I have said to you before that, from the standpoint of loss of revenue, I think the smuggling business is second only to the loss occasioned from the operation of the Canadian National Railway.

If you desire, I will be glad to make some definite suggestions in regard to administration, which I believe will be immediately effective.

Awaiting a reply, I remain,

Yours respectfully,

(Sgd.) R. P. SPARKS,
Chairman, Executive Committee."

Mr. HENDERSON: I will file this letter, which is already in.

By Mr. Henderson:

Q. Had there been an ineffective prosecution of Mr. Bisailon?—A. There had been a prosecution.

Q. And he had been acquitted?—A. I know he was still the chief preventive officer.

By the Chairman:

Q. He was still in office?—A. Yes.

By Mr. Henderson:

Q. Had you at that time seen certain of the evidence which had been given at that inquiry?—A. Yes.

Q. You desired to communicate that to the Prime Minister?—A. That and other facts.

Q. As stated there?—A. Yes.

Q. Will you tell me if I am right in understanding that you wrote another letter under date of the 26th of February?—A. Yes.

[Mr. R. P. Sparks.]

Q. That is, five days later?—A. Yes.

Q. To the Prime Minister?—A. Yes.

Q. Will you be good enough to read that letter?—A. This letter reads as follows:—

EXHIBIT No. 27

“OTTAWA, February 26, 1925.

Rt. Hon W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

DEAR SIR:—I took the liberty of writing you on Saturday last suggesting an appointment at which I could lay before you certain information in reference to J. E. A. Bisailon and other matters in connection with smuggling in which I thought you would be interested. However, if the statement of the Minister of Customs in the House of Commons on Tuesday last is to be accepted as an indication of the Government's policy, I think, perhaps, there is no use taking up your time in this regard.

A Canadian Press dispatch reads as follows: ‘In speaking of smuggling Mr. Bureau said: I don't believe any human power can stop it,’ although his department had done a great deal to decrease smuggling at the border.

Might I take the opportunity of stating that, after four months investigation by a staff of trained criminal investigators, we are convinced that at least half of the smuggling now going on could be prevented within a month by an energetic policy on behalf of the Department, and further that, with necessary amendments to the Act, ninety per cent of the smuggling could ultimately be prevented. Might I further express the opinion that smuggling is increasing at an alarming rate, rather than decreasing, as the Minister states.

I would also like to call your attention to the fact that yesterday I took up with the Minister of Customs the question of the continuation of Mr. Bisailon as chief preventive officer at Montreal. I pointed out that the business community had lost confidence in Mr. Bisailon. I had with me at that time a number of reports on this man, one of which I read to the Minister, which contained the following paragraph amongst other statements made by a reputable officer who had formerly been engaged in preventive work—”

That I think might properly be omitted. I submitted to the Prime Minister for what it was worth the report of one of our officers.

Q. Is it that it appeared in your report?—A. It was contained in the letter.

Mr. DONAGHY: Read it.

WITNESS: He is an employee of the Government.

“I had with me at that time a number of reports on this man, one of which I read to the Minister, which contained the following paragraph amongst other statements made by a reputable officer who had formerly been engaged in preventive work.— ‘Later on, in this first interview Bisailon went and got a bottle of Scotch and a pitcher of icewater from one of the C. S. Line's boats. When this bottle was empty he offered me to have some more at his flat on Berri street where we went, being driven by him in his new Hudson Six Limousine. There we had champagne, two large cases partly open were in the front room.’ ”

That was one of our officers, Macdonald by name.

[Mr. R. P. Sparks.]

Mr. GAGNON: It is what one of the officers reported.

Mr. BELL: It is evidence of what he said to the Government.

WITNESS: May I make a brief statement? I want to establish my position in regard to Mr. Bisailon. I had no interest in him at any time or of any kind.

The CHAIRMAN: You may be cross-examined upon that. Let us go on with your examination in chief. When you say "we," were you present?—A. No.

Mr. BELL: He did not get it at the time.

By the Chairman:

Q. Were you present?—A. Oh, no.

By Hon. Mr. Stevens:

Q. This is a report of one of your officers?—A. One of our officers, to me; Macdonald is his name. (Reading):

"It was not long before he showed us 'his hand' and told us to go slow with the seizure that there were higher up officials interested in same, that we might burn our fingers if working too hard, that we should read between the lines, and that we could make much money if we were wise giving us as example his own ways, owning a nice Auto, a Summer Resort place in the Laurentians and that his salary was not more than ours."

That is the end of the quotation. The letter goes on:

"The Minister inquired as to whether this incident had occurred previous to the promotion of Mr. Bisailon to the position of Chief Preventive Officer. When I informed that it had occurred during his employment as a regular Customs officer, he stated that this had no bearing on the case whatever, and that he would only consider matters which had occurred since Bisailon was appointed to the preventive service. I was quite unable to follow the logic of this statement, as a promotion would not appear to increase a man's honesty; in fact, the greater opportunity which he enjoyed would be liable to have the opposite effect, if he were not an honest officer.

I had several statements to lay before him of a most important character, but it was apparent that he did not want to hear them.

Might I say that we had hoped for some statement in the Speech from the Throne to the effect that the government proposed to deal with this important problem. When no such statement appeared, we had again hoped that, on the introduction of the estimates of the Customs Department, some statement of policy would be enunciated. If the statement of the Minister as quoted above is to be regarded, as I believe it will be regarded by those interested, as a statement of the government's attitude, we would be glad to know it at an early date.

I am well aware that the government have many matters on their hands to deal with, but I do not feel that a request for an early statement in regard to smuggling is without complete justification.

I might point out that last August a large representative deputation put the whole matter of smuggling before yourself and members of your Cabinet. It has been kept constantly before the government since that time, and the statement made by the Minister of Customs in the House on Tuesday is the first public statement of any character as to the government's attitude.

I am obliged to make a full report on the matters above referred to to the members of this Association who are keenly interested in this problem. If, therefore, we have made an error in assuming that no

further action will be taken, we would appreciate greatly some intimation to this effect.

If you desire to make an appointment to discuss this matter either with myself personally or with the members of the Executive Committee of this Association, we are at your service at any time.

Yours respectfully,

(Sgd.) R. P. SPARKS,
Chairman, Executive Committee."

By Mr. Elliott:

Q. Have you the letter of which you put in that paragraph?—A. Yes, I have just given it.

Mr. HENDERSON: Do you want it produced?

Mr. ELLIOTT: I think it should be with the file.

The WITNESS: I gave it in.

By Mr. Henderson:

Q. The letter from MacDonald to you; is that here?—A. No, that is not here.

Mr. HENDERSON: We will have that here, then.

By the Chairman:

Q. The date of that letter is February 26th, 1925?—A. Yes.

By Mr. Henderson:

Q. Now, in that letter of February 26th, you make certain statements with reference to an interview you had with the Minister of Customs and Excise, I think the day before or thereabouts. Are the facts correctly stated in your letter as to that?—A. Briefly, yes.

Mr. ELLIOTT: Just a moment, then. Are you referring now to the first paragraph of that letter, Mr. Henderson?

Mr. HENDERSON: I was referring to the second paragraph; the second page more particularly is what I have in mind, where he speaks of the Minister.

Mr. ELLIOTT: That is a report, I take it, rather than an interview, if I am not misunderstanding what you are referring to. "If the statement of the Minister of Customs in the House on Tuesday last is to be accepted—"

Mr. HENDERSON: No, I do not mean that. Further on the letter says, "I would like to call your attention to the fact that yesterday I took up with the Minister of Customs the question of the continuation of Mr. Bisailon as Chief Preventive Officer at Montreal," and then he speaks of having read this MacDonald report to the Minister, and that the Minister asked as to whether or not this incident had occurred before or after, and then he says, "I had several statements to lay before him"—which means the Minister, of course?

The WITNESS: Yes.

Hon. Mr. STEVENS: The Minister of what?

Mr. HENDERSON: The Minister of Customs and Excise.

By Mr. Henderson:

Q. No doubt you mean Mr. Bureau?—A. Yes.

Q. (Reading) "—of a most important character, but it was apparent that he did not want to hear them." I gather from that that your interview at that time with the Minister was not of a satisfactory character?—A. Very unsatisfactory.

Q. Can you recollect the details of that interview now?—A. Well, I have a distinct recollection of telling the Minister that the Montreal trade were very very insistent that Mr. Bisailon be taken out of that division. I recall at that interview suggesting to the Minister that he might find some occupation for Mr. Bisailon investigating conditions in Russia or Poland or some place else. We had no desire to prosecute him; we asked only that he be relieved of the responsible position of Chief Preventive Officer at the principal ports of Canada. We had no animosity towards him or anybody else, but our business was jeopardized. This is the general tone of our interview, that our business was jeopardized by dishonesty and inefficiency on the part of Mr. Bisailon, and that we believed we had a right to ask that he be removed from that position.

Q. Did you get any assurance of any kind from the Minister?—A. Absolutely none.

Q. What was his attitude?—A. His attitude was that Mr. Bisailon was very satisfactory to him, and he would not believe anything against him.

Q. Then you followed up, I see, with a letter on the 13th of March, to the Prime Minister. Have you that letter?—A. Yes.

Q. And that letter encloses a number of suggested amendments which you thought would make the Act more effective?—A. Yes.

Q. It is hardly necessary to read that letter in full. It encloses a copy of a resolution of your Association?—A. Yes.

Q. And a large number of amendments, all of which are on the file, Mr. Chairman. Had you discussed these amendments, might I ask, with the responsible officers of the department?—A. Yes.

Q. And quite obviously they were not in a position to pass any definite comment upon them, but you say somewhere in your correspondence that they saw no objection to them. Was that the attitude?—A. That is in a later letter.

Q. In a later letter, yes.—A. Might I explain, Mr. Henderson, that the Prime Minister suggested a conference with a committee of the Cabinet in respect to the amendments. This letter deals with the suggestion of a conference. Subsequently the Prime Minister asked me to submit by way of memorandum our suggestions, but nothing came out of this letter of March 13th.

Q. I was wrong; this is not the letter which contains the amendments. That was the stage of affairs at the 13th of March?—A. Yes.

Q. In the meantime, during the months of February and March, were you also having personal conversations with the Prime Minister?—A. Yes. I think the Prime Minister telephoned to me during February and March perhaps half a dozen times, to come to his office and report such facts as would be of interest in this matter.

Q. And did you do so?—A. I did so.

Q. And did you discuss the Bisailon matter?—A. Yes.

Q. And gave him the information you had?—A. Yes, I supplied the Prime Minister with a confidential memorandum which is not filed here.

Q. And you were then keeping generally in touch?—A. Yes.

Q. And then come on now to the next letter, of March 20, 1925, which I think is important. Will you tell me about that, please?—A. It came out of a conference with the Prime Minister, the substance of which is set out here.

Q. It starts out by saying: "In reference to my conversation with you on Monday last"—you had had a conversation?—A. I had had a conversation.

(Reading):—

EXHIBIT No. 28

"OTTAWA, March 20th, 1925.

Right Hon. W. L. Mackenzie King,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Sir,—

re *J. E. A. Bisailion*

In reference to my conversation with you on Monday last my understanding was:

That, if this Association or any individual was prepared to make definite charges against the above Customs Officer, you would appoint a Royal Commission to investigate such charges.

My further understanding was that lacking such definite charges no action would be taken.

Before making any decision in this regard, I would respectfully call your attention to the fact that there are six or seven other officers of the Customs Department whom we have reasons for believing are trafficking with smugglers and in reference to whose illegal operations we are able to furnish some evidence. Are we to understand that, in each of these cases and in such other instances as may come to our attention it will be necessary for us to apply for Royal Commissions in each separate case, and to appear with proof of illegal acts committed by those under suspicion?

Might we point out that much of the information which we have obtained in reference to these men has been obtained in confidence, and if those who have furnished the information are compelled to appear publicly, their usefulness in assisting the Department in the prevention of this traffic is done. No action would more successfully destroy the effectiveness of this organization than the necessity of appearing before a Royal Commission in this case.

In reference to the case of Bisailion, there are certain facts, some of which are set out below which form a part of the public records and which, if they are not already known to the Minister of Customs and Excise, confirmation of them can easily be obtained. In our opinion these facts of themselves furnish sufficient evidence to warrant the immediate dismissal of Bisailion.

(1) The case of *Rex vs. Lortier*. This was a case in which the Department of Health took action in reference to the smuggling of a large quantity of narcotics and in which Bisailion appeared as a witness."

The CHAIRMAN: Is that the Lortie case, now before us?

Hon. Mr. STEVENS: Yes.

The WITNESS: (Reading):—

"We believe the Court records will show that the presiding Judge expressed his opinion from the Bench to the effect that Bisailion had deliberately committed perjury and had concealed facts within his knowledge, thereby weakening the case of the Crown. We submit that the facts in this case would alone justify his dismissal from the public service.

(2) In the case of the arrest of certain parties in connection with the seizure of the "Tremblay Barge", the preliminary hearing in connection with which was recently held in the Courts of Quebec before Judge Choquette, evidence was given under oath to the effect that

Bisaillon had made deposits in certain banks in Montreal of about \$69,000.00. When confronted with this fact Bisaillon stated, under oath, that the monies so deposited were the property of the Receiver General of Canada, which he had deposited in his own name. When asked by the Crown Counsel for evidence of the fact that he had remitted these amounts to the Receiver General, he was unable to furnish this. We have reason to believe that a thorough inquiry into the matter of these deposits would be of interest. We submit that in depositing these amounts to his own personal credit, he was acting in direct contravention of the law, and that this action in doing so is in itself sufficient cause for his immediate dismissal.

(3) In connection with the above case, it was further substantiated, under oath, that when the "Tremblay Barge" had been seized by Provincial Officers, there were on board two persons who had been placed under arrest. Evidence was given under oath to the effect that when these prisoners were handed over to Bisaillon he stated that he would deal with them from a Federal standpoint. These two men were allowed to escape. We submit that, in allowing these two men to escape, he betrayed his trust as a public officer, and his action in this regard would in itself justify his immediate dismissal.

(4) It is already known to officers of the Department of Customs and Excise that Bisaillon is a registered owner of certain property adjoining the border between Canada and the United States, and that he is also the owner of property in the United States adjoining his Canadian property. There are certain buildings on these properties which are known by the police to be frequented by smugglers. We submit that the mere fact that this man is the owner of these properties arouses a suspicion which in itself would justify his dismissal.

(5) We have reasons to believe that many reports have been made by the Royal Canadian Mounted Police as to improper conduct on behalf of Bisaillon in dealings with smugglers and other offenders against the law. These reports are no doubt at your disposal, and we would submit that before asking private individuals to appear as public prosecutors, you should have these reports before you.

The above facts, all of which can be verified from public documents, would appear to us to justify the Government taking action of their own motion.

When this Association was organized to assist the Department, it was understood that information which we were able to furnish would be treated as confidential. It was not at any time suggested that it would be necessary for us to appear before courts of Royal Commissions in bringing either smugglers or corrupt Customs Officers before courts constituted to deal with such offences. We are unable to find any precedent for the Government asking private individuals to institute proceedings against suspected officers of the Crown.

We would respectfully submit that the facts as above set out, together with information conveyed to you in a confidential memorandum, are sufficient of themselves to call for this man's dismissal, and, over and above all this, is the fact that this man has lost the confidence of the business community of Montreal and, as a consequence, his usefulness is at an end.

If, after reading the above, the Government are still of the opinion that it is our duty as citizens, to lay charges against public officers

suspected of improper conduct, and if you will so advise me, I will put the matter before the Executive Committee of this Association for their decision."

Yours respectfully,

R. P. SPARKS,
Chairman Ex. Committee.

Mr. Chairman, may I say that this is a matter of a great deal of importance—

Mr. ELLIOTT: What is the date of that?

Mr. HENDERSON: The 20th of March, 1925.

The WITNESS: I want to make a statement in regard to that letter. When the Prime Minister suggested a Royal Commission—

Mr. HENDERSON: First of all, before you make that statement, I want to call the attention of the Chairman to the fact that he will find on the files a letter which I also desire to put in, from the Clerk of the Privy Council, acknowledging receipt of this letter.

Hon. Mr. BENNETT: A copy of it is here. Just read it into the record.

Hon. Mr. STEVENS: Read it into the record now.

Hon. Mr. HENDERSON: (Reading):—

EXHIBIT No. 29

"16th April, 1925.

R. P. SPARKS, Esq.,

Chairman, Executive Committee,
Commercial Protective Association,
P. O. Box 645, Ottawa.

DEAR SIR,—I am, by direction of the Right Hon. the Prime Minister, to acknowledge your letter of the 20th inst., with reference to Mr. J. A. E. Bisailon, and to say that the same will receive due consideration."

Hon. Mr. STEVENS: That is signed by whom?

Mr. HENDERSON: E. J. Lemaire, Clerk of the Privy Council. That letter is on file.

The WITNESS: In reference to that letter, Mr. Chairman, I would like to put this fact on record: When the Prime Minister suggested to me, in a personal interview, the appointment of a Royal Commission, it was a matter which I felt I could not deal with personally, and I immediately called a meeting of the Executive Committee, whose names have been put in, to be held in the city of Montreal. I submitted a draft reply which was gone over and very substantially altered by the Committee, and that letter, which is of great importance, was not the product of myself, but was a product of a Conference of some of the leading business men in Canada, and was written on their authority and by their direction. I mean, I do not want to get the personal element into this; I was simply an officer of the Association, writing by direction of the Business Committee.

By Mr. Henderson:

Q. Then, following that letter, your next communication—

Mr. ELLIOTT: Mr. Henderson, pardon me; did you file the letter of March 13th?

[Mr. R. P. Sparks.]

Mr. HENDERSON: I filed the letter of March 20th, and the acknowledgment of it.

By Mr. Henderson:

Q. Your next communication from the Prime Minister from the file of the 8th of April, 1925, (*Exhibit No. 30, not printed*), brings us to the letter containing a large number of suggested amendments?—A. Do you want me to read that letter?

The CHAIRMAN: No, we can dispense with it.

Mr. HENDERSON: That letter may be taken as read.

By Mr. Elliott:

Q. Was the letter of the 13th March, 1925, read into the record?—A. No, it was not read in.

Q. Would it not be well to have it read in at this juncture?

Mr. HENDERSON: Mr. Elliott asks that the letter of the 13th March, 1925, be read into the record. Will you be good enough to read it.

Mr. ELLIOTT: Could not that be read in, as if read before the letter of the 20th.

Mr. HENDERSON: I would be very pleased, Mr. Elliott, I referred to it, you will remember, but it did not appear to me at the moment to be of sufficient importance to take the time, but I will read it now. (Reading):—

EXHIBIT No. 31.

"Ottawa, March 13, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

Dear Sir,—In further reference to your suggestion that we should put before the Committee of the Cabinet concrete suggestions as to the amendments to the Customs Act dealing with the matter of smuggling, I beg to say that we are now prepared to do this at any time that suits your convenience.

If agreeable to you, I would be glad to have Mr. H. D. McCormick accompany me as a technical adviser. Mr. McCormick, I might say, is now employed by the Canadian Manufacturers Association. He was for many years in the Customs Department, the greater part of that time in the Preventive Service, and I believe has as complete a knowledge of the Customs Act as almost anyone in Canada. I would be glad to have one or two of the members of the Executive Committee of this Association who have been giving very close study to this matter also present.

Of course, if you prefer that I should present certain facts alone, I will be glad to do so, but if you are agreeable to others being present, I would be glad to have one day's notice, so that I could notify Mr. McCormick, who would have to come from Toronto.

I am taking the liberty of enclosing a copy of a resolution passed at the Annual Meeting of the Canadian Association of Garment Manufacturers, which you will note express appreciation of the efforts already made by the Government to prevent this traffic and urges further action.

Yours truly,

(Sgd.) R. P. SPARKS,
President."

[Mr. R. P. Sparks.]

You will notice that that resolution is on the file. It is generally now produced. (*Exhibit No. 32*).

By Mr. Elliott:

Q. Were your verbal communications still continued with the members of the government?—A. Yes, I was closely in touch at all times with the Minister of Customs and the Acting Minister and the Prime Minister.

Q. Which Acting Minister now, so that there will be no doubt as to the identity?—A. I imagine by this time Mr. Cardin was Acting Minister. I am not sure about the date.

Q. But you had conferences with Mr. Cardin and with other Ministers?—A. With Mr. Robb and Mr. Lapointe. I had a number of conferences with Mr. Lapointe in reference to the Act fixing an arbitrary sentence in case of conviction for smuggling.

Q. Did you correspond with the Prime Minister also?—A. Yes, I have some correspondence on that, and with Mr. Lapointe; with the Prime Minister of Quebec, Mr. Taschereau, and other members of the government.

Q. And as the Committee will see, Mr. Taschereau recommended something to the Minister of Customs?—A. Yes.

Q. You were taking up that point of view as well as the actual facts that were referred to?—A. Yes.

Q. I take it that you thought Bisailon was blocking everything?—A. So far as the port of Montreal was concerned.

Q. So far as the port of Montreal was concerned. That was the key you followed there? Nothing could be done as long as he was there?—A. We felt that way about it.

Q. That is why you were pressing it?—A. That is why we were pressing it.

Q. Were there specific cases that led you to believe that?—A. Yes.

Q. Were they discussed in detail with the Minister of Customs?—A. I think they were discussed more with the Deputy Minister, along that line, although Bisailon was discussed many times with everybody connected with the government.

Q. Will you tell the Committee, for instance, without making too long a story of it, of what experience you had in connection with prosecutions for smuggling, just as an illustration of what was going on?—A. I think we convinced the government that prosecution for smugglers was the proper course, at least the government agreed that in such cases as we should discover, a prosecution was quite the proper procedure. The first case which we took up was the case of Israel and Abraham Lenetsky.

Q. What were they?—A. They were silk smugglers, subsequently convicted.

Mr. ELLIOTT: Pardon me for interrupting, Mr. Henderson. Has the resolution referred to in the letter of the 13th of March been filed? Before we get away from that letter, will it not be as well to read into the record the resolution. It would keep it in more chronological order.

Mr. HENDERSON: At a meeting held by the Garment Manufacturers' Association, of which Mr. Sparks was also president, on the 11th and 12th March, 1925, at the Chateau Laurier, this resolution was passed:—

EXHIBIT No. 32

“RESOLUTION passed at the Annual Meeting of the Canadian Association of Garment Manufacturers, held at the Chateau Laurier, Ottawa, on March 11, and 12, 1925.

[Mr. R. P. Sparks.]

WHEREAS the smuggling of commodities, amongst the chief of which are silks, cottons, woollens, and ready-to-wear clothing of various kinds, has assumed alarming proportions, and

WHEREAS the under-valuation for duty purposes of goods imported into Canada has become a common practice.

IT IS THEREFORE RESOLVED that the Canadian Association of Garment Manufacturers, in Convention assembled, strongly urge the Government to take such steps in the amendment of the Customs Act and in the strengthening of the administration as will discourage and prevent these illegal practices, which are having such a serious effect on the business of legitimate manufacturers and traders.

This Association further desires to put on record its opinion that the only satisfactory method by which this illegal traffic can be lessened and prevented is such changes in the Customs Act as will increase the penalties against those convicted of smuggling or under-valuation, and that, in the case of wholesale smuggling of merchandise for resale, the penalty should be a sentence to jail without the option of a fine.

This Association desires to go on record as expressing appreciation of such action as has already been taken by the Federal Government to lessen this evil, and endorses the suggestion made to the Government by the Commercial Protective Association for further action in reference to amendments to the Customs Act and strengthening of the preventive service."

That was the resolution.

By Mr. Henderson:

Q. Now while we are at that, Mr. Sparks, up to that time or very close to that time, at least, apart from the Minister of Customs and Excise, you had been received most delightfully by the different members of the Cabinet to whom you had made representations. You were by this time commencing to feel that the wheels were not moving, but you had been welcomed?—A. Personally, but our suggestions had not been always favourably received by the Government, Mr. Bureau—

Q. I say, apart from Mr. Bureau?—A. Well, Mr. Lapointe was rather opposed, on purely legal grounds, to our idea of what should be done, not in any sense of protecting smugglers, but he objected to an arbitrary jail sentence, and we had no more conferences about it.

Q. There was room for discussion?—A. Yes.

Q. Mr. Lapointe suggested to you for instance, very properly, that if ladies brought in an article worth so much more, they might have to go to jail, without the option of a fine?—A. Yes.

Q. But generally speaking, the attitude towards you was friendly, although you were not getting results?—A. That is about the situation.

Q. Had you any reason to suspect that your efforts were not entirely welcome by the government?—A. Not the slightest idea.

Q. Rather the other way about?—A. Positively.

Q. You were still having the investigation by Mr. Duncan?—A. Yes.

Q. And you were still working in harmony with the officers of the department?—A. Positively, and are yet.

By Mr. Kennedy:

Q. I think Mr. Sparks said, apart from Mr. Bureau. What was the feeling in regard to Mr. Bureau?—A. My personal feeling to Mr. Bureau was very friendly; officially, not friendly. I was never satisfied with Mr. Bureau, as administrator. I must give evidence as a personal witness, but I am testifying

[Mr. R. P. Sparks.]

for the general opinion of the trade throughout Canada, that Mr. Bureau as an administrator—

The CHAIRMAN: Speak for yourself. You can give the general information. Speak as far as you are concerned yourself.

WITNESS: That was my view.

The CHAIRMAN: Leave the views of other people alone. If they wish to testify they can.

Mr. HENDERSON: I may say, Mr. Chairman, that I want to avoid certain things that I think are unnecessary to a broad aspect of the case, but which, if they were pressed, might force in minor details which we had better leave alone for the moment.

By Mr. Henderson:

Q. What I was taking up with you, Mr. Sparks, was the Lenetsky case. That was a specific instance which to your mind showed the difficulty of getting anywhere with a smuggling case?—A. Yes.

Q. I have here a memorandum or letter which you wrote to Mr. R. R. Farrow the Deputy Minister of Customs and Excise, Ottawa, under date of July 17, 1925, containing a rather interesting historical summary of that case. How many appearances were there in Court altogether?—A. Twenty-three I think.

Q. Twenty-three appearances in Court you say?—A. It is still before the Courts I may say.

Q. And getting nowhere?—A. No.

Q. When you did finally get before the Court you found that the indictment had been mysteriously changed so as to destroy all the facts?—A. Yes.

Mr. HENDERSON: Might I suggest, Mr. Chairman, that this go in as just illustrating what goes on occasionally?

The CHAIRMAN: You might let the witness tell us the incident.

Mr. HENDERSON: This is in regard to the Lenetsky case, a prosecution brought about as a result of the activities of this organization, showing that with conditions as they existed in the port of Montreal it was impossible to get anywhere with a prosecution.

Mr. DONAGHY: Mr. Henderson, can you tell us what Court and Judge it was before?

Mr. HENDERSON: There were so many involved that it is hard to say.

Mr. DONAGHY: It did not get to the Privy Council, in any event?

Mr. HENDERSON: No, it did not. It was in different courts, but somebody would be sick or somebody would be away.

Hon. Mr. BOIVIN: I would like to inquire who is giving evidence here, the lawyer or the witness.

Mr. HENDERSON: I was for the moment.

Mr. BELL: I thought Mr. Henderson was answering a question he was asked.

Mr. DONAGHY: I have not learned yet what Court this case started in.

Mr. HENDERSON: It started by an information being laid, and appearing before what is equivalent to our Police Court, and coming before Judge Enright. They speak of them as Judges there, in the first instance.

Hon. Mr. BOIVIN: I do not like to object, but if I am to be allowed to represent the Department of Customs, I think the evidence should be given by the witness who is under oath, and not by an attorney.

[Mr. R. P. Sparks.]

Mr. HENDERSON: It is here, Mr. Boivin.

Hon. Mr. BOIVIN: But it is written.

Mr. HENDERSON: Yes, it is written and I propose to put it in. I am informing the Committee as to the nature of a document I wish to put in.

The CHAIRMAN: You will have to explain it.

The WITNESS: Will you let me make a statement?

The CHAIRMAN: Mr. Henderson can tell us the channel through which the procedure will pass. There is a preliminary hearing, a voluntary statement, to be followed by Judges, who will be obliged to dispose of everything. But the Judges are changing every week. That is not a matter of delay, it is a matter of organization.

Mr. HENDERSON: There is no suggestion that the Judges were a party to anything.

The CHAIRMAN: They change each week. They have four Judges for the Court of Sessions of the Peace in Montreal, and they change every week.

Mr. HENDERSON: I think the members of the Bar composing this Committee will be able easily to read between the lines. If they will do that, they will find no reflections upon the Judges.

The CHAIRMAN: The best knowledge is that of the man who has prepared this memorandum; he should produce and file it.

Mr. BELL: Mr. Henderson, will you be kind enough to have the witness tell us what the specific charge was, and the date upon which he was first arraigned?

Mr. HENDERSON: I will put this in for the inspection of the Committee, and let Mr. Sparks make his statement. This letter to Mr. Farrow contains a resume of the history of this case. The date of the letter is July 17, 1925.

Mr. BELL: If it is not inconvenient, I would like to be informed upon two points as to which I have just asked. The first is, what was the charge?

By Mr. Henderson:

Q. Mr. Sparks, will you make the statement as Mr. Bell asks for it?—A. Mr. Chairman the reason I brought this statement with me was that I selected this case as typifying and exhibiting all the difficulties in the way of the prevention of smuggling. I thought it was better that I should come here with something concrete rather than make general statements. I could take fifty cases if I liked, but I have selected one.

The CHAIRMAN: Take this one as a typical case. You will have to put it correctly.

Mr. BELL: What was it about?

By Mr. Henderson:

Q. What were they charged with, Mr. Sparks?—A. I will read this letter:

"Commercial Protective Association
Incorporated

OTTAWA, July 17, 1925.

Mr. R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa.

DEAR SIR:—I was in Montreal yesterday when the trial of Israel and Abraham Lenetsky took place. The Court proceedings were simply a farce, the chief reason being that there was no counsel present to

[Mr. R. P. Sparks.]

represent the Department. There was a lawyer named Angers present representing the Attorney-General of Quebec. He stated that he knew nothing about the Customs Act and would not proceed with the case, although the Judge was anxious to dispose of it. It was adjourned until August 27th."

Mr. DONAGHY: I assume that this is going on the record. Would you be good enough to read it so that we can understand it readily?

The CHAIRMAN: The best thing to do is to get a true copy of the record from Montreal.

The WITNESS: There is no copy of the record. This is my own copy.

The CHAIRMAN: But there is a record in the Court itself, surely. When a charge is preferred, there is a preliminary hearing, and there is a ruling of the Court upon it. I would like to have the record of the Court and the Judgments of the Judges, even if there were twenty Judges who attended upon the case from time to time, from eight days to eight days. A report by anybody like this is only hearsay.

Mr. HENDERSON: Mr. Chairman, I assume that the committee will be interested in knowing the effect which is had upon the business mind of Canada as to the way in which things are done, and if there are any weaknesses in the system which may be taken advantage of by, let us even say unscrupulous counsel, the committee would be interested in knowing of it, and it would be open to the committee to send for the Court records. I assume that I am putting this in now.

Mr. DONAGHY: You are producing it?

Mr. HENDERSON: I am producing it. I am offering it now as showing the way in which this particular case was dealt with, as it impressed the business men whom Mr. Sparks represents.

Hon. Mr. BENNETT: This is a case where the witness has knowledge of the conditions of which he speaks.

Mr. HENDERSON: The letter says that he was in Montreal at the trial, at the winding up of it.

The CHAIRMAN: We want to be fair to everybody. It may be that the business men of the country would rightly be impressed in such a way; but if you had the record, and if you so stated, it might be that this Committee would come to a different conclusion from the one expressed in the report or the memorandum; therefore I suggest that copies of the record in Montreal be obtained and brought before this Committee.

Hon. Mr. STEVENS: Let the witness make his statement. He has had an intimate acquaintance with this case and a score of others, and he is trying to show the committee, if he is allowed to do so, the difficulties his association has been faced with in trying to help the Government in these smuggling matters. I suggest that the witness be allowed to make his own statement.

Mr. HENDERSON: The Court records will not show at all the matter from the standpoint of the business man. I quite appreciate the difficulty that has been pointed out as to the admissibility of it as evidence. I am not offering it as evidence; I want to show what the mind of the business man is as to the difficulties in prosecuting these cases, by reason of the present condition of the Act.

Hon. Mr. BENNETT: Were these facts which Mr. Sparks is about to speak of communicated to the Minister or the Deputy Minister?

The WITNESS: Yes.

Hon. Mr. BENNETT: I think it is competent for him to communicate that, and in that way help the committee to decide whether these allegations are true or untrue later on.

Mr. HENDERSON: I asked him to commence by reading the letter he wrote to the Deputy Minister under date of the 17th of July, 1925, and in that way only I take it to be competent evidence.

Mr. ELLIOTT: There is another point which occurs to me, if I may interrupt for one moment. I see on the file here a letter of the 8th of April, which seems to me to be a letter very vital to the inquiry. It is addressed to the Rt. Hon. Wm. Lyon Mackenzie King. I thought it would be better to take the letters in April before the July letters. That is my suggestion.

Mr. HENDERSON: I am trying to give it chronologically, and I am giving this as an illustration of what was going on in the meantime, and in the line in which these several letters were written.

Mr. ELLIOTT: But you are not going on chronologically. Better take the letter of April before the letter of July.

Mr. HENDERSON: This matter started on the 2nd of March, and it is along this line that the letter of the 8th of April was written. That is the point I am trying to make.

Mr. ELLIOTT: I may be entirely wrong about this, but my view is that the committee will be able to understand better what was taking place backward and forward between the Department and Mr. Sparks or the association he represented, if you would follow the correspondence along chronologically, as nearly as possible.

Mr. BELL: After reading this letter to the Minister.

Mr. HENDERSON: The letter to the Minister.

Hon. Mr. STEVENS: Why not let counsel conduct his case as he wants to? We have wasted half an hour now in interruptions.

The CHAIRMAN: I have a great respect for Mr. Henderson, but counsel must not conduct his case as he likes, but according to the law of evidence.

Mr. HENDERSON: Counsel is unfortunately well aware of that fact.

Mr. BELL: I think Mr. Henderson has been requested to read the letter.

Mr. HENDERSON: All I am requesting to do now is to put in a letter addressed to the Deputy Minister of Customs and Excise.

By Mr. Henderson:

Q. Will you be good enough, Mr. Sparks, to read that letter of July 17, 1925?—A. (reading):

EXHIBIT No. 33

"Mr. R. R. Farrow,
Deputy Minister of Customs and Excise,
Ottawa.

DEAR SIR,—I was in Montreal yesterday when the trial of Israel and Abraham Lenetsky took place. The court proceedings were simply a farce, the chief reason being that there was no counsel present to represent the Department. There was a lawyer named Angers present representing the Attorney General of Quebec. He stated that he knew nothing about the Customs Act and would not proceed with the case, although the Judge was anxious to dispose of it. It was adjourned until August 27th.

[Mr. R. P. Sparks.]

It would appear that there has been a complete failure on behalf of somebody, presumably your Preventive Service, to deal with this case in a business like way. It would appear to be the duty of someone on behalf of the Crown to see that competent counsel was present to conduct this case. These men, as you know, are professional crooks of the worst type. Three of our investigators, Mr. Duncan, Mr. Knox, and Mr. Sloan, worked for nearly three months on this case. You can understand, therefore, our disappointment at seeing no apparent interest being taken in it by the officers of your Department, who, it would appear, should have been prepared to press the prosecution vigorously. I might mention that Mr. Duncan came all the way from Toronto specially to appear as a witness. He came knowing when the trial would take place, but was not subpoenaed by anyone. No notice was received from your Department instructing him to be on hand, leaving the impression that the prosecution of these people was a matter of no importance. The Collector at Montreal took absolutely no interest in the matter.

I am creditably informed that the defence in this case are working on a plan which they hope will result in Lenetskys' release. They are not asleep if the Crown is.

In reference to prosecution of J. Wesley at Windsor, Ont., the conditions seem somewhat similar. Four or five adjournments have been granted, the excuse of the defence being that their counsel was in Ottawa endeavouring to arrange a compromise with the Department. I am informed that the lawyer acting for the Crown has never received any intimation from Ottawa as to whether the Department were arranging a compromise and whether they were agreeable to these adjournments. I understand further that Mr. Alexander has both written and wired for instructions in this regard, but has never received any reply. We are under the impression that Wesley is obtaining these adjournments for the purpose of endeavouring to get affidavits from what he describes as "carpet baggers," whom he says sold his goods in Detroit. These affidavits will, no doubt, be used to show that these goods did not enter Canada. We are under the impression that, if the Department had pressed this case at the time that Wesley pleaded guilty, he might have been severely dealt with; the continued delay is certainly in his favour.

I am writing you at this length because I think that it is well that you should know that the lack of energy and intelligent direction by your Preventive Service is creating a very bad impression among the business people who are watching these cases. As you are well aware, so far as I personally am concerned, I have at all times tried to keep the Department, in so far as administration is concerned, in the best possible light. After all that has happened it would have been reasonable to expect to find vigorous action in these and other cases now pending, but certainly that is not the condition which exists, and I felt that the whole situation should be clearly set before you.

We are very hopeful that the Gaunt case will not be handled in the same slipshod manner, knowing that you personally are informed as to the general facts.

Yours truly,

R. P. SPARKS,

Chairman."

To which I received a reply.

Mr. HENDERSON: I ask to put in that letter.

The WITNESS: I would like to read the reply, because it is only fair to the Department.

Mr. HENDERSON: The reply is dated July 24th.

By Mr. Elliott:

Q. Just a moment. I take it that the letter which you are reading is a copy, is it not?—A. Yes.

Q. I have here the departmental file, and the letter does not appear. You mailed this letter, did you?—A. I presume so.

Q. To Mr. Farrow?—A. Yes.

Q. Have you a reply referring to that letter?—A. Yes.

By Mr. Henderson:

Q. Just go on and read the reply. The reply comes from Mr. Blair, the General Executive Assistant.—A. (Reading):—

EXHIBIT No. 34

“ OTTAWA, July 24th, 1925.

Dear Sir,—In the absence of the Deputy Minister of Customs and Excise I beg to acknowledge receipt of your letter of the 17th instant relating to two matters, namely, the prosecution of Israel and Abraham Lenetsky at Montreal, and the prosecution of J. Wesley at Windsor.

It is, of course, to be regretted that this Court proceeding in Montreal has not been handled more vigorously. As you are aware, Mr. Calder was appointed as Counsel for the Crown in this case, and this was with your approval after some discussion at this Department, it being thought that he was the best possible Agent to employ. The first adjournment of this case was due to the fact that the Crown was not ready to proceed owing, I believe, to the absence of Mr. Duncan. The second adjournment, the one to which you refer in your letter, was partially due to the application on behalf of the defendants, but this application would possibly not have prevailed had Mr. Calder been there to press the case himself. Instead of that Mr. Angers, his partner, appeared, not, as I understand it, representing the Attorney General of Quebec, but representing Mr. Calder. In view of Mr. Angers' attitude, I think it was fortunate that the case was not proceeded with at that time. The adjournment is now to the 27th of August, and we will endeavour to see that no further adjournments take place if they can possibly be prevented by the Crown. The Deputy Minister and Mr. Wilson are both absent from the City at the present time, but will be back about the end of next week, and possibly you would like to see the Deputy Minister then and discuss the matter further with him.

With reference to the prosecution of J. Wesley at Windsor, the adjournments which took place in that case were not due at all to any action of this Department. Mr. Fleming, the Solicitor for the defence, had written this Department, and had local agents interview the Department, asking that leniency be extended to Mr. Wesley under the circumstances, but instructions were sent to Mr. Racine, acting for the Crown, to argue the case fully before the Magistrate and press for the extreme penalties provided by the Act. He did so with the result that the Magistrate imposed the full fine of \$200, but refused to give a jail sentence in addition. This was due no doubt to the fact that the offence of smuggling was committed some time ago, and it could be shown that no

irregularities had occurred since that time. Mr. Racine in reporting the matter to the Department states that Mr. Alexander was quite satisfied with the result of the prosecution."

To R. P. Sparks, etc.

Now, Mr. Chairman, the only reason I wished to deal with the Lenetsky case at all was that it was the first case we handled, and it is still in the Courts.

By Mr. Bell:

Q. What was he charged with?—A. With the smuggling of approximately \$5,000 worth of silks.

By the Chairman:

Q. Wesley?—A. No, Wesley was charged with smuggling radio supplies. In the Lenetsky case, if I might be permitted to say so, there were adjournments from time to time; frequently no Crown prosecutor was present; the evidence was stolen out of the King's warehouse in Montreal—that is, the physical silk, which we had to produce in Court, a part of it was stolen when we finally got before a Court of Sessions Judge.

Q. Do you not realize now that it will be very useful to get that record? There has been no judgment passed yet, no sentence given?—A. Yes, there was a judgment given.

Q. We do not doubt your word, but how can we check your statements without the record in the case?—A. I am in the hands of the committee. I have no desire to say—

By Mr. Bell:

Q. When was the judgment given?—A. Nine days before Christmas, but I think the Department have appealed.

Mr. HENDERSON: December 15th, 1925.

Mr. BELL: It started on the 2nd March, 1925?

Mr. HENDERSON: Yes, and was finally disposed of by Judge Decarie on the 15th of December, and it is now in appeal.

By Hon. Mr. Stevens:

Q. What did he get in the sentence?—A. Nine days.

Mr. HENDERSON: Nine days, plus a fine of \$200.

Mr. BELL: And he appealed from that?

Mr. HENDERSON: Yes.

By the Chairman:

Q. How would it be for you to get a copy of these documents and come here with a well-prepared case?—A. I came here with a simple record, which I thought might be interesting. I thought it was an interesting question.

Hon. Mr. STEVENS: We are interested.

The CHAIRMAN: It is interesting, but we must have all the documents before us, to see how they are going to impress us.

Mr. HENDERSON: Mr. Chairman, may I suggest to you that the Court record will not, under any circumstances, show the points which interest the business community; they will not point out the delays, or read between the lines as to the causes of the delays, or show the fact that the real evidence disappeared during the course of the trial, and the very interesting facts about a change in the indictment, and then a subsequent change back again.

Hon. Mr. BOIVIN: Just a moment; I must object to the Attorney giving this statement. I do not think it is fair to the Committee; I do not think it

is fair to the press; I do not think it is fair to anyone to have an attorney who was not present at any one of these adjournments relate the facts to this Committee, when he is not even a witness.

Mr. ELLIOTT: I think the Clerk should be instructed to obtain a copy of that record.

Hon. Mr. STEVENS: It must be understood that Mr. Sparks has been trying to give this evidence for the last three-quarters of an hour.

Mr. HENDERSON: As far as we are concerned, we simply wish to mention this as an incident, and a characteristic incident.

Hon. Mr. BOVIN: Was Mr. Sparks present at any of these adjournments?

The WITNESS: No.

Mr. HENDERSON: Of course not.

The CHAIRMAN: We ought to see the record.

The Committee adjourned until Wednesday, February 17, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 7—WEDNESDAY, FEBRUARY 17, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES

Charles R. Jenkins, Jenkins Overalls, Limited, Rock Island, Que.
Jay Howard Turner, Snag Proof, Limited, Rock Island, Que.
John William Gaunt, John W. Gaunt Company, Limited, Montreal, Que.
Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.
Mr. William Foster Wilson, Chief of Preventive Service, Department of
Customs and Excise.

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

EXHIBITS FILED.

- Exhibit No. 35—Letter dated 6th May, 1925, from Mr. Sparks to Prime Minister, re suggested changes in Customs Act.
- Exhibit No. 36—Letter dated September 1st, 1925, from Mr. Sparks to Hon. P. J. Cardin, Acting Minister of Customs and Excise, re organization of preventive service.
- Exhibit No. 37—Circular letter dated August 25th, 1925, from Mr. Sparks to members of the Commercial Protective Association, for purpose of determining whether said organization should be continued.
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- Exhibit No. 39—Extracts from evidence, Bisailon, Montreal, 13th February, 1925, in Rex vs. Simons.
- Exhibit No. 40—Letter dated November 18th, 1924, from Mr. Sparks to Hon. Jacques Bureau, Minister of Customs and Excise, re smuggling of prison-made goods.
- Exhibit No. 41—Letter dated 19th November, 1924, reply to Exhibit No. 40.
- Exhibit No. 42—Enclosure to letter dated November 18th, 1924 (exhibit No. 40), list of prison contractors in United States of America.
- Exhibit No. 43—Prison-made shirt imported from the United States of America.

MINUTES OF PROCEEDINGS

WEDNESDAY, 17th February, 1926.

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

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

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

The Clerk filed a letter dated 16th February, 1926, from Mr. R. R. Farrow, Deputy Minister of Customs and Excise, with original files in connection with charges against the J. W. Gaunt Company of Montreal, for alleged undervaluation of imported goods, also invoices respecting same.

Hon. Mr. Stevens moved,—That W. L. Hickling of the Customs Office, Montreal, be summoned to appear before this Committee on Friday next, and from day to day until discharged, and that he be required to produce at that time all correspondence from the office of the former Chief Preventive Officer of the Port of Montreal, Bisailon, and more particularly the following:—

1. Letter signed by Jacques Bureau addressed to the said Bisailon, dated September 16, 1924.
2. Letter from said Bisailon to the Hon. Mr. Bureau, Minister of Customs, dated September 18, 1924.
3. Letter from said Bisailon to G. F. J. McNamee, dated September 17, 1924.
4. Letter from the said Bisailon to W. F. Wilson, dated May 19, 1925.
5. Letter from W. F. Wilson to Bisailon, dated March 2, 1925.
6. Letter from Bisailon to Hon. Mr. Bureau, Minister of Customs, dated March 5, 1925.
7. Letter from W. F. Wilson to Bisailon, dated October 6, 1925.
8. Letter from Bisailon to W. F. Wilson, dated October 8, 1925.
9. Letter from Bisailon to Bisailon, dated October 10, 1925.
10. Letter from Bisailon to Hon. Mr. Bureau, Minister of Customs, Three Rivers, dated May 2, 1925.
11. Telegram from Jacques Bureau to Bisailon from Three Rivers, dated May 4, 1925.
12. Letter from Bisailon to Hon. Mr. Bureau, Minister of Customs, Three Rivers, dated May 4, 1925.
13. Letter from Bisailon to Hon. Mr. Bureau, Minister of Customs, dated November 30, 1923.
14. Letter from Bisailon to R. R. Farrow, dated November 30, 1923.
15. Receipt signed by W. Churchman issued to Inspector R. P. Clerk, dated November 30, 1923.
16. Receipt signed by Sergeant E. Birk or (Bird), dated November 30, 1923.
17. Sworn statement by L. T. Pariseau, dated November 27, 1923, sworn to before Mr. Bernier, Inspector of Customs.
18. Report signed by J. J. Berry, Customs Clerk, to R. P. Clerk, Chief Inspector of Customs, Montreal, dated November 28, 1923.
19. Letter signed by W. Brossard to Bisailon, dated August 19, 1924.

20. Letter from Bisailon to Mr. Edgar Clement, Rock Island, Que., dated May 11, 1925.

21. Letter to Bisailon from Mr. Edgar Clement, dated May —, 1925.

22. Letter signed by Jacques Bureau to Bisailon, dated October 6, 1924, regarding a matter presented to the Minister by Deputy Ouimet.

Motion agreed to.

Mr. Bell moved,—That Messrs. Clarkson & Company be retained by this Committee to act as auditors for the Committee, and that they proceed forthwith to audit and examine the books and records of:—

Dominion Distillers Products Coy.,
The Jenkins Overall Company,
Peerless Overall Company,
Snag Proof Overall Company,
G. Scherer, Ford, Ont.,
J. W. Gaunt Company, Ltd.,
W. George, Ltd.,
W. J. Hushion.

Motion agreed to.

Mr. Doucet moved,—For the production of all files containing correspondence, statements of investigations, court proceedings, reports, documents and other papers in the possession of the Department of Customs and Excise and the Department of Justice relating to alleged violation of Law in regard to intoxicating liquors in or upon any bonded warehouse at Halifax, Nova Scotia, which the Franco-Canadian Import Company is permitted to establish and conduct, or by any person interested or engaged in the business of said Import Company.

Motion agreed to.

Mr. Doucet moved,—For the production of the files containing all documents, correspondence, telegrams and reports in the case of a seizure of a quantity of alcohol at Edmundston, N.B., in the years 1924 and 1925.

Motion agreed to.

Mr. Doucet moved,—For the production of the files containing all documents, correspondence, telegrams, and reports in the case of one Miller or Millaire of Montreal for infraction of the Narcotic Drug Act in the years 1924 and 1925.

Motion agreed to.

Mr. Doucet moved,—For the files containing the departmental record of one F. F. Mader, collector of customs, Mahone Bay, N.S.

Motion agreed to.

Mr. Doucet moved,—For the production of the files containing all documents, correspondence, telegrams and reports in the case of the seizure of the schooner *Annie* at or near Yarmouth, Nova Scotia, in 1925.

Motion agreed to.

Mr. Kennedy moved,—That Messrs. Bell, Bennett, Doucet, and Stevens, be given power to select counsel to assist them in the work of the committee: that Messrs. Donaghy, Elliott, Mercier and St. Père be given the like power, and that Mr. Kennedy be also granted the same power.

Motion stands.

Hon. Mr. Boivin produced the following original files respecting Customs seizures made at Rock Island, Que., viz:—

No.	
17508	J. H. Turner, Beebe, Que.
18331	Beebe Overall Co., Beebe, Que.
18332	The Snag Proof Overall Co., Beebe, Que.
18333	The Beebe Glove & Mitt Co., Beebe, Que.
18334	Peerless Overall Co., Rock Island, Que.
18335	The Telford Bros. Garment Co. Rock Island, Que.
18336	Telford and Chapman Mfg. Co., Rock Island, Que.
18337	J. B. Goodhue, Rock Island, Que.
18338	The Globe Suspender Co., Rock Island, Que.
18339	Butterfield & Co., Rock Island, Que.
18340	Monarch Shirt Co., Rock Island, Que.
18341	The Rock Island Overall Co., Rock Island, Que.
18342	Crown Mfg. Co., Rock Island, Que.
18343	Wm. M. Pike & Son, Rock Island, Que.
18344	James A. Gilmore, Rock Island, Que.
18345	R. and G. Mfg. Co., Rock Island, Que.
18346	The Lay Whip Co., Rock Island, Que.
21725	Snag Proof, Limited, Beebe, Que.
31719	Snag Proof, Limited, Beebe, Que.
35138	The Peerless Overall Co., Rock Island, Que.
35139	Globe Suspender Co., Rock Island, Que.
35140	The Reliable Garment Company, Ltd., Rock Island, Que.
35141	The Rock Island Overall Co., Rock Island, Que.
35143	The Telford Bros. Garment Co., Rock Island, Que.
35144	Messrs. Wm. Pike & Son, Rock Island, Que.
35145	Telford and Chapman, Rock Island, Que.
35425	J. Gilmore, Rock Island, Que.
35433	R. and G. Mfg. Co., Rock Island, Que.
35137	The Jenkins Overall Co., Rock Island, Que.
35142	The Stanstead Mfg. Co., Stanstead, Que.
35511	B. B. Glove Company, Beebe, Que.
35531	The Perfecto Overall Co., Beebe, Que.

also

80110 and 80110B correspondence concerning the above seizures.

The Chairman read a letter from Mr. Bissonnet, Peerless Overall Company, Rock Island, Que., asking that his attendance as a witness before the Committee to-day be deferred until a later date, on account of his being a member of the Quebec Legislature, which is now in session.

Hon. Mr. Stevens moved,—That the Clerk be instructed to reply to the letter of Mr. Bissonnet requesting that an officer of the Peerless Company produce the books before the Committee, and testify that they are the books of said company.

Motion agreed to.

Mr. G. Scherer of Ford, Ontario, called as a witness to-day, did not attend. The Clerk was instructed to ascertain if Mr. Scherer was served with a summons and to report at the next sitting of the Committee.

Charles R. Jenkins, Jenkins Overalls, Limited, Rock Island, Que., was called and sworn. He was examined by Hon. Mr. Stevens as to production of papers called for in his summons. Witness released, subject to recall by telegram.

Jay Howard Turner, Snag Proof, Limited, Rock Island, Que., was called and sworn. He was examined by Hon. Mr. Stevens as to production of papers called for in his summons. Witness released, subject to recall by telegram.

John William Gaunt, John W. Gaunt Company, Limited, Montreal, Que., was called and sworn. He was examined by Hon. Mr. Stevens as to production of papers called for in his summons. Witness released, subject to recall by telegram.

Mr. Brackin, K.C., on behalf of Mr. George and Mr. Hushion, asked that these witnesses be released, subject to recall by telegram, which request was acceded to.

Mr. R. P. Sparks' examination was continued. He produced the papers and documents called for at yesterday's meeting. During the course of his examination, the following exhibits were filed, viz:—

Exhibit No. 35.—Letter dated May 6, 1925, from Mr. Sparks to Prime Minister, *re* suggested changes in Customs Act.

Exhibit No. 36.—Letter dated September 1, 1925, from Mr. Sparks to Hon. P. J. Cardin, Acting Minister of Customs and Excise, *re* organization of preventive service.

Exhibit No. 37.—Circular letter dated August 25, 1925, from Mr. Sparks to members of the Commercial Protective Association, for purpose of determining whether said organization should be continued.

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Exhibit No. 41.—Letter dated November 19, 1924, reply to Exhibit No. 40.

Exhibit No. 42.—Enclosure to letter dated November 18, 1924 (Exhibit No. 40) list of prison contractors in United States of America.

Exhibit No. 43.—Prison-made shirt imported from United States of America.

Witness retired.

Mr. William Foster Wilson was recalled, and produced Preventive Service File No. 8043, viz., Auditor's Report of the investigation of the Gaunt case.

Witness retired.

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

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

WEDNESDAY, February 17, 1926.

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

CHARLES R. JENKINS, called and sworn.

By the Chairman:

Q. What is your name?—A. Charles R. Jenkins.

Q. What is your occupation?—A. Manufacturer.

By Hon. Mr. Stevens:

Q. Mr. Jenkins, you were summoned to-day for the purpose of producing for the use of this committee certain books and documents; have you got them with you?—A. Yes, sir.

Q. I will read the names; all original books of entry, receiving books?—A. I have all the books here that I have.

Q. All the books you have?—A. Yes, sir.

Q. I will enumerate them as they are set forth, so that we can find out what you appear not to have; all original books of entry is the first item.—A. What do you mean by that, Mr. Stevens?

Q. I mean all original books of entry; that is a general term. I think you will understand what is required?—A. I don't understand it. I have no such books.

Q. Have you any receiving books?—A. What do you mean by Receiving Books?

Q. Books in which you record the goods you receive.—A. We do not keep any such books; we keep the invoices.

Q. You keep no record of the invoices, separate from the invoices themselves?—A. No, sir.

Q. You have proper files of invoices?—A. They are here.

Q. Have you any shipping books?—A. What do you mean by a shipping book?

Q. The same thing, only the reverse of a receiving book?—A. I do not keep any. I have the bills of lading and bills for freight and express.

Q. Any cash books?—A. I do not keep any cash books.

Q. You run a great business. Have you any Journals?—A. No Journals.

Q. Have you any books at all?—A. All I can keep myself.

Q. You say you keep no Cash Book?—A. No, sir.

Q. No Journals?—A. No, sir.

Q. Do you keep any ledgers?—A. Yes.

Q. I am surprised at that. Do you produce your Ledgers?—A. Yes.

Q. How about Bank Books and Bank Account Statements?—A. I have a statement, but no books.

Q. You have a pass book?—A. No, sir.

Q. You get the regular monthly statement?—A. No, sir, we work under Section 88 and get a statement every day.

[Mr. Charles R. Jenkins.]

Q. You will have those?—A. Yes.

Q. Do you produce them?—A. Yes.

Q. Do you produce the Ledgers?—A. Yes.

Q. You produce cheques?—A. Yes.

Q. And vouchers?—A. Yes.

Q. You produce those?—A. Yes.

Q. These are from the commencement of your business?—A. Most of them are. I have only been in business a short time, you know.

Q. Three years?—A. Not quite three years.

Q. Just as a matter of record, when did you commence business in this firm?—A. When I got my charter, or when I first got it out?

Q. The very commencement of your business?—A. I got my charter in the fall of 1922, and started my business in March of 1923.

Q. But from the time you opened up your books?—A. It would be around February 1923; I could not tell you the exact date.

Q. You have produced the ones I have named, from February of 1923?—A. Yes, I have.

Q. You were asked to produce for the years 1924 and 1925 all invoices of goods inwards?—A. Yes.

Q. Do you produce those?—A. Yes sir.

Q. All invoices of goods outwards?—A. Yes sir.

Q. Way-bills; that is, express and freight?—A. Yes.

Q. Shipping receipts?—A. What is the difference?

Q. There is not very much difference.—A. I have the bills of lading; I have the waybills.

Q. You have those?—A. Yes sir.

Q. Warehouse receipts?—A. No.

Q. You have no warehouse receipts?—A. No sir; don't have any warehouse.

Q. How about section 88?—A. We have no special warehouse.

Q. You have no warehouse receipts at all?—A. No sir.

Q. Never use any?—A. No.

Q. Keep any goods in bond?—A. No sir.

Q. Original order books?—A. Just what do you mean by that?

Q. I mean this. You send a traveller out and he takes an order, sends one copy in and keeps a copy of the order.—A. I have not those; I have the orders he sends in.

Q. What about the order books?—A. There would not be anything left in the order books but the stubs.

Q. Don't your salesmen keep a copy of the orders they send in?—A. I don't know about that. Some do and some don't, I guess. They are made in duplicate, and he gives the customer one and sends us the other one.

Q. They never keep a copy?—A. I don't think the half of them do.

Q. Let us have the half that do.—A. I think most of them keep them in a small book, and copy them in this book and send one copy to us and give one to the customer.

Q. I want the original.—A. You have what I have right here.

Q. Orders received for goods?—A. Those are what I have here.

Q. Yes, but I want the order books in which the traveller takes the order, as well.—A. There would be nothing left but the end of the stub. If I had an order here I could show you very quickly.

Q. You usually keep a copy?—A. No we don't, sir.

Q. Shipping instructions. Have you a record of those?—A. What would they be?

[Mr. Charles R. Jenkins.]

Q. Instructions where to ship, whether you ship in three months and via C. N. R. or C. P. R. and so on.—A. That would be on the orders.

Q. Then customs entries.—A. They are here.

Q. Are the customs entries for the whole period of your business here?—A. They are all here.

Q. From the commencement of your business?—A. Yes.

Q. Customs receipts?—A. What's the difference? I have those here; I suppose it is the same thing.

Q. Not necessarily; I want both of them, customs entries and receipts.—A. I don't know the difference between the two.

Q. Sales tax returns?—A. Yes sir.

Q. You put in all of those?—A. Yes sir.

Q. And sales tax receipts?—A. We never have any. We keep a copy of the one we file, and that is here.

Q. Nothing to show that you have paid your sales tax?—A. No sir, they do not give us anything.

Q. Transfer and cartage accounts?—A. Don't have any.

Q. Have you no transfer or cartage at all?—A. No sir, don't have any transfer.

Q. How do you handle your goods?—A. Pay a man for drawing them up.

Q. That is what I want.—A. We don't keep any account of it. He brings in his account and we pay him.

Q. You keep no cash book, and no account of the cartage and transfer?—A. You must understand that I am only a small concern and have been in business only a little while. I run all my own businesses, and outside of my cutter I do all the work.

By the Chairman:

Q. A one-man factory?—A. Yes sir.

By Hon. Mr. Stevens:

Q. You have receipts for those, then?—A. No sir, he brings in his bill at the end of the week or the end of the month, and I pay him.

Q. How about those bills?—A. I never keep them; it is just so many trips and so much.

Q. This is rather important.—A. I haven't got it.

Q. You have no record of your cartage accounts?—A. No sir.

Q. Can you give us the name of your cartage concern, the one that does your business?—A. No concern; it is a man by the name of Seguin.

Q. Give us his full name.—A. I think it is Edward O.

Q. How do you spell it?—A. S-e-g-u-i-n.

Q. Where does he live?—A. Rock Island.

Q. And you keep no record of your transactions with him?—A. None whatever.

Q. Do you have any insurance policies?—A. Yes sir.

Q. Have you those with you?—A. The bank wouldn't give them to me. They are pledged.

Q. Have you a record of them?—A. No sir. The bank will furnish a record of those, or I will, if you need it.

Q. Furnish it, then. Particulars of the names of your firms?—A. I am the manager and secretary-treasurer. It is a stock company.

Q. Who is president?—A. Henry Tompkins.

Q. Who is the secretary-treasurer?—A. I am; I am manager and secretary-treasurer.

Q. Any other directors?—A. And vice-president, H. M. Rickard.

Q. Where does he live?—A. Derby Line, Vermont.

Q. Where does Tompkins live?—A. Beebe, Quebec.

Q. Any other directors?—A. That is the whole board.

Q. Any other shareholders?—A. No sir.

Q. What is the capital stock?—A. \$75,000, \$50,000 paid up.

Hon. Mr. STEVENS: I think that is all, so far as I am concerned.

By Mr. Elliott:

Q. When were you incorporated?—A. In the fall of 1922. I did not bring my incorporation papers, I am sorry, but it was in the fall.

Q. And what was the incorporation name?—A. Jenkins Overalls Limited. This subpoena was issued to Jenkins Overall Company, which is wrong.

Q. Are you connected with the Snag Proof Company?—A. No sir; the Snag Proof is in Beebe, Quebec.

By Hon. Mr. Bennett:

Q. What chartered banks are there?—A. The Royal Bank and the Bank of Commerce. I bank with the Royal Bank.

Mr. LAVERTY: Might I make a request, Mr. Chairman? As I understand it, the books of Mr. Jenkins, and these other companies are to be submitted to the Clarkson Company for examination. In 1923, when there was an investigation by a committee of this House into agricultural conditions, auditors were named to look into the sugar question, and the presidents of five of the large refineries in Canada were examined by the committee. A request was then made and granted that the prices and figures and other details of their business submitted by those gentlemen should be kept confidential and not published. Last year in the Petersen committee a similar request was made, when Mr. Gordon Scott was appointed auditor, as to transportation companies. These different companies did not want other competitors to know their losses and profits and other things. That request was granted. Might I request, so far as my client is concerned,—and I presume the rule would apply to other companies whose books may be examined—that instructions be given to the auditors to keep these details confidential and only publish what is absolutely necessary in the public interest. I suggest that that is only an equitable rule to apply. Now, Mr. Jenkins has his books here. There are certain books, such as his current ledger and his file of current invoices, which he absolutely needs for his business. If he could be allowed to take his ledger and his current invoices away, and to bring them back here or send them up for a day or so for examination by the auditors as required, it would prevent his business from being stopped.

The CHAIRMAN: Granted.

Mr. LAVERTY: Thank you, sir.

The WITNESS: Is that all?

By Hon. Mr. Stevens:

Q. When you say "current invoices," how far back would you go?—A. Just recently, a month or two. Anything that has not been paid, the draft would be coming in on those and I would have no way of checking them, because I do not keep any invoice book. If I had an invoice book I would not need them.

The CHAIRMAN: You are released, subject to being recalled by telegram.

By Hon. Mr. Bennett:

Q. How long does it take to get here?—A. If I got the telegram in the daytime I could leave at night and be here the next morning. As I understand it, I am going to be allowed to take these ledgers and invoices?

[Mr. Charles R. Jenkins.]

The CHAIRMAN: Yes, the clerk will give them to you.

Witness retired.

JAY HOWARD TURNER, called and sworn.

By the Chairman:

Q. What is your name?—A. Jay Howard Turner.

Q. What is your occupation?—A. Manufacturer.

Q. At Rock Island, Quebec?—A. Yes.

By Hon. Mr. Stevens:

Q. Our main object, Mr. Turner, is just what we have gone over with Mr. Jenkins, the production of your books and records. Do you produce those books?—A. Yes sir.

Q. I will run over the same list. Original books of entry?—A. Which means ledgers, I suppose?

Q. A ledger is not an original book of entry. Journals and cash book?—A. Those I have complete.

Q. You keep a cash book?—A. Yes.

Q. Good. Journals, cash book, and ledgers?—A. Yes.

Q. Bank books or statements?—A. Bank books.

Q. Cancelled cheques?—A. Yes.

Q. How far back do you go?—A. 1924 and 1925.

Q. There was no limit placed on the period, but if we want others I suppose we can get them?—A. Yes sir, I think I have them.

Q. Then for the years 1924 and 1925, invoices of goods inwards and outwards?—A. Yes sir.

Q. Waybills, freight and express?—A. Yes sir.

Q. Shipping receipts?—A. Those would be freight bills?

Q. Yes.—A. Yes.

Q. Warehouse receipts?—A. Yes.

Q. Do you do any bonding?—A. Not for the last year, we haven't. We have a bonded warehouse, though.

Q. Will you produce those receipts and statements?—A. Yes sir.

Q. Original order books?—A. The orders the travellers take?

Q. Yes.—A. Yes.

Q. The traveller does not keep any copy?—A. Yes, he has a book.

Q. Will you produce that book?—A. I have produced the copies he sends us. I could get the books of the travellers.

Q. We asked for the original order books.—A. It is a book like this, and he writes the order and tears it off to send to us, and keeps a copy. I have brought the ones he sends us.

Q. You do not produce the originals?—A. I haven't them; I think I can get them, but they will be an exact copy.

Q. If we want others you will produce them?—A. I will; most of them. I don't know whether they are all in existence or not, but I think they are.

Q. Then shipping instructions; will they be included in your orders?—A. The shipping instructions are, I think, without fail, on the copy of the invoice.

Q. Do you ever have shipping instructions separate from the invoices or from the orders?—A. No record of it. Sometimes we get special instructions from the freight men to have goods shipped over their roads.

Q. Could you produce those?—A. No, I don't think I have them.

Q. You could if required?—A. Yes, I think I could. I know I can.

[Mr. Jay Howard Turner.]

Q. Customs entries and customs receipts?—A. Yes.

Q. Sales tax returns?—A. Yes sir.

Q. Sales tax receipts?—A. Yes.

Q. Do you get receipts?—A. Yes.

Q. You produce those?—A. Yes.

Q. Transfer and cartage accounts?—A. We have no cartage account; we run a truck of our own. Everything is shipped by Boston & Maine, from one station.

Q. You have no cartage arrangement in or out?—A. No sir. It is all done by our own truck.

Q. All done by your own trucks?—A. Yes, sir.

Q. Insurance policies?—A. Yes, sir.

Q. Now, name the officers and directors of your firm. Will you give us the names? By the way, state first when your firm was organized.—A. 1914.

Q. What is the full name of the Company?—A. Excuse me; it was the 15th December, 1913, it was incorporated. The proper name is Snag Proof Limited.

Q. Now, give the present officers and directors.—A. J. H. Turner, President; I. B. Corey, Secretary; R. R. Woodward, Director and Treasurer.

By Hon. Mr. Bennett:

Q. Perhaps you would not mind stating where they live?—A. Beebe.

Q. All in Beebe, Quebec?—A. All in Beebe. H. G. Kirwin, a bank manager of Beebe, a Director.

Hon. Mr. Stevens:

Q. That is all?—A. That is all.

Q. That is all of your officers and directors?—A. Yes, sir. There (indicating) are the letters patent and supplementary letters patent.

Q. What is your bank—A. The Canadian Bank of Commerce.

Q. In Beebe?—A. Beebe, Quebec.

Q. That is your only bank?—A. Yes.

By Hon. Mr. Bennett:

Q. What is your capital stock?—A. \$20,000 up to two months ago, when it was increased to \$49,000.

By Hon. Mr. Stevens:

Q. Paid up?—A. Yes, sir.

The CHAIRMAN: You are released, sir, subject to recall by telegraph. Leave your books here.

The WITNESS: I am perfectly willing to have the results published, if you desire. I am not asking for any secrecy. May I say that I have my current ledger here, and it is very important to me to take it home with me?

The CHAIRMAN: You will be granted the same privilege as the others, but you will return the book if needed?

The WITNESS: Yes.

By Mr. Elliott:

Q. Just one question, Mr. Turner. Do I understand that you were incorporated on the 15th of December, 1913?—A. I noticed the date on this (indicating letters patent) which shows it was recorded on the 13th of December, 1913.

Q. What business were you in prior to that?—A. I was on a farm up to just a few years before that, when I kept a general store.

[Mr. Jay Howard Turner.]

Q. This is the first of the Snag Proof Limited?—A. Yes, sir.

Q. On the 15th of December, 1913?—A. The 13th of December, yes, sir.

Q. You did not take over the business of anybody else or any other company?—A. The Snag Proof took over the business from me; I started it.

Q. Under what name was the business run prior to that?—A. The Snag Proof Overall Company.

Q. When was it incorporated?—A. It was not incorporated; it was my own company, and the Snag Proof Limited took it over.

Q. Who were the partners in that?—A. The Snag Proof Overall Company?

Q. Yes?—A. No one; just myself.

Q. Just yourself?—A. Yes, just myself.

Q. How long had it been in business?—A. Since 1910—October, 1910.

Q. Was that the beginning of your business career?—A. In the overall business, yes, sir; before that, I kept a country store near there.

Q. Where did you keep the store?—A. North Hatley, Quebec.

Q. The books you are producing relate to what years?—A. 1924 and 1925.

Q. Have you preserved the books of the Snag Proof Overall Company?—A. That was prior to 1913?

Q. Yes?—A. It is very doubtful if I have them complete.

Q. Where would they be?—A. What I have got would be at home.

Q. Will you produce them?—A. I will, what I have. I do not think they will be very complete. They will be thirteen years old.

Q. How far back do the books which you have take you?—A. I beg your pardon?

Q. What books have you since 1913? Have you all the books relating to the Snag Proof Limited since it was incorporated?—A. I do not know until I get home and make a search, whether I have or not.

Q. Will you ascertain, and if you have them, produce them?—A. I will, what I have of them.

The CHAIRMAN: That is all.

The witness retired.

JOHN WILLIAM GAUNT called and sworn:

By the Chairman:

Q. What is your full name?—A. John William Gaunt.

Q. What is your occupation?—A. Importer.

Q. You are the President of the John W. Gaunt Company Limited?—A. Of the John Gaunt Company, Limited.

Q. Formerly the John—A. John Gaunt Company.

Q. Give us briefly the date of the organization of the John Gaunt Company.—A. I organized the John Gaunt Company in 1921 in Montreal.

Q. Who was in that firm besides yourself?—A. Nobody.

Q. You were the sole proprietor?—A. Yes, sir.

Q. When was the John Gaunt Company, Limited organized?—A. In 1923. It took over the business of the John Gaunt Company on January 1, 1924.

Q. On January 1, 1924 it took over the John Gaunt Company's business?—A. Yes, sir.

Q. And you carry on business as an importer?—A. Yes, sir.

Q. We have asked you to produce certain books and documents?—A. Yes, sir.

Q. What do you produce?—A. Well, all the books pertaining to the years 1921, 1922 and 1923; everything you asked for.

Q. That is, of the John Gaunt Company?—A. Yes, sir.

[Mr. John William Gaunt.]

Q. You produce all of those?—A. All of those books with the exception of the invoices and ledger which is held by the Customs Department.

Q. The invoices of the John Gaunt Company from 1921 to 1924 are in the hands of the Customs Department?—A. To the end of 1923—they are in the hands of the Customs Department.

Q. All of them?—A. The incoming invoices.

Q. All of the incoming invoices?—A. Yes.

Q. They are all in the hands of the Customs Department?—A. Yes.

Q. Retained by them?—A. Yes.

Q. In connection with an investigation?—A. Yes, sir.

Q. Also your ledgers?—A. Just the one ledger.

Q. A general ledger?—A. Yes, a general ledger.

Q. How about your other books for that period?—A. I have them all with me.

Q. You produce all those books?—A. Yes, sir.

Q. Including all the shipping receipts, warehouse receipts and waybills?—A. Yes, sir; all of them.

Q. Customs entries?—A. The customs entries are in the hands of the Customs Department—most of them.

Q. In connection with these invoices which the Customs have, it includes all of the invoices—the original invoices—as well as certain other invoices which caused the investigation?—A. No; I do not know what you are referring to.

Q. Where are the original invoices?—A. In the hands of the Customs.

Q. Just follow me now; all of the original invoices which you received and the invoices which are alleged to have been transcribed are all in the hands of the Customs?—A. No invoices were transcribed.

Q. There were none?—A. No.

Q. Then we will not go into that now. I simply wanted to make sure that you produce all of your invoices.—A. They are in the hands of the Customs.

By Hon. Mr. Bennett:

Q. You mean they were in the hands of the Customs originally or taken since?—A. They were taken since this thing started—last year.

By Hon. Mr. Stevens:

Q. And retained by them?—A. Yes.

Q. Mr. Bennett thinks perhaps you mean that when you cleared your goods you put your invoices in their hands. You do not mean that? You mean the Customs Department seized all your invoices for the years 1921, 1922 and 1923?—A. Yes, sir.

Q. And they still retain them?—A. Yes.

Q. In connection with a customs investigation?—A. Yes.

Q. What about 1924 and 1925?—A. They are in Montreal.

Q. You do not produce them to-day?—A. No; I thought I only had to produce them for 1924.

Q. The order does not so state. Can you produce them for us?—A. Yes, I can produce anything you want, sir.

Q. Now, if we require the invoices since the John Gaunt Company, Limited has been organized, you will produce them?—A. Absolutely, sir; any invoices you like.

Q. Do you produce all of your cancelled cheques and bank account statements for 1921, 1922 and 1923?—A. Yes, they are all here.

Hon. Mr. STEVENS: That is all I desire.

[Mr. John William Gaunt.]

The CHAIRMAN: You are released temporarily, subject to recall by telegraph.

The WITNESS: Where shall I deliver the documents?

Hon. Mr. STEVENS: To the Clerk of the Committee.

By Mr. Donaghy:

Q. Mr. Gaunt, what business were you in before you started this company?

—A. I came out to Canada in 1919. I was a censor in London before that.

Q. Into what business did you go?—A. I travelled in Western Canada; I represented an American firm in Western Canada.

Q. Up until what time?—A. Up until 1920.

Q. Then what did you go at?—A. I went to Europe then to see about this importing business.

The CHAIRMAN: You are released, subject to being recalled by telegram.

WITNESS: Thank you.

The CHAIRMAN: Make your application, Mr. Brackin.

Mr. BRACKIN: I want to ask with regard to the order given to the other witnesses, that it apply to Mr. Hushion and Mr. George, so that we can come when we are wired for.

Hon. Mr. BENNETT: Go in peace and sin no more.

Mr. BRACKEN: I might go in peace, but I would not like to carry out the latter part of the injunction. Now, in regard to Mr. Hushion's current ledger—

The CHAIRMAN: It is subject to the same conditions, to be produced at the demand of the Committee.

R. P. SPARKS: Examination continued:

Mr. HENDERSON, K.C.: Mr. Chairman, the books and documents which Mr. Sparks was ordered to produce yesterday are now in the custody of the Clerk of the Committee, but he desired me to call your attention to the fact that, of necessity, a very large portion of his correspondence is of a very highly confidential nature, and the disclosure of it would materially interfere with the subsequent efficient working of the officials of the Department. It has occurred to me to suggest, sir, that one or two of the Committee might be deputed to go over that correspondence with Mr. Sparks, we feeling satisfied that a great deal of it would be returned to him, he being subject to be recalled at any time by the Committee; but we feel that it would be most unfortunate if that particular class of correspondence became in any sense public. We want to be absolutely in the hands of the Committee, you will understand.

Hon. Mr. BENNETT: I think, Mr. Henderson, the correspondence is very much like the correspondence that Mr. Donaghy called for. It will be treated in the same way.

Mr. HENDERSON: If the Committee will order that no one but the Committee will have access to those documents and correspondence, I think it would be better.

Hon. Mr. BENNETT: They are only produced.

Mr. HENDERSON: I was informed last night that someone wanted to inspect these. I understood some of the counsel wanted to inspect these. That would be rather unfortunate, as a portion of this correspondence is highly confidential.

The CHAIRMAN: If any one wants to examine the correspondence, any one on the Committee, it can be examined.

Mr. HENDERSON: They are in custody of the Clerk now.

[Mr. R. P. Sparks.]

WITNESS: I was asked to produce a record of the payments made to Walter Duncan.

Mr. HENDERSON: They are all in the custody of the Clerk, with the exception of some minutes, somewhat scanty, I understand, which Mr. Sparks overlooked. They are in the possession of Mr. Tolchard, Secretary of the Board of Trade of Toronto, who is the Secretary of this organization. I told Mr. Elliott that we would, this afternoon, telegraph Mr. Tolchard, asking him to forward those. With that exception, everything is here, and I understand that it is satisfactory to the Committee. May I continue with Mr. Sparks' examination.

The CHAIRMAN: I beg pardon?

Mr. HENDERSON: May I continue with Mr. Sparks' examination?

The CHAIRMAN: Yes.

By Mr. Henderson:

Q. In the sequence of correspondence with which we were dealing yesterday, I am not sure whether I asked you to take up the letter of the 6th of May, 1925, which you addressed to the Prime Minister. As the Clerk, Mr. Sparks, handed in the complete file of correspondence yesterday, and this letter and one other had not been gone into, you may take my copy for the moment. Look at this letter of the 6th of May. Did you send that letter to the Prime Minister?—A. Yes, sir.

Hon. Mr. STEVENS: Read it.

Mr. HENDERSON: You read it; I was going to read it for you.

WITNESS: (reading):

EXHIBIT No. 35

"OTTAWA, May 6, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa, Ont.

DEAR SIR,—On April 8th I sent you a memorandum of suggested changes in the Customs Act, based on the experience of this organization in studying this problem.

If the Government propose to bring down legislation embodying changes such as suggested, we would be glad to organize support for this legislation. We are in close touch with commercial organizations throughout Canada, and could obtain resolutions and letters urging the Government to enact such legislation from boards of trade and wholesale and retail associations in various branches of trade and industry. If you desire such support I would be glad to have advice by return, in order that we may take the matter up with the various organizations interested.

A number of things have happened within the past few weeks which have demonstrated beyond a doubt the need of some such legislation. If you, or the Committee of the Cabinet dealing with this matter, wish to hear a report as to the general facts which have come to our knowledge in reference to Customs administration we would be glad to present these at any time which would suit your convenience.

Yours truly,

(Sgd.) R. P. SPARKS,

Chairman, Executive Committee."

By Mr. Henderson:

Q. Now, before you pass from that letter, proposed legislation, proposed amendments had been submitted in a previous letter. My understanding is, Mr. Sparks, that one of these suggestions only was adopted, was acted upon. I am right in that fact, am I not?—A. Yes.

Mr. ELLIOTT: May I interrupt, for a moment, Mr. Henderson, if you will pardon me. This letter, if I understand, refers to an interview on the 8th of April.

Mr. HENDERSON: Yes, Mr. Elliott. It refers to a letter sent on the 8th of April. That is the letter containing a large number of suggestions.

Mr. ELLIOTT: Would it not be of assistance to the Committee to have that letter read into the record.

Mr. HENDERSON: It has been.

Mr. ELLIOTT: Not read.

Mr. HENDERSON: I asked that it be filed. All that I am going to do at the moment, is to explain that, owing to the character of the session, it was not thought advisable to press the large number of amendments there, and I am merely going to suggest that, later, when this Committee is more fully seized of the whole situation, it might be thought advisable to take up with Mr. Sparks the other suggestions which were left over, and were not brought before the legislature at the last session. This is merely a start, not in any sense controversial.

Mr. ELLIOTT: The point I have in mind—I might be quite wrong about it—but my recollection is that I suggested yesterday, before you read the letter of the 28th July that you read the letter of the 8th of April. I think you mentioned it, but it has not been read into the record.

Mr. HENDERSON: I formally ask now that, together with the large number of amendments suggested, it be filed, so that it will be before the Committee.

Mr. ELLIOTT: I would suggest, for the benefit of the Committee, in order that we may have in mind the contents of the letter of the 8th of April, that you read it now, so that it will go into the record.

Mr. HENDERSON: Even at the risk of duplication.

Mr. ELLIOTT: What put this apprehension into your mind was because I suggested reading it, and you thought you read it.

Mr. HENDERSON: I want these suggestions to remain before the Committee, if you will be good enough to read it.

WITNESS (Reads):

EXHIBIT No. 30

(See page 132 of the evidence)

“OTTAWA, April 8, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

Dear Sir,—I beg to enclose herewith a memorandum covering proposed amendments to the Customs Act, as recently discussed with you.

These suggested amendments have been submitted to the officers of the Department, and, while they do not feel it their duty to express an opinion as to their desirability, they do state that they present no administrative difficulties. The object of nearly all of these amendments is to increase the penalties against those proven guilty of infractions of the Customs Act.

[Mr. R. P. Sparks.]

Attached to each suggested amendment is a note giving briefly the reasons for each change. If given opportunity, I would be very glad to present a more extended explanation to the committee of the Cabinet dealing with this matter.

The principal amendment is that to Section 206, which we propose should make smuggling of goods to a value of over \$100 an indictable offence punishable by a jail sentence without the option of a fine. Most of the other amendments are simply bringing other clauses of the Act into conformity with this proposal. Several other amendments deal with offences for which the Act provides that persons committing such offences "shall incur a penalty." No provision, however, is made for the collection of this penalty except a suit in a civil court. We propose that certain of these offences shall be made indictable and penalties provided for in the Act.

While these suggested amendments may appear drastic, I would like to point out that legislators have never before been called upon to deal with such a situation. The condition exhibited by the United States, a nation with about sixteen thousand miles of border or coast line, along practically all of which smugglers (commonly called bootleggers) by the hundreds of thousands are endeavouring to evade the laws of the country, creates a situation entirely unprecedented in the history of the world. Smuggling on this continent has become a huge industry. Along the international border between Canada and the United States thousands of men are making their living by illicit trade. The step between smuggling from Canada into the United States and from the United States into Canada is a short one, and a large part of the smuggling of commodities into Canada is directly due to the fact that smuggling has become a profession in which there are many adepts.

After months of investigation by trained investigators we have no hesitation in saying that this traffic constitutes a national problem of the very first importance. Our investigations have proved to our complete satisfaction that the only successful way in which this traffic can be discouraged is by the imposition of the most severe penalties. Along a border of nearly four thousand miles the physical act of bringing goods from the United States into Canada will never be difficult. To-day it is neither difficult nor dangerous, owing to the insufficiency of the penalties. We believe that no legislation will add much to the difficulties, but the legislation which we propose certainly will make it dangerous for those who are caught.

We believe there are certain matters of administration in the matter of enforcement which could be greatly improved. However, until the Act is amended along the lines suggested the department officials, no matter how efficient, will be unable to cope with the situation.

I might say that I have discussed the probability of some legislation being brought down later in the session to deal with this problem with the Hon. Mr. Meighen and Mr. Robert Forke. They both took what we believe to be the proper view that this is not a political matter and expressed the opinion that they would be prepared to support legislation the purpose of which was to prevent this traffic.

If, after consideration, your Government decides to accept the suggestions here put forward, or in any other way proposes to strengthen the Customs Act, I can assure you on behalf of the whole business community that we will leave no stone unturned to assist the Government in getting such legislation through Parliament.

Yours respectfully,

(Sgd.) R. P. SPARKS,

Chairman, Executive Committee."

Mr. HENDERSON: I would ask to formally file that letter, together with a large number of suggested amendments which were with it, in order that these may remain before the Committee.

Hon. Mr. BENNETT: It seems to me very unimportant, in view of the fact that, ultimately legislation was passed.

Mr. HENDERSON: They will become very important, because only one item of these became law, in a changed form; the others being left for subsequent consideration, and we think that the time for subsequent consideration has now come. My suggestion is that later, when the Committee is more fully seized of the whole situation, Mr. Sparks might be recalled, and others with him might be recalled, to discuss the importance of those suggested amendments.

By Mr. Henderson:

Q. Have I stated the situation, without going into it more fully?—A. I believe the situation was this: I took up these changes, the matter with respect to these changes with Mr. Farrow particularly. He believed there would be a good deal of difficulty in getting all those amendments through parliament, and I agreed that if we could get the main amendment as to Section 206 at this session, we would be satisfied, reserving the right to press for the other amendments at the forthcoming session.

The CHAIRMAN: What was the date on which the legislation was passed?

Hon. Mr. STEVENS: In June, of the last Parliament.

Mr. DONAGHY: It was assented to on the 27th June.

Mr. HENDERSON: May I say at this stage that the suggestion in reference to 206 which was made, was I think, improved upon by the appointment of officials.

Hon. Mr. BENNETT: You agreed on two.

Mr. HENDERSON: That was a matter of negotiation. We agreed together on two.

Mr. DONAGHY: Mr. Henderson, do you file that letter you are referring to?

Mr. HENDERSON: I am asking to be allowed to do so.

Hon. Mr. BENNETT: We have the Prime Minister's file.

Mr. HENDERSON: I am asking formally now that it be filed.

By Mr. Henderson:

Q. While we are on the question of legislation, Mr. Sparks, I understand there was a special vote of \$350,000 that has been referred to; would you be good enough to just tell the committee what your suggestions—I do not like to say criticisms—were, and what followed from them, as to the way in which you thought the situation could be improved?—A. Subsequent to the passing of the vote, I had a number of conferences with the Hon. Mr. Cardin, who was then the Acting Minister; I urged Hon. Mr. Cardin very very strongly to exercise great care in the selection of officers for preventive purposes.

Q. I want you to explain particularly just what you mean by that?—A. I called the Hon. Mr. Cardin's attention to the fact that after three years' experience we were absolutely convinced that the solution of the smuggling problem would be found in the employment of sufficient trained investigators, and I urged very strongly that no politics be allowed to enter into the situation, and I expressed the opinion that the Government would find some difficulty in getting even ten men in the whole of Canada who were thoroughly competent, of the type of men required.

[Mr. R. P. Sparks.]

By Mr. Elliott:

Q. Of course you could only get nine perfect men?—A. We had in mind a number of men suitable for that service, trained criminal investigators, and we urged very strongly that that should be the type of man, and I recall this statement, which is clear in my mind and which I would like to give expression to here again, that if the Department would select ten men of the proper qualifications, back them to the limit, support them in every way under the present legislation, functioning in Ontario and Quebec, that the revenues of the Dominion of Canada could be increased at least \$10,000,000 a year by the operation of ten properly qualified and properly supported men. That seemed a broad statement, but it was my view, whether correct or incorrect. Hon. Mr. Cardin was very non-committal on the subject, and I subsequently wrote a letter to Mr. Cardin, a copy of which I have here.

Q. What is the date of it?—A. September 1st, 1925.

Q. Will you read it, please?—A. This letter reads as follows:—

EXHIBIT No. 36

“OTTAWA, September 1, 1925.

Hon. P. J. A. CARDIN,
Acting Minister of Customs and Excise,
Ottawa.

DEAR MR. CARDIN:—We have called a meeting of the business interests who have been supporting this organization in its efforts to prevent smuggling for Tuesday, September 8th. I am enclosing herewith a copy of the notice sent to those interested.”

MR. ELLIOTT: Just a moment; have you a file there of the Department?

Hon. Mr. BOIVIN: If I might interject a word here, I do not think the letter to Hon. Mr. Cardin has been filed. We filed the correspondence with the Prime Minister and the correspondence with Mr. Farrow. That correspondence is on file, and will be available.

WITNESS: (Continues reading letter)

“You will observe that reference is made to the reorganization of the Preventive Service. If any steps have been taken in this regard I would appreciate it greatly if you will advise me, in order that I may so report to the members of this Association, who are very much interested in this matter. I trust that there will be no objection to informing the business interests as to what it is proposed to do with the amount which Parliament voted.

I might say that we have a great deal of information to the effect that the amendments to the Act as passed at the last session of Parliament have had splendid effect, but there is a general opinion that more effective steps should be taken to see that the law is vigorously enforced.

Yours truly,

(Sgd.) R. P. SPARKS,
Chairman, Executive Committee.”

I refer in that letter to a copy of a notice to business men, which was sent throughout Canada, and it might be as well for me to read the notice, so that the situation may be made clear.

By Mr. Elliott:

Q. You sent a copy of that notice to Mr. Cardin?—A. Yes, sir. This is a copy of a circular letter. It is dated August 25th, 1925, and reads as follows:—

EXHIBIT No. 37

“OTTAWA, August 25, 1925.

DEAR SIR,—The Commercial Protective Association was organized just about one year ago. It was definitely understood that the organization was to be of a temporary nature, and operations were planned for one year only. The Association has two definite objects in view:—

- (1) To obtain a change in the Customs Act making more severe penalties for wholesale smuggling;
- (2) To obtain an improved Preventive Service to see that the law was put into operation.

The first of these objects has been attained. In reference to the second, a vote of \$350,000 specially designated for the prevention of smuggling, was passed by Parliament, but so far no active steps have been taken to reorganize the Preventive Service, although it is believed that such a reorganization is contemplated by the Government.

For the purpose of determining whether the organization shall be continued, and if so, in what form and for what particular purpose, a meeting has been called by the Executive Committee, to be held at Ottawa on the afternoon of Tuesday, September the 8th, at 2.30 at the Chateau Laurier.

It is desirable that there should be a large attendance of those interested in this matter, in order that the views of as many as possible regarding the future policy may be obtained. Your attendance is urgently requested.

Yours truly,

(Sgd.) R. P. SPARKS,
Chairman, Executive Committee.”

By Mr. Kennedy:

Q. I think you stated yesterday, Mr. Sparks, that Inspector Duncan had ten investigators working with him for a while?—A. We had as many as ten; we had three in addition to Inspector Duncan, authorized preventive service officers, without pay. In addition we had a clerical staff, and at times we employed what I might call perhaps informers, and other parties whom we felt would be of value to us.

Q. This might be going off the track for a moment, but will you file a statement showing the amount you have already paid?

Mr. HENDERSON: It might be filed. The information produced shows how the amounts were disbursed.

By Mr. Henderson:

Q. How much money did you spend, of the business men?—A. Approximately \$20,000.

By Mr. Kennedy:

Q. This applies to Inspector Duncan?—A. Yes, only.

Q. You can show the others?—A. Yes. I will be glad to provide a statement.

Q. One other question. You were of the opinion apparently that the appointment of ten good investigators would be sufficient to clean things up in Ontario and Quebec?—A. Yes.

Q. Appointed without regard to politics?—A. Yes.

Q. How would you do that? How would you have them appointed?—A. I suggested a course. I suggested Walter Duncan, the most experienced police officer in Canada, who is already attached to the Finance Department, should have the recommendation and selection of these officers.

Q. You would hand the business of the whole organization over to Walter Duncan?—A. The selection of them. I also mentioned the name of Sir Percy Sherwood. I did not discuss it with him, but I thought he was a competent police officer, and, if I may say so to the committee, that is my view as a result of my experience in this matter, that he was fitted to deal with this problem, he having what might be called the police mind rather than the departmental mind, because the departmental mind runs to the making of reports, while the police mind runs towards putting criminals behind the bars.

By Mr. Henderson:

Q. I do not want to go into facts or mention names, but did you have particular incidents or particular instances which bore you out in your opinion, and which you told the Minister?—A. Many instances.

Q. Where what I might call your police officers under Inspector Duncan actually accomplished financial results?—A. We believed so.

Q. In substantial amounts? I think that would be better dealt with at a later stage of the committee's investigation. Not to go into details, Mr. Chairman, I can assure you that that runs into real money.

By Mr. Kennedy:

Q. You were not satisfied with the appointment of six or seven officials?—A. No.

Q. I am speaking of Ontario and Quebec?—A. They were quite useless.

By Mr. Henderson:

Q. You did express your opinion as to what was actually done?—A. Emphatically.

Q. You wanted men actually trained, of the police type?—A. Yes.

Q. I think I am getting nearer the close of my examination, the committee will be glad to hear, but there was one further letter produced and filed by the Prime Minister, or rather a letter to the Prime Minister of the 30th of May, 1925, written by you. Have you that letter, Mr. Sparks?—A. Yes. Shall I read it?

Q. Before you start to read this letter, did you furnish copies of it, or send copies of it to any other members of the Cabinet?—A. I sent a copy to the Deputy Minister of Finance, to the Deputy Minister of Customs, to the Minister of Finance, and to the Prime Minister.

Q. Will you read that letter, please?—A. It is dated May 30th, 1925, and reads as follows:

EXHIBIT No. 38

"OTTAWA, May 30, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

DEAR SIR:—In reference to the matter of J. A. E. Bisailon, about whose activities certain information has been given you, I beg to enclose herewith extracts from evidence given by this man, under oath, in the case of Rex vs. J. F. Simons, et al.

[Mr. R. P. Sparks.]

Although the matter has been before the Government for some months, they appear not to have received an official copy of this evidence, but we have now delivered to the Deputy Minister of Customs a copy of Bisailon's evidence, together with a copy of the evidence of a number of other witnesses. For your personal information I am enclosing herewith copies of some extracts which show what appears to us to be a remarkable condition. This evidence has to do with certain deposits amounting to \$69,000 made by Bisailon. In his evidence he swears that this was in part moneys which he had collected when he opened a Custom House at Farnham and deposited to his private account and at his convenience remitted to Ottawa. It seems incredible that public business should be carried on in this way, and it appears altogether likely that Bisailon was perjuring himself.

His explanation of certain deposits of \$14,000, as shown on the last page, is certainly amusing. He states that he sold a car for \$1,500 and purchased one for \$2,000. This he shows as a total of \$4,000, and that a car was put at his disposal by the Government worth \$2,000. He makes all these statements to justify a deposit, whereas he has simply added together sales and purchases of automobiles, which could in no way account for bank deposits. In this transaction, as in the others referred to, he was evidently committing perjury.

Under ordinary circumstances one would expect that a public servant who gave evidence of this character would not remain a single hour in the Government employ; however, he has remained for months as Chief of the preventive service for the Province of Quebec.

Now that the evidence is before the Minister no doubt action will be taken, but I thought well to forward you these few extracts, and will be glad to submit the whole file of evidence given, should you desire to see it.

Yours truly,

(Sgd.) R. P. SPARKS,
Chairman, Executive Committee.

Q. Enclosed with that there were certain extracts; will you read those please?—A. They are very lengthy.

The CHAIRMAN: As far as the evidence is concerned, this is evidence taken before a Court in Montreal. You will produce for this committee a true copy of the notes of the stenographer who took this evidence.

Hon. Mr. BENNETT: In this case, all that has been done is to show that what are purported to be extracts were sent to the Prime Minister. It is not proving their authenticity, only that they were sent to him. That is a very important matter, and what extracts were sent to him we should have upon the record.

Mr. HENDERSON: In addition to what has been stated, these are extracts made by the writer, copied from an actual certified copy which had been furnished by the writer in this letter to the Deputy Minister of Customs.

The CHAIRMAN: I do not think that will be legal, if you do not file the whole of the testimony. You cannot take one part of testimony and file it; you have to file it as a whole.

Mr. HENDERSON: I understand you have the whole record here, transmitted from the Customs Department. I think that is before the committee.

Hon. Mr. BENNETT: I think the Chairman is confusing two things; it is not a case of proving what the testimony was, but what in fact this witness sent to the Prime Minister. If he sent him a piece out of a newspaper, it would be in exactly the same position.

[Mr. R. P. Sparks.]

The WITNESS: Mr. Chairman, might I just make a brief statement in reference to this matter? The Montreal business interests were constantly pressing upon my attention this matter of Mr. Bisailon. I was here at Ottawa, and they could not understand why he was not dismissed, so I went to the Deputy Minister.

By Mr. Donaghy:

Q. Did you write any letters about it?—A. I imagine I have some in this parcel.

Q. You do not recollect that?—A. Well, I was in Montreal every week, and was hearing from the Boards of Trade and all that sort of thing. The Board of Trade was pressing the matter upon me.

Q. Who on the Board of Trade were pressing it?—A. The president, Mr. H. O. Dawson, many times mentioned it; the vice-president, Mr. Lafoley. I went to the deputy minister and suggested that he get copies of the original evidence from Quebec.

By Mr. Henderson:

Q. That is the Deputy Minister of Customs?—A. That is the Deputy Minister of Customs. I went in some weeks later, and asked if he had obtained copies. He had not, but said that he had written. I went in perhaps a month later and again asked if he had obtained the copies. I think I called three or four times, and finally when the department had not obtained certified copies, I went to Montreal and I got certified copies which cost me \$60, and I sent certified copies to the Deputy Minister and at the same time wrote to Mr. Robb and the Prime Minister, both of whom had asked me to keep them informed as to the whole situation.

By Hon. Mr. Stevens:

Q. They were full copies?

Mr. HENDERSON: Full copies had gone to Mr. Farrow.

The WITNESS: A full certified copy of the evidence of seven witnesses was sent to the deputy; extracts taken were sent to the Minister of Finance and the Prime Minister, at their request. The extract of evidence which I wished to read is as follows:

EXHIBIT No. 39

“EXTRACT from evidence given by Joseph Alfred Edgar Bisailon, of Montreal, under oath on the 13th day of February, 1925, in the case of Rex vs. J. F. Simons, et al.

Q. You tell us that you opened the Farnham Office and that you deposited the moneys of your Customs Office at the Bank?—A. Yes—1922 and 1923.

Q. Did you send the money to the Receiver General every day or every week?—A. Generally every week, sometimes every two weeks. That depended on how the affairs were settled.

Q. I find that you had considerable balances at the ends of the month.—A. Naturally I could quite likely have a cheque on the 28th and deposit on the 29th.

Q. In 1923.—A. In 1923 and 1924.

Q. Now do you assert that for years the Farnham Office has been conducted in this manner?—A. No, it was opened in 1920 and in April, 1923—from the month of April. I do not exactly remember the dates.

Q. Now Mr. Bisailon with regard to your cheques, you have told us that your Bank Account was above all composed of amounts deposited for the Customs and transmitted to the Receiver General?—A. I have told you that the larger number were for the Customs Department but I have my salary and I do commission business you know which comes to a considerable amount, and there are also bits of business I do myself.

Q. Will you examine all the cheques and show the Judge the cheques you passed to the Receiver General for those years?—A. I do not see any here. These are all personal cheques. \$124. \$200. These are all personal cheques—\$60. \$110.

Q. The explanation that you give *re* your account at the Provincial Bank is that you deposited amounts belonging to the Government for the most part, and that you reimbursed these amounts by cheques afterwards.—A. No, not by cheques, by a remittance, a draft which cannot appear there.

Q. So now you say it was by remittances?—A. Yes, I had cheques to different people—the cheques which I gave—I see that they are for things—are personal cheques.

Q. So there are no cheques to the Receiver General?—A. No, I have received some payable to the Receiver which have been deposited.

Q. How did you buy your remittances? What procedure did you follow?—A. Taking the money in my bank book.

Q. So it was not in ready money, how did you pay at the bank?—A. I made deposits, and then when I had need of an amount, for example I owed the Government three hundred, two hundred or four hundred dollars—I bought a remittance—or sometimes I found myself at the other end of the town and had to buy another remittance, I made a cheque payable to me and bought a remittance for the amount.

Q. Don't you think that if there had been remittances of this kind payable to the Receiver General there would be the figures among the cheques given at the end of the month?—A. No because the receipts in question were generally kept at the office as receipts for our drawings.

Q. I am speaking of the Bank.—A. No, sir.

Q. When you received at the end of the month the cheques you had drawn or the remittances, were there no figures which showed the amount drawn from your account?—A. Yes, in part.

Q. Will you show me the figures or something which will show the payments made to the Receiver General?—A. They have perhaps omitted to send them. It is perhaps an omission on the part of the Bank.

Q. Naturally I do not want to take you by surprise but you have given an explanation and among all the documents here I do not see any for the Receiver.—A. No that is not absolutely necessary. The cheques could have been drawn to my order and they have been bought—these are all personal cheques, my butcher, grocer, taxes on my property.

Q. This then will be for 1922 and 1923? I understand that in 1924 you deposited 14,000 dollars?—A. Yes I can explain that to you. In April, 1924, I sold a machine to Colonel Archambault, a car for \$2,000; I deposited \$2,000; later I bought one in May which I paid \$1,500—for I had to draw money from the bank where it was deposited. There is a total of \$4,000. I resold it. The Government put at my disposal a machine—that made \$6,000. For the remainder there is my salary and bank discounts—I borrowed \$2,000 from one of my friends who you know very well is a director of the Bank of Hochelaga and which I have not yet repaid him. I am still in debt to the Provincial Bank for seven

or eight hundred dollars. I have three or four thousand dollars of discounts to-day. I am broken and my credit is smashed. The witness made no further statement."

The CHAIRMAN: Now, would you allow me a question?

The WITNESS: Yes.

By the Chairman:

Q. Is this evidence taken in French or in English?—A. It was taken in French, and I had a translator.

Q. Translated by whom?—A. He was a translator that we got from the police court; I don't know the name, but I can ascertain it. He was an official translator—that is, a man who is used in the Courts for translation purposes.

By Hon. Mr. Stevens:

Q. Did you get an official copy of this for your \$60?—A. I got a copy from the clerk of the Court. I presume it was official.

Q. This was an extract from it?—A. Yes.

By Mr. Henderson:

Q. And it was that copy which you gave to Mr. Farrow?—A. Yes.

Mr. GEOFFRION: While that might be a good translation, it could not be a certified copy.

By the Chairman:

Q. Did you file a copy in full with Mr. Farrow?—A. I filed a copy in full with Mr. Farrow.

Q. Of all his evidence?—A. Yes.

Q. Translated?—A. No, in French.

Mr. HENDERSON: Mr. Geoffrion calls attention to the fact that that certified copy must necessarily have been in whatever language it was taken. It could not be certified otherwise.

Mr. GEOFFRION: This may be a good translation, but it is not official at all.

Mr. HENDERSON: That is obvious.

The CHAIRMAN: As for that, I would like to say before this committee—

Mr. GAGNON: There is another very important question. Is it the whole of the evidence of Mr. Bisailon, including cross-examination by his counsel?

Mr. HENDERSON: No, it is not.

By Mr. Bell:

Q. I take it, Mr. Sparks, that what you refer to there was written in English, accompanying the letter?—A. Yes.

By the Chairman:

Q. Drawing it to the attention of the Prime Minister?—A. Yes, that is all.

Mr. HENDERSON: The point of it is this; each of the gentlemen to whom the letter was written was informed that the evidence in full was available in the Customs Department, but for their convenience this extract was made, and anyone could easily check it with the original.

Mr. GAGNON: Yes, but there might be something in the evidence, some explanation, which would be brought out in cross-examination, and if Mr. Sparks elected to put before the Prime Minister just a certain part, which

he calls incriminating to my client, without explanation from my client, or any explanatory remarks, it would not be fair.

Mr. ELLIOTT: Mr. Chairman, I was just going to say that it may have been absolutely unfair to Mr. Bisailon—I think it could not be fair to any man to take extracts of evidence given against him and submit them as evidence against him, without putting in the whole record. But I take it, Mr. Gagnon, that the object my learned friend, Mr. Henderson, has in mind, and which the witness has in mind, is to establish that certain information was given to the Department—

Hon. Mr. BENNETT: To the Prime Minister.

Mr. ELLIOTT: —to the Prime Minister and one of the other Ministers. Now, I do not believe at this stage of the proceedings we are concerned with the question of whether that evidence was true, whether it was fair to Mr. Bisailon or absolutely unfair, or anything else connected with it. I assume that what we are establishing now is the question of what evidence was produced. It may be that that evidence, when produced, if examined by a lawyer and found to be only extracts might—and it undoubtedly would—not have the same weight as it would if the whole record were there, but we are taking it as evidence of what was presented to these various departments, for what it was worth.

Mr. GAGNON: I agree with that.

Mr. ELLIOTT: I have no doubt that when that evidence came in some investigation was made which indicated—although as far as I am able to see it does not indicate—whether this man was short in his accounts with the Receiver General or not. It may be that the very fact that it was not disclosed by investigation by the Department, and it was found he was correct on the books of the Department, will nullify the effect of that evidence with the Department, and I do not think it is wise to interrupt the proceedings by objecting on behalf of anybody who may be properly represented, or may be improperly misrepresented. That is the way it strikes me.

The WITNESS: Mr. Elliott, my whole object was to get an investigation. That is all I wanted.

By Mr. Donaghy:

Q. Mr. Sparks, was this matter of his books and bank account ever investigated to your knowledge, right after this?—A. No, not to my knowledge.

Q. Do you not know about that? We have it on file. We have it that it was investigated and it was found that his accounts were kept in proper shape, and every nickel of money was transmitted to the Department with great precision. We have it on our files here, and I am surprised you do not know it?—A. That was my information from the Deputy Minister.

Mr. HENDERSON: I think you are wrong, Mr. Donaghy. I think it will turn out that either you are wrong, or the Deputy Minister is very wrong.

Mr. DONAGHY: The file is here, that will show.

By Mr. Bell:

Q. Mr. Sparks, having written this letter to the Prime Minister, and having quoted extracts from Mr. Bisailon's evidence, did the Prime Minister in reply ask you for the full record or any comments on the fragmentary nature of the evidence you had?—A. I had no reply.

Mr. HENDERSON: I will ask you to put in that letter and its enclosure, Mr. Chairman, and let it be filed as part of the record.

By Mr. Henderson:

Q. Now, Mr. Sparks, there is just one other matter which I want to take up with you. There was one particular type of smuggling, I think, with which you were particularly concerned. Have you a letter of the 18th of November, 1924, to the Hon. Mr. Bureau?—A. Yes.

Mr. HENDERSON: I think that will be on the files, Mr. Chairman, the letter of the 18th of November, 1924, from the witness, as President of the Organization then known as the Dominion Smuggling Preventative Association, to the Hon. Mr. Bureau.

By Mr. Henderson:

Q. Will you be good enough to read that letter? May I say this: that I am sure all the members of the Committee are aware of the fact that the importation of prison-made goods into Canada is absolutely prohibited?—A. (Reading):

EXHIBIT No. 40

“DOMINION SMUGGLING PREVENTATIVE ASSOCIATION

OTTAWA, November 18, 1924.

Hon. JACQUES BUREAU,
Minister of Customs and Excise,
Ottawa.

DEAR SIR,—In connection with the investigation which you are making at Rock Island, Quebec, we have some reason to believe that prison-made garments are being smuggled into Canada, the labels changed and these goods then distributed under the Canadian manufacturer's brand.

I have obtained a complete list of the prison contractors in the United States together with the brands under which their goods are sold, a copy of which I enclose. The Reliance Manufacturing Company is very much the largest and represents what is known as the prison trust.

If, in any of your inquiries, you come across any goods with these brands, this will indicate that they are of prison manufacture.

The principal products of prison labour are work shirts, women's house dresses, children's play suits, overalls and work pants. Might we make the further suggestion that examination might be made of any large importation of these lines coming from the United States, with the object of finding out if they are of prison manufacture. The labels will indicate their origin, but, even apart from their labels, which might be changed, shipments from any of the firms mentioned in the attached list will probably be prison made.

The particular reason why we are calling this matter to your attention is that a very comprehensive campaign is being carried on in the United States to prevent the sale of prison-made goods and it is getting very difficult to sell these goods there, and we have reason to believe that contractors who are tied up on long term contracts are turning to Canada as a market for their products.

Perhaps some investigation might be made of the Reliance Manufacturing Company, who are the largest shippers, with the idea of finding out if they are doing any Canadian business.

Yours truly,

R. P. SPARKS,

President.”

On the 20th of November, I received the following reply:

EXHIBIT No. 41

"OTTAWA, November 19th, 1924.

R. P. SPARKS, Esq., Pres.,
 Dominion Smuggling Preventative Ass'n.,
 P.O. Box 645, Ottawa, Ont.

My DEAR SPARKS,—I beg to acknowledge receipt of your letter of the 18th of November with reference to the organization of an association having reference to the smuggling of goods into Canada.

I expect to leave to-day or to-morrow and to be away at the beginning of next week. As soon as I am back, Mr. Ide will get in touch with you and tell you when we can meet your Montreal and Toronto people. I will be glad to meet them and I will co-operate with you.

Yours truly,"

By Mr. Henderson:

Q. In your letter of November 18th you enclose a long list of companies and particulars of the companies?

By Hon. Mr. Bennett:

Q. For prison-made garments?—A. Contractors for prison-made garments.

Mr. HENDERSON: I am coming to that. I would ask that that letter, its enclosure, and the reply be made part of the record.

Hon. Mr. BENNETT: You had better put it on the record, for it is very useful.

By Mr. Henderson:

Q. I am afraid I am testing Mr. Sparks' elocutionary powers too greatly. I will read it, or will you read it.

Hon. Mr. BENNETT: In order that there may be no confusion, you are now reading from a copy of what was enclosed in a letter to Mr. Bureau on the 18th of November, 1924.

WITNESS: I am willing to read anything, but there is a lot of superfluous stuff here. If you will let me indicate the character of it, I would like to read the names comprised in the prison trust.

Mr. DONAGHY: If you are going to read it, you had better read it in full.

WITNESS: (reading):

EXHIBIT No. 42

"PRISON CONTRACTORS IN THE UNITED STATES

GARMENTS

Reliance Manufacturing Co., 212 West Monroe St., Chicago, Ill.; Milton F. Goodman, President; M. Monheimer, First Vice-Pres.; Maurice Schultze, Second Vice-Pres.; R. R. Rader, Treasurer; J. A. Benjamin, Secretary; E. R. Parker, Asst. Secy. and Treas.; Herman Waldeck, Vice-Pres. Continental & Commercial National Bank, Chicago, Director; Ralph Hubbard, Vice-Pres. of John Burnham & Co., Bond Brokers, Chicago, Director; Ward H. Watson, former Judge Indiana Appellate Court, Director; Eli H. Brown, Jr., Attorney, Louisville, Ky., Legislative Agent.

[Mr. R. P. Sparks.]

Brands:—

- 'Big Yank' Shirts.
- That is the important feature.
- 'Black Beauty' shirts.
- 'Milton F. Goodman' shirts.
- 'Honor Bright' boys' blouses.
- 'Captain Khaki' shirts.

Contracts:—

- State Prison, Montgomery, Alabama.
- State Penitentiary, Wethersfield, Conn.
- State Penitentiary, Boise, Idaho. Shirts 42½ cents to 45½ cents per dozen.
- State Prison, Michigan City, Ind. Oral contract.
- State Reformatory, Pendleton, Ind.
- State Prison, Eddyville, Ky.
- State Reformatory, Frankfort, Ky.
- State Reformatory, Granite, Oklahoma.
- State Reformatory, Green Bay, Wisconsin.
- State Penitentiary, Rawlings, Wyoming.
- State Penitentiary, Huntsville, Texas. Not operating.
- Sterling Manufacturing Co. 212 West Monroe St., Chicago, Ill.
(Subsidiary of Reliance Manufacturing Co.) Wm. Taradash,
President; Milton F. Goodman, Vice-Pres.; Lytle W. Garney,
Secretary.

Brands:—

- 'Happy Home' house dresses.

Contracts:—

- State Reformatory, Anamosa, Iowa.
- State Prison, Nashville, Tennessee.
- Gordon Shirt Company, Chicago, Ill. (Subsidiary of Reliance Manufacturing Co.) Isadore Gordon, Wheeling, W. Va. President; E. R. Parker, Chicago, Ill., Vice-Pres.; A. E. Brett, Secretary-Treasurer; H. G. Meyer of Mayer, Meyer, Austrian and Platt, Lawyers, Chicago, Director; Frank O'Brien, Lawyer, Chicago, Director.

Contracts:—

- State Penitentiary, Moundsville, W. Va. 72 cents per man per day.
- Oppenheim & Company, New York City.

Contracts:—

- Newcastle Co., Workhouse, Wilmington, Del.
- Kleeson Manufacturing Co., New York City. J. A. Boyd, President, formerly chairman of Board of Control of W. Va. State Penitentiary.

Contracts:—

- State Penitentiary, Moundsville, W. Va. Labour, 70 cents to \$1.00 per day.
- Litewear Manufacturing Co., Chicago, Ill. (Subsidiary of Reliance Manufacturing Co.)
Athletic Underwear,

Contracts:—

- Women's State Prison, Wetumpka, Alabama.
- Bear Brand Hosiery Co.

Contracts:—

State Penitentiary, Waupun, Wisconsin.
Hartford Hosiery Mills, Nashville, Tennessee.

Contracts:—

State Penitentiary, Nashville, Tenn.
Cherokee Manufacturing Co., Chicago, Ill. Organized in 1924 by Chicago people, incorporated in Oklahoma. Took over Oklahoma contract when the Reliance Mfg. Co. contract was cancelled. Supposed to be a Reliance concern.

Contracts:—

State Penitentiary, McAlester, Oklahoma.
Commonwealth Manufacturing Co. Purchasing and distributing goods made under 'Public Account System'.
Workman's Clothing Co. (State of Missouri operating under this name).

Contracts:—

State Penitentiary, Jefferson City, Mo.
Missouri Shirt Manufacturing Co. (State of Missouri operating under this name).

Contracts:—

State Penitentiary, Jefferson City, Mo.
(Cotton and flannel shirts, overalls, jackets, auto suits, coats, and khaki, cotton and heavy fall pants).
Worthy Manufacturing Co., Chicago, Ill. Max Cowan, President.

Brands:—

'Worthy' shirts.
'Roomy Richard' shirts.

Contracts:—

State Reformatory, Pendleton, Ind.
State Penitentiary, Eddyville, Ky.
D. M. Oberman Co., Jefferson City, Mo.

Brands:—

'Country Gentlemen' shirts.
'Sampson' shirts.
'Stronghold' shirts.
'Gusher' shirts.
and many jobbers' labels.

Contracts:—

State Penitentiary, Lancaster, Nebraska. (Also large purchasing contractor for 'Public Account' institutions).
Keegan-Grace Co., Baltimore, Maryland.

Brands:—

'Kee-Gee'

Contracts:—

State Penitentiary, Richmond, Virginia.
Salant & Salant, New York City.
Special Brands as specified by wholesale distributors.

Contracts:—

State Penitentiary, Howard, R.I.
State Penitentiary, Ft. Madison, Iowa.
State Penitentiary, near Little Rock, Ark.
shirts 60c. to 72c. per dozen.
State Penitentiary, Ralford, Florida.
Standard Overall Co., Baltimore, Maryland.

Brands:—

'Standard'
'Union Made'

Contracts:—

State Penitentiary, Baltimore, Md.
Baltimore Shirt Co., Baltimore, Maryland.

Contracts:—

House of Correction, Jessup, Md.
Monarch Manufacturing Co., Baltimore, Md.

Brands:—

'Monarch'

Contracts:—

State Penitentiary, Baltimore, Md.

By Mr. Henderson:

Q. That is the list that was sent to the Minister and acknowledged by him?—A. Yes.

Q. As a result of your inquiry, have you any reason to believe that prison-made garments are brought into Canada?

Mr. DONAGHY: For the information of the Committee, I want to repeat the statement that I made some time ago. I have looked up this file, and I find that I am quite correct, notwithstanding what was said in this Committee. On February 15, 1925 the Deputy Minister wrote to the Collector of Customs and Excise, St. Johns, Que., a letter which reads as follows:—

Hon. Mr. BENNETT: Do you not think that we should go on?

Mr. DONAGHY: I think I should clear this up.

Hon. Mr. BENNETT: It is getting on to one o'clock.

Mr. DONAGHY: I have the file before me here. It shows that the Deputy Minister on February 15th, 1925, instructed the Collector to make a return of all monies that had been collected; so we will have the proper record of what duties had been collected there. That was done. It shows returned cheques as well, and those through which this money was forwarded to the Department at Ottawa. Those are all Government cheques which are not placed in Bisailon's account at all. They are signed by Bisailon, on account of the Department of Customs and Excise, officially; so this shows that government collections were put in the official account, and not in his private account, and issued accordingly. Furthermore, it shows that the Deputy Minister, Mr. Farrow, requested the Chief Accountant to investigate this thing, and, by a report on file, dated March 2nd, 1925, the accountant reports that he has investigated this, and that all monies collected were put into the official bank account of the government, and transmitted by official government cheques, signed by Bisailon, and every cent collected was accounted for. That clears that up. It is quite clear to my mind that Bisailon was careful not to get into the toils of the law in handling government money. In the other case it was certainly not government money, according to this official report. These documents are here, if the Committee wants them. The cheques are here as well.

Hon. Mr. STEVENS: I want to add this one thing, that this file discloses money he honestly reported, but does not show anything in regard to money he dishonestly retained for himself, or was perjuring himself in stating that he got it.

Mr. BELL: I am personally very grateful to my friend Mr. Donaghy.

[Mr. R. P. Sparks.]

By Mr. Henderson:

Q. I was asking you, Mr. Sparks, have you any reason to suppose that these prison-made goods are in Canada?—A. Yes. It has been one of the most serious phases of the whole smuggling situation, the importation of prison-made goods into this country. Just this week I went into a store in Ottawa and purchased in the ordinary way a prison-made shirt, with the name of Milton F. Goodwin, the President of the Reliance Manufacturing Company, which controls the production of fourteen State Penitentiaries, which we believe we know are shipping goods into this country. The best evidence of that is that you can buy them in the stores (the witness produces the shirt mentioned above and handed the same to the committee). (Marked as Exhibit No. 43.)

If the committee are interested in this phase of it, I may say that I have a good deal of information in regard to Milton F. Goodwin of the Reliance Manufacturing Company.

Hon. Mr. BENNETT: Might it be possible that this shirt came in with an invoice, and that the duty was paid upon it in the regular way?

The WITNESS: It should not have that label on it.

By Hon. Mr. Bennett:

Q. But under the existing law, would these people be able to bring it in here in the ordinary way, with the name of Milton F. Goodwin, of the Reliance Manufacturing Company upon it?—A. I had intimated to the Department that any shirts bearing the name of Milton F. Goodwin were prison-made.

By Mr. Donaghy:

Q. What we are interested in, Mr. Sparks, is whether the goods were smuggled?—A. If they are prison-made they are smuggled, because they could not enter Ottawa even if the duty was paid.

Mr. HENDERSON: It appears on its face that it is prison-made, because it has the label of the Reliance Manufacturing Company and the name Goodwin, which is the brand of a prison-made article. That is what the letter calls attention to.

Mr. DONAGHY: It would not indicate that to me.

By the Chairman:

Q. Will you file the document, Mr. Sparks?—A. Yes, certainly.

Mr. HENDERSON: If this does not affect the Customs administration, I can only regret personally that it does not. We know that it should, and we believe that it will.

The CHAIRMAN: The best evidence is, to have the officer of the department bring them here, and he will give us the regulations, unless we can get them in the Customs Act. This is no proof in itself.

The WITNESS: I filed with the Department a list which I believed to be correct of all prison contractors in the United States, and asked the Department to take good care to see that these goods were not coming into Canada, and I named the point at which I suspected they were coming in. I had no actual proof that they were coming into Canada. I have reason to believe that goods came in at the point I indicated.

By Hon. Mr. Stevens:

Q. The point is, did you buy this shirt in Ottawa?—A. Yes, I did.

Q. From whom?—A. I would rather not mention the name of the store-keeper, because I believe he was perfectly innocent, but I will furnish the name to the committee, also who he got it from, and perhaps the committee can find out whether it is a prison-made article.

[Mr. R. P. Sparks.]

By Mr. Elliott:

Q. I understand you will give the name to the committee, or some member of the committee, say the Chairman, the name of the store you bought it in, the name of the man from whom he said he purchased it, and we will endeavour to ascertain if possible whether duty has been paid upon this particular shirt or not.—A. That is correct.

The CHAIRMAN: The best way is to bring the man into the witness box, and let us examine him.

By Mr. Kennedy:

Q. Mr. Sparks, is it your contention that this brand is the brand of prison-made goods?—A. That is my contention.

By Mr. Donaghy:

Q. Do you know that of your own knowledge, or are you just giving that as your opinion; do you know it of your own knowledge?—A. I don't know how I could know it of my own knowledge.

Q. I do not know, either.—A. I know this—

Q. Did you learn it from any official source, that is, a Government official source in the United States?—A. Yes.

Q. By correspondence, or by word of mouth?—A. I have it in a printed publication.

Q. Printed by whom?—A. A publication published in the United States, opposing the sale of these goods.

Q. Is it an official document?—A. No.

Q. It would be easy to get it officially, if you were doing your duty, from the Government of the United States. That is what I should have expected you to produce here?—A. I got it through the International Association of Garment Manufacturers, of which I am a member, an international body properly incorporated in the United States. They sent me a list of the contractors. That is as far as I can go.

Mr. HENDERSON: We are not here proving anything against anybody. If this is not interesting evidence to the committee, it is interesting to the public. It is based upon the kind of information, and the very best kind of information a business man could be supposed to have.

Mr. DONAGHY: I just wanted to find out what kind of information this was.

Mr. HENDERSON: We will give it to you in detail, but do not ask us to furnish it from a Government, which would be an impossibility.

Mr. DONAGHY: It would be the easiest thing in the world.

Mr. HENDERSON: I cannot agree with you, Mr. Donaghy, when you say it would be the easiest thing in the world.

The WITNESS: I asked the Customs Department. I supplied them with a great deal of information and asked them to make inquiries, and the Minister in a letter said he would make a full investigation.

Mr. DONAGHY: I presume they did; they made a full investigation immediately, which apparently you are ignorant of.

Mr. HENDERSON: I am desirous of assisting this committee with information given fairly. I have been endeavouring to discuss matter historically by this witness, and to file the correspondence, which cannot be controversial, and that is all. If anyone challenges the details, he does so at his own risk, and I will say to any member of the committee or to anyone else that we could stay

[Mr. R. P. Sparks.]

here for two weeks telling things, but I suggest that that would be inadvisable, and I would also suggest that this manner of criticizing the witness is most inadvisable.

Mr. DONAGHY: I do not agree with you, Mr. Henderson.

Mr. HENDERSON: All right, I am sorry for that. We will agree to disagree.

Mr. DONAGHY: After all, we have to find out the foundation upon which the witness's opinions are based.

Hon. Mr. BENNETT: All Mr. Sparks is deposing to is the fact, as to what he did, and what he sent to the Government. It may be that the information upon which he acted did not have the same foundation one would expect in a Court of Law. But that is not the question at all.

Mr. HENDERSON: It is near the close of his examination, and I would like to ask Mr. Sparks this question:

Q. Mr. Sparks, if this is so, I want you to emphasize that you have not any complaint to make against Mr. Farrow or Mr. Wilson, whom you deem to be highly efficient officials. Is that right?—A. That is correct.

Mr. HENDERSON: That may be taken, Mr. Chairman, in the broadest way. We are discussing the system which makes their work comparatively inefficient, and makes it impossible for them to function as they would like to function.

Mr. ELLIOTT: As I understand it, this is directed against the system, not the officials?

Mr. HENDERSON: That is it. We called him to contribute the evidence we desired to bring before the committee.

Hon. Mr. BENNETT: It seems to me that Mr. Sparks' view is that his associates had given the Government enough information to get to the bottom of the facts, and not put it upon the public.

Mr. HENDERSON: A Royal Commission was suggested, and Mr. Sparks said we should not be called upon to act as prosecutors.

Mr. ELLIOTT: It is too early to attempt to put this politically, because Mr. Sparks has not been cross-examined.

Mr. BELL: He has been very minutely cross-examined, and quite of order.

Mr. ELLIOTT: This is all quite out of order. Let us have no argument about it. When a point arises during the examination, it seems to me best to follow the usual practice and clear it up as soon as we can. I think we will facilitate the inquiry by doing that, without threshing out the point of whether or not it is a strictly regular way of cross-examining.

Mr. BELL: We might have done that the other day, but we refrained, when the Minister was called as well as other officers of the Department.

Hon. Mr. BOIVIN: If you had, the Minister would not have complained about it.

Mr. BELL: I am not saying that you would have. I am speaking to Mr. Elliott.

Mr. HENDERSON: Mr. Sparks has no desire to be controversial. His object is, to show what his activities were, and to show what he communicated to the Government, and in the last five minutes he has tried to do so.

By Mr. Henderson:

Q. It may be proper to say that it has been suggested, Mr. Sparks, and I will ask that you be given an opportunity of explaining your position, that you

[Mr. R. P. Sparks.]

in some way or another started what has been called the Stevens Investigation; just tell me about that, will you?—A. I think it is very desirable that that be cleared up.

Hon. Mr. STEVENS: Before we adjourn, Mr. Chairman, can I ask Mr. Wilson, who is present, if he will produce the auditor's report of the Gaunt case? I think we were to have it produced some days ago. I simply want to have it produced so that we can have it before us.

WILLIAM FOSTER WILSON recalled.

By Hon. Mr. Stevens:

Q. Have you the auditor's report of the investigation of the Gaunt case, Mr. Wilson?—A. Yes.

Q. Will you produce it?—A. I have it here. I produce Preventive Service file No. 8043.

Witness retired.

The committee adjourned until 10.30 a.m. Thursday, February 18, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 8—THURSDAY, FEBRUARY 18, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. R. P. Sparks, Commercial Protective Association, Ottawa.

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

EXHIBITS FILED.

- No. 44—Letter dated December 2, 1925, from Mr. Sparks to Mr. Tolchard, Secretary, Board of Trade, Toronto, respecting "Stevens" resolution on Order Paper of House of Commons.
- No. 45—Letter dated February 19, 1925, from Deputy Minister of Customs to Collector of Customs and Excise, St. Johns, P.Q., stating that report required from him showing manner in which collections were remitted to him by the Acting Sub-Collector from April 1, 1922 to July 31, 1922.
- No. 46—Letter dated February 24, 1925, from Mr. J. C. Latour, Collector of Customs and Excise, St. Johns, P.Q., to Deputy Minister of Customs and Excise, being a reply to Exhibit No. 45.
- No. 47—Memo dated March 2, 1925, from Chief Accountant, Department of Customs and Excise, to Deputy Minister of Customs and Excise re depositing remittances of collections at the outport of Farnham by Mr. Bisailon.
- No. 48—Letter dated December 23, 1924, from Mr. Sparks to Hon. Jacques Bureau re changing name of association from "Dominion Smuggling Preventive Association" to "Commercial Protective Association."
- No. 49—Letter dated March 25, 1925, from Mr. Tolchard, Secretary, Board of Trade, Toronto, to Prime Minister enclosing copy of letter to Hon. Jacques Bureau regarding prevention of smuggling.
- No. 50—Letter dated March 25, 1925, from Mr. Tolchard, Secretary, Board of Trade, Toronto, to Hon. Jacques Bureau, expressing appreciation of statement of Minister in House that more stringent legislation for the prevention of smuggling was proposed.

REPORTS OF THE COMMITTEE

FIRST REPORT

THURSDAY, February 18, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, beg leave to present the following as their First Report.

Your Committee recommend that leave be granted them to employ counsel for the purpose of assisting in the investigation of the matters referred to them.

All which is respectfully submitted.

PAUL MERCIER,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, February 18, 1926.

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

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

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

The Clerk read memo *re* Mr. G. Scherer of Ford, Ontario, for which see evidence.

Hon. Mr. Stevens moved,—That Mr. Gregory George of the Dominion Distillers Company Limited, be required to attend upon this Committee on Friday, the 19th instant, for further questioning in regard to the production of books, and produce before this Committee certificate of incorporation, stock books, stock register and certificate stubs, and all transferred and cancelled stock certificates of the Dominion Distillers Products Company Limited since its incorporation.

Motion agreed to.

Mr. Kennedy moved,—That the Committee recommend to the House that leave be granted to engage the services of counsel to assist them in the matters now under investigation, and that the Chairman make the motion for concurrence in the House to-day.

Motion agreed to.

Mr. Doucet moved,—For the production of files containing the Departmental record of one, Mortimer Reinhardt, Collector of Customs at Lahave, N.S.

Motion agreed to.

Mr. Doucet moved,—For the production of the files containing all documents, correspondence, telegrams and reports in the case of the seizure of intoxicating liquors at or near Yarmouth, N.S., in the month of October, 1925, and known as Seizures Nos. 6269 and 6270.

Motion agreed to.

Hon. Mr. Boivin, produced, for the use of the Committee, Customs and Excise Department files Nos. 13335, dated April 4, 1925, and 13214, dated March 4, 1925, respecting Prospere Theriault and others, employees of the Department at the Port of Montreal, asked for by Mr. Doucet's motion of the 15th instant.

Hon. Mr. Boivin filed with the Committee the original of the letter written on September 1, 1925, from Mr. R. P. Sparks to Hon. Mr. Cardin (Exhibit 36); also copy of a letter dated August 25, 1925, from Mr. Sparks to the different members of the Commercial Protective Association. (Exhibit 37).

Mr. R. P. Sparks' examination was continued. He produced for the use of the Committee:—

- (1) Statement of expenditures of the Commercial Protective Association from its inauguration to February 18, 1926.
- (2) A pamphlet issued by the International Association of Garment Manufacturers.
- (3) Copy of a publication called "The American Vanguard".
- (4) Copies of the correspondence between Mr. Sparks and Mr. Farrow, Deputy Minister of Customs and Excise.

Mr. Sparks filed with the Committee:—

Exhibit No. 44.—Letter dated December 2, 1925, from Mr. Sparks to Mr. Tolchard, Secretary, Board of Trade, Toronto, respecting "Stevens" resolution on Order Paper of House of Commons.

In the course of the examination of Mr. Sparks, the following exhibits were filed, viz:—

No. 45.—Letter dated February 19, 1925, from Deputy Minister of Customs to Collector of Customs and Excise, St. Johns, P.Q., stating that report required from him showing manner in which collections were remitted to him by the Acting Sub-Collector from April 1, 1922, to July 31, 1922.

No. 46.—Letter dated February 24, 1925, from Mr. J. C. Latour, Collector of Customs and Excise, St. Johns, P.Q., to Deputy Minister of Customs and Excise, being a reply to Exhibit No. 45.

No. 47.—Memo dated March 2, 1925, from Chief Accountant, Department of Customs and Excise, to Deputy Minister of Customs and Excise *re* depositing remittances of collections at the outport of Farnham by Mr. Bisailon.

No. 48.—Letter dated December 23, 1924, from Mr. Sparks to Hon. Jacques Bureau *re* changing name of association from "Dominion Smuggling Preventive Association" to "Commercial Protective Association".

No. 49.—Letter dated March 25, 1925, from Mr. Tolchard, Secretary, Board of Trade, Toronto, to Prime Minister enclosing copy of letter to Hon. Jacques Bureau regarding prevention of smuggling.

No. 50.—Letter dated March 25, 1925, from Mr. Tolchard, Secretary, Board of Trade, Toronto, to Hon. Jacques Bureau, expressing appreciation of statement of Minister in House that more stringent legislation for the prevention of smuggling was proposed.

Examination in chief of Mr. Sparks was concluded, and he was cross-examined in part.

The Chairman announced that Mr. Farrow had produced the evidence of Mr. Bisailon, referred to by Mr. Sparks and handed by Mr. Sparks to the Department of Customs and Excise.

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

MINUTES OF EVIDENCE

THURSDAY, February 18, 1926.

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

The CHAIRMAN: Mr. Todd, will you call Mr. Scherer? See if he is in the room.

The CLERK: (Calling) "Mr. G. Scherer, Ford Ont."

Hon. Mr. STEVENS: Have you the summons there? I would like to ask, Mr. Chairman, if the Clerk has been able to secure service of this summons.

The CLERK: This is a memorandum with regard to G. Scherer. (Reads):

"Memo re G. Scherer:

On February 9th he was ordered to attend before the Committee duces tecum on Wednesday, February 17th.

On February 9th a summons duces tecum was sent by registered mail addressed to G. Scherer, Ford, Ontario.

February 17th on name of G. Scherer being called he did not respond. on the same morning the following telegram was sent to the Postmaster at Ford, Ont:—

'Please wire me immediately whether registered letter from House of Commons, Ottawa, February ninth addressed to G. Scherer (stop) Ford, Ontario, was received and who signed for same.

WALTER TODD, *Secretary*

Customs Investigation Committee'

At 2 o'clock of the same day the following reply was received there-to by telegram, viz:—

'Registered letter for G. Scherer, Ford still in Walkerville Post office. Address cannot be located by letter carriers. Name not in city directory.

P. R. SMITH, *Clerk in Charge.'*"

Hon. Mr. STEVENS: There appear to be three addresses at which this man may be found. One is, Ford, Ont., the other is Walkerville, Ont., and the other is Sandwich, Ont., and I suggest that the necessary steps be taken to have the sheriff of these three places endeavour to locate this witness and to serve the summons forthwith. It is all under one sheriff, I am told. Advise him that these three addresses had been given.

Mr. DONAGHY: Before we start the evidence this morning, I propose to read certain reports from the files of the Customs Department, made by Customs officials, and correspondence relating to them. I want to have these documents now filed, and I wish to read them.

Mr. BELL: What are the documents, Mr. Donaghy, please?

Mr. DONAGHY: They relate to the question of the man Bisailon placing in his private account moneys collected as Customs duties while he was located at Farnham, Que.

Mr. BELL: I should think that their introduction at the present stage is hardly in order, until the witness has finished his evidence in chief.

After discussion the reading of these documents was postponed.

Mr. HENDERSON, K.C.: I was about to say, Mr. Chairman, before this discussion arose, that we were ordered by the committee yesterday to produce a statement showing in detail the expenditures of the Commercial Protective Association other than set out in a statement which had already been filed. I now produce that statement, and of course Mr. Sparks will give any explanations desired. I may also say that I think it was Mr. Donaghy—I speak with some temerity on this—who yesterday asked the witness as to the source of his information concerning the identity of the prison contractors in the United States. I have here a pamphlet issued by the International Association of Garment Manufacturers, and another publication containing information in that regard. I realize, of course, that they are open to objection as evidence, but I want to say that they are here and available if any member of the committee wishes to see them, or if the committee wishes to use them.

Hon. Mr. BOIVIN: Mr. Chairman, on behalf of the department, if I may speak in the absence of our attorney, I would ask that any documents that are submitted for the consideration of the committee be at least produced. I do not ask that they be filed, but I think they should be produced and kept in the custody of the committee so that all the members may see them.

Mr. HENDERSON, K.C.: I am going to have Mr. Sparks say now that this is the source of his information, and I am going to ask the privilege of producing them.

RODERICK PERCY SPARKS examination continued.

By Mr. Henderson, K.C.:

Q. Mr. Sparks, you heard what I said just now. Before we adjourned yesterday reference was made to the source of your information as to the identity of the contractors for prison-made goods in the United States. I have handed to the Chairman a pamphlet issued by the International Association of Garment Manufacturers, and a publication called *The American Vanguard*. Am I right in understanding that this is the source of your information?—A. Yes.

Mr. HENDERSON, K.C.: Then I ask to produce these.

The CHAIRMAN: Produced only for our information.

By Mr. Henderson, K.C.:

Q. A member of the Committee asks that you tell the committee something about these.—A. This Association, of which I was a member, is an international body, and conducted an exhaustive investigation into the prison labour situation. They issued a pamphlet called *Prison Labour Competition versus Free Industry*. I attended conferences at Chicago, another at St. Louis and another at New York, in reference to this situation. I had a comprehensive knowledge of the whole campaign, and I have had that confirmed by a report made by the International Association issued from their offices at 395 Broadway. The other publication, if I might say so, is the publication of an association who are fighting prison labour. If the committee wish to have further information, there are one or two passages I would be glad to read.

Q. Contract labour in prisons?—A. Yes.

[Mr. R. P. Sparks.]

By the Chairman:

Q. This pamphlet is called the American Vanguard, published monthly. This copy is for September, 1924, No. 46.—A. Yes.

Mr. HENDERSON, K.C.: Mr. Sparks and I have conferred as to these matters. We understand that the committee is about to appoint counsel to represent the committee, and there is a large mass of material here which I do not think should be opened up until counsel for the committee has had an opportunity of looking it over. Mr. Sparks will be available, because a great deal of explanation must be given concerning it. So I would like to stop there; I do not want to be accused of going too far in anything, but please have it understood that Mr. Sparks will be at all times available to counsel for the committee. He has a great deal of information which is not, technically speaking admissible as evidence.

By Mr. Henderson, K.C.:

Q. Very well, Mr. Sparks. Passing from that, you have talked about the operations of your organization, and it might be understood that your operations were confined to the district that we call the Montreal district. Is that right?—A. No.

Q. Did your operations extend elsewhere? I do not want to go into details.—A. From Windsor to Quebec.

Q. Your operations extended from Windsor, that is in Ontario, to Quebec city, do you mean?—A. To Quebec city. In addition we had correspondents appointed officially by thirteen Boards of Trade, who officially corresponded from the outlying parts of Canada.

Q. But your active operations, if I might so call them, through the instrumentality of your paid men, ran from Windsor to Quebec city?—A. Yes.

Q. And then other information came to you by correspondence?—A. Yes.

Q. And will be found in the files which are here?—A. Yes.

Q. Then the only other question I want to ask you about now is as to what connection, if any, you had with Mr. Stevens, a Member of Parliament?—A. I can answer that better, Mr. Henderson, if I could read a letter which very briefly sets out my relationship to Mr. Stevens.

Q. Are the contents of that letter true in substance and in fact?—A. Yes.

Q. And you propose to read a letter written to whom?—A. To Mr. F. D. Tolchard, Secretary, Toronto Board of Trade, Royal Bank Building, Toronto.

Q. He is the Secretary of your organization?—A. Yes, sir.

Q. I think that is a convenient way of putting it in. Read it please?—A. (Reading):

EXHIBIT No 44.

"OTTAWA, December 2, 1925.

Mr. F. D. TOLCHARD,
Secretary,

Toronto Board of Trade,
Royal Bank Building,
Toronto, Ont.

Dear Mr. TOLCHARD,—You have probably noticed in the newspapers that the Hon. H. H. Stevens has put a resolution on the order paper asking for a committee of Parliament to inquire into the administration of the Customs Department. I am enclosing herewith a copy of the resolution as it appeared in the newspapers, in case you have not seen it.

In view of this action it seems desirable that we should have a meeting of our committee at a very early date.

[Mr. R. P. Sparks.]

Mr. Stevens spoke to me in reference to this matter. I told him that so far as this Association was concerned I could take no action in regard to furnishing him with information without consulting the executive committee. He already had considerable information, particularly in reference to the activities of Bisailon. I felt justified in confirming the information which he had, and told him something of what we already knew in reference to this officer. Apart from this I took the position that the committee would have to be consulted before I could co-operate with him in any way. It seems probable that we may be called upon to give evidence, and we ought to decide just how far we will go.

There are a number of other matters in reference to the administration of the Department of recent date in reference to which I think the committee should be informed.

I will be in Toronto some day next week, and will write you in a day or two as to what day. I am also writing to Mr. Robertson, and I think we might get the local committees together and discuss the matter. If, meeting separately, we find there is agreement as to what we should do, it might not be necessary to have a general meeting, but if there appears to be any serious difference of opinion it would probably be better to try and get the full committee together to decide on what course we should take, in view of this inquiry. I do not think I can get to Toronto until Thursday or Friday of next week, but will write you a few days in advance so that we may endeavour to get the committee together for an hour or so and discuss the matter.

Yours truly,

R. P. SPARKS."

Q. That was your position on the second day of December, 1925?—A. Yes.

Q. What followed after that? Did your Committee meet, or did you have the informal meetings you suggested in that letter?—A. Our Toronto and Montreal committees met separately.

Q. And gave you instructions?—A. And gave me instructions.

Q. In the meantime, did you communicate what was going on to anyone in authority here?—A. No. On the day of the Montreal meeting I met Hon. Mr. Boivin in the Windsor Hotel and I discussed with him the whole situation for, I should say, two or three hours.

Q. Did you inform him that Mr. Stevens was taking action?—A. I informed him I had had a conference with Mr. Stevens, and I further informed him that my two committees had unanimously approved the idea of the appointment of a parliamentary committee, and had authorized me to confer with Mr. Stevens with a view to giving him a general outline of the conditions in Canada as affected by the administration of Customs. I told Mr. Boivin that was our intention, and I think Mr. Boivin—if I may say so—found no fault with it.

Q. This conversation lasted, as you say, over two hours?—A. Yes.

Q. Just one other thing, and one other thing only, I hope, Mr. Sparks—Am I right, Mr. Chairman, in assuming that the correspondence between the witness and the Deputy Minister of Customs and Excise has been already produced?

Mr. ELLIOTT: There is some correspondence.

Mr. HENDERSON, K.C.: I was going to suggest this; there is a bulky correspondence between the witness and the Deputy Minister, a very great deal of which should not be disclosed at the present time, for, I think, very obvious reasons—

[Mr. R. P. Sparks.]

Hon. Mr. BOIVIN: Oh no.

Mr. HENDERSON, K.C.: I think the Minister will agree with me, and I was going to suggest that the correspondence be produced and inspected by counsel for the Committee, Mr. Sparks being available to counsel for the Committee to explain anything contained in those letters, and that counsel for the Committee recommend how much of that correspondence should be brought out.

Hon. Mr. BOIVIN: Oh, no. If I might make a suggestion—

Mr. HENDERSON, K.C.: I am quite willing to have any suggestion the Minister may wish to make.

Hon. Mr. BOIVIN: Then my suggestion is this; the Department has filed all of the documents which have been asked for which we have found—

Hon. Mr. BENNETT: Not all.

Hon. Mr. BOIVIN: Not quite everything, no, but what we have found, and the search is being continued, and I feel sure we can produce everything requested. This Committee has taken the stand from the outset that everything should be placed in confidence before the Committee and be available to all members of the Committee, and I think everything produced should be treated in a like manner.

Mr. HENDERSON, K.C.: Did I use the word "Filed"? I meant produced.

Hon. Mr. BOIVIN: My learned friend said "produced" but he also said that the documents would only be inspected by counsel for the Committee in the presence of Mr. Sparks.

Mr. BELL: No, he did not say that.

The CHAIRMAN: He said Mr. Sparks would be available.

Mr. HENDERSON, K.C.: I said Mr. Sparks would be available if counsel so desired.

Hon. Mr. BOIVIN: He said this file would be inspected by counsel for the Committee. If he is limiting the inspection to counsel, I object, but if it is for the use of the entire Committee, of course, I make no objection.

Mr. HENDERSON, K.C.: My understanding, Mr. Chairman, is that this Committee finds itself faced with a bulk of documentary material which it would be impossible for any human being to undertake to analyze without assistance, and they propose to appoint counsel, who I presume will have some assistants, and that counsel will digest this material for the Committee.

Hon. Mr. STEVENS: Produce this, Mr. Henderson.

Mr. HENDERSON, K.C.: I am suggesting it be merely produced now, and that for obvious reasons no questions be asked concerning it. The Committee may have it to do with as they will, but I do not think it is wise to go into it now, unless some member of the Committee wishes so to do.

Mr. DONAGHY: Mr. Chairman, we have just been handed up this pamphlet by my friend Mr. Henderson. Unfortunately it has not been read, and it is probably too long to read, but if my colleagues have no objection, I want to read something I have just seen in it. You notice it says here "The Reliance Manufacturing Company"—that is the concern that made this black shirt—"made an agreement with the I.A.G.M."—that is the International Association of Garment Manufacturers—"in September, 1923, to take no further contracts and to give up existing contracts as rapidly as the States-use plan of the Associates for Government Services Incorporated can be developed and put into operation; also agreed to co-operate in working out the Associate plan." That is September, 1923. I read that for what it is worth.

Mr. HENDERSON, K.C.: Yes, but, Mr. Donaghy, you understand that many agreements are made and not lived up to.

[Mr. R. P. Sparks.]

Mr. DONAGHY: This is your own official document, and it does not say it was not lived up to.

Mr. HENDERSON, K.C.: Not ours at all.

The WITNESS: I think, Mr. Chairman—

Mr. HENDERSON, K.C.: Do not get into this controversy, Mr. Sparks.

The CHAIRMAN: I think to avoid discussion and to continue the examination, Mr. Donaghy should put the question "Did you notice in your pamphlet such-and-such a thing?"

Mr. HENDERSON, K.C.: All Mr. Sparks wants to say is that the article in the Vanguard—if Mr. Donaghy will read it—

The CHAIRMAN: The pamphlet speaks for itself. Mr. Donaghy can ask Mr. Sparks "Did you notice in the pamphlet such-and-such a thing?"

Mr. HENDERSON, K.C.: No good purpose can be served by discussing it now.

Hon. Mr. BOVIN: Mr. Henderson, a purpose which can be served will be to show that the shirt which was produced here yesterday was bought in 1925, when they had ceased contracts with prison labour in 1923.

Mr. HENDERSON, K.C.: May I suggest to the Minister, as was suggested yesterday, that if the Minister will be good enough to set his machinery in motion the identity of that shirt can be traced from Wellington Street to a certain other point and from that point backward to a certain manufacturer.

Mr. DONAGHY: We decided yesterday to try and trace that shirt.

Mr. HENDERSON, K.C.: I think—

The WITNESS: Mr. Chairman, contrary to advice of counsel, and in spite of my counsel's advice, I will make an observation in reference to Mr. Donaghy's point. I was present when the controversy as to these contracts and as to the agreement with the I.A.G.M. was had. I was opposed to it, and I, in another document, which I also filed, answered the statement read by Mr. Donaghy, choking the dog with butter, as it were. I think if one is read, the other might very properly also be read.

Mr. DONAGHY: Apparently your organizations were fighting among themselves?

The WITNESS: Yes. I resigned on account of the position of the I.A.G.M. I think the Reliance Company have six contracts still running.

Mr. DONAGHY: You are an advocate of one side, and the other organizations are fighting you?

Hon. Mr. BENNETT: I thought the black shirt was produced as one which might be used by those who march upon the Capital, viewing the necessities of Italy, and having regard to the fact that Mussolini may arrive, and the black shirt will be necessary.

The CHAIRMAN: Now, gentlemen of the Committee; the examination of Mr. Sparks, in chief, is finished. If any member of the Committee wishes to cross-examine Mr. Sparks on any document produced or filed, you are now permitted so to do. Or, if you have any document to complete the evidence given by Mr. Sparks in chief, now is the time for that. Your way is clear now, Mr. Donaghy.

By Mr. Donaghy:

Q. Now, it is in reference to the evidence given at that trial of Bisailon, which took place February 13, 1925. These dates appear to be important; February 13th was the trial.

[Mr. R. P. Sparks.]

Now, before us we have here the official file from the Customs Department which shows that exactly six days after that trial, namely, on February 19, 1925, this letter was written by the Deputy Minister of Customs. I will read it. (Reading.)

EXHIBIT No. 45

"February 19, 1925.

To Collector of Customs and Excise,
St. Johns,
Province of Quebec.

SIR,—During the period April 1, 1922, to July 31, 1922, revenue collected at the outport of Farnham in your survey was reported to the Department of Revenue on Revenue Return K-10, Numbers 9, 14, 18, 24, 33, 39, 43, 52, 56, 61, 69, 75, 94, 95, 96 and 99. A report is required from you showing the manner in which these collections were remitted to you by the acting sub-collector during that period. Were they covered by cheques? If so, were the cheques marked 'Department of Customs and Excise Official'? Or were they personal cheques? On what bank were they drawn or to be presented for payment? Also state if you have information as to where these collections were on deposit up until the time the cheques covering them were presented. A reply is requested as early as possible.

Deputy Minister Customs and Excise."

Hon. Mr. BENNETT: What is the question?

Mr. DONAGHY: I intend asking the witness a question on these letters.

The CHAIRMAN: He is just putting preliminaries to his question.

By Mr. Donaghy:

Q. The next letter of February 24th, 1925, is from J. C. Latour, Collector of Customs and Excise, at the port of St. Johns, Que., addressed to the Deputy Minister, being a reply to the last letter. (Reads):

EXHIBIT No. 46

"CUSTOMS AND EXCISE, CANADA

PORT OF ST. JOHNS, QUE., February 24, 1925.

R. R. FARROW, Esq.,
Deputy Minister,
Customs and Excise,
Ottawa.

SIR,—In reference to your letter of the 19th inst. asking to report to the Department on revenue returns K-10, Nos. 9-14-18-24-33-39-43-52-56-61-69-75-94-95-96- and 99, in which were included the revenues collected at the outport of Farnham, Que. during the period April 1st, 1922 to July 31st, 1922.

In reply I have the honour to report that yesterday afternoon the 23rd, I went to Farnham; there I found the cheques that were issued to remit the collections made at that outport to the chief port of St. Johns, P.Q. during said period; the cheques are all properly marked "Department of Customs and Excise—Official" and are all drawn on the Canadian Bank of Commerce, Farnham, where the various collections are deposited, and same are all signed by J. E. Bisaillon, with the exception of the two first ones dated 5th and 12th of April, 1922, that were signed by officer J. L.

[Mr. R. P. Sparks.]

Sevigny, as Officer in Charge. I brought the cheques with me, in order to enable me to submit them to your examination; a receipt for same was given by me to the said collector.

The following is a list of said cheques enclosed herewith: April 8th, 1922, \$935.44; April 15th, 1922, \$1,533.85; April 22nd, 1922, \$1,676.26; April 29th, 1922, \$1,146.98; May 8th, 1922, \$3,565.60; May 15th, 1922, \$988.63; May 22nd, 1922, \$2,232.32; May 31st, 1922, \$2,951.18; June 8th, 1922, \$1,676.82; June 15th, 1922, \$1,747.10; June 22nd, 1922, \$2,146.39; June 30th, 1922, \$1,650.48; July 8th, 1922, \$1,363.01; July 15th, 1922, \$1,874.45; July 22nd, 1922, \$1,898.85; July 31st, 1922, \$2,076.61.

I have the honour to be, Sir,
Your obedient servant,

J. C. LATOUR,
Collector of Customs and Excise."

The cheques are here. (*See Exhibit 13, page 55.*) The first is dated April 8th, 1922, drawn on the Canadian Bank of Commerce at Farnham, "Pay to the Order of Customs and Excise at St. Johns, or order, \$935.44; it is signed "Department of Customs and Excise Official, J. L. Sevigny, Officer in Charge.

I will read another sample. (Reads): (*See Exhibit 13, page 55.*)

"FARNHAM, May 15th, 1922

Canadian Bank of Commerce, Pay Collector of Customs and Excise, St. Johns, or order \$988.63; signed Department of Customs and Excise Official, J. E. A. Bisailon, Deputy sub-collector."

Then the last letter, dated March 2nd, 1925—and this date is important—from the chief accountant of Customs and Excise, to the Deputy Minister of Customs, reads as follows:

EXHIBIT No. 47

(*Part of Exhibit 13, page 55*)

"OTTAWA, March 2nd, 1925.

Memorandum for the Deputy Minister.

Referring to the attached newspaper clipping, and to your request for information pertaining to the manner of depositing and remitting collections at the outport of Farnham, during the period for which auditor J. E. Bisailon, acted as sub-collector there."

This newspaper clipping by the way, is an account of the examination of Bisailon in the case of Rex vs. Simons. (Reads):

"I find that under date of October 28th, 1921 (File 95809) the Department of Finance approved use of the Canadian Bank of Commerce at that point; for the purpose of making deposits of collections, that the collections taken at that outport appear to have been deposited in the Canadian Bank of Commerce at Farnham, as the regular sub-collector, as well as officer Bisailon during his period on relief duty, have remitted their collections by cheques on the Farnham Branch of the Canadian Bank of Commerce. These in turn were deposited by the Collector at the chief port of St. Johns paid at Farnham, and the amount included in the collector's draft and deposit receipts covering remittance for each period concerned. The collections thus deposited and remitted by officer Bisailon during the period he served at Farnham total \$29,463.97. I

attach hereto the returns K-10A from the outport, the covering K-10's received from the chief port, the relative deposit receipts from the chief port, and cheques from the outport. Will you kindly return those to me when they have served your purpose, in order that they may be redistributed to their respective files.

(Sgd.) F. A. RORKE,
*Chief Accountant of Customs
and Excise."*

Encls.

Now, the newspaper item referred to, and which is attached here, is a long voluminous document, containing the cross-examination of Bisailon in reference to all deposits and accounts. That apparently, on March 2nd, was before the Department. Let me see the letter which the witness referred to, to the Premier.

Mr. ELLIOTT: What date?

Hon. Mr. STEVENS: I think about the end of May.

Mr. DONAGHY: In which he enclosed copies of this cross-examination. This date also appears to be important. I think, maybe, Mr. Sparks can file the letter. I am going to ask something about it.

Hon. Mr. BENNETT: I am going to object to this form of examination, which consists of reading documents, about which the witness knows nothing.

Mr. DONAGHY: Please do not suggest to the witness that he knows nothing about this document.

By Mr. Donaghy:

Q. Now, witness, I find in your letter, which you wrote to the Prime Minister, on May 30th, 1925 (See Exhibit 38, p. 158), being precisely two months after all this matter had been investigated by the Department, you say, "In reference to the matter of J. A. E. Bisailon, about whose activities certain information has been given you, I beg to enclose herewith extracts from evidence, given by this man under oath in the case of Rex vs. Simons." Were you aware two months after, that the Department had the information, were you aware that the Department already had this for two months, and had investigated the matter?—A. No, sir.

Mr. DONAGHY: Thank you.

By Mr. Elliott:

Q. Mr. Sparks, may I just ask a question or two. I understand about the first interview you had with any representative of the government, with regard to investigations which you proposed to make, took place about the 6th of August, 1924?—A. That was a deputation.

Q. That you met the whole of the government on the 6th of August. Am I correct in assuming that that was about the beginning of communications back and forth between you and the government, regarding this matter?—A. No.

Q. What was the beginning?—A. I should say about the beginning of 1921, sometime.

Q. 1921 some time?—A. Yes.

Q. Then, as far as the records go, your correspondence did not commence until about the meeting on the 6th of August, 1924. Am I correct in that?—A. No. You are correct.

Q. At that time, a suggestion was made by you, representing the organization which you did represent, to the whole Cabinet, was it?—A. Six members of the Cabinet.

Q. Six members of the Cabinet?—A. Yes.

By Mr. Henderson, K.C.:

Q. The suggestion was made to the Prime Minister for the Cabinet. You used the word "suggestion." The suggestion was made to the Prime Minister that the deputation should be heard?

By Mr. Elliott:

Q. Yes. You made suggestions to the Minister before, and that was followed up by a meeting with the Cabinet, consisting of six members?—A. Yes.

Q. And that meeting took place on August 7th?—A. Yes.

By Hon. Mr. Stevens:

Q. 1924?—A. 1924.

By Mr. Elliott:

Q. And you sent in to your different officers, or the persons who were engaged in a similar way to yourself; you sent a report of that meeting, did you not, Mr. Sparks?—A. Yes.

Q. You have a circular copy of that report?—A. I read it into the evidence.

Q. That was sent on the 9th of August?—A. Yes.

Q. And it has already been read in?—A. Yes.

Q. And now, your Associations, that were connected with this matter were all named in your report, were they not?—A. No.

Q. Well, a number were?—A. Yes.

Q. And they included the members of the garment manufacturers?—A. Yes.

Q. The members of the cotton mills people, silk mills, and silk jobbers; the Wholesale Drygoods Association, the Retail Merchants Association, and the Canadian Manufacturers Association.—A. Yes, sir.

Q. Those were chiefly the Associations which you represented at that time?—A. Yes.

Q. At that time?—A. Yes.

Q. Now, as I recollect your evidence, and you will correct me if I have not obtained the correct impression, you then suggested co-operation between your organizations, and the government, with regard to the putting down of the smuggling and other evils that you found yourselves contending with?—A. Yes.

Q. And you then were the spokesman for all those organizations at the meetings to which I have referred?—A. Yes.

Q. And you placed before the members of the Cabinet who were there, your views on the matter, as to the extent to which these things had gone on, and also your views as to the best method of remedying the evils that were existing?—A. Yes.

Q. That was what you had in mind?—A. Yes.

Q. To get a remedy, and I take it that that is still your object, Mr. Sparks?—A. Wholly.

Q. At that time, what was the outstanding difficulty that presented itself to your organization?—A. The weakness of the law was one.

Q. The weakness of the law?—A. Yes.

Q. Will you just follow that up, and tell us in what way the weakness of the law as it existed at that time was or was not your outstanding difficulty?—A. Under the law it was permissible for the Minister to settle all cases without taking them into a Civil Court. That was one.

Q. First the Minister could settle all civil cases without taking them into a court?—A. All cases.

[Mr. R. P. Sparks.]

Q. All cases, without taking them into the civil courts?

Mr. HENDERSON, K.C.: Most of those cases would have a civil as well as a criminal bearing.

By Mr. Elliott:

Q. That simply means that it was a departmental rather than a judicial tribunal, that settled these troubles?—A. Yes.

Q. Is that correct?—A. Yes.

Q. That was one defect in the law which you thought should be remedied?—A. Yes.

Q. What was the next?—A. Even when a prosecution was made, the penalties were very light.

Q. Just explain that, what were the penalties, as you recollect them?—A. As I recollect them, there was a maximum fine of \$200. May I continue?

Q. Please.—A. There were many offences for which no penalty was provided, which we felt should be made offences.

Q. Just dealing with the first one now, there was a maximum fine of \$200, and that was the maximum penalty that could be imposed as the law stood at that time, for violations of the Customs Act?—A. No, a jail sentence could be imposed by a Judge.

Q. You say a jail sentence could be imposed by a Judge?—A. Yes.

Q. They were not indictable offences, I understand?—A. No.

Q. I see you urged at that time that the great difficulty was that those offences were not then indictable offences, and I think in your correspondence you indicated something to this effect, reading from a letter—I am not in my right order in reading this, but I think that in some respects it indicates better what you had in mind than is to be found anywhere else,—in your letter of May 28th, which was sent out to each of your associates you have this paragraph:

“In our memorandum to the Government we suggested a number of other changes, but as probably 95 per cent of all charges of offences against the Customs Act are laid under either Section 206 or 219, we feel entirely satisfied with the amendments introduced.”

That is a correct expression of how you felt then?—A. Absolutely.

Q. On the 28th of May, 1925?—A. Yes.

Q. You felt that the amendments that were introduced by the Government under Bill 145 would almost—may I just read this other paragraph in that letter? You also say:

“We are enclosing herewith a copy of Bill No. 145, introduced by the Minister of Customs, amending the Customs Act. These amendments almost fully meet the requests made to the Government by this Association, in making the smuggling of goods of a value of more than \$200 an indictable offence, carrying a penalty of a jail sentence in addition to any fine or other penalty.”

That was your view, after all the consideration you had given to it, at that time?—A. Yes, sir.

Q. That is the circular letter?—A. Yes.

Q. Now, just to follow along the interviews which took place with the Government or the heads of the various departments, or the deputies, I take it that your interviews with those Cabinet Ministers on the 6th of August were merely suggestions for amendments to the Act and the tightening up of the prosecutions?—A. Yes.

Q. Of course naturally, as this was a Customs and Excise matter, most of your negotiations would be with the head of that department?—A. Yes, sir.

Q. The head of that department would have charge, of course, of the Excise as well as the Customs, at that time?—A. Yes, sir.

Q. You wrote to your different people or associates suggesting that this clause be put in; perhaps I should read that:

“The Government were again strongly pressed to amend the Customs Act in accordance with the suggestions put forward by this association months ago, after consultation with the Department of Justice, the Department of Customs and Excise, and the Attorney-General of the Province of Quebec.”

Those were the Departments primarily with whom you had your negotiations?

—A. Yes, sir.

Q. Customs, Justice, and the Attorney-General of the Province of Quebec?

—A. Yes, sir.

Q. I will read further:—

“The suggestion was made that the following clause be added to the Customs Act; Provided that in any case where the value of such goods”—

that is, smuggled goods—

“exceeds \$500, such person shall in addition to the penalty to which he is subject for any such offence, be liable to imprisonment for a term not exceeding two years and not less than six months.”

Then you say further in that letter:—

“The Minister of Customs very naturally defended his administration, but agreed that this traffic had assumed very large proportions, and that more rigid preventive measures were necessary.”

That was quite apparent, and was admitted by everybody; there was no denying that fact?—A. That is right.

Q. By the Minister of Customs or anybody else?—A. No.

Q. I believe the negotiations looking to this amendment followed on during the autumn of 1924?—A. Yes, sir.

Q. You had various meetings, mainly with the Minister of Customs I take it?—A. Yes.

Q. After the meeting in August, 1924?—A. I should say that I met the Prime Minister oftener than the Minister of Customs.

Q. You do not seem, I may say, to have had any correspondence with the Prime Minister in 1924. Am I reasonably correct about that?—A. Yes. I don't think there was any correspondence.

Q. So that whatever interviews you had with him in 1924 were personal interviews?—A. They were personal interviews.

Q. And from the correspondence I take it that they were few in number?—A. Yes, sir, perhaps two or three.

Q. And in every case, I gather from the correspondence that what he said to you was something to this effect, that, “Of course this is a matter under the control of the Department, but I have made the representations to the Department which you have made to me, and we are considering the amendments which you have suggested.” Is that about right?—A. Yes.

Q. Are you in a position to say whether or not, from the time the Customs regulations were first made and we first had a Customs Act in Canada, that there ever was, up to the time you obtained them, the amendments you suggested.—A. I did not get that question clear, Mr. Elliott.

Q. Had the law in Canada ever been, as far as you know, what you were suggesting to the Government at that time?—A. No. I think it had been since Confederation substantially the same.

Q. Since Confederation the law had remained practically the same?—A. Yes, I think so.

Q. Your idea at first, in order to get at some remedy, was to get what you have described as these drastic amendments to the Act?—A. Yes.

Q. Now we come along to the 12th of December, 1924, and I find that on that date you wrote to the Department (*See Exhibit No. 24, page 119*), and suggested that the investigators who had been employed be granted the power of protective officers, and you also said something to the effect that nothing would support the proper administration of justice like the amendments you proposed, and the giving to investigators police powers, or something to that effect?—A. Yes.

Q. Those were the two outstanding things at that time that were required and that could be done by the department, in order to aid the condition of affairs?—A. Yes.

Q. That is correct?—A. Yes, sir.

Q. Then you went on, and on the 23rd of December, 1924, you wrote to the then Minister of Customs. Have you your file of correspondence with the Department, Mr. Sparks?—A. With which Minister?

Q. With the Minister of Customs on December 23, 1924, the Hon. Mr. Bureau, I think?—A. I have the letter, Mr. Elliott.

Q. I intended that you should have it, so that we might understand one another as we go along. I do not remember whether that letter of December 23, 1924, has been read into the record already or not?

Mr. HENDERSON, K.C.: I think it has been, Mr. Elliott.

By Mr. Elliott:

Q. However, at the risk of repetition, I want to read part of it. This letter is addressed to the Hon. Jacques Bureau, Minister of Customs and Excise, Ottawa:

EXHIBIT No. 48

“DEAR SIR,—In accordance with your suggestion the business interests who have organized for the purpose of co-operating with your Department in the prevention of smuggling, have changed the name of the Association from The Dominion Smuggling Preventative Association to The Commercial Protective Association.”

Apparently some objection was taken by the Department to this name The Dominion Smuggling Preventative Association?—A. Yes.

Q. And you agreed with them that it would be quite in order to change it to the Commercial Protective Association?—A. That is correct.

Q. And that was arrived at as a result of various conferences you had with the Government, and was thought to be in the interest of everybody concerned?—A. Yes.

Q. In that letter you also add this paragraph:

“I have been instructed by the Executive Committee of this Association to express their appreciation of your having empowered certain investigators whom you have employed, with the authority of preventive officers, and we trust that the assistance which they will afford your department will fully justify your action in this regard.”

A. That is correct.

Q. There is no doubt about this, that in your reports to your various associates at that time you were telling what was happening from day to day, and you were correct in the statement made in this letter, that they were expressing appreciation of the sympathetic consideration that the head of the department was giving at that time?—A. Yes.

Q. There is no doubt about that?—A. No.

Q. That brings us to the 23rd of December, 1924. The then Minister was up to that time in his office, and it was before he was taken ill, I understand?—A. Yes.

Q. And very shortly before that?—A. Yes. That is my recollection of it.

Q. Because I see in one of your letters that some time in January, I would not say just the date in January 1925, you in reporting to some of your associates referred to the fact that the Minister was ill and was away from his office, and was not able to attend to affairs just at that time?—A. Yes, exactly.

Q. Then let us follow that. How long did the illness of the Minister continue? How long did his absence from active charge of the affairs of the department continue?—A. My recollection is that I saw very little of him after that.

Q. I think that is a fair statement, Mr. Sparks, of what one can gather from the correspondence. He was not administering the department very much after that, and your letter of the 23rd of December, 1924, expressing your appreciation of his efforts up to that time, is about the last official correspondence that you had with him personally?—A. Yes sir.

Q. Then follows the session, and the efforts put forth by everybody to get the amendments to the Act?—A. Yes sir.

Q. Amendments which were by some considered very drastic amendments?—A. Yes.

Q. And that were a complete change in policy and penalty from anything we had ever had before?—A. Yes.

Q. And I see that on the 4th of February, 1925, in the letter addressed to the Prime Minister, you say—this letter is already on the record, my colleague reminds me, and I just want to refer to a part of it. In the second paragraph you say: (*See Exhibit 25, page 121.*)

“Subsequent to that time this Association was organized for the purpose of assisting the Department of Customs and Excise—”

that is what it was organized for?—A. Yes.

Q. And I take it that that is still your desire?—A. Yes sir.

Q. (Reading):

“in the prevention of smuggling and undervaluation, and to make certain investigations of their own into this problem. In this regard we are pleased to say that both the Minister and Deputy Minister of Customs have welcomed our co-operation and have facilitated in every possible way the investigation we have made into the smuggling problem.”

That is a correct statement of your feeling at that time?—A. Yes, substantially correct.

Q. And that brings us down to February 4th, 1925?—A. Yes.

Q. Then you refer to the fact,

“Under the present law smuggling is not an indictable offence, although the Minister has the right to take cases of smuggling into the civil Courts. It has however, been the practice—”

This is what you have already referred to.

“—ever since Confederation, to settle departmentally practically all seizures for smuggling or undervaluation. We believe that this practice has had the general effect of what might be not improperly described as contempt for the law in this regard. We respectfully submit that in order to maintain respect for the law and to correct the abuses of its infraction, all cases of fraud, whether by way of smuggling

or undervaluation under the Customs Act, should be dealt with by the civil Courts, and in the case of what might be described as commercial smuggling—that is, smuggling of goods for resale, of a substantial value, say \$100 or over—the offence should be made punishable by imprisonment without the option of a fine.”

Then to go ahead and deal with that while we are on this subject, some change was made in the amount of the fine, or in the amount of the value of goods?—A. That was a matter of negotiation with the officials of the department.

Q. And that was made \$200?—A. Yes.

Q. My colleague calls attention to the fact that they started with \$500, and arrived at \$200. Is that correct?—A. We started with \$100 here, prepared to go up as high as necessary, but we settled finally at \$200, and we were well pleased.

Q. And I take it from the correspondence that when you started in at \$100 you did not expect to stop; that was just a basis for negotiations, and you did not expect to have it made punishable by imprisonment, for the smuggling of goods of that value?—A. No.

Q. And that you were very well satisfied with the result that you finally arrived at in regard to that?—A. Yes.

Q. Then that brings us along to later on in February, and I find that on February 17th you wrote a letter—. No, that letter is not yours, but I think perhaps it might, if everyone on the committee thinks it advisable, be read in at the present time, just to show what was going on, and if any one thinks it should not, I will not read it. It is a letter from the secretary of the Prime Minister to J. E. Walsh referring to this same matter, and the negotiations that were going on.

Mr. HENDERSON, K.C.: There was contemporaneous correspondence with Mr. Walsh, manager of the Canadian Manufacturers' Association.

Mr. ELLIOTT: He was manager of the Canadian Manufacturers' Association.

Mr. HENDERSON, K.C.: His association was supporting Mr. Sparks' association, and I see in the letter nothing that is not harmonious.

Mr. ELLIOTT: Thank you.

By Mr. Elliott:

That is February 17th, 1925. I beg your pardon, I am evidently wrong about the date of that letter, it is January 20th. This letter is sent by Mr. Walsh, and I take it that it voices the views of the Canadian Manufacturers' Association at that time, and they were one of the associations for whom you were acting, and for whom you were general spokesman and correspondent?—A. Yes.

Q. This has not been read in, as I recollect it.

Mr. HENDERSON, K.C.: I think the witness would say, if you asked him, that he was aware of the fact that others were making representations.

Mr. ELLIOTT: Yes.

By Mr. Elliott:

Q. This letter was sent to the Right Hon. W. L. Mackenzie King, Prime Minister.

“DEAR SIRS

Re Suppression of smuggling

The executive council of the Canadian Manufacturers' Association at a general meeting held in Hamilton on January 15, 1925, unanimously approved a recommendation of the association's tariff committee, that the

[Mr. R. P. Sparks.]

government should be asked that officers of the preventive service, Department of Customs and Excise, should be selected, appointed by the Minister on his responsibility, and independent of the Civil Service Commission."

Then later on in the letter he said: "The appointment of additional capable preventive officers who could be taken on or released from the service on the Minister's own responsibility, would undoubtedly help materially to decrease smuggling". That was the view of all concerned at that time?—A. No.

Q. In that did the Canadian Manufacturers' Association differ from some of your other associations?—A. They differed with me personally.

Q. They differed with you personally?—A. Yes.

Q. I see. Then perhaps, if that did not express your views at that time—
A. No.

Q. —I do not want to refer to them further here. I think perhaps it would be interesting to the committee to know just what the differences were at that time between the Canadian Manufacturers' and other associations represented by yourself, giving both your views as representing the other associations, and those of the Canadian Manufacturers'?—A. Suggestions came to me that the Government desired support for a movement to take the appointment of preventive officers from under the Civil Service Commission. I took the position at that time that we were vigorously complaining about the retention in the service of men unfit to be in it, and we could not stultify our own position by suggesting that the Minister be authorized to appoint further preventive officers. We assumed a neutral position.

Q. These men were appointed by the Civil Service Commission, I believe?—
A. Which men?

Q. Of the Preventive Service?—A. Yes.

By Mr. Bell:

Q. And promoted how?—A. I do not know.

Mr. BELL: All right.

By Mr. Elliott:

Q. Now, I see that you wrote—

Mr. HENDERSON, K.C.: On the 21st, I think.

Mr. ELLIOTT: No; the 27th of February.

Mr. HENDERSON, K.C.: The 21st and 26th, Mr. Elliott, is it not?

Mr. ELLIOTT: These have all been referred to, and I do not feel they are very material to the point I am trying to make.

By Mr. Elliott:

Q. On the 27th of February—will you refer to your letter to the Prime Minister?

Mr. HENDERSON, K.C.: I do not seem to have that here, Mr. Elliott. Will you be good enough to read it?

Mr. ELLIOTT: It contains this clause: "With the necessary amendment to the Act, 90 per cent of the smuggling could be prevented".

Hon. Mr. BOIVIN: That was read yesterday.

Mr. HENDERSON, K.C.: Probably our copy has gotten out of our hands.

By Mr. Elliott:

Q. That was your view at that time?—A. Yes.

Q. Then you followed it along, and I see in your letters that you refer to the facts, in writing to Mr. Tolchard—

Mr. HENDERSON, K.C.: That quotation is in the letter we have of the 26th of February.

Mr. GAGNON: Exhibit 27.

Mr. HENDERSON, K.C.: It is quoted there: "With the necessary amendment, 90 per cent—"

By Mr. Elliott:

Q. I see in your correspondence back and forth with Mr. Tolchard—explain to the Committee what Mr. Tolchard's function was?—A. Mr. Tolchard was the Secretary of the Toronto Board of Trade, and secretary of our Toronto Committee. Our Executive was made up of two committees, one selected at a joint meeting of the Toronto Board of Trade and the Canadian Manufacturers' Association; the other selected at a meeting called by the Montreal Board of Trade. When they met in joint conference, Mr. Tolchard acted as General Secretary; at other times, he acted as Secretary of the Toronto Committee, meeting alone.

Q. You say "when they met in joint conference"; you refer— A. When they met jointly.

Q. Both the Toronto Board of Trade and the— A. The Toronto Committee and the Montreal Committee met jointly and Mr. Tolchard acted as General Secretary.

Q. Then would you describe your Committee as a joint committee of the Montreal Committee and the Toronto Committee— A. Yes.

Q. Or, rather, your associates were divided into two committees, the Montreal Committee and the Toronto Committee?—A. Yes.

Q. Mr. Tolchard was Secretary of the Toronto Board of Trade and was Secretary of the Toronto branch of the Committee?—A. Yes.

Q. And who was the secretary of the Montreal branch—A. We had no secretary in Montreal.

Q. I see that on the 9th of March, in your correspondence back and forth with Mr. Tolchard, you mention, among other things, that the Minister is still in bad health. That was a fact, as you have already indicated?—A. Yes.

Q. Then your letter of March 13th to the Prime Minister, which was read into the record yesterday by my learned friend, Mr. Henderson, contains this clause: (*See Exhibit 31, page 132*) "Any further reference to your suggestion that we should put before the Committee of the Cabinet concrete suggestions as to the amendment to the Act". You had evidently seen the Prime Minister personally a day or so prior to the 13th of March, 1925?—A. Probably.

Q. Look at that letter?—A. Yes.

Q. The House would be in session at that time?—A. Yes.

Q. And if it is anything like this session, I suppose everybody would be reasonably occupied?

Hon. Mr. BENNETT: No, the majority was not so narrow.

Mr. HENDERSON, K.C.: You were not here then, Mr. Elliott.

By Mr. Elliott:

Q. At any rate, the suggestion came from him to you, as I take it from the letter, "Tell us what amendment you want to the Act, that will make this the best possible, and we will try and do it". Is that a fair statement of what the Prime Minister said to you at that time?—A. A very fair statement.

Q. And I suppose, as a result of that offer, you and your associates and their counsel did prepare a draft act?—A. Yes, sir.

Q. And the file, if you have read it, produced by the Prime Minister, shows the proposed acts and their history through the House, or the history before they were actually introduced. As this Bill 145 was finally introduced, did it go

through in the form introduced exactly?—A. There was a slight amendment in the Senate. The Senate referred the Bill to the Committee on Banking and Commerce, and we appeared, a large deputation of business men appeared before the Senate Committee on Banking and Commerce, and after a slight amendment to which we agreed, the Bill was reported back to the House of Commons, and passed.

Q. I believe, before the Senate, somebody took the position that the penalties were a little too drastic?—A. Yes, they took that position very strongly, but after hearing our representations they accepted the principle absolutely.

Q. And it was put through?—A. Yes.

Q. And you will also be aware that in the letter of the 13th March, 1295, from you to the Prime Minister, you used this clause. (See Exhibit 31, page 132.)

“I am taking the liberty of enclosing a copy of a resolution passed at the Annual Meeting of the Canadian Association of Garment Manufacturers, which you will note expresses appreciation of the efforts already made by the government to prevent this traffic, and urges further action.”

A. Yes.

Q. That is correct, and that you know expressed the views of the Canadian Manufacturers Association at that time, as indicated.—A. Yes, it expressed the view that that was the best attitude to take at that time.

Q. Let me understand you. Do you mean that you meant it?—A. Yes, we meant it.

Q. I take it that you were sincere in these statements, Mr. Sparks?—A. Yes.

Q. Then I see, on the 20th of March, and perhaps as we reach that point in our discussion, you might refer to it, although it refers specifically to Bisailon, not to the amendment so much. Apparently at that time the Minister of Customs and Excise was ill, and the House was in session, and the Prime Minister had had some discussions with you in regard to Bisailon?—A. Yes.

Q. And he tells you, in the letter of the 20th March, or he tells you in a conference just prior to that letter of the 20th of March, that (See Exhibit 28, page 129.)

“If the Association or any individual is prepared to make definite charges against the Customs officer he would appoint a Royal Commission to investigate

such charges?—A. Yes.

Q. That was his attitude at that time?—A. Yes.

Q. I think perhaps you will agree with me, that the correspondence indicates what, no doubt, the fact was, that the Prime Minister said to you, “That is one Department of the government, I am not in charge of that department”. At least “The Minister in charge of that Department himself is ill, but if anybody will make the charge against it—”—A. I think Mr. Elliott, I would sooner that you would not set out just what the Prime Minister said at that conference. I think the Prime Minister would like to have regarded as confidential the discussion which took place previous to that.

Q. I do not want to press you for anything that is confidential?—A. No.

Q. I want to get for the benefit of this Committee—

Mr. HENDERSON, K.C.: May I suggest to you that at that time, at all events, if not still, Mr. Sparks had the complete confidence of the Prime Minister.

Mr. ELLIOTT: Yes.

Mr. BELL: Perhaps we will have the advantage of the evidence of the Prime Minister here, and inquire of him.

Mr. HENDERSON, K.C.: There are things there that had probably better not be referred to.

By Mr. Elliott:

Q. He explained to you at any rate what he thought was the fair position to take at that time. If somebody would make a charge, he would appoint a commission?—A. Yes, that is set out in the letter.

Q. Lacking a definite charge, I understand from that second paragraph, or lacking such further charges, no further action would be taken?—A. I would like to keep to the letter.

Q. I think that is fair. Now, let us get along. That brings us to the 20th of March, and that was clearly what was taking place up to this time?—A. Yes.

Q. Then I find correspondence on the 25th of March a letter from Mr. Tolchard, who was their real Secretary, to the Prime Minister.

HON. MR. STEVENS: What was the date of the letter you were referring to?

MR. ELLIOTT: The 25th of March.

MR. HENDERSON, K. C.: The 20th of March is the one that has been read.

By Mr. Elliott:

Q. Do you happen to have a copy of the letter, written by Mr. Tolchard to the Prime Minister, and of the letter to the Minister of Customs, on the 25th of March?—A. Not by our Association, Mr. Elliott.

Q. Yes?—A. Are you sure that is not the Toronto Board of Trade?

Q. Well, it may be, but I take it they were all acting practically the same—A. Well, I might have no knowledge of the letter.

Q. I see. All right. This is the letter which, I think, the Committee should have before it, from Mr. Tolchard, the Secretary of your concern, but it is clear that in this he was acting as Secretary of the Toronto Board of Trade?—A. Yes.

Q. And was expressing the view of the Toronto Board of Trade?—A. Yes.

Q. (Reading):

EXHIBIT No. 49.

“THE BOARD OF TRADE OF THE CITY OF TORONTO,
ROYAL BANK BUILDING,
TORONTO, CANADA, March 25, 1925.

The Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Parliament Buildings,
Ottawa, Ont.

DEAR SIR,—Enclosed I am sending you copy of a letter which has been addressed to the Hon. Jacques Bureau, Minister of Customs and Excise, under instructions from the Council of this Board with regard to the prevention of smuggling.

In view of the rapid increase in this illegitimate traffic, and the very detrimental effect which it is having upon the trade and commerce of the country, the Council of this Board is pleased to learn that the government contemplates making special efforts to curtail smuggling, and respectfully urges that more stringent and adequate measures be put into effect without delay.

Assuring you of the co-operation of this Board in every way possible in your efforts in this connection, I am,

Yours very truly,

(Sgd.) F. D. TOLCHARD,
Secretary.”

[Mr. R. P. Sparks.]

And to the Minister of Customs at that time and under the same date is addressed this letter, which I think should be referred to. (Reads).

EXHIBIT No. 50.

"THE BOARD OF TRADE OF THE CITY OF TORONTO,

March 25, 1925.

HON. JACQUES BUREAU,
Minister of Customs and Excise,
Parliament Buildings,
Ottawa, Ont.

DEAR SIR,—The Council of this Board has instructed me to express to you their appreciation of the announcement made in the House on your behalf by the Hon. Minister of Railways and Canals, on the third inst. to the effect that you purpose introducing more stringent legislation for the prevention of smuggling, and asking the House for power to appoint a number of men especially fitted to carry on preventive work."

That was, to your knowledge, the attitude of the Toronto Board of Trade, as represented by Mr. Tolchard at that time?—A. Well, according to the letter.

Q. I perhaps should read the rest of the letter, so that it will be all in the record.

"This Board has been interested in the curtailment of this traffic for some considerable time, due to the heavy inroads which it has made upon legitimate trade, which must also have had a serious effect upon the Federal revenue. For the past few months we have been particularly close to the problem through investigations which have been made in this city. These investigations have revealed a very widespread organization carrying on smuggling, which is having a serious effect upon bona fide commercial interests in this city. These operations can only be successfully dealt with by a thoroughly efficient preventive service with all of the resources of the Government behind it. I am, therefore, instructed to commend the Government for the action which it contemplates to meet this situation and to urge that, in view of its seriousness, the legislation proposed and the appointment of an efficient and adequate preventive staff be proceeded with at the earliest possible date. This Board will be pleased to co-operate in every way possible with your Department in this matter.

Yours very truly,

(Sgd.) F. D. TOLCHARD,
Secretary."

Q. That was the attitude of all the organizations at that time, as far as you know?—A. Yes. We were very anxious to get legislation.

Q. Now we come to the letter from yourself, dated the 8th of April, addressed to the Prime Minister. Have you that copy before you? (*See Exhibit 30, page 153.*)

Mr. HENDERSON, K.C.: That copy was taken out of our file, but we have the letter acknowledging it.

By Mr. Elliott:

Q. In that letter you say:

"I beg to enclose herewith a memorandum covering proposed amendments to the Customs Act, as recently discussed with you."

A. Yes.

Q. That was the time you enclosed to the Prime Minister the amendments which you thought most desirable?—A. Yes.

Q. You also referred to something that perhaps will be interesting to the committee: (Reads.)

“While these suggested amendments may appear drastic, I would like to point out that legislators have never before been called upon to deal with such a situation. The condition exhibited by the United States, a nation with about sixteen thousand miles of border or coast line, along practically all of which smugglers (commonly called bootleggers) by the hundreds of thousands are endeavouring to evade the laws of the country, created a situation entirely unprecedented in the history of the world.”

That was your view?—A. That was my view.

Q. That was your view at that time?—A. Yes.

Q. You also say:

“Smuggling on this continent has become a huge industry. Along the international border between Canada and the United States thousands of men are making their living by illicit trade.”

And in the next paragraph you say:

“After months of investigation by trained investigators, we have no hesitation in saying that this traffic constitutes a national problem of the very first importance. Our investigations have proved to our complete satisfaction that the only successful way in which this traffic can be discouraged is by the imposition of the most severe penalties.”

That was your view at that time?—A. I think I usually carried along with the penalty idea the idea of an improved preventive force. I have carried the two along throughout the whole of the correspondence.

Q. Am I not fair in putting it in this way, that you felt that neither changes in the force nor anything else could be effective or made satisfactory at any rate until after the amendments which you proposed came into operation?—A. That is quite correct.

Q. There is no doubt of that, is there?—A. No.

Q. Because your correspondence indicates it?—A. Yes.

Q. You will correct me if I am not putting it clearly when I say that your attitude was that the first thing you could get along the path of progress in this matter would be the amendments which were proposed?—A. Yes.

Q. And that they must be made most drastic?—A. Yes.

Q. In your letter you referred to the fact that on the other side of the line there was a condition unparalleled in the history of the world?—A. Yes.

Q. So that ours was not the only country suffering seriously from that trouble at that time?—A. No.

Q. In a further paragraph in your letter you say:

“We believe there are certain matters of administration in the matter of enforcement which could be greatly improved. However, until the Act is amended along the lines suggested, the departmental officials, no matter how efficient, will be unable to cope with the situation.”

That was your view?—A. Departmental officials at that time, in my mind, represented the officials at Ottawa. I felt at that time that so-called departmental officials at other points between Windsor and Quebec were not doing their duty.

Q. I am not asking you about that particularly; I am only getting at your viewpoint, with the idea of placing it before the committee as accurately and as fairly as I can, and I think you are trying to help me as much as you can. I again refer to this paragraph in which you say that until the Act is amended

along the lines suggested, the departmental officials, no matter how efficient, will be unable to cope with the situation. Is that correct?—A. That is right.

Q. And that it would be impossible to meet this situation until you got the amendments to the Act?—A. Yes.

Q. That was the situation on the 8th of April, 1925?—A. Yes.

Q. Then on the 16th of April there is a letter which I think should go in as part of the record. Have you a copy of a letter which was sent by the Clerk of the Privy Council on the 17th of April, 1925, asking you to go into the matter?

Mr. HENDERSON, K.C.: We have a letter of the 16th. There are two letters under date of April 16, 1925, one acknowledging the receipt of the proposed amendments and saying that the matter is now receiving the attention of the Cabinet (*See Exhibit 29, page 131*), the other acknowledging a letter in reference to Mr. Bisailon.

Mr. ELLIOTT: Have you a letter giving instructions to the Deputy Minister?

Mr. HENDERSON, K.C.: We would not have that; we have only our own letters.

Mr. ELLIOTT: I will endeavour to get the original and put it in.

Have you your letter of May 27th addressed to Mr. Tolchard, enclosing Bill No. 145?

Mr. HENDERSON, K.C.: We have not extracted the correspondence with Mr. Tolchard, but it is all in the file.

By Mr. Elliott:

Q. This is the statement contained in that letter, in which you enclose a copy of Bill No. 145:—

“The amendments proposed by the Government meet our demands in full and should, I think, be considered satisfactory.”

A. Yes.

Q. That was your attitude at that time?—A. That was my view at that time.

Mr. HENDERSON, K.C.: Will you allow me to suggest that it had been understood prior to that, as he has already said, that the proposed amendments other than the main one should not be taken up that session, but he still thinks he wants the committee to consider them.

Mr. ELLIOTT: The committee I am sure will be glad to have representations made with regard to the other amendments, but I think you agreed that these were all the amendments you could possibly ask for at that time, and that they were quite satisfactory to you.

Mr. HENDERSON, K.C.: With the prospect of successfully getting them through the House.

The WITNESS: Yes.

By Mr. Elliott:

Q. I find then that the Bill as sent in by you was passed through the House, introduced by the Government?—A. Yes.

Q. Passed through the House, and was assented to on the 27th of June?—

A. Yes.

Q. Following that there was a warning issued, which I think you prepared, did you not?—A. No. Mr. Farrow prepared it, but he consulted me.

Q. He prepared it with your approval?—A. Yes.

Q. And it was sent out to all border points?—A. Yes.

Q. Have you a copy of it there, or have we got it here?—A. Mr. Farrow filed it; he read it into the evidence.

Mr. ELLIOTT: This should go into the file, but I think I will read it in here.

Mr. HENDERSON, K.C.: It has not been read in yet, Mr. Elliott.

Mr. ELLIOTT: I think you should at this point have this Bill as assented to put into the record. I do not want to tear out the one that is in the departmental file, but I suppose we can put it in.

Hon. Mr. BOIVIN: The Bill and the memorandum are printed together. (*Exhibit 2, not printed in Evidence.*)

Mr. ELLIOTT: The Bill and the memorandum were printed together, but the warning was a separate affair. I think we might consider the Bill for a moment as assented to. It says:

"His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. Section two hundred and six of the Customs Act, Chapter forty-eight of the Revised Statutes, 1906, is repealed and the following is substituted therefor:—

"206. (1) If any person,—

- (a) Smuggles or clandestinely introduces into Canada any goods subject to duty under the value of two hundred dollars; or
- (b) makes out or passes or attempts to pass through the Custom-House any false, forged or fraudulent invoice of any goods of whatever value; or
- (c) in any way attempts to defraud the revenue by avoiding the payment of the duty or any part of the duty on any goods of whatever value;

such goods if found shall be seized and forfeited, or if not found but the value thereof has been ascertained, the person so offending shall forfeit the value thereof as ascertained, such forfeiture to be without power of remission in case of offences under paragraph (a) of this sub-section."

By Mr. Elliott:

Q. Mr. Sparks, have you in your mind the remedy that that amendment effected?—A. That first section did not effect very much, with the exception of the addition of the words "without power of remission".

Q. That is it, as I recall it. Then the Act goes on:

"(2) Every such person shall, in addition to any other penalty to which he is subject for any such offence:—

(a) forfeit a sum equal to the value of such goods, which sum may be recovered in any court of competent jurisdiction; and

(b) further be liable on summary conviction before two justices of the peace to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month, or to both fine and imprisonment."

Q. Do you recall the remedy which that provided?—A. I think there is very little change in the Act, in that part of it.

Q. As I recall it, previously there was not the remedy of both fine and imprisonment.—A. Possibly that is the case. I am chiefly interested in section 3.

Q. I am coming to that now. It is as follows:

"(3) Every one who smuggles or clandestinely introduces into Canada any goods subject to duty of the value of two hundred dollars or over is guilty of an indictable offence and liable in addition to any other penalty to which he is subject for any such offence to imprisonment for a term

[Mr. R. P. Sparks.]

not exceeding seven years and not less than one year for a first offence, and to imprisonment for a term not exceeding ten years and not less than three years for a second and each subsequent offence, and such goods if found shall be seized and forfeited without power of remission, or if not found but the value thereof has been ascertained the person so offending shall forfeit without power of remission the value thereof as ascertained."

Q. You had in mind what remedy that effected?—A. Yes, that is practically a new section.

Q. Will you just say, for the benefit of everybody, what remedy that gives that we did not formerly have, as you understand it?—A. It fixes an arbitrary punishment and takes away from the Judge the power of inflicting a light sentence. It fixes the punishment arbitrarily at not less than one year where the smuggled goods are valued at not less than \$200.

Q. That was the point you were pressing, that where there was a conviction for one of these offences there should be no power in the Court to give a penalty of less than one year's imprisonment for a first offence, and three years for a second or subsequent offence?—A. Yes.

Q. That was an entirely new remedy, in the history of this country at any rate?—A. Might I say, Mr. Elliott, that this touches a most important point, on which I think I might say a word.

Q. We would be glad to have it.—A. It differentiates between what is commonly known as petty smuggling and what we regard as commercial smuggling.

Q. You distinguish between petty smuggling and commercial smuggling. Petty smuggling you refer to as that of the man who has gone over to the other side and bought something that is dutiable and taken it home personally?—A. We tried to distinguish, by this classification, goods for your own use, but the Department of Justice thought that was weak. We then suggested "goods for resale". Again the Justice Department thought that was weak. We finally decided that the only way the thing could be done was to fix an amount, and this matter was a matter of discussion as between the Department of Justice, the Department of Customs and ourselves. I would like to say now that we are not primarily interested in what is known as petty smuggling. We were dealing with the commercial problem.

Q. And you were business concerns?—A. Yes.

Q. I will take just a moment or two on the point I want to make. Just while you are at that, is it not a fact—I have been so advised, although I have not read the Act; I understand the law on the other side of the line, does not regard petty smuggling as a serious matter, but allows anybody travelling to take in \$100 worth of goods. It is not smuggling if they only take in \$100 worth. Has that been called to your attention?—A. Not all goods. They are authorized to take in \$100 worth of wearing apparel, but not other goods.

Q. Personal effects?—A. Exactly. I think, wearing apparel.

By Hon. Mr. Bennett:

Q. No, personal effects, I think.—A. Possibly that is so.

By Hon. Mr. Boivin:

Q. And they must be declared?—A. Yes.

By Mr. Elliott:

Q. Then next in this bill is subsection (4) as follows:

"Notwithstanding the provisions of Section 1028 of the Criminal Code or of any other Statute or law, the court shall upon any proceeding

by indictment under subsection (3) hereof, have no power to impose less than the minimum penalties therein prescribed, and shall in all cases of conviction impose both fine and imprisonment."

Q. That is also entirely new, a drastic change of the law?—A. That was inserted at the suggestion of the Deputy Minister of Justice, Mr. Edwards, as a further safeguard.

Q. Mr. Sparks, am I fair in this, to say that the attitude of the Minister of Justice, or the Department of Justice, as expressed through the Minister and the Deputy Minister, was, "If this is to be your remedy, we are going to make it so strong that if legislation will do it, we are going to put in such penalties as will stop this."—A. I might differentiate between the Deputy Minister and the Minister.

Q. Well, I assume the Deputy Minister was expressing the views of the Department?—A. Presumably so.

Q. At any rate, that was the view of the department as expressed to you and as expressed in the legislation by the Minister, and in your discussion with the Deputy Minister?—A. I think the legislation was sent over by the Customs Department to the Deputy Minister.

By Hon. Mr. Stevens:

Q. The Deputy Minister of what?—A. The Deputy Minister of Justice. I had previously had a number of discussions with the Minister, who, on purely legal grounds, was disposed to object to the legislation.

By Mr. Elliott:

Q. Yes. I assume, of course, that the legislation finally went through his department?—A. I assume the Council settled the matter.

Q. The Council settled it?—A. Yes.

Q. I would not be unfair in saying this, that the Cabinet Council—that is the Council you are referring to?—A. Yes.

Q. In settling this matter, did take a strong, firm hand in providing the most drastic legislation that could be provided?—A. That is quite right.

Q. I think that is fair?—A. Yes.

Q. Just a moment; I have not come to that section which I would like to discuss at a little length, but I may say that we will resume on that second section; but there is no doubt about this, that up to that time you had obtained the legislation which, in your opinion, was the great desideratum, in order to get a remedy?—A. That is quite right.

Q. And that in this you were backed up quite strongly by the Cabinet Council and the government?—A. They accepted our suggestion, yes.

Q. That will do, thank you. Would you be good enough to let me have to-morrow the minutes?

Mr. HENDERSON, K.C.: I should have said that this witness telephoned to Mr. Tolchard, not trusting to a telegram, and Mr. Tolchard said he would have them copied as soon as possible, and try to have them sent forward last night. This witness left his office this morning before the Toronto mail arrived. As soon as they are available they will be sent to you for the committee, if that will be all right.

Mr. ELLIOTT: I think perhaps that will do nicely.

The CHAIRMAN:—Mr. Farrow produced this morning the evidence of Joseph Alfred Edgar Bisailon, referred to by Mr. Sparks, and having been handed to the Department of Customs and Excise by Mr. Sparks.

The witness retired.

The committee adjourned until Friday, February 19th, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 9—FRIDAY, FEBRUARY 19, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

- Mr. A. F. Holmes, Customs and Excise Examiner, Rock Island, Que.
Mr. Gregory George, Vice-President and General Manager, Dominion
Distillery Products Company, Limited, Montreal, Que.
Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

OTTAWA

F. A. ACLAND

PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1926

EXHIBITS FILED.

- No. 51—Memorandum submitted by Mr. A. F. Holmes, Customs Officer, Rock Island, Que., of Customs entries *re* Gilmore Bros., New Apparel Co., and Northern Cotton Exchange.
- No. 52—Memorandum submitted by Mr. A. F. Holmes, Customs Officer, Rock Island, Que., of Customs entries *re* Jenkins Overall Co.
- No. 53—Letters Patent incorporating Dominion Distillery Products Company Limited.
- No. 54—Share certificates (5) of Dominion Distillery Products Company Limited.
- No. 55—Dominion Distillery Products Company Limited, summary as at March 31, 1925, required under section 106 of Companies Act.
- No. 56—Dominion Distillery Products Company Limited, summary as at March 31, 1924, required under section 106 of Companies Act.
- No. 57—Warning to the public against smuggling, issued by Department of Customs and Excise, June 30, 1925, signed by R. R. Farrow, Deputy Minister.
- No. 58—Letter dated July 21, 1925, from Mr. Sparks to Mr. Farrow, Deputy Minister of Customs and Excise, expressing appreciation for issuance of warning notices and memorandum to Collectors, and requesting further supply of revised sections of Customs Act for Commercial Protective Association.
- No. 59—Letter dated July 13, 1925, from Mr. Gundy, President, Board of Trade, Toronto, to Prime Minister, expressing thanks for introduction of legislation to assist suppression of smuggling.

MINUTES OF PROCEEDINGS

FRIDAY, February 19, 1926.

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

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

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

The Chairman read a telegram received from the Reliance Manufacturing Company, Chicago, to the effect that the statement made before the Committee that the Milton F. Goodman shirt is prison-made, is untrue.

Moved by Mr. Donaghy,—That the Clerk communicate with the Reliance Manufacturing Company of Chicago, requesting their manager's attendance before this Committee at as early a date as possible, said date to be arranged by the Clerk.

Motion agreed to.

Moved by Mr. Doucet,—For a list of all special customs and excise preventive officers appointed under the special vote of \$350,000.

Motion agreed to.

Moved by Mr. Doucet,—For the production of the files containing all documents, reports and correspondence relating to certain enquiries held by the Department of Customs and Excise, concerning the export of certain liquor cargoes from Halifax, N.S., for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Doucet,—For the production of the files containing all documents, court proceedings, correspondence, telegrams and reports, in connection with the illegal sale of intoxicating liquors by one, Harry Rabonivitch, in 1924 or 1925 at Halifax, N.S.

Motion agreed to.

Moved by Mr. St. Père,—That Mr. R. L. Calder, K.C., be appointed counsel for the Committee in pursuance of leave granted by the House.

Motion agreed to.

Moved by Hon. Mr. Bennett,—That Mr. R. L. Calder, K.C., counsel of the Committee and the auditors of the Committee, should have access to the files and documents produced and filed up to date, and from time to time, and that they be given all the help necessary by the Clerk, and his assistance, for the benefit of the Committee.

Motion agreed to.

Mr. A. F. Holmes, Customs and Excise Examiner, Rock Island, Que., was called and sworn. He was examined regarding smuggling, and filed with the Committee:—

Exhibit No. 51.—Memorandum submitted by Mr. A. F. Holmes, Customs Officer, Rock Island, Que., of Customs entries *re* Gilmore Bros., New England Apparel Co., and Northern Cotton Exchange.

Exhibit No. 52.—Memorandum submitted by Mr. A. F. Holmes, Customs Officer, Rock Island, Que., of Customs entries *re* Jenkins Overall Co.

Witness retired, subject to recall by telegram.

Mr. Gregory George, Vice-President and General Manager, Dominion Distillery Products Company, Limited, Montreal, Que., was further examined. He filed with the Committee:—

Exhibit No. 53.—Letters Patent incorporating Dominion Distillery Products Company Limited.

Exhibit No. 54.—Share certificates (5) of Dominion Distillery Products Company Limited.

Exhibit No. 55.—Dominion Distillery Products Company Limited, summary as at March 31, 1925, required under section 106 of Companies Act.

Exhibit No. 56.—Dominion Distillery Products Company Limited, summary as at March 31, 1924, required under section 106 of Companies Act.

Witness retired.

The Chairman laid on the table five files from Customs Department in connection with the theft of intoxicating liquors from Shediac and Port Elgin, N.B., and for production of the record file of John Landry of the Port of Montreal.

Also a statement dated February 16, 1926, showing amounts paid by the Commercial Protective Association to Mr. Walter Duncan.

Mr. R. P. Sparks was further cross-examined in reference to amendments proposed last year by the Commercial Protective Association as respects the Customs Act. (*See Exhibit 2.*) Mr. Sparks read and filed:—

Exhibit No. 57.—Warning to the public against smuggling, issued by Department of Customs and Excise, June 30, 1925, signed by R. R. Farrow, Deputy Minister.

Exhibit No. 58.—Letter dated July 21, 1925, from Mr. Sparks to Mr. Farrow, Deputy Minister of Customs and Excise, expressing appreciation for issuance of warning notices and memorandum to Collectors, and requesting further supply of revised sections of Customs Act, for Commercial Protective Association.

There was also filed, during the course of Mr. Sparks' cross-examination:—

Exhibit No. 59.—Letter dated July 13, 1925, from Mr. Gundy, President, Board of Trade, Toronto, to Prime Minister expressing thanks for introduction of legislation to assist suppression of smuggling.

Witness retired.

Mr. St. Père moved,—That Mr. J. A. E. Bisailon, Montreal, be summoned to appear before this Committee on Tuesday next and from day to day until discharged.

Motion agreed to.

Hon. Mr. Boivin produced a list of Customs and Excise enforcement officers paid from the special vote passed last session for Customs and Excise Preventive Service.

The Committee adjourned until Tuesday next at 10.30 a.m.

WALTER TODD,
Chief Clerk.

MINUTES OF EVIDENCE

FRIDAY, February 19, 1926.

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

A. F. HOLMES, called and sworn.

By the Chairman:

Q. What is your name?—A. A. F. Holmes.

Q. And your occupation?—A. Customs and Excise examiner.

Q. Where?—A. At Rock Island.

Q. In the Province of Quebec?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Mr. Holmes, you are summoned here to-day for the purpose of giving to the committee such correspondence and memoranda as you may have in regard to the question of smuggling at the port at which you are employed. Have you any such memoranda?—A. I have some memoranda here.

Q. Will you produce your memoranda, Mr. Holmes; you have not with you any official files of goods brought in?—A. No, sir.

Q. Where are they, at the office in Rock Island?—A. These goods have not been brought into Canada; these goods are simply shipped through Canada in transit, from the United States through Canada and back into the United States again. I have no record of any goods coming into Canada direct.

Q. Let me understand this, Mr. Holmes. You produce memoranda of goods coming into Canada and back into the United States?—A. Yes.

Q. At the border towns?—A. On the B. & M. Railway.

Q. At what place?—A. Rock Island.

Q. But what place south of the line?—A. Rock Island and Derby Line. Rock Island is in Canada, and Derby Line is in the United States.

Q. Have reports been made of these goods to the Department in Ottawa, or to your superior officers?—A. Not to my knowledge.

Q. What is this memoranda you are producing? Will you hand it to me? You hand me a list headed Jenkins Overall Company (*Exhibit No. 52 not printed*), then a list of dates, January, 1923, and on through March, April and May, and down to 1924?—A. 1924.

Q. I am not going to read this list, because apparently it is very long; it indicates for instance cotton overalls, shirts, buttons, bales of drills, barrels of wire, snaps and so on. What does this list mean?—A. Goods coming through in transit. I took these figures from the manifest, copied from the manifest, the transit manifest.

Q. And as a Customs officer how do you interpret that; what is your view about these goods?—A. I can only express my own opinion, that is all. I have no reason to know where these goods went after they arrived at Derby Line.

Q. Do you know where they were delivered, at Derby Line?—A. They were delivered from the station.

[Mr. A. F. Holmes.]

Q. To whom?—A. Most of these goods were taken from the station by a truck man, a Mr. Seguin.

Q. What do you say his name is?—A. Mr. Seguin.

Q. Have you any other documents?—A. Yes.

Q. You had better give us whatever you have; hand them in, and we will see what we can make of them.—A. (Producing papers) these may be a little ink splattered.

Q. One is headed The Northern Cotton Exchange; (*Exhibit No. 51 not printed*) who are the the Northern Cotton Exchange?—A. I could not tell you; I have not been able to find out.

Q. You do not know?—A. I do not know any such firm.

Q. Do you mean to say you do not know of any such firm?—A. No, sir.

Q. How long have you been living down there?—A. Twelve years.

Q. Where is the Northern Cotton Exchange supposed to be?—A. Well, I have always understood that they were supposed to be at Derby Line.

Q. It is not a very large place, is it?—A. 700 or 800.

Q. 700 or 800 people?—A. I would say so.

Q. And in twelve years you have not been able to locate the Northern Cotton Exchange?—A. No, sir, I have not.

Q. There is another one, Gilmore Brothers, a similar list?—A. Yes.

Q. Where are they located?—A. Gilmore Brothers are located at Derby Line; he runs a gents' furnishing store.

Q. A gents' furnishing store?—A. Yes, sir. He does not handle that class of goods at all, to my knowledge.

Q. These are goods consigned to Gilmore Brothers, of Derby Line, passed through Canada, and they are goods that to your knowledge he does not handle in his store?—A. I am quite positive of that.

Q. Did you take these off the manifests yourself?—A. I did. Approximately these numbers are correct, although I might have made some error possibly in copying them.

Q. The New England Apparel Company; who are they?—A. Well, personally I do not know, but I understand that they are supposed to be represented by a man named Marios.

Q. Where is the New England Apparel Company located?—A. He lives in Derby Line, but I do not know where his place of business is.

Q. What does he do?—A. He is supposed to have something to do with the overall business. As to my personal knowledge, I am not sure about it but I understand he handles the Jenkins Overalls.

Q. You say you understand he handles the Jenkins Overalls?—A. That is what I understand.

Q. You have no other papers, no correspondence with the Department?—A. No, sir, no correspondence with the Department.

Q. Have you made any reports to the Department?—A. No, not with reference to this.

Q. Have you made any reports to other officers, to superior officers other than at Ottawa?—A. I made that report to our sub-collector, Mr. N. C. Knight.

Q. Where is he?—A. At Rock Island; he is sub-collector at the port of Rock Island.

Q. What did you report to him?—A. I don't know that I showed him the whole list, but I told him what I had, that I had got these records.

Q. That these goods were passing through there from time to time?—A. Yes.

Hon. Mr. STEVENS: I would like to ask, Mr. Chairman, that these papers be filed, to be used by the auditors for checking purposes on the books that are here. We may need them again later on.

The CHAIRMAN: Mr. Holmes, you are released temporarily. If we need you again we will wire you.

By Mr. Bell:

Q. I would like to ask you one or two questions, Mr. Holmes. Do I correctly understand that the material filed by you exhausts the records from the district?—A. They are supposed to be the correct records of my office.

Q. But do these exhaust them all?—A. No, they only extend from January 1923 to January 1924.

Q. Is it correct to say that all your records for that purpose are covered by the documents produced here?—A. Yes. You will understand of course that there may be some errors, but they are intended to be correct.

Q. There are no other documents, that you know of?—A. No, sir.

The CHAIRMAN: We will release you, Mr. Holmes, but you will return immediately we send a telegram to you; will you return as soon as possible?—A. I will.

GREGORY GEORGE, re-called.

Mr. BRACKIN, K.C.: Mr. Chairman, before Mr. George produces the paper he has been asked to produce, I would like to direct the attention of the committee to the return of the Dominion Distillers. The other day Mr. Hushion said he was not a director of the company. Under our charter we have five directors, that is, the charter of the Dominion Distillery Products Company, Limited, issued in 1923. In a return made to the Department the book-keeper who made it out set up the names of the directors; he put in six directors instead of five, and the last one was that of Mr. Hushion. What was put in that return was the names of all the shareholders of the company. Mr. Hushion was never appointed a director, and never acted as one, but it will appear in that return that he is the sixth. We have not got six, we have only five. I sent word to Mr. Hushion that if the matter arose this morning he should return to Ottawa, to be on hand if called. He is in Ottawa now.

Mr. BELL: Five out of the six are directors?

Mr. BRACKIN, K.C.: Yes.

By Hon. Mr. Stevens:

Q. You were asked, Mr. George, to produce the stock books of the company; have you the stock register?—A. We sent all the records of our company to Messrs. Laflamme, Callaghan & Mitchell; the company was to be reorganized and recapitalized. We have not received those documents back as yet.

Q. You could have secured them, could you not?—A. We have tried to secure them but they cannot locate them.

Q. They are a firm of responsible barristers?—A. Yes.

Q. Who told you that, what member of the firm?—A. Mr. Bulger.

Q. That is of your own law firm?—A. Mr. Callaghan.

Q. He told you yesterday?—A. He told Mr. Bulger. I was not in Montreal, I was in Ottawa, and they advised me by wire. I told them to procure these things, and Mr. Bulger advised me that he had been to Mr. Callaghan's office yesterday several times to produce these documents.

Q. All right, produce what you have, and let us get them in order here. You produce certain share certificates; (*Exhibit No. 54*) are these cancelled?—A. They should be cancelled; they are cancelled.

Mr. BRACKIN, K. C.: They are the ones issued to qualify.

[Mr. Gregory George.]

By Hon. Mr. Stevens:

Q. You produce the charter of the company, Mr. George?—A. Yes, sir. (*Exhibit No. 53.*)

Q. The charter of the Dominion Distilleries Products Company?—A. Yes, sir.

Q. How about your stock certificate book?—A. All those have been sent over to that firm.

Q. Did you get a receipt for them from the firm?—A. No, I don't think we did, not that I remember of anyway.

Q. Well, Mr. George, we want those books produced?—A. We shall endeavour to produce them; we have asked them to keep on looking for them, and as far as I know they have done so.

Q. Probably the time was a little short; I do not want to be unreasonable, but will you produce them on Monday or Tuesday?—A. I will make every effort to do so.

Q. The stock register and the stock certificate books along with the stubs?—A. Yes.

Mr. BRACKIN, K.C.: These returns might help the committee as to the shareholders. We will produce these also; they are for 1924 and 1925, (*Exhibits Nos. 55 and 56*) and they set forth the names and addresses of the shareholders, under Sec. 106 of the Companies Act.

By Hon. Mr. Stevens:

Q. Do you know George Scherer, of Ford, Ontario?—A. I have not met him.

Q. I did not ask you whether you had met him or not, I asked you do you know him?—A. I know of him.

Q. Where is he located?—A. I think he lives in Detroit; I am not sure.

Q. You are the Manager of the Dominion Distilleries?—A. Yes.

Q. You do a great deal of business with Mr. Scherer?—A. We ship him a lot of goods.

Q. You cannot assist the committee in locating Mr. Scherer?—A. Well, I don't know the exact address of this man; he is in Detroit, as far as I know.

Q. That may be all right, but I have here your shipping accounts. Mr. Scherer was summoned to appear before this committee on the 9th. The summons was issued on the 9th of February of this year. On February 11th you shipped him a car, No. 86382, Canadian National Railways, to George Scherer of Ford, Ontario?—A. For export.

Q. Canadian National Railways to Walkerville, boat to Killarney, for export to Mexico City, Mexico, containing 996 cases of whiskey. Attached to that is a Permit also made out to G. Scherer, of Ford, and on January 28th another car, No. 14805, containing 1,100 cases of whiskey, to G. Scherer, of Ford, and so on down through. I find a great many of these shipped to Mr. G. Scherer, of Ford City, Ontario. Can you not assist the committee to locate Mr. Scherer?—A. Other than he lives in Detroit, I don't know his exact address.

Q. He lives in Detroit?—A. Yes.

Q. You know the man personally?—A. No, I said I did not.

Q. You have had correspondence with him personally?—A. No, I don't remember much correspondence with him.

Q. Have you had any correspondence with Mr. Scherer personally?—A. I don't think we have.

Q. None?—A. No.

Q. Although he buys every few days a carload of whiskey?—A. Yes.

[Mr. Gregory George.]

Q. Tell me frankly, Mr. George, is there such a man existing as Mr. Scherer?—A. I have never met him personally. I could not say as to that, sir.

Q. Will you tell me that there is no such man existing?—A. I wouldn't say that either.

Q. You wouldn't?—A. No. I understand there is such a man.

Q. You cannot tell whether there is such a man or not?—A. I have never met him personally.

Q. Is Mr. Scherer merely a dummy?—A. No, I wouldn't say that.

Q. To whom was this liquor consigned?—A. To G. Scherer.

Q. It was consigned to a name, G. Scherer?—A. Yes.

Q. Did G. Scherer receive the liquor?—A. I could not say as to that; my business is in Montreal here.

Q. Who paid for the liquor, because it was sent collect?—A. The liquor was paid for cash, through the bank.

Q. Cash in the bank where?—A. At Walkerville, Ont.

Q. Who put the money in the bank at Walkerville?—A. I couldn't say that, either; one of our directors, I understand. Probably Scherer, I don't know.

Q. Now, Mr. George, we want Scherer, but as far as we can find out—and I have made very wide enquiries—there is no such man existing. You have done a lot of business with him, and you must know.—A. I have never met him personally.

Q. Any member of your firm ever met him?—A. Not in Montreal, I should say. I don't know; I couldn't answer that.

Q. And yet you ship liquor to him every few days?—A. Yes. He has the money to pay for it, and we are here to ship to him. For every car of 1,000 cases the government has received in duties approximately \$15,000, and we have shipped probably over 100,000 cases, from which the government of Canada received duties of \$1,500,000; sales taxes of approximately \$150,000, and I think we are the only distillery in Canada that has paid sales tax on whiskey, duty paid, that has been exported out of Canada.

Q. This was exported to Mexico, I see.—A. I said exported out of Canada.

Q. I say it is billed to Mexico.—A. Yes.

Q. Sent by boat from Ford to Mexico?

Mr. BRACKIN, K.C.: The railways will not take it billed to Mexico.

Hon. Mr. STEVENS: I know; you have to send it from Montreal to Ford first.

The WITNESS: We have the legal right to sell, and if they have the money to pay for it, I don't see why we shouldn't sell it.

By Hon. Mr. Stevens:

Q. What I want to find out for the moment is not your procedure, but who Mr. G. Scherer is; he is apparently one of your best customers.—A. I have never met him personally.

Q. And you cannot tell the committee whether such a man exists or not?—A. I have said I have not met him personally. I said to you I think there is such a person, and that he lives in Detroit. Other than that I don't know.

By Mr. Bell:

Q. Did you ever sell him any alcohol over the telephone?—A. I don't remember.

By Hon. Mr. Bennett:

Q. What is his alias? By what other name is he known?—A. He might have a lot of them. G. Scherer is the only one I know of.

- Q. Do you mean to say you don't know whether there is any such man at all?—A. I said I never met him personally.
- Q. That does not answer the question.—A. I don't know what you wish me to say.
- Q. Just the truth.—A. What was the question, please?
- Q. Do you know whether or not there is any such man as G. Scherer?—A. I think I told Hon. Mr. Stevens that I think there is such a man.
- Q. What other name does he go by besides Scherer?—A. I don't know.
- Q. Sure of that?—A. Yes sir.
- Q. Have you any letters from him ordering liquor?—A. I don't know, sir. I don't think we have.
- Q. How are the orders sent?—A. They are all cash transactions.
- Q. How are the orders sent?—A. Through one of our directors at Walkerville.
- Q. What director?—A. Mr. Cooper.
- Q. And delivered verbally to you?—A. No, I don't just remember how it started, but it was established, I suppose, on the start, and has never been changed.
- Q. What was established on the start?—A. The procedure of shipping these cars.
- Q. The method of shipping?—A. Yes.
- Q. I suppose they are all cash against bills of lading?—A. No, cash before shipment.
- Q. Where is the cash deposited?—A. It is paid into the Hiram Walker office.
- Q. Where does the cash go?—A. It is transferred to Walkerville.
- Q. When you say that Scherer bought stuff from you, how did he pay for it?—A. In cash.
- Q. Where was the cash deposited?—A. I couldn't say as to that.
- Q. How do you know he paid for it in cash?—A. I understand that.
- Q. Who told you that?—A. Mr. Cooper.
- Q. Do you know anything about it yourself at all?—A. Except what is on the bills of lading there.
- Q. Did you make a bill of lading at any time?—A. Probably.
- Q. You consigned stuff to Scherer at Ford?—A. Yes sir.
- Q. And it was paid for before you consigned it?—A. Yes sir.
- Q. And you don't know where the cash came from?—A. I couldn't swear I do.
- Q. How did you know it was paid for at all before you shipped it?—A. These cars, a lot of them, come down there; they are purchased from the Hiram Walker Company, and we ship them back.
- Q. They come to Montreal?—A. Yes sir.
- Q. And you ship them back to Scherer?—A. Yes sir.
- Q. And the money that pays you for them is deposited in the bank where?—A. I couldn't say exactly, but I think probably Walkerville.
- Q. You don't know?—A. No sir.
- Q. And you really don't know whether there is a man called Scherer at all or not?—A. I couldn't swear there is; I have never met him.
- Q. You don't know any other name he may have besides Scherer?—A. No sir.
- Q. Do you know the Dominion Mahogany and Veneer Company?—A. Yes sir.
- Q. You leased that property, didn't you?—A. Yes sir.
- Q. Where is that property?—A. It is located on the Lachine Canal, opposite Montreal West.

Q. What is the warehouse used for?—A. As a distillery.

Q. How long since has it been used as a distillery?—A. Since we rented it.

Q. When was that?—A. Some time in 1923; I think probably around the month of October.

Q. Who leased it; where is the lease?—A. The lease is with the firm of Mitchell, Callaghan and Laflamme, I think.

Q. You will produce that lease?—A. Yes sir.

Q. Who were the lessees?—A. What do you mean, to whom is it leased?

Q. Yes.—A. The original lessee is L. George, and it was then transferred to the Dominion Distillers.

Q. And that is you?—A. No, my brother, the president of this company.

Q. And now it is part of the property of the distillery company?—A. Yes sir.

Q. And it is used as a distillery?—A. Yes sir.

Q. Manufacturing alcohol?—A. Yes sir.

Q. Are you in the hay business?—A. Our firm has been in the wholesale grocery, provisions, and so forth, in Ontario; not in Montreal.

Q. How many carloads of hay did you ship out containing liquor?—A. We may have shipped lots of cars.

Q. Containing liquor?—A. Yes.

Q. As hay?—A. Yes.

Q. You have a record of them?—A. No, I don't suppose we have.

Q. You are coming back again, I suppose, are you not? Will you get those documents about the distillery lease?—A. Yes.

Q. And the list of the shareholders of the distillery, which you are going to get for Mr. Stevens?

Mr. BRACKEN, K.C.: They are in that return.

Hon. Mr. BENNETT: Only the directors.

Mr. BRACKEN, K.C.: There are only those six.

The WITNESS: There are only six shareholders in the company.

Mr. BRACKEN, K.C.: But they are set out in that return as directors.

By Mr. Donaghy:

Q. Mr. George, who represented your company in these deals for the disposal of liquor?—A. In the disposal of it?

Q. I think you heard me.—A. I am a little deaf, I would like to say.

Q. You are right; I said "disposal".—A. I couldn't say truthfully.

Q. What?—A. I couldn't say truthfully who disposed of them. I have never seen them disposed of.

Q. Do you mean to say you don't know what member of your company acted in the disposing of this liquor?—A. I know who acted in the purchase of it.

Q. I am not asking you that. You know what I am asking, don't you?—A. I don't just think I do know what you are asking me.

Q. All right, answer it.

Mr. BRACKEN, K.C.: He said he did not know.

The WITNESS: I don't think so.

By Mr. Donaghy:

Q. Very well, I will repeat it. What is the name of the person who acted for your company in making the disposal of this liquor to Scherer?—A. I don't know what person, except what is on the bill of lading. They are consigned on a through bill of lading.

Q. I am not asking you to whom they are consigned, and you know I am not. Just please answer the question honestly and squarely.—A. The disposal of this liquor?

Q. Please answer the question. Answer it fairly and truthfully, Mr. George?—A. Do you mean at the port of exit?

Q. Please, Mr. George, answer the question. It is very simple, and I want your answer.—A. I don't know, sir.

Q. You don't know?—A. No.

Q. Give me the names of all the persons in the employ of your company, or who have been acting for your company. Give me the names of them all, and their addresses.—A. All the shareholders and directors?

Q. You heard what I said, Mr. George.—A. I couldn't give you all those offhand; I could produce them.

Q. Have you them in a record, in a book?—A. Yes.

Q. In what book?—A. In our salary book; wages.

Q. Then you will produce the salary book?—A. Yes.

Q. Is it here now?—A. I think so.

Q. Do you know?—A. It should be, if it isn't.

Q. And if it is not, you will get it here?—A. Yes sir.

Q. That will give the list of all the persons employed by your company, or authorized to act for your company?—A. Yes sir.

Q. Now give me the names. You have already, you say, filed the names of all the directors and all the shareholders?—A. Yes sir.

Q. Have you also given us the names of all the officers of your company?—A. Yes sir.

Q. Then we will hear from you later on when we have examined these documents, and we may call these gentlemen to find out who disposed of this liquor.

By Mr. Bell:

Q. Mr. George, what were the books and documents that you sent to Mr. Laflamme's office, in connection with the re-organization?—A. We sent all our stock books and all other books of organization of the company.

Q. Specify what you mean by "all other books", will you?—A. We sent, so far as I can remember, our stock certificate book; our minute book; our charter, and the record of our certificates.

Q. And your books of account?—A. No sir, just the organization books.

Q. And the date when you turned those over was approximately what?—A. To Mr. Laflamme?

Q. Yes.—A. That was in, I should say, May, I think.

Q. Of what year?—A. No, I think it was in July of last year, 1925.

Q. And to what member of the firm did they go?—A. They went to Mr. Callaghan, I think.

Q. And was he the one who had in hand personally the matter of the reorganization?—A. Yes, sir.

Q. And you consulted with him afterwards in connection with the reorganization?—A. Yes, sir.

Q. And found he had received the books?—A. So far as I remember, yes, sir.

Q. You know whether or not he spoke of them as received, don't you?—A. Yes, I think so.

Q. So undoubtedly he did have them?—A. Yes, sir.

Q. When was the re-organization completed?—A. It has not been completed yet, sir.

Q. It has not been completed?—A. No.

Q. When did you first discover the books had been lost?—A. Yesterday; when I asked for them.

Q. That was the first time?—A. Yes.

Q. And did they explain to you how they expected to complete the re-organization of your company with the books and records lost?—A. Well, I was not talking with them personally.

Q. Did the man who did speak to them personally for you explain that?—A. I don't know, sir.

Q. Did you ask him?—A. Yes. I told him to endeavour to get them and to keep after Mr. Callaghan to secure them.

Q. And what explanation did he say Mr. Callaghan gave to him as to why these books and records had been lost?—A. I do not know, sir.

Q. Did you ask for one?—A. He said they were looking for them and would probably find them.

Q. Did you ask more than once?—A. Yes, sir.

Q. How many times?—A. He said they were over several times.

Q. Who said that?—A. Mr. J. P. Bulger, the secretary of the company. I do not know whether he was over there, but he said he was in 'phone communication with them.

Q. And he having told you that, you did not personally communicate with Mr. Callaghan to whom you, yourself, had given them, to find out if he had lost them?—A. No, sir, I did not.

Q. That was as far as it went, was it?—A. (No audible answer).

By Hon. Mr. Stevens:

Q. Just one word, before you go, Mr. George. I have this list before me and I find "G. Scherer, c/o James Cooper, Ford, Ontario"—A. Is that the record there?

Q. Yes. In one of your bills. Here is a car December 29th last, January 11th, one here January 9th, another one January 9th. You shipped a lot of liquor and yet you do not know, so you swear, whether Scherer exists or not?—A. I did not swear that. I swore I never met him personally, but I did not swear he did not exist.

Q. Tell me one thing. Is there such a man in existence as G. Scherer?—A. I think so.

Q. You were the manager of this company?—A. Yes.

Q. And shipped several cars of liquor to him within the last couple of weeks?—A. Yes, but I do not know—

Q. Never mind that. You only guess at his existence?—A. I still guess at a lot of things if they put down the cash to get it.

By Mr. Bell:

Q. Cooper should know if he is really in existence, if you shipped to Scherer in care of Cooper?—A. I don't know.

Q. What?

By Hon. Mr. Stevens:

Q. These transactions would run into hundreds of thousands of dollars—

Mr. BELL: Pardon me; I would like him to answer that question.

By Mr. Bell:

Q. Cooper should know if Scherer really exists, should he not?—A. He might have, but I cannot swear to it.

By Hon. Mr. Bennett:

Q. When did you ship the last carload of liquor to Mr. Scherer?—A. Whatever the record shows.

Q. No, that won't do. These records came here some days ago— —A. We might have shipped some since I left Montreal.

Q. That is what I thought.—A. Yes, sir.

Q. And I suppose if any one got on the car and went with it and stayed with it until Scherer got it, they would know who Scherer was?—A. Probably.

By Hon. Mr. Stevens:

Q. Have you had any cars of liquor seized since New Year's?—A. Probably.

Q. As manager, you ought to know?—A. I think may be we did.

Q. You have had seizures?—A. Yes.

Q. When?—A. In Montreal, the Quebec Liquor Commission seized it, but handed them back when they found that the documents were all right.

Q. Did you have any liquor seized by the Quebec Liquor Commission?—A. I just said we did.

Q. When?—A. Just now.

Q. No I mean when was it seized?—A. I cannot say offhand. I would say within the past year.

Q. No, no, within the past month?—A. Yes.

Q. Within the past two weeks?—A. Yes, sir.

Q. Within the past week?—A. Probably.

Q. One of these cars was directed to G. Scherer, was it not?—A. Coming in or going out?

Q. One of these cars that was seized was directed to G. Scherer?—A. Probably.

Q. And G. Scherer did not receive that car, because there was a summons issued here for G. Scherer, and they were afraid at the other end?—A. I do not know that.

Q. And the car came back and was seized?—A. Yes, sir.

Q. That is right, is it not?—A. Yes, sir.

Q. And you still persist that there is a man called G. Scherer?—A. I think there is.

Q. You think there is?—A. Yes.

Q. And you have been holding the position as Manager of this company for how long, two years?—A. Since it was incorporated.

Q. And have shipped hundreds of thousands of dollars' worth of goods consigned to the name "G. Scherer"?—A. Yes, sir.

Q. And you still merely "think" that the man exists?—A. Yes; I don't mind thinking when a man puts down his cash for the goods. I am in Montreal to do business.

Q. What bank did G. Scherer put his cash in, to your credit?—A. I cannot swear to that.

Q. Do you mean to say, Mr. George,— —A. Probably the Bank of Commerce at Walkerville.

Q. There is no "probably" about it. You know. You know the bank into which this \$30,000 at a time, and so forth, was deposited to your credit?—A. I cannot say; I cannot swear to it.

Q. Well, if you cannot, you are a poor manager of a business of that kind.—A. That may be, sir.

Q. How does the money reach you?—A. How does the money reach me? It does not come to us. The goods come to us and we ship them back.

Q. Explain that. I do not quite follow you. You sell a carload of liquor to G. Scherer, and the money is deposited in an unknown bank. I ask you now how

[Mr. Gregory George.]

that money reaches you?—A. The money is paid into the Walker Distillery Company.

Q. How do you get your money out of it?—A. On commissions.

By Mr. Bell:

Q. Does the Walker Distillery pay it to you?—A. No.

By Hon. Mr. Stevens:

Q. Mr. George, just a moment. I mentioned a Canadian National car, with a certain number—I have it here some place—which comes to Montreal to you, and is shipped from Montreal to Ford, to G. Scherer. That has nothing to do with the Walker Distillery Company—

Mr. BRACKIN, K.C.: Oh, yes it has.

By Hon. Mr. Stevens:

Q. —I want to know how G. Scherer pays you for that car?—A. He pays in cash to the Walker Company, to our account there.

Q. How do you get the record? How do you know you receive the money?—A. We have no record other than what is there. The car comes down. That is how we know. The car comes to Montreal and we ship it back to him.

Q. That car originated in Ford, and is shipped to you in Montreal?—A. Yes, and reshipped by us.

Q. Under consignment? Is it consigned to you?—A. Yes. Shipped to our company, you mean?

Q. Yes?—A. Yes.

Q. And you ship it back to G. Scherer at Ford?—A. Yes.

Q. You run a kind of a merry-go-round on the railway?—A. Yes.

Mr. BRACKIN, K.C.: Because Walker will not ship direct.

By Hon. Mr. Stevens:

Q. How does Scherer pay to you?—A. He pays to our account at the Hiram Walker Company, in cash, and they ship the goods to us and we ship them back.

Q. Is Mr. Cooper and G. Scherer one and the same man?—A. I don't know.

Q. Are you sure you don't know?—A. Yes.

Q. Quite sure?—A. Yes.

Q. And on oath you declare they are not the same man?—A. Yes, sir; as far as I know.

By Mr. Bell:

Q. I suppose we could get Cooper here any time?—A. I suppose so.

By Hon. Mr. Bennett:

Q. Where does he live?—A. Walkerville.

Q. Why does this liquor come to Montreal?—A. I don't know why—

Mr. BRACKIN, K.C.: Maybe Walker's have conscientious scruples about it.

The WITNESS: Walker's do not ship whiskey for direct export.

By Hon. Mr. Bennett:

Q. Who pays the sales tax?—A. The Hiram Walker Company on their own goods.

Q. Who pays the excise?—A. The Hiram Walker Company on their own goods.

Q. What does the Dominion Distillers get out of this transaction?—A. We make probably \$1 a case profit.

Q. How do you get it? In what form?—A. It is transferred in cash to us.

Q. By whom?—A. By Mr. Cooper or Mr. Scherer; Mr. Cooper, I should say.

Q. By Mr. Cooper or Mr. Scherer?—A. No, Mr. Cooper.

Q. You said "or Mr. Scherer"?—A. I wish to withdraw that.

Q. Mr. Scherer never transferred any money to you?—A. Not directly.

Hon. Mr. STEVENS: This looks pretty "fishy" to me.

By Hon. Mr. Bennett:

Q. The only money you ever got out of this transaction came from Mr. Cooper?—A. Yes, sir.

Q. And he transferred it by telegraph, or by bank draft, or by cheque?—A. Cash or bank draft.

Q. From where?—A. Mostly from Walkerville.

Q. So that the real profit to your company in these transactions is \$1 a case for permitting the stuff to be consigned to you at Montreal and your reconsigning it to Mr. Scherer at Ford?—A. That is right.

Q. You get \$1 a case for it?—A. Approximately.

Q. That is your whole interest in the transaction?—A. Yes, sir.

Q. That is the story?—A. Yes, sir.

Q. \$1,000 a car?—A. Approximately, yes.

Q. How many cars do you handle in the course of a week?—A. We have handled over 100,000 cases.

Q. That would be 100 cars?—A. Yes, approximately that.

Q. In how long a time?—A. Within the past year, I think.

Q. 100 cars, and you get \$1,000 profit a car; that is \$100,000 you have received for using your name in that way?—A. Yes.

Q. You never unload the stuff?—A. Sometimes we do, and sometimes we don't.

Q. It just comes in and goes out?—A. Yes.

Q. And with all this vast volume of business you do not know who Mr. Scherer is?—A. I never met him.

Q. That sounds like the famous Italian witness in the Queen Charlotte case "I don't remember"?—A. (No audible answer).

Q. You never met Mr. Scherer?—A. No.

Q. Never had a drink with him?—A. No.

Q. You would not be willing to say that Mr. Cooper and Mr. Scherer is the same man?—A. No; I don't think they are.

Q. Who do you think Mr. Scherer is?—A. I think he lives in Detroit.

Q. You really think he lives in Detroit?—A. That is what I said, sir.

By Hon. Mr. Stevens:

Q. How do you receive this liquor in Montreal? I understand—and you can correct me if I am wrong—that the Quebec Liquor Board were the only ones who could bring liquor into Montreal?—A. The distillery is licensed to buy whiskey from another distillery, in bond, duty paid, or any other way—

Q. For blending purposes?—A. For any purpose; from another Canadian distillery.

Q. You bring that liquor in and unload and repack it and send it out again?—A. Not always. That is, whiskey bought from Canadian distilleries.

Q. This liquor from Walker's; you send that same car right back?—A. As a rule.

[Mr. Gregory George.]

Q. You do not handle the liquor at all?—A. No, not very much; we do not handle any more than we have to.

Q. You do not take it into your distillery?—A. Sometimes we do.

Q. What would you do that for?—A. We might want to have some on hand for quick shipments.

Q. You shipped two cars in January in one of which there were 188 cases; that is a very small load for a car. Would that be hay or whiskey?—A. I did not see the bill of lading; whatever it says. It may be hay, I do not know.

Q. That was car 204664, Canadian National, 188 cases. That is a very small number of cases to put in a car?—A. When was that, sir?

Q. That was on January 11th, I think. That is, I am not saying that you shipped it with 188 cases. It arrived at Ford, with 188 cases in it. Would that be a car that came down to you, and then you turn around and send it back?—A. No, I do not think so. That might be a small lot which was in that car, shipped out. As a rule, these cars contain about 1,000 cases. We would not bring down a small amount and ship it back.

By Hon. Mr. Bennett:

Q. It must come in carload lots, coming to you?—A. Not necessarily. It may come L.C.L. There is no regulation to stop it.

By Hon. Mr. Stevens:

Q. Mr. Chairman, I want to find out who G. Scherer is. This witness is very reluctant, in my estimation, to tell us what he knows about it?—A. No, I do not think I am. I have said I have never met Scherer, and I think he lives in Detroit. I do not think I could swear any more than that.

By Mr. Bell:

Q. Where does J. J. Clicks live?—A. Maybe in the same place.

Q. Where does M. Green live?—A. Probably in the same place.

Q. Have you got any written orders from either Green or Clicks?—A. No, I do not think we have.

Q. And none from Scherer?—A. Not that I remember of.

Q. Are we to understand that the goods consigned to Scherer, Green and Clicks have all been contracted for, on orders received through Cooper?—A. Probably; yes, I would say.

Q. Probably?—A. I would say yes.

Q. Are you saying it positively now?—A. As far as I remember.

Q. Is there any other way you can suggest that you received orders from any one of these three, excepting through Cooper?—A. No, I do not think so.

Q. If we get Cooper here, he ought to be able to tell us about the three?—A. Probably.

Q. I beg your pardon?—A. Probably, yes, I should think so.

By Mr. Kennedy:

Q. You have a distillery at Montreal?—A. Yes.

Q. Do you ship any of the stuff you manufacture in Montreal; whiskey, to Detroit?—A. Yes.

Q. And to Ford?—A. For export; duty paid for export.

Q. Now, what percentage of the stuff which you ship to Scherer is manufactured in Montreal?—A. I should say about 15 or 20 per cent.

Q. Probably 20 per cent?—A. Yes.

Q. About 80 per cent comes from Walkerville?—A. Yes.

Q. What is the reason that liquor has to be shipped from Walkerville to Montreal?—A. Where we have not got—we are just a new distillery, and we have not got a supply of spirits that is big enough to supply these Mexicans.

By Mr. Donaghy:

Q. I think you said the Walkerville distillery refused to ship liquor, export it to the United States?

Mr. BRACKIN, K.C.: I said they do not ship direct to the United States. Neither do we.

By Hon. Mr. Stevens:

Q. Do you not find it hard navigating out of Ford?

Mr. BRACKIN, K.C.: We export about 16,000 people over there every day, and bring them back at night, with American money.

Hon. Mr. STEVENS: To Mexico?

Mr. BRACKIN, K.C.: Yes, to Detroit.

WITNESS: I wish there were a lot more Scherers; that is all I can say.

Mr. BRACKIN, K.C.: If they see a Canadian bill in Windsor, they arrest you for having counterfeit money in your possession.

By Mr. Bell:

Q. Any time that you take liquor in and keep it for a while, when it leaves your distillery, what label is on the bottle?—A. If it is Hiram Walker's it is labelled Hiram Walker's. If it is our own, we use our own labels.

Q. What labels do you put on the brands which you ship out?—A. We have a brand which we call "Royal George Liqueur"; we have a brand called "Canadian Crown Whiskey"; we have a brand called "Old Bridgeport," and we are now going to put up a gin called "Royal Arms Gin."

Q. Do you use any labels indicating American brands?—A. Yes, we do. We have "Old Bridgeport", that is shown as an American type whiskey, whatever you wish to call that.

Q. But it is made up whiskey, is that it?—A. No, we blend that ourselves. It is not very good, I am sorry to say.

Q. Do you ship out any under the name of "Old Crow"?—A. No, that is Corby's.

Q. Or "Old Smuggler"?—A. No.

By Mr. Kennedy:

Q. Can you tell us how that stuff gets to Mexico?—A. I do not know for sure. I am not worrying about it either. I will sell them all they want.

Mr. ELLIOTT: Mr. Chairman, I had thought this witness was going to produce certain documents for the Committee, and that we would this morning continue the examination of Mr. Sparks, but I must say, I have found this examination so interesting that I do not object at all to the fact that Mr. Sparks' examination has been deferred, though I think perhaps, it is hardly fair to Mr. Sparks and his counsel. I just want to ask a question or two, if I may, Mr. Chairman, from this witness.

By Mr. Elliott:

Q. Your understanding is that Mr. Cooper lives in Detroit?—A. Yes, sir.
Mr. BRACKIN, K.C.: Not Cooper.

By Mr. Elliott:

Q. That Scherer lives in Detroit?—A. That is my understanding. I think there is such a person.

Q. Evidently, in the most exclusive portion of Detroit?—A. I do not know about that. He buys a lot of whiskey anyway.

[Mr. Gregory George.]

By Mr. Bell:

Q. Well, he would?—A. Well, he should if he does not.

By Mr. Elliott:

Q. Is it not the custom of your concern to endeavour to effect any personal contact with your best customers?—A. I just did not get that right, please.

Q. I did not make it clear?—A. I am a little deaf. I have holes in two drums in my ear.

Q. Is it not the custom of your concern to endeavour to effect any personal contact with your leading customers?—A. Yes.

Q. You do?—A. Yes.

Q. Then you would see them?—A. You said "not to effect."

Q. It is not to effect?—A. Yes, sir. So far as I am concerned, in Montreal.

Q. That is the policy?—A. That is my policy.

Q. That is your policy?—A. Yes.

Q. I suppose, in that, you voice the policy of the company?—A. I should think so.

Q. Have you ever tried to meet this important customer?—A. No. I have never tried.

Q. Do you know if any of the rest of your people have?—A. No, I could not say sir, as to that.

Q. I might say that I understand it is a policy with a great many of those concerns to meet their leading customers, take them out to dinner, and then entertain them? That has never been done with Scherer, as far as you know?—A. No, we should do it though, I think. If you will let us keep on selling them, I will see that we do take him out.

By Hon. Mr. Bennett:

Q. Well, you know where he is?—A. I think he lives in Detroit.

Q. You will try and find him?—A. Yes.

By Mr. Elliott:

Q. You said as to the money, the money does reach you?—A. The commission reaches us.

Q. Do I understand by that that you are only paid by the commissions?—

A. In Montreal. As far as our company in Montreal is concerned.

Q. You do not get paid the full price of the carload?—A. The full price is transferred to our account at Hiram Walker's.

Q. Let us see if we cannot get a little further. Do you or do you not get paid the full price, for a carload of liquor that you sell to Scherer?—A. Not in Montreal.

Q. I am not asking whether you get it in Montreal? Do you get it at any place?—A. We have an account with the Hiram Walker Company, and it is paid in to them. I do not know what way you want to call that.

Q. Then the purchaser pays in to Hiram Walker the full price of the carload?—A. Yes, sir.

Q. Then have all the carloads that have been bought by Scherer been paid for to the Hiram Walker Company, at Walkerville?—A. Yes, sir.

Q. Have you any information as to the manner in which those payments have been made?—A. I cannot say that I have.

Q. Or to the person who makes them?—A. No, I cannot say that I have.

Q. Do you draw on Scherer?—A. No, we do not. Those commissions come in to us. When the cars come down we ship them.

Q. Do not confuse commissions and the price of the carload. Who pays the full price for the carload?—A. To our man at Hiram Walker's.

Q. To your men at Hiram Walker's?—A. That is all I know about it, so far as the cash paid for the goods is concerned.

Q. Do you mean by that that some man in Hiram Walker's pays for these goods?—A. I do not know what the procedure is exactly.

Q. Who would they apply to then?—A. Possibly Mr. Cooper, he is one of the directors of the company.

Q. Or would it be then some one at Hiram Walker's who paid it?—A. Possibly.

Q. Somebody brings in this money, and it is paid?—A. Yes.

Q. Who attends to that?—A. Possibly Mr. Cooper.

Q. Is Mr. Cooper receiving teller for Hiram Walker?—A. No, he is a director of our company.

Q. He would not receive the money that is paid in to Hiram Walker's?—A. I do not know, sir.

Q. Can you tell whether this cash is paid in to Hiram Walker's by some messenger coming in there with the cash, and paying it in there or not?—A. Well, I could not swear to that.

Q. You could not swear to that?—A. No, I could not swear to that.

Q. Would you be good enough to tell us who would be able to tell us?—A. I think Mr. Cooper, or the Hiram Walker Company.

Q. Possibly the Hiram Walker's receiving teller?—A. Probably. I should think so.

By Mr. Kennedy:

Q. You stated that you just got the commissions?—A. Yes.

Q. What about the twenty per cent of your own liquor, shipped to Ford?—A. That is paid for here in Montreal.

Q. How does that money come to you?—A. By cash, as a rule.

Q. Through Mr. Cooper?—A. No, whoever comes down for this odd shipment.

Q. Whoever comes down for this odd shipment?—A. Yes.

Q. Can you tell us who comes down for this shipment?—A. Whoever are on the bill of lading there.

Q. The parties whose names are on the bills of lading?—A. Yes.

Q. When it is shipped to Scherer, they would come to Montreal with the money, in the case of these cars. Is that it?—A. On some of those.

Q. You get the full amount of the money, the purchase price of the 20 per cent of this liquor that has been shipped to Ford, Ontario?—A. Mr. Cooper sends quite a bit of that down.

Q. He pays you?—A. Yes, sometimes.

By Hon. Mr. Bennett:

Q. You say you have been making various kinds of liquor?—A. Yes.

Q. And you have only been operating for a year and a half?—A. Approximately.

Q. It is not matured spirits at all?—A. Yes. It is brought in under a Government certificate of age.

Q. Brought in from where?—A. What we blend is brought in from Scotland. Our "Royal George Liquor" is brought in under a certificate of age, supplied to the Government, and the youngest whiskey is not less than three years old.

Q. Your youngest whiskey is not less than three years old, and you started in 1923?—A. These malts that we blend our Scotch with come in from Scotland, under a certificate of age, and the certificate shows that these malts are not under three years old.

Q. Shortly put, you take the product of your alcohol, and send it out to the world under a certificate of age?—A. Yes.

Q. And your distillery has been running since 1923?—A. Yes.

By Mr. Kennedy:

Q. Is there an Excise officer in connection with your distillery?—A. Yes.

Q. What is his name?—A. Mr. Lally.

By Mr. Doucet:

Q. You have just the one?—A. We have a couple there sometimes.

Hon. Mr. BOIVIN: May I ask a question or two on behalf of the Department, Mr. Chairman?

The CHAIRMAN: With pleasure.

By Hon. Mr. Boivin:

Q. Mr. George, how long have you been shipping liquor to Mexico in this way?—A. I should say for the past year and a half.

Q. For the past year and a half, you say?—A. Yes, sir.

Q. The invoices are made to people living in Detroit?—A. Yes, sir.

Q. What Hon. Mr. Stevens read a moment ago, are they the invoices or the bills of lading?—A. Those are the bills of lading.

Q. Where is the duty paid on that liquor?—A. On Hiram Walker's goods, the duty is paid at Walkerville.

Q. And on what you ship from your own distillery?—A. The duty is paid at Montreal.

Q. From what points are those goods exported from Canada to a foreign country?—A. At the ports of Ford and Walkerville, those lake ports.

Q. Who makes the export entries?—A. I could not say. That is done at the port of exit.

Q. The export entries are made at the port of exit?—A. Yes, sir.

Q. Are the entries made by Mr. Scherer and—what is the name of the other man—on the bills of lading?—A. Mr. Green.

Q. Are the entries made by Mr. Scherer and Mr. Green?—A. I could not say for that. They are made at the port of exit.

Q. You do not know who makes the entries there?—A. No, sir.

Q. Has Mr. Cooper anything to do with the making of the export entries?—A. I don't think so.

Q. Did you ever see any of the export papers?—A. Not the originals.

Q. I am interested to know something about these export entries, and I would like to know who makes them?—A. They should be made at the port of exit.

Q. Can you tell us by whom they are made?—A. The people who clear those boats.

Q. The people who clear the boats?—A. Yes, sir.

Q. I do not want to interject any statement here, but I have been under the impression that the liquor shipped from the Dominion Distilleries was shipped to Detroit, Michigan, and I think the entries in the Department will show that?—A. That is possible. We consign them all-rail to Mexico, as the railways will not accept shipments direct to the States.

Q. Am I to understand that all your bills of lading are made to the point of export, and the export entries are made there?—A. The export entries are usually made up there.

Q. You do not know that they are made to Mexico?—A. I could not say as to that. I think there is a regulation preventing the shipment or clearance of boats to Mexico, when the boat is not capable of making that voyage.

Q. Don't you know as a matter of fact that there is legislation which prohibits liquor from any Ontario port to any port that cannot be reached by a boat?—A. Yes.

Q. Sailing from that port?—A. Yes. The regulation as I remember it states that a boat that is not capable of making the voyage from, we will say, the port of Ford to Mexico is not allowed to clear with whiskey.

Q. Are you not willing to admit now that no boat, no matter how big it is or how strong it is, is able to go from Ford City to Mexico, because there is no water connection between the two countries?—A. I don't know. There is the Chicago Drainage Canal.

Q. You do not know, you could not answer that?—A. No.

Q. Have you any information that will help the committee as to who makes those entries?—A. No, sir.

Hon. Mr. BOIVIN: I would suggest, Mr. Chairman, if you will allow me, that the Customs Collector be summoned before this committee to tell us who makes those export entries. I would like to suggest that, with your permission.

Hon. Mr. STEVENS: There are certain other out ports, such as Sandwich and Riverside.

Mr. BRACKIN, K.C.: And LaSalle.

Hon. Mr. STEVENS: From which points these ports were established recently; when I say recently, I mean a matter of a few years, from which these exports were shipped. So we ought to have all these officers that are involved. I may say, for the Minister's information, that the bills of lading clearly set forth shipments exported to Mexico via Canadian National Railways to Ford, and by some vessel named from Ford to Mexico. So we ought to have the officers of these different ports here. I might interject here that I had it in mind to go a little later into the matter more fully. I want to find out who Scherer was or is.

Hon. Mr. BENNETT: Let us deal with the Windsor situation as one, and bring all the witnesses here at the same time.

The CHAIRMAN: There is a motion made by the Minister. What shall we do with it?

Motion agreed to.

Hon. Mr. BOIVIN: I understand it will be made by a number of the committee later also.

Hon. Mr. BENNETT: That is quite proper.

By Hon. Mr. Boivin:

Q. The Hon. Mr. Bennett asked you a question a moment ago about the liquor manufactured in your own distillery. When did you first start operations?—A. I think it was in October, 1923, if I remember correctly.

Q. Did you ever get from the Government—Mr. Stevens will be able to tell us that.

Hon. Mr. STEVENS: It is there.

By Mr. Boivin:

Q. Did you ever get an Order in Council authorizing you to place upon the market alcohol which had not been aged for two years?—A. I don't remember that.

Hon. Mr. BENNETT: There is one here.

Hon. Mr. BOIVIN: Through the Dominion Distilleries?

Hon. Mr. BENNETT: I think so.

Hon. Mr. BOIVIN: They were laid on the table, in the House, but I don't know that they were produced.

By Mr. Brackin, K.C.:

Q. You do not use anything under two years, do you?—A. Not for consumption, for export.

By Hon. Mr. Boivin:

Q. Do you remember, Mr. George, that the Dominion Distillers Products Company at any time applied for an Order in Council authorizing you to sell alcohol which had not been matured for two years?—A. Well, I don't remember, it may have.

Q. Did you ever get that permit?—A. I don't think so.

Q. You don't think so, you say?—A. No, sir.

Q. As I understand it, you import from Scotland, with the permission of the Quebec Liquor Commission, for blending purposes?—A. Yes.

Q. A certain amount of Scotch?—A. Yes.

Q. What else do you import?—A. We have imported brandy and wine.

Q. I mean for use in the distillery?—A. That is what we have imported for use in the distillery.

Q. You have imported brandy and wine?—A. Yes, and Scotch.

Q. In the liquor which is blended in your distillery and sold under a Canadian label as your own liquor, do you add a certain quantity of alcohol?—A. Yes, sir.

Q. In some of the brands?—A. Yes.

Q. Where do you get that alcohol?—A. Well, we make some and we have to buy some. We buy some from other distilleries.

Q. That alcohol you make is not two years old?—A. Two years old from other distilleries, but what we make is not two years old.

Q. I want to find out what you do with the liquor shipped out; is it alcohol you buy from other distilleries, or alcohol you make?—A. It is both, I would say. All goods are exported in bond.

Q. There is no matured?—A. No, sir. It is when it is exported in bond.

Q. Do you export very much liquor in bond?—A. No, not very much.

Q. To what places or to what countries?—A. We have exported some in bond to Panama.

Q. You have exported liquor in bond to Panama?—A. Yes, sir.

Q. But you cannot export liquor in bond to the United States—that is forbidden by law?—A. Well, I don't know about that.

Q. Well by regulation?—A. Yes, I think so.

Q. You know that you cannot export it in bond to the United States?—A. Not unless you have a permit from the Prohibition Department in the United States.

Q. Liquor that goes in for medicinal or doctor's purposes?—A. Yes.

Q. You do not ship any in that way?—A. No.

Q. Where do you buy the alcohol you use to blend with the liquor imported from Scotland, and which you put on the market?—A. From other Canadian distilleries.

Q. When you get that alcohol from them, do you get a certificate of age with it?—A. No, I don't think we do. The age is shown on the packages.

Q. So that with the exception of a small quantity of liquor which you have shipped in bond for Panama, your distillery has been more of a bottling establishment than a distillery?—A. Well, you have to be that way when a distillery starts; you cannot use matured goods for two years.

Q. That is what I want to get at?—A. We have to do these things in order to go into business.

Q. Most of the alcohol you have manufactured has been disposed of for what purposes—industrial purposes?—A. Yes.

Q. Denatured alcohol?—A. Yes.

Q. You say that the officer in charge of your distillery is a Mr. Lally?—A. Yes.

Q. And the duty on your own liquor, that is to say, the liquor sold under your own labels, has always been paid in Montreal?—A. Yes, to the order of the Collector of Customs and Excise at Montreal.

Q. Who collects that, is it collected by Mr. Lally?—A. No, sir. We send in an accepted cheque to the officer, on McGill street.

Q. Who determines the amount you should pay?—A. The officer in charge of the distillery.

Q. Who is Mr. Lally?—A. Yes.

Q. Those cheques go to the collector of Customs, Mr. Weldon?—A. Yes. They are brought in to the Cashier's office.

Q. Just for the information of the committee, and to prevent perhaps some misunderstanding in the future, who stopped those two cars you referred to a moment ago, who seized them?—A. I have not been in Montreal since I came up here, but I understand they were seized by the Quebec Liquor Commission.

Q. How long were they held under seizure?—A. They were held under seizure a couple of days, I think.

Q. Then they were released?—A. They were released then, I believe.

Q. And they were shipped?—A. They were shipped.

Q. To whom?—A. To Mr. G. Scherer, of Ford, Ontario, I suppose.

Q. Were they originally consigned to G. Scherer, at Ford, Ontario?—A. Yes, sir.

Q. You say they were?—A. Yes.

Q. Can you give the committee any reason or any idea why those cars were seized by the Quebec Liquor Commission?—A. No, I cannot, I don't know why. They do a lot of seizing down there that I don't think they have a lot of authority to do, those people down in Quebec.

Q. As a matter of fact at any rate, the cars were seized?—A. Yes, they were.

Q. And were afterwards released?—A. Yes.

Q. They were held under seizure how long?—A. Two days, I think.

Q. Perhaps we will be able to ascertain why the Quebec Liquor Commission did that?—A. It might be interesting.

Q. Have you any knowledge of a car of liquor containing imported Scotch and other imported liquors, which was shipped by somebody from Montreal,—I am not going to say who to, because I do not know,—but from somebody in Montreal to Windsor, Ontario, or to Ford, Ontario, two or three weeks ago, liquor in bond?—A. Yes, I know of a car.

Q. You do know of a car?—A. Yes.

Q. What did that car contain?—A. It contained Scotch.

Q. Scotch whiskey?—A. Scotch whiskey.

Q. Imported Scotch?—A. Yes.

Q. Can you tell me who that car was shipped by, and who it belonged to?—A. No, I don't know.

Q. Can you tell me who it was consigned to?—A. To Mr. G. Scherer.

Q. Was any duty paid on that car?—A. No, sir, there was no duty paid on it.

Hon. Mr. BENNETT: It was a car of hay.

Hon. Mr. BOIVIN: No, a car of imported Scotch whiskey.

The CHAIRMAN: Was it consigned as hay?

By the Chairman:

Q. It was a bonded car. What happened to that car when it got to Windsor?—A. It was held by the Customs there, to see if the duty was paid.

Q. And was the duty paid?—A. No, the car was returned to Montreal.

Q. The car was returned to Montreal. Were there some other cars in Montreal loaded with Scotch at the same time?—A. Yes sir, five.

Q. Upon which duty was not paid?—A. There were four cars, four other cars.

Q. Can you explain to the committee how it happens that that car, upon which duty was not paid, was shipped to Mr. Scherer at Windsor?—A. It came out to our siding apparently through some error of the railways, or somebody, I don't know, and it was on our siding for five or six days, and one of our officers shipped it out to Ford in some error, or something like that, as far as I can remember.

Q. It was returned to Montreal?—A. Yes, sir.

Q. Are you sure that all the liquor that went through consigned by your concern during the last year and a half, and went out of Canada at Windsor or elsewhere, was duty paid liquor?—A. If it is not duty paid, it cannot go out, without putting up double duties at the port of exit.

Q. Just one more question and I am through. This is for information. When your liquor is imported from Scotland for blending purposes, how does it come into Canada?—A. It comes in in bond, under a certificate of age.

Q. In bond, under a certificate of age. Where is it delivered, to the Customs warehouse in Montreal?—A. It is first passed through the Customs entries and goes to the Customs House.

Q. At the Customs warehouse?—A. I don't know.

Q. Or does it come to the distillery from the car?—A. It first goes into the port and is held in a place such as the C.P.R. warehouse, and the papers are passed by our Customs broker, and it is then released and transferred in bond to our distillery.

Q. For blending purposes. But when that liquor comes in, don't you have to get some kind of a permit from the Quebec Liquor Commission?—A. Yes, sir, a permit to import that.

Q. You get a permit to import.—A. Yes. I don't know whether we should have to or not.

Q. Is that a blanket permit, or do you have to get a permit each time something is imported?—A. We get a permit each time.

Q. Do you have to pay something for that?—A. \$25.

Q. You have to pay \$25 for each permit? Then when do you pay the duty on that?—A. When we make a sale we pay the duty, and ship it out.

Q. It comes into your warehouse in bond?—A. Yes.

Q. In other words, everything that goes into your warehouse goes in in bond and the duty is paid when it goes out?—A. Yes.

Q. Apart from the Scotch liquor that you import, do you import anything else in bond from overseas, that goes into your warehouse?—A. Brandy and wine.

Q. Can you tell us, just for information, what you use the wine for in the distillery?—A. It is used to blend the Scotch with.

Q. And all that comes in in bond?—A. Yes sir.

Q. And the duty is paid on it when it goes out?—A. If we ship in bond we put up double duty.

Q. You give a bond guaranteeing the double duty for what you ship in bond?—A. Yes sir.

Q. But you told me you have only shipped a very small quantity to Panama?—A. Yes.

Q. And what you ship to Mexico is duty paid?—A. Yes. Only a very small quantity we have shipped in bond.

[Mr. Gregory George.]

Q. The quantity you have shipped in bond to Panama is so negligible that I do not think it is necessary for the committee to pay much attention to it.—A. Perhaps 50 cases; I think that is all.

Q. Perhaps 50 cases in the last year and a half. The duty you pay on this liquor, when it goes out, is that excise or customs duty?—A. It is both customs and excise.

Q. What is the difference between the customs and excise duties?—A. The customs is one dollar more per proof gallon.

Q. And you pay customs duty because it is imported liquor?—A. On imported liquor we pay customs duty.

Q. And you pay the excise duty on the proportion of the Canadian product which is added to it?—A. Yes.

Q. And all that is kept in black and white by the officer in charge of the distillery?—A. Yes sir.

Q. When you denature any alcohol for industrial purposes, you have an additional officer there; is that the idea?—A. Yes sir.

By Hon. Mr. Stevens:

Q. Just one question. You sold a lot of alcohol, you told the Minister, for industrial purposes, which you produced yourself?—A. We have sold, yes.

Q. Did you sell a quantity of it?—A. No, we bought most of it, sir.

Q. That is what puzzles me, why you buy alcohol for the making of whiskey, and at the same time you tell the Minister that you sell a lot for industrial purposes.—A. In the past five months we have been making some alterations in our distillery, put in practically a new plant.

Q. How much industrial alcohol did you sell during the last year?—A. I should say 30,000 or 40,000 gallons, probably.

Q. How much did you buy?—A. Probably the same, about the same amount.

Q. Do your books show that?—A. Yes sir.

The CHAIRMAN: You are released for to-day, but if we need you we will let you know.

The WITNESS: Can I go back to Montreal?

The CHAIRMAN: Yes.

By Hon. Mr. Stevens:

Q. You will produce those books as soon as you possibly can?—A. Yes sir.

The witness retired.

The CHAIRMAN: Now I would like to file with the committee five files contained in a large brown envelope from Mr. Farrow, received by Mr. Todd, in response to a motion made by Mr. Doucet on the 16th instant.

I would also like to file a statement from the Commercial Protective Association showing the amounts paid to Mr. Walter Duncan, which is dated February 16th, 1926.

R. P. SPARKS recalled.

Mr. HENDERSON, K.C.: Mr. Chairman, may I say this, since we are asking personal favours now; if the Committee could arrange to defer Mr. Sparks' examination, which probably will not be finished this morning, until Tuesday, it will be a personal favour to me, because I have a rather important engagement on Monday morning.

[Mr. R. P. Sparks.]

Mr. ELLIOTT: I am sure Mr. Henderson's convenience will be met by the Committee.

The CHAIRMAN: It is not our intention to sit on Monday, so you will be free on that day.

By Mr. Elliott:

Q. Mr. Sparks, at the time the Committee adjourned yesterday, I think we had finished section 1 of the amendment assented to on the 27th of June last?—A. Yes.

Q. Now, I want to come to section 2, and in case you do not have in your hands a copy of that amendment, may I ask you to look at this (handing document to witness) (*Exhibit 2*). In regard to section 2: Will you just say briefly what the remedy was which was sought to be obtained by section 2?—A. It was to impress on the purchasers of smuggled goods that it was an offence to knowingly have smuggled goods in their possession.

Q. And what other remedy is provided by that section?—A. The section is not a strong one. The word "knowingly" takes from it the force. My own view was that if the word "knowingly" was taken out, and also the words "without remission", the section would be stronger.

Q. An that is just something on which I want to have the view of the Committee which has been acting in concert with you in connection with it. Is it your opinion now that the word "knowingly" should be taken out of that section?—A. Yes, but only taken out if the words "without remission" are also taken out. Otherwise it might be a hardship on those who have smuggled goods, innocently purchased.

Q. You will agree with me, I think, that the section as it stands is a complete change from what the law was before— —A. No, not a complete change, no.

Q. Why do you say "not a complete change"? It is complete as far as it affects the change?—A. It was always an offence to "knowingly" have smuggled goods in possession, but the penalties provided are increased under this section.

Q. And that is the section as arranged with the Department by the people who prepared it for you?—A. Yes.

Q. So that it went through as the Department was asked to put it through? Is not that correct, Mr. Sparks?—A. Not as the Department was asked to put it through; as the Department finally decided to put it through.

Q. Let us be clear about that? Were not those amendments all agreed to, exactly in the form they were in before they were put through?—A. They were agreed that these were the best amendments, that we could, at that time, get through parliament.

Q. They were the best amendments that you could at that time get through parliament, or expect to get through parliament?—A. That is right.

Q. That is right. Now then, I want to take up with you at some later session, Mr. Sparks, other amendments that were proposed. There were a number of other amendments proposed and discussed by you and representatives of the different departments at that time?—A. Right.

Q. And I would like if you would devote your attention between now and Tuesday, when you will be here again, to looking up these amendments, and I want to discuss them before the Committee with you?—A. If I might suggest, Mr. Elliott, it is a suggestion on my part, that this Committee will, I think, understand better the need of these amendments at a later stage of this inquiry.

Q. Next Tuesday?—A. They will then have a fuller knowledge of smuggling, and, if it met with the concurrence of the Committee, I would prefer to defer until the Committee are more fully seized of the whole situation before advancing further suggestions as to the amendments.

Q. That will be satisfactory to the Committee. At least, I assume it will.

The CHAIRMAN: It is all right.

By Mr. Elliott:

Q. Then following these amendments, a warning was issued to which we referred yesterday. Will you just take into your hand this warning, and refer—would you just read it, the note on the corner, as well as the balance of it, so that it will get into the record?—A. This is a copy of an official warning which I had printed and circulated for the benefit of those supporting this organization, to show what the government had done. There is a notice, which does not appear on the official warning, "5,000 copies, size 13 x16, printed, to be posted in public places, such as railway stations, customs offices, international bridges, international roads, etc." Now, the official notice is as follows:

EXHIBIT No. 57

"WARNING

Under amendments to the Customs Act assented to 25th June, 1925, smuggling is punishable by imprisonment and heavy penalties without power of remission, and where value of smuggled goods is \$200 or over it is an indictable offence.

On conviction for indictable offence terms of imprisonment may be imposed up to ten years and not less than one year.

The law requires that every person bringing goods into Canada, whether dutiable or free, shall report them at the nearest Customs House, and when report is not so made such person is guilty of smuggling and subject to penalties provided by The Customs Act.

Articles brought into Canada for personal use are subject to report at Customs in the same manner as merchandise for sale and are regarded as smuggled when not so reported.

All persons are warned to govern themselves accordingly as the provisions of the law will be strictly enforced.

R. R. FARROW,

Deputy Minister of Customs and Excise.

Department of Customs and Excise,
Ottawa, Ont., June 30, 1925."

Q. Yes. Now, you have in your file your letter of the 21st July, or a copy of your letter to Mr. Farrow, the Deputy, dated the 21st July. May I see the departmental file?—A. Yes, I have it before me.

Q. Well, the original is in the file, and will you just read it, please? That was July 21st, 1925?—A. (Reads):

EXHIBIT No. 58

"OTTAWA, July 21, 1925.

Mr. R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

DEAR MR. FARROW,—We are in receipt of quite a number of letters from trade sources expressing appreciation of the action taken by your Department in issuing warning notices and the memorandum to Collectors.

[Mr. R. P. Sparks.]

We have had a number of requests for a few more copies of the revised sections of the Act, which were attached to the memorandum to Collectors. I got from you one hundred copies, and wondered if we could get a further supply of say one hundred. If these are not available, of course, we can have the Act mimeographed, but if you could spare the printed copies we would be greatly obliged.

Yours truly,

R. P. SPARKS,

Chairman, Executive Committee."

Q. Now then, I want you also to read into the record, if it has not been read,—you will check me up on this, Mr. Henderson, the letter of March 20th—was it read in full?

HON. MR. BENNETT: To Hon. Mr. King. I think it was from Mr. Sparks to Hon. Mr. King.

MR. HENDERSON: I think it was, my recollection is that it was.

HON. MR. BENNETT: I speak subject to correction.

WITNESS: I have not the copy.

The CHAIRMAN: Yes, it is printed at page 129 of the evidence.

By Mr. Elliott:

Q. I want, at this stage, to refer to a letter, of which you will probably have a copy, Mr. Sparks, from S. T. Gundy, President of the Board of Trade of the City of Toronto?—A. To me?

Q. No, it is addressed to the Hon. the Prime Minister. You do not have a copy?—A. No, it is unlikely I would have a copy.

MR. ELLIOTT: Where is the original? I will read it in the record at this stage, if I may. (Reads).

EXHIBIT No. 59.

"THE BOARD OF TRADE OF THE CITY OF TORONTO.

TORONTO, July 13, 1925.

Rt. Hon. W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa, Ont.

SIR:—On behalf of the Executive and Council of the Toronto Board of Trade, I desire to express appreciation of the action of the Government in introducing legislation at the recent Session increasing the penalties for the smuggling of goods into Canada and including in the Estimates a substantial sum to enable the Preventive Service to be so strengthened and improved as to be able to cope with this illegitimate traffic. We are also gratified that the House of Commons and Senate have accepted the Government's recommendations and that the new law is now in force.

You will remember that a deputation from this Board waited upon you and your colleagues in the Cabinet last Fall and discussed the seriousness of the smuggling situation with you. You then expressed the desire of the Government to do everything in its power to combat the inroads which the smugglers were making into the legitimate trade and revenues of the country and you welcomed the co-operation to this end of an organization of business interests which it was then proposed to form. Acting on this assurance, the members of this Board comprising the delegation organized the Toronto Branch of the Commercial Protective Association. We were very pleased to note from your remarks

[Mr. R. P. Sparks.]

in the House with respect to the proposed new legislation that you appreciated the vast proportions of this traffic and the need for drastic action. We have been in close touch with the Association's work and it has been a great pleasure for this Board to learn that the Government has co-operated to the fullest extent with the result that adequate machinery to deal with the smuggling menace will, we understand, shortly be in operation. We are informed the fact that the new penalties are already in force has had a very deterrent effect upon the traffic and we sincerely hope that in connection with the reorganization of the Preventive Service which is now under way, the dominant note will be the strict enforcement of the law in the interests of the lawful commerce of the Dominion and an increased national revenue which in turn will be reflected in an improvement in economic conditions generally.

We congratulate and thank you for your efforts in the solution of this problem and assure you of the continued co-operation and support of this Board in curtailing the smuggling traffic with the aid of the new powers now available, I am,

Yours very truly,
(Sgd.) S. B. GUNDY,
President."

Mr. ELLIOTT: That is the original, and I think probably it should be put in.

The CHAIRMAN: It is the original, and should be filed.

By Mr. Elliott:

Q. Following that up, Mr. Sparks, I think I asked you the question, if that expressed the views of the people who had been associated with you?—A. Yes.

Q. The other officers, as well as the Toronto Board of Trade; is that a fair way of putting it?—A. No, I scarcely think so. There was a meeting about that date, referred to in my correspondence, when the matter was discussed at considerable length, as to whether this Association should go on record as expressing appreciation of the Government's action.

Q. Are you not getting ahead of your story, Mr. Sparks, are you not referring to the meeting of the 8th of September, reported by you in your letter of about the 20th of September?—A. I was under the impression that Mr. Gundy's letter was about that date.

Q. That is dated about the 13th of July?—A. We are ahead.

Q. You are nearly two months ahead of your story?—A. Yes.

Q. I am now speaking of the feeling that existed on the 13th of July; it may have been different on the 8th of September. Am I not correct in saying that the general feeling on the 13th of July was pretty fairly expressed in Mr. Gundy's letter?—A. The general feeling was very hopeful.

Q. The general feeling was very hopeful, and you were very much pleased with the results that had been so far obtained in the legislation?—A. I would sooner stick to the word hopeful, Mr. Elliott.

Q. That is very satisfactory to me. May I say now, if I have correctly read the correspondence, that there were letters coming in to you personally—and I hope you will not mind my referring to certain personal correspondence with you at that time?—A. That raises a question, Mr. Elliott. I have been perfectly frank with this committee; I have brought here for the use of this committee every scrap of paper in my possession in reference to this matter, confidential and otherwise, and I will feel that if use is made of my confidential correspondence, I am released by the Government from holding confidences. I want to make that clear.

[Mr. R. P. Sparks.]

Q. Perhaps if you had waited until I had completed my question, it would have saved you some words.—A. You mentioned that you were going to quote from my correspondence.

Q. The letters I intend to refer to are all congratulatory, Mr. Sparks. You will not object to that?—A. Well, I might. I am not looking for congratulations.

Q. But you could not prevent it?—A. Possibly not.

Q. It evidently was forced upon you in connection with this matter; isn't that right?—A. Well, I have no objections, Mr. Elliott.

Q. I think it is only fair to yourself and fair to the Government, I may say. You did receive from many of the men associated with you in this work letters congratulating you upon the results?—A. That is true.

Q. I think perhaps, while we are on the subject, that I might just go a step farther without hurting your feelings in any way, or betraying any confidences. You were, as a result of what you had done, the recipient of not only many expressions of appreciation or congratulation, but there was I believe a banquet held here, at which those expressions were made very freely?—A. Yes, a private banquet.

Q. Now, I think that is a fair statement, is it not, of the feeling in regard to the results that had been so far obtained up to the time of this banquet to which we have referred?—A. I have also already tried to get clearly and honestly the position at that time, and I am going to stick to the same word "hopeful."

Q. I am not quarrelling with it. About that time you had a meeting on the 8th of September, and that was a general meeting of the concerns which you represented?—A. Yes.

Q. And of the men associated with you in this work?—A. Yes.

Q. A very full meeting?—A. Very representative.

Q. I mean most of the representatives were there?—A. Yes.

Q. I am going to ask you, Mr. Sparks, if you will collect together, if you wish, the letters received from a number of these gentlemen whose names I will give you?—A. Might I at this stage make the observation I started to make a few moments ago? On the afternoon of the day the banquet was held, a meeting was held, and I suggested to the committee the propriety or otherwise of passing a resolution of appreciation for the Government's action. The discussion lasted most of the afternoon. The ultimate decision was to defer at that time any message of congratulation officially, until such time as certain action was taken as regards the administration.

Q. That was the 8th of September?—A. That was the official position.

Q. I am asking you as to the date?—A. That was the 8th September.

Q. I am going to try and direct this examination fairly, and if you will answer the questions we will get along better. That was on the 8th September?—A. Yes.

Q. And on the 8th of September, is it not a fact that at that meeting the manufacturers and members of the Board of Trade desired to pass a resolution congratulating the Government upon what they had done?—A. That was a subject for discussion.

Q. Is it not a fact that among your papers appears the resolution, which was presented?—A. It probably does. I prepared a resolution; I prepared one, but my committee refused to instruct me to present it, and the copy, the draft, may be among my papers.

Q. Is that the resolution that appears under the name of Mr. Powley?—A. Possibly that would be it; he was there.

Q. That expressed your idea of the situation at that time?—A. No. I felt that I prepared it for consideration, which is always a good plan, to go to a meeting with something to put before the meeting.

Q. For consideration?—A. Yes, sir.

Q. In preparing for the consideration of the committee a resolution, did you prepare a resolution which to your mind most nearly approached what you considered would be the view of those gentlemen at that time?—A. If the committee decided to take that action, I think that resolution might have fitted in very nicely.

Q. Would you kindly answer the question I asked you?—A. Personally I was opposed to the sending of the resolution.

Q. You were opposed to the sending of the resolution, personally?—A. Yes, I was.

By Hon. Mr. Stevens:

Q. Was it ever sent?—A. No. At that time I proposed to send a strong resolution at the proper time, because I thought the Government deserved some thanks. They had done something, and had done a very satisfactory thing, but they had only partially done what we desired, and my own view was to wait until we could make a resolution with full force.

Q. Then why did you prepare the resolution before the meeting?—A. Because I had received many letters from our members, very appreciative of the action of the Government, and I knew that the matter would be one for discussion. If you will observe my notice calling the meeting, it points out and asks that those who are coming come prepared to say whether they desire the organization to be continued. If it had been the decision to then and there discontinue, I think then and there would be the proper time to have put ourselves on record.

Q. Just arising out of that, am I correct in saying that the correspondence shows, Mr. Sparks, that when this organization started it was intended only to continue for a year?—A. That was my idea, for a year.

Q. That was your idea?—A. Yes.

Q. And that if it found at the end of a year that it was doing good-work, sufficient to justify its continuance, it would then be continued?—A. Yes.

Q. And may I also ask you what was the decision as to continuance, or as to justification for its continuance, at the meeting of the 8th of September?—A. I think a resolution on my file will indicate that the decision was to remain as we were until after the election.

Q. Until after the election?—A. Yes.

Q. So am I not correct in this, that the gentlemen present were unanimously in favour of continuing your organization for another year?—A. Yes, I think they were all in favour of continuation.

Q. I am under the unfortunate handicap of not having the minutes which I had hoped we would have a day or two ago, but which, through no fault of yours or your counsel, are not here. I understand they will be along.—A. Exactly.

Q. But they were, I understand, absolutely unanimous in believing that the work had been excellent, and that the Association should continue to cooperate with the Government along the lines it had been working on?—A. Yes.

Q. That is correct, is it?—A. That is correct.

Q. And everyone was then of the opinion that, as the election had been announced, nothing much more could be done until after the election was over?—A. Yes, some time in November.

Q. And you decided you would not again meet until November 12th?—A. That is correct.

The witness retired.

The committee adjourned until Tuesday, February 23rd, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 10—TUESDAY, FEBRUARY 23, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

William C. Hickling, Chief Clerk, Preventive Service Office, Montreal, Que.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

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OTTAWA
F. A. ACLAND
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1926

EXHIBITS FILED.

- No. 60—Letter dated February 4, 1926, from Mr. Sparks to Hon. G. H. Boivin, Minister of Customs and Excise, re proposed committee of Parliament to investigate smuggling, and activities of Commercial Protective Association.
- No. 61—Letter dated February 12, 1926, from Mr. Sparks to Hon. G. H. Boivin, Minister of Customs and Excise, respecting relations between Customs Department and Commercial Protective Association.

MINUTES OF PROCEEDINGS

TUESDAY, 23rd February, 1926.

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

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

The minutes of the last meeting were read and approved.

A letter was received from the Deputy Minister of Justice stating that that Department has no file respecting Franco-Canadian Import Company of Halifax, N.S., asked for by Mr. Doucet on 17th instant.

Mr. Farrow submitted:—

- (1) Copies of all Orders in Council to date respecting release of alcohol from distilleries within a shorter period of time than set forth in the Inland Revenue Act, R.S.C. 1906, chapter 51, section 171.
- (2) Customs departmental file No. 112845 re seizure of an automobile at Ste. Cesaire, P.Q., asked for by Hon. Mr. Stevens.
- (3) Customs departmental file respecting schooner "Annie."
- (4) Customs departmental files respecting record of one, F. F. Mader of Mahone Bay.
- (5) Customs departmental files respecting alcohol at Edmundston, N.B.

Mr. Henderson, K.C., counsel for Mr. Sparks, produced copy of minutes of the Commercial Protective Association from October 20, 1924, asked for at a previous sitting of the Committee.

Hon. Mr. Stevens moved,—For the production of the files from the office of G. W. Taylor, Assistant Deputy Minister of Customs and Excise, regarding the purchase by the Dominion Distilleries of certain alcohol seized on the barge "Tremblay."

Motion agreed to.

Moved by Hon. Mr. Stevens,—For a list of the names of all Customs and Excise officers at all distilleries with (a) length of service, (b) when appointed at the distillery, (c) by whom were they appointed and (d) on whose recommendation.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the attendance before the Committee on Friday next and from day to day until discharged of Mr. A. F. Healy, Windsor, Ontario, and that he be required to produce before the Committee his books and records, inclusive of cancelled cheques, bank books, bank account statements and cheque-book stubs.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the attendance before the Committee on Friday next and from day to day until discharged of Mr. Wm. Egan, Windsor, Ontario, and that he be required to produce before the Committee his books and records, inclusive of cancelled cheques, bank books, bank account statements and cheque book stubs.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of all letters received by Mr. W. F. Wilson, Chief Preventive Officer, Mr. R. R. Farrow, Deputy Minister and Mr. C. P. Blair, General Executive Assistant of the Customs and Excise Department, and copies of all letters written by them having reference to the dismissal of Bisailon. Also copies of all reports of subordinate officers submitted to any one of the three officials above mentioned regarding the actions of the said Bisailon.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued requiring the attendance on the Committee of the Manager of the Ottawa office of the Canadian National Telegraph Company, the Western Union Telegraph Company, the Canadian Pacific Telegraph Company, the Postal Telegraph Company, and any and all foreign companies for which they act as agents in Ottawa, at the sitting of the Committee on Thursday next, and be required to produce the originals of all telegrams from July 1st last, 1925, to date, from the Minister of Customs or any officer or official of his Department and the Minister of Justice or any officer or official of his Department and despatched from Ottawa, and also copies of all telegrams received during the same period by the said parties above mentioned. Also a copy of all monthly accounts of the Customs Department and the Justice Department for telegrams despatched or received at Ottawa.

And that an order be issued by this Committee to the said telegraph companies and cable companies that all telegrams received by them during the period from July 1st, 1925, to date shall be preserved and not destroyed in accordance with the usual custom, pending an order of release by this Committee.

Motion agreed to.

Moved by Mr. St. Père,—That summons be issued requiring the attendance upon the Committee Tuesday next and from day to day until discharged of official representatives of the following firms: Distilleries Corporation Limited, Montreal; Federal Distilleries Limited, Montreal; Joseph E. Seagram & Sons Limited, Waterloo; Gooderham & Worts Limited, Toronto; Consolidated Distilleries Limited, Belleville; Hiram Walker & Sons Limited, Walkerville.

And that each be required to produce all original books of entry, receiving books and shipping books, cash books, journals, ledgers, and bank books or bank account statements, and cancelled cheques; also for the years 1920 to 1925 both inclusive, invoices of goods inwards, invoices of goods outwards, waybills (express and freight), shipping receipts, warehouse receipts, original order books, orders received for goods, shipping instructions, Customs entries, Customs receipts, Sales Tax returns, Sales Tax receipts, transfer and cartage accounts and also insurance policies of all descriptions, also particulars of the names of the officers and directors of each firm.

Motion agreed to.

The Chairman read two telegrams, one from the Sheriff of Essex County, Ont., *re* inability to locate G. Scherer of Ford, Ont., and one from the Peerless Overall Company, Rock Island, Que., stating that only man available to attend Committee with productions required is sick. Letter and doctor's certificate to follow.

Moved by Hon. Mr. Stevens,—That the Clerk be instructed to advise the Peerless Overall Company and Mr. Bissonnet, who was summoned, that the Committee insist upon the production at once of the books of the Peerless Overall Company.

Motion agreed to.

Moved by Mr. Elliott,—That the Manager of the Canadian Bank of Commerce at Walkerville be summoned to produce all books, papers, documents, cheques and whatever bank accounts he has in connection with the account of the Hiram Walker Company at Walkerville.

Motion agreed to.

Mr. William C. Hickling, Chief Clerk, Preventive Service Office, Montreal, Que., was called and sworn. He produced correspondence asked for, with the exception of one or two files. Witness retired.

Mr. R. P. Sparks, was recalled and further examined. He filed,—

Exhibit No. 60.—Letter dated February 4, 1926, from Mr. Sparks to Hon. G. H. Boivin, Minister of Customs and Excise, *re* proposed committee of Parliament to investigate smuggling, and activities of Commercial Protective Association.

Exhibit No. 61.—Letter dated February 12, 1926, from Mr. Sparks to Hon. G. H. Boivin, Minister of Customs and Excise, respecting relations between Customs Department and Commercial Protective Association.

Witness retired.

Moved by Mr. Donaghy,—That the following be summoned to attend as witnesses on Thursday, February 25, 1926, at 10.30 a.m.: Messrs. J. E. Bisailon, ex-Preventive Officer, Montreal; Ralph Garceau, Preventive Officer, Montreal; Germain Perrault (or Perrot), Central Garage, Montreal; J. A. Lefebvre, Central Garage, Montreal; Thomas Heavers, Preventive Officer, Montreal; J. A. Masson, Preventive Officer, Montreal; J. E. Knox, Preventive Officer, Montreal; H. I. Levitt, 224 Villeneuve street, Montreal; and C. A. Verreault *c/o* Automobile Recovery Bureau, Transportation Building, 180 St. James street, Montreal.

Motion agreed to.

Moved by Mr. Donaghy,—That the following be summoned to attend as witnesses on Friday, February 26, 1926, at 10.30 a.m.: A representative of Police Department, Automobile Seizure Branch, Montreal (bring all papers *re* Dodge Coupe, seized by Customs, August 4, 1924); Bertha Gelinas; Manager, Green Avenue Branch, Bank of Montreal (bring record of account standing in name of Bertha Gelinas in August 1924, and cheques issued by her.)

Motion agreed to:

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

WALTER TODD,
Clerk of Committee.

MINUTES OF EVIDENCE

TUESDAY, February 23, 1926.

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

WILLIAM C. HICKLING, called and sworn.

By Hon. Mr. Stevens:

Q. What is your position?—A. Chief Clerk in the Preventive Service office.

Q. At Montreal?—A. Yes.

Q. Have you with you all of the documents and correspondence from the files of the office of the chief preventive officer?—A. No, sir.

Q. What have you brought with you?—A. All the list asked for on the subpoena with the exception of two or three letters of different dates. Do you want me to give you the dates?

Q. You were asked to produce all correspondence from the office of the chief preventive officer at the port of Montreal, Mr. Bisailon?—A. Yes.

Q. That is what we want. Have you that with you?—A. That is all produced, with the exception of Nos. 1, 2, 11, 12, 13 and 14.

Q. Will you produce these documents and hand them in to the clerk?

Witness produced files.

Q. Have you any list of these at all, an index or book of record?—A. No, sir, that is on the outside of the folio.

The CHAIRMAN: You are released momentarily, witness. When we need you we will call for you. Stay in the hall.

Hon. Mr. STEVENS: Do not leave the city. Stay right here.

WITNESS: All right, sir.

The witness retired.

R. P. SPARKS, recalled, and further examined.

By Hon. Mr. Stevens:

Q. Mr. Sparks, you have been on the stand on two previous occasions, and have been examined at considerable length by Mr. Elliott. I desire to ask some questions which rather follow along the line of some of the questions asked upon your previous examination. On Thursday last, if I recollect it correctly, you stated that you had received, in the work you had been conducting towards the suppression of smuggling, the co-operation of the Government in the passing of certain legislation?—A. Yes.

Q. Does that refer to Bill 145?—A. Yes.

Q. I would like to ask, Mr. Sparks, did the Government intimate to you, or any members of the Government that it would like to have the co-operation of other sections of the House?—A. Yes.

Q. In what form did that suggestion come?—A. It came in the form of a suggestion from the Acting Minister, the Hon. Mr. Cardin.

Q. Did you assist in securing that co-operation?—A. Yes, sir.

[Mr. R. P. Sparks.]

Q. Whom did you see?—A. I saw Mr. Meighen, Mr. Forke, and I should say I saw twenty-five other members of Parliament.

Q. Did those others whom you consulted respond to your requests for co-operation?—A. Yes, so far as the House of Commons was concerned.

Q. I am speaking now of the House of Commons?—A. Yes.

Q. Therefore the co-operation you received might be termed as common to all sides and parties?—A. So far as proceedings in Parliament were concerned, yes.

Q. That is—I might as well name them—that the Conservative and the Progressive groups as well as the Government forces all co-operated in securing the passage of this legislation?—A. Yes.

Q. Does the same thing apply to the passage of the item in the estimates for \$350,000?—A. Yes.

Q. For a special grant?—A. Yes.

Q. So that you were working in harmony with all concerned?—A. Yes. We had no politics.

Mr. HENDERSON, K.C.: I think we should emphasize, Mr. Chairman, that Mr. Sparks' activities were entirely non-political.

By Hon. Mr. Stevens:

Q. That is what I am trying to show, Mr. Sparks, that it was a non-political move, and that you received the co-operation of all the parties in Parliament?—A. Yes, exactly.

Mr. BELL, K.C.: I understand he is a Liberal in politics, anyway.

Mr. HENDERSON, K.C.: He was at that time.

By Mr. Henderson:

Q. You referred to a confidential conversation with the Prime Minister, and you asked in the last examination that you might be excused from saying what that conversation was?—A. That is right.

Q. Did the Prime Minister specify his conversation as confidential?—A. No, but I think he regarded all those conversations as confidential.

Q. I do not want to ask you to break confidence, but I want to ask you one thing, because I want to get a correct impression from your answer of the other day; did that conversation you had with the Prime Minister, which you regarded as confidential, have regard to the manner of the administration of the Customs Department?—A. I would sooner not answer that question.

Q. I am not going to press for any details that might be regarded as confidential, but I think you might answer that question, whether or not it had reference to the manner in which the Department of Customs was being administered?—A. That was the chief subject of all these conversations.

Q. And it was the subject of that conversation?—A. Yes.

Q. You made a statement also the other day paying some tribute to the manner in which the officials of the Customs Department administered affairs; a rather complimentary reference. To whom did you refer?—A. Mr. Farrow, Mr. Wilson, and Mr. Blair.

Q. That is, you were limiting your reference to what might be called the head officials of the Department in Ottawa?—A. Yes sir.

Q. In that answer did you refer to the manner of the administration of the Customs Department at, we will say, Windsor, Niagara Falls, Montreal, Rock Island, Rouse's Point, and other border points?—A. No.

Q. Do you consider, as a result of your experience over this considerable period of time, and your observation and examination, that the administration of the Customs along these border points has been satisfactory, speaking as a

business man?—A. No, the whole administration, in my judgment, broke down about 1922 or 1923. It is still broken down, and it will be the function of this committee to start it to work again.

Q. In other words, you consider that the administration of the Customs along the line of the border has virtually broken down?—A. That is quite right.

Q. And you have had considerable opportunity of judging?—A. Yes, we spent \$25,000 to find out.

Q. In your experience, in the expenditure of this \$25,000 and the work which it performed, did you find interference in connection with, for instance, seizures, or the improvement of the administration at various points? Did you find interference on the part of the Minister?—A. That is the weakness of the whole system, ministerial interference with good officers.

Q. Then you consider that the deplorable condition along the boundary between Canada and the United States, and the excessive smuggling that has been going on in the last few years, are due to interference on the part of the ministerial head of the department?—A. I think ministerial interference has handicapped the officials at Ottawa.

Q. Perhaps I can put it this way. You have had considerable experience, Mr. Sparks, with seizures; I understand you made a number, or a number were made under your leadership. Take the K-9 report, which has been referred to frequently here in the various examinations. Does report K-9 fix definitely upon the officials of the Department the responsibility of determining what shall become of a seizure?—A. No, sir.

Q. Why?—A. Because it has to go before the Minister for final settlement.

Q. That is, that the Minister may overrule all of the reports of these various officers?—A. Certainly.

Q. In whom you expressed great confidence?—A. Certainly.

Q. Is it your contention that that is a frequent occurrence?—A. Oh, yes.

Q. Quite frequent?—A. Quite frequent.

Q. Do you consider that as one of the chief causes of the serious condition into which the Department's administration has fallen?—A. I certainly do.

By the Chairman:

Q. Will you allow me a question? Have you ever been employed in the Customs Department?—A. No, sir.

By Hon. Mr. Stevens:

Q. Just to make that particular point perfectly clear, for the last eighteen months or more you have been very actively engaged in exposing and endeavouring to suppress smuggling—that is, your committee?—A. I would sooner use the word "investigating".

Q. That is a very good word, too. You have been investigating these things?—A. Yes, exposing to the Department itself, but not to the public.

Q. And you had four officers who had been appointed Customs officers working under you, under Mr. Duncan and yourself?—A. They were working under Mr. Wilson, but I had something to say in the direction of their activities.

Q. They were officers of your association?—A. We paid them.

Q. If you paid them they were your officers. Under the amended Act, that is, sections 206 and 219 of the Customs Act, as amended by Bill 145 last year, have you followed the prosecutions that have been made under that?—A. I have some knowledge of them.

Q. How many prosecutions have been had under the amended Act?—A. The Minister of Customs the other day said six. I am inclined to think he was wrong; I think up to the first of the year only three. I say that because one of the cases the Minister mentioned was not under section 219. I think only three.

Q. So far as you have been able to discover, only three?—A. Yes.

Q. You welcomed that amendment last year, Mr. Sparks, and your associates also, according to the rather eulogistic letters that have been written?—A. We certainly did.

Q. Have you experienced since that was passed, or have you observed the results, the beneficial results from that legislation which you expected?—A. The immediate results were very good. Smuggling stopped, and the deputy minister showed me figures showing an increase in Customs receipts at border points, but that improvement did not last.

Q. How long did it last?—A. I wouldn't like to fix the time.

Q. Just approximately will do?—A. I would say it was effective for a month.

Q. That would be up to say the 1st of August or the middle of August or around there?—A. I wouldn't like to specify.

Q. Do you infer that there has been a lapse since then, back to former conditions?—A. I do not infer it; I state it, because I know it.

Q. You know it?—A. Yes.

Q. And that the value of this new Act with its more stringent penalties is not resulting in the suppression of smuggling as hoped?—A. The Act never was enforced. The government got machinery, got a vote of Parliament to create machinery for its enforcement and they did not spend the money.

Q. That is under the \$350,000 vote?—A. Yes.

Q. They appointed 67 officers, and I think you said in your evidence that they only required ten good officers. How do you account for that?—A. What I think should have been done, and what I advised, with some knowledge, was that the acting Minister should call in conference the three men in Canada who knew more about the situation than any other three men; that was the deputy minister, the Chief of the Preventive Service, and Mr. Walter Duncan; and I suggested that these three men be asked to produce a plan for dealing with smuggling. I think if that had been done this committee would never have needed to have met.

Q. Now, before we leave that, in regard to Bill 145, did you discuss this matter with the Acting Minister, Mr. Cardin?—A. Yes, quite frequently.

Q. He was Acting Minister through a considerable portion of last year, was he not?—A. Yes.

Q. And you had frequent conferences with him about Bill 145 and other matters?—A. This committee seems interested in Bill 145, and I think I should perhaps make a statement as to the going into effect of that bill, if I might be permitted.

Q. Go ahead.—A. The Bill was introduced in the House of Commons under the circumstances which have already been set out. It went to the Senate and met fierce opposition. I saw Mr. Cardin, and Mr. Cardin proposed that an amendment be added to satisfy the opposition in the Senate which, in my judgment, would have taken the whole force out of the Bill. I asked Mr. Cardin to allow us to fight for the Bill before the Committee on Banking and Commerce, to which the Senate had sent it. I sent out 108 telegrams from one end of Canada to the other, urging trade organizations and business houses to wire their Senators asking support for Bill 145. I organized a deputation of about 50 business men to wait on the Senate Committee on Banking and Commerce. I had the privilege of presenting the case on behalf of the business interests; I had in my pocket three amendments, containing the amendments which Mr. Cardin wished to present to the Senate. One amendment only was made. We were prepared to grant one amendment; we were prepared to make a fight on the second amendment but to concede it if we had to, but we were determined to oppose any further amendment. The committee passed the Bill with one

amendment, but our troubles were not through. Senator Belcourt had moved an amendment which would have completely nullified the effect of the Bill. It was defeated in the committee, but he said he would move it on the floor of the Senate. In the afternoon of that day a small committee met Senator Belcourt and Senator Beique, his seconder, and after a good deal of discussion they agreed to withdraw the amendment, and the Bill was presented on the floor of the Senate that afternoon and went through without a further amendment, went back to the Commons and was accepted. That is the story of Bill 145, briefly.

Q. I see. Now, coming down to the latter part of last year, after this Bill had been in effect for five or six months, what induced you to ask for, or agree to the appointment of a Parliamentary committee to investigate the conditions of the Customs and Excise Department?—A. It had been my view for two years that that was the only method by which the whole situation could be cleared up. I had nothing to do with the appointment. When Mr. Stevens moved for it I agreed that it was a good thing, as did my associates in this matter.

Q. You mentioned the other day that you had been hopeful. Were you very hopeful for the appointment of a Parliamentary committee to investigate it, from what experience you had had over a period of six months, since the Bill was passed?—A. I was hopeful in June.

Q. Were you hopeful in December?—No, I was not hopeful in December.

Q. In other words, you had given up hope that this Bill which, if properly administered, would effectively deal with smuggling—you had given up hope that it would be properly administered?—A. Yes.

Q. And you felt that the only satisfactory method of securing redress would be through a Parliamentary committee?—A. That was my opinion.

Q. Now, in regard to the administration of the law and prosecutions under Customs, and prosecutions under Excise, are you acquainted with the difference between the two?—A. Well, I know that under excise the law provides that any seizures shall be settled in court, but under customs there is no such provision.

Q. That is, under the Excise Branch of this Department, if there is a seizure, it is carried directly to the courts?—A. Yes.

Q. And under the Customs Branch of this Department, if there is a seizure, it is rarely that it goes to the courts?—A. That is correct.

Q. But it goes through this K-9 performance and is decided by the Minister?—A. Yes.

Q. Do you consider that a weakness on the Customs side?—A. A very great weakness.

Q. Do you think if there was more of the application of the Excise practice under the Customs Law it would improve conditions?—A. I can see no reason for any distinction between two types of seizure.

Q. No; that is, the seizure under the Customs might just as well go to court as the Excise?—A. I think so.

Q. Now, in your investigation you were following very largely what might be termed "commercial smuggling"?—A. Yes.

Q. That is, the smuggling of goods for re-sale in Canada?—A. Yes, sir.

Q. It is your opinion that this has reached large and serious dimensions?—A. It certainly has.

Q. Does the smuggling, for instance, of cotton goods into Canada adversely affect bona fide business men throughout the country?—A. Well, in the hearings before the Senate a letter was read from the President of one of the large cotton companies—I think it was Senator Webster read the letter—in which he stated that if smuggling could be stopped, his mill, which was only operating four days a week, could be operated for the full week.

Q. He estimated that his business was adversely affected 33 per cent?—A. Yes.

Q. By the cotton goods being smuggled in?—A. Yes.

Q. Does the same thing apply to silks?—A. Yes. We made some rough calculations based on the per capita consumption in Canada as compared with the United States, and we arrived at an estimate—which is only an estimate, and is not correct—of somewhere between \$5,000,000 and \$7,000,000 annually of smuggled silks.

Q. Could you give the Committee any idea of the methods followed in the smuggling of these commercial goods, cottons, silks, and so on?—A. Well, silks: The general practice is to take delivery from, say, New York, by freight or express to a border point—

Q. A border point on the American side?—A. On the American side.

Q. Yes?—A. And run them in in truck loads. They would break up a shipment of, say, fifty thousand into, say, ten trips—

Q. Fifty thousand what?—A. \$50,000 worth of silk. I now have in mind a particular case which we followed through. They break up a load at, say, Malone and run it in by trucks or touring cars, and deliver them in Montreal, Ottawa and Toronto.

Q. Toronto, Montreal and other points?—A. Yes. I think Toronto is worse with silks than Montreal.

By the Chairman:

Q. Do they go west also?—A. (No audible answer.)

Hon. Mr. STEVENS: That is a terrible blow to Toronto.

By Hon. Mr. Stevens:

Q. You seriously think the silk smuggling is more serious in Toronto than in Montreal?—A. It is pretty hard to say anything is more serious than Montreal. Silk smuggling is bad both in Toronto and Montreal.

Q. By what routes do they smuggle into Toronto?—A. The Niagara Frontier. There is a lot of silk smuggled in across the Quebec border and then moved to Toronto.

Q. You mean Toronto firms clear their goods at Quebec points?—A. That would refer to undervaluation, but I was speaking of direct smuggling.

Q. How about cigarettes?—A. There is a very large movement of smuggled cigarettes.

Q. Caused by what? The high duty?—A. Well, I would not like to set out the cause. That is not under my consideration. I am dealing with facts, not causes—effects.

Q. It is the abnormal profit which induces the smuggling?—A. I assume so.

Q. What form have you observed cigarette smuggling to take?—A. I might illustrate it by a case which we handled. An express messenger was caught and convicted of smuggling in five cartons. My recollection is that he stated that he had carried five cartons from Buffalo practically every day for two years.

Q. He was a regular smuggler?—A. Yes. We had reports—simply reports; take them for what they are worth—that the method adopted on the Quebec border was the packing of cigarettes as eggs. We checked up and found an egg-crate of cigarettes and an egg-crate of eggs weighed exactly the same. A farmer could bring them into Sherbrooke or any railway point and ship them as eggs to the Montreal market.

Q. That has been done?—A. We believe it has been done.

Q. From your investigation?—A. Yes.

Q. Now, Mr. Sparks, coming back to the question of cotton-goods smuggling. Have you any complaints from merchants in other sections of the country, such as Winnipeg, Edmonton, Calgary, Regina or other sections, regarding the competition in cotton goods with prices with which they cannot compete?—A. Well, I read into the record the first day I was giving evidence a telegram signed by nine manufacturers of Winnipeg, which said they were threatened with extinction. I have a great deal of correspondence along the same line.

Q. Threatened with extinction because of competition?—A. Yes.

Q. And to what do they attribute this competition?—A. They attribute it to smuggling.

Q. The goods offered in competition have not paid duty?—A. Yes.

Q. Now, you spoke a moment ago about the methods of bringing these goods in by trucks across the boundary. Have you ever made an examination or an investigation or a test of the difficulty of passing goods that way across the border?—A. I do not think I feel disposed to discuss that publicly.

Q. You would rather not discuss that publicly?—A. I do not think I should be asked to discuss it with the Committee. If the Committee wants to hear it in camera, I am willing to discuss it with them, and be perfectly frank; there is no secrecy about it, and I have nothing to conceal, but there are reasons why I think that sort of question should not be pressed publicly before the Committee.

By the Chairman:

Q. You would only like to discuss general questions before the Committee?—A. Yes. I will say, however, that I know from personal knowledge that there is no difficulty at all in smuggling goods into Canada, at Niagara, on the Quebec border or at Windsor.

By Hon. Mr. Stevens:

Q. I would like to respect your wishes, Mr. Sparks, but just now you said these goods were run across the boundary in trucks and touring cars. I would like the Committee to know—and I do not think there is any need for secrecy to be observed in this question—how they manage to run backwards and forwards across the boundary without interference by the Customs Officials?—A. Because they buy the Customs Officials first.

Q. They what?—A. They buy the help of the Customs Officials first.

Q. In other words, the Customs Officials have been corrupted before the smuggling is attempted?—A. Certainly. We proved that beyond a doubt.

Q. Now, have you ever in your investigation tried to test the facility with which you could cross the boundary?—A. Yes.

Q. What was the result of that test?—A. Very easy.

Q. Give us an idea of how you managed it?

The CHAIRMAN: This is very confidential matter, I think. We would show very many persons how to smuggle.

The WITNESS: I think according to law the principals in any transaction interfering with any operations of the customs are liable. I was not a principal, but I had full knowledge of the facts, and I took no action, made no move of any character, without the full knowledge of the officials of the Department of Customs who should have knowledge of it.

By Hon. Mr. Stevens:

Q. You demonstrated to your own satisfaction and to these officials that it could be done?

Mr. HENDERSON, K.C.: By pre-arrangement with them.

The WITNESS: The best evidence is that they discharged a number of Customs Officers.

By Hon. Mr. Stevens:

Q. Now, how about Rock Island? We have heard a lot about Rock Island. Have you ever discussed the conditions at Rock Island with Mr. Farrow or Mr. Wilson; those are the two chief officers affected?—A. Very often.

Q. Give the Committee some idea of these discussions with the officials?—A. Well, the officials of the Department were well aware of what was going on at Rock Island. There was no need for me to tell them anything; all I wanted was to have it stopped.

Q. And they knew as much about it as you did?—A. Yes; I think perhaps they knew more about it than I did.

Q. In other words, it was quite open knowledge that smuggling was going on freely at that point, as well as others—speaking of Rock Island now?—A. Oh, yes. I offered to put men into Rock Island; I offered to pay the men, supply the plans, supply the men, and so forth, to clean up Rock Island, and Mr. Wilson said somebody else was in charge, and he could not accept my offer. It was made in good faith but not accepted.

Q. Mr. Wilson said there was somebody else in charge? What did he mean?—A. I don't know. Mr. Wilson could not interfere for some reason. He is in this room, and perhaps can explain.

Q. Who was in charge of Rock Island during the past year-and-a-half?—Mr. Bisailon, as far as I know.

Q. Who?—A. I understand Mr. Bisailon was in charge.

Q. He was the Chief Preventive Officer over that district?—A. Yes.

Q. That comes under his jurisdiction?—A. Yes.

Q. Now, you had four men appointed—that is, you had four men engaged—Mr. Duncan and three others, and then you asked the Customs Department to appoint these men as Preventive Officers?—A. Yes.

Q. Was this suggestion on your part met with approval on the part of the Minister of Customs?—A. Not at the start.

Q. To which Minister do you refer? Mr. Bureau?—A. Mr. Bureau, yes.

Q. He objected?—A. At the start he did.

Q. What was the ground of his objection?—A. Well, I don't know. He objected on general principles to any interference with his Department; he felt that nobody should have authority which was not directly under him. There was some force to his objection.

Q. Whom did you see besides Mr. Bureau in order to secure their appointments?—A. I think I discussed it with Hon. Mr. Robb, and I think I discussed it with the Prime Minister.

Q. With Mr. Robb and the Prime Minister?—A. And Mr. Lapointe.

Q. How did they receive the suggestion?—A. I think they were more favourably disposed than the Minister of Customs.

Q. And you finally got them appointed?—A. Yes.

Q. And how many seizures did they effect? Can you recollect?—A. I think we took sixteen cases into court.

Q. Sixteen cases?—A. Yes. On this question, Mr. Stevens, if I might say just a word—

Q. You may.—A. When these men were appointed they received a general direction *re* Customs Act from Mr. Wilson, under whom they were acting. These general instructions contained the following clause:—

“That when cases are taken to court, have the information laid in the name of the King. However, in seizures under the Customs Act, no proceedings in court are to be taken until instructions have been received from me, after receipt here of a full report.”

[Mr. R. P. Sparks.]

When they received those instructions, Mr. Duncan called me on the 'phone, and said that if they were to strictly follow the letter of their instructions, their usefulness was at an end, and we had a conference which I recall very distinctly. Mr. Duncan and Mr. Knox said that they were willing to disregard instructions, and we agreed that the first time we caught a smuggler, we would lock him up and then report, instead of reporting before we locked him up, and see what would happen. That is what we did. Nothing happened. We went ahead on that basis.

Q. I see. You consider it is necessary for the effective prevention of smuggling, that officers should have the right to act promptly?—A. Certainly.

Q. You consider that their services would be more or less abortive if they had not that power?—A. Well, I have read the instructions:—

“Take no action; no proceedings in court are to be taken until instructions are received from me.”

Q. That is signed by whom?—A. That is signed “W. F. Wilson.”

Q. I see. Now, coming back to Rock Island for a moment, Mr. Sparks, these officers we have just referred to, went into Rock Island?—A. Which officers?

Q. The ones we have referred to. Duncan and others?—A. No, they never went to Rock Island at all.

Q. They never touched Rock Island? Did they have others who assisted them and looked into conditions there?—A. Yes, we had some knowledge of the goings on at Rock Island.

Q. When you met the Minister and the government, did you submit particulars to them of firms suspected of smuggling?—A. Oh, yes.

Q. Pretty full information?—A. Yes, very complete information.

Q. And what was the attitude of the Minister?—A. Well, the Minister of Customs told me that he had discussed the smuggling situation with a group from Rock Island, and that they had agreed to do no more smuggling, and for that reason he would not prosecute.

Q. What is that, they had agreed to quit smuggling?—A. That is what he told me.

Q. Which Minister was that?—A. Hon. Mr. Bureau. They made a lot of seizures in October in 1924, and I went to the Department. I pressed Mr. Farrow; I pressed Mr. Bureau, to prosecute in these cases under the law, and Mr. Bureau told me that he would not prosecute because he had discussed it with those men who were charged, and they had agreed not to smuggle any more, and that, in his judgment, was a further reason for no prosecution.

Q. Would you tell me who the representatives of these firms were, who met Mr. Bureau in this regard?—A. You have before you the records of the seizures.

Q. That is, they were individuals who were affected by these seizures?—A. That group of seizures in 1924; the group that came to Ottawa.

Q. Can you recall some of the names of this group?—A. Well, seizures, as taken from the records presented here, the Jenkins Overall Co., the Peerless Overall Co., the Glove Suspender Co., the Reliable Garment Co., Rock Island Overall Co., Stanstead Mfg. Company, Stanstead, Que., Telford Bros., W. Pike & Sons, Telford & Chapman, R. & G. Manufacturing Co., J. A. Gilmore Co., the Perfect Overall Company. They were all people who had goods seized during 1924, and we decided to make a fight on that situation right there. We lost.

Q. The Minister refused to prosecute?—A. He refused to prosecute.

Q. Did you discuss that situation with any other Minister, with the Acting Minister, Mr. Cardin?—A. I do not recollect doing so.

By Mr. Donaghy:

Q. Would you mind my asking a question, as to whether or not there were any forfeitures, or any penalty, or anything imposed upon them, or did they go scot free?—A. I should make that clear. There were a few forfeitures, but as I said, the forfeitures were not worth anything.

Q. I am only asking what was done?—A. There was no breach of the law by the Minister. The Minister acted perfectly legally in every way, but he did not act in the way we thought he should have acted to prevent this fraud.

By Hon. Mr. Stevens:

Q. That is, the Minister who is clothed with power to make any decision he sees fit, acted within his rights, but did not take the action you thought he should have taken?—A. No doubt.

Q. But in your estimation, such action was not sufficiently severe to lead to the suppression of smuggling?—A. That was my judgment.

Q. And then you called on him as representing these business firms, after investigation on your behalf, for more serious action, and he refused, is that right?—A. Yes, and my experience in December, January and February, and he did not do what he promised to do; prosecute, if he caught them again.

Q. Then followed a group of seizures, in October, 1924, and after these gentlemen had promised not to smuggle again, he made further seizures?—A. According to the records, he did.

Q. When? In November and December, 1924?—A. December, January, February and March.

Q. That is, January, February and March, 1925?—A. 1925.

Q. What happened in these cases?—A. I do not know. All I know is on the records produced here; there were settlements.

Q. There were settlements?—A. Yes. I did not know that there were until the records had been produced.

Q. In any case there were no prosecutions?—A. No, there were no prosecutions.

Q. Did you ever meet Mr. Clark, who is the Inspector at the port of Montreal?—A. Yes, I met him once.

Q. Did you ever discuss with Mr. Clark, as inspector of Montreal, the activities of Bisailon?—A. He came to Ottawa to discuss that with me.

Q. Oh?—A. Mr. Clerk came to Ottawa to discuss—

Q. When was that, Mr. Sparks?—A. I should say that was in May, 1925.

Q. In May 1925, Mr. Clerk, the Inspector of Montreal, came to Ottawa to discuss the Bisailon activities—we will refer to it in that way,—with you?—A. Yes.

Q. Was there anybody else present besides Mr. Clerk and yourself?—A. The Deputy Minister.

Q. The Deputy Minister, Mr. Farrow?—A. Yes.

Q. I see. What did Mr. Clerk state on that occasion, or what was the conversation between you and Clerk?—A. Well, Mr. Clerk told me that Mr. Cardin had authorized him to conduct an investigation into the activities of Bisailon. He came to Ottawa to see if we could help him out, that he wanted investigators, and I put our whole staff at his disposal.

Q. What else? Anything else?—A. Well, we had a general discussion of the whole situation.

Q. Yes. Did he indicate to you why it was advisable to investigate Bisailon, or did you indicate it to him?—A. Well, he had instructions from his Minister to investigate him, and of course, Mr. Clerk was very familiar with the whole situation, and told me that, of course, Bisailon was not acting in a proper way.

[Mr. R. P. Sparks.]

Q. Mr. Clerk told you that?—A. Oh, yes.

Q. He knew that, as Inspector of the district of Montreal?—A. Oh, yes.

Q. Now, was there anything specified by Clerk to Mr. Farrow regarding Bisailon's activities?—A. Well, as I recall the conversation, it chiefly had to do with the smuggling of automobiles. But I also recall that Mr. Clerk told me or referred to a previous conversation with the Deputy, in which he said at sometime Bisailon had offered him \$100 a week to put somebody at some particular point. I have not got the details, but I have a distinct recollection of Clerk telling me that Bisailon offered him \$100 every Friday morning.

Q. That was in the presence of Mr. Farrow, was it?—A. That was in the presence of Mr. Farrow.

Q. Mr. Farrow made some reference to it in his evidence. Let me get this clear. Mr. Clerk had come to Ottawa to discuss this matter with you and with the Deputy. That is the Bisailon situation—A. He came to see me. I understood that is what he had come for.

Q. Was this in the Deputy's office?—A. No, it was in the Chateau Laurier.

Q. At that conference Mr. Clerk, Inspector of Customs at Montreal, who had been instructed by the Minister to investigate Bisailon, made the statement that Bisailon had offered him \$100 a week, payable on each Friday morning, if he, Clerk, would appoint Bisailon to a position in the Customs which he desired.

Mr. GAGNON: Before the answer is given, Mr. Sparks is now reporting a conversation which took place between him and Mr. Clerk.

Mr. BELL: And Mr. Farrow.

Mr. GAGNON: Mr. Farrow was not there. The witness says he was reporting statements that Clerk made to Mr. Farrow. If it is not hearsay I do not know what it is.

Hon. Mr. STEVENS: If the stenographer will read me the question, we will see what it is.

Question read as follows:

"Q. At that conference, Mr. Clerk, Inspector of Customs at Montreal, who had been instructed by the Minister to investigate Bisailon, made the statement that Bisailon had offered him \$100 a week, payable on each Friday morning, if he, Clerk, would appoint Bisailon to a position in the Customs which he desired?"

A. My recollection is, that in the presence of Mr. Farrow Mr. Clerk made the statement as I have narrated it, that he had been offered by Bisailon \$100 a week for a certain consideration, which had to do with the placing of somebody at some specific duty—the names I could not recollect, but I have a clear recollection that there was a consideration of the placing of somebody at some specific duty.

The CHAIRMAN: That is not the best proof to offer. It is only a matter of opinion. You may take the evidence necessary to complete that particular point. That proof by itself is not complete, and it is not admissible in law.

By Hon. Mr. Stevens:

Q. Regarding the question of prosecutions—and, in asking this question I want to make it clear to the Committee that I am not reflecting upon the administration of the courts of Quebec, but I think we ought to have the facts—what was your experience in regard to the prosecution of cases of smuggling, in, we will say, the city of Montreal?—A. Very unsatisfactory.

[Mr. R. P. Sparks.]

The CHAIRMAN: Wait a minute now. I take the statement just enunciated by Mr. Stevens as fair—"in the courts of Quebec" but on the other hand I would like to have it understood that the witness is only testifying to a question of opinion.

By Hon. Mr. Stevens:

Q. I will put the question another way, Mr. Chairman: Did you ever have any correspondence with the Attorney General of Quebec regarding the manner in which cases were conducted in the province of Quebec?—A. Both correspondence and personal discussion.

Q. Did you ever have any correspondence with the Prime Minister of Quebec?—A. The Prime Minister and the Attorney General are the same. Mr. Taschereau is Prime Minister and Attorney General.

Q. What did you lay before Mr. Taschereau in this regard?—A. I laid before Mr. Taschereau a comprehensive statement dealing with specific cases.

Q. Have you got a statement or a copy of it?—A. No, Mr. Henderson might have it. I have not with me the original statement, which took place a considerable time before the organization of the Commercial Protective Association. I had taken the matter up with Sir Lomer Gouin, who advised me that it was a provincial matter.

Q. Sir Lomer was then Minister of Justice?—A. Sir Lomer was then Minister of Justice. We subsequently saw Mr. Taschereau, a deputation of three, including myself, and presented to Mr. Taschereau ten specimen cases, taken from the files of the court house in Montreal, giving the names in each case, of the judge, counsel for the defense, and counsel for the Crown, regarding the procedure in each case.

Q. Well now, what was the response of Mr. Taschereau to your representations?—A. Mr. Taschereau advised us to go back to Ottawa and have the Customs Act changed. Mr. Taschereau freely admitted that it was an unsatisfactory condition, from the standpoint of business men.

Q. That is, it was very difficult to get convictions, and that the process was very slow?—A. Very slow, I think Mr. Calder will bear me out in that.

Q. Just one further question upon that point. As a result of your investigations and your experience, do you consider that some definite effort should be made to speed up prosecutions?—A. There is no doubt about that.

Q. Where prosecutions are held?—A. There is no doubt about the necessity of that.

Q. Do you consider that as a contributing factor to the continuance of smuggling?—A. A very substantial contributing factor.

Q. Just let me sum up in a few words the situation.—A. Mr. Stevens, in order that I may not be unfair to anybody, might I say this; reference has been made to the Montreal courts, and they are very bad in that regard, but we have had experiences in the courts of Ontario just about as bad as in the Province of Quebec.

Q. Did you ever make any representations to the Hon. Mr. Nickle or to the Attorney General of the Province of Ontario?—A. I wrote a letter to the Toronto Committee, asking them to make representations to the Attorney General.

Q. What you state in regard to the necessity of speeding of prosecutions is a general remark applicable to Ontario as well as Quebec, as well as other sections or provinces?—A. Well, border magistrates, magistrates in border towns should not be dealing with smuggling matters at all; they are subject to local influence, and you cannot get a sound administration of justice from border magistrates.

By Mr. Bell, K.C.:

Q. Mr. Sparks, do you recollect any specific place in Ontario which you have occasion to criticize on account of delays?—A. There are circumstances in connection with these cases that I would prefer not to say anything about. Of course, I am willing to tell the committee the names of the courts, the judges and the magistrates.

By Hon. Mr. Stevens:

Q. Just to sum up what I want to ask you,—then I have another question upon another subject,—I want to ask this; were you satisfied with the legislation of last year and the vote of \$350,000?—A. Yes.

Q. But you are not satisfied with the results of that legislation, up to the present time?—A. No.

Q. One other subject and I am through.

The CHAIRMAN: I would like like to ask one question, with your permission, Mr. Stevens.

By the Chairman:

Q. Did you suggest to the Government any way to expend that \$350,000?—A. Yes.

Q. A very definite way?—A. A very definite way.

Q. Which would be to the satisfaction of the Commercial Protective Association; did you show them a plan, how to spend that money?—A. I suggested what I have said, a conference between Mr. Farrow, Mr. Wilson and Inspector Duncan, as to working out a plan. I was satisfied to leave it with those three gentlemen. They were Government officials.

By Hon. Mr. Stevens:

Q. By the way, did your association ask for that \$350,000 vote to be made?—A. Well, there were no funds; the Government had no funds for preventive work, to carry on any extensive programme; we urged them to provide funds, and they did so.

Q. Let me ask a question or two in connection with the Gaunt case. You remember the Gaunt case?—A. Yes.

Q. The John Gaunt Company seizure?—A. Yes.

Q. Are you well acquainted with the case?—A. I have a general knowledge of what took place.

Q. Did your association give the first information that resulted in that seizure?—A. I believe so.

Q. Will you tell the committee your view of that case, as a typical case seriously affecting business men; I want you to give a business man's view of the case, briefly?—A. We believed, in fact we knew that fraudulent invoices were being used for the entry of goods. This was a case in which it was proven that one thousand invoices had been obtained from Holland, signed, and used by an importer, who took his original invoices, copied them on to fraudulent invoices, and passed them through the Customs. It was a type of fraud which we knew went on. Once we discovered it, we wanted it investigated and prosecuted vigorously. There was a prosecution for having false invoices in possession. Gaunt pleaded guilty, and was fined \$500. There was no effort made, so far as I am aware, to find out the extent of the fraud, the means which were used to defraud the Government, and no effort made to recover moneys which we believed should have been recovered, and we were very much dissatisfied with the whole conduct of the case.

Q. Let me get that quite clear. You say Gaunt was fined \$500?—A. Yes, under one section.

Q. That was for having certified blank invoices in his possession?—A. Yes.

Q. But there was no prosecution of his action in filing the invoices and passing them for bona fide invoices, which is a matter of fraud?—A. That is right.

Q. There was no prosecution for that?—A. There was no prosecution for that at all.

Q. That is your criticism of the conduct of this case?—A. That is my criticism of it.

Q. You feel that the man who uses blank certified invoices, filling them in and defrauding the exchequer, ought to be prosecuted?—A. Yes, and the exchequer ought to recover the amount out of which it had been defrauded.

Mr. HENDERSON, K.C.: A civil action might have followed, to ascertain the extent to which that man had defrauded the Government. That is only a typical case.

Hon. Mr. STEVENS: I did not catch that, Mr. Henderson.

Mr. HENDERSON, K.C.: I say a civil action might have followed, to recover the moneys in respect of which Gaunt had defrauded the Government.

Hon. Mr. STEVENS: In addition?

Mr. KENNEDY, K.C.: Yes, in addition to the criminal case.

By Hon. Mr. Stevens:

Q. I said I was done, but there is one further subject I would like to refer to, although I understand we are going to take it up later on; that is, the subject of prison made goods. I think your word has been challenged, Mr. Sparks, in a telegram sent by the Reliance Company. I would like to give you an opportunity of giving your reply to that now, which I think you are entitled to have.

The CHAIRMAN: This man has been summoned, and has made an assertion in person. This employee from the Reliance Company has been summoned, and the clerk has fixed the date. That man should be heard first, and then Mr. Sparks can come in in rebuttal.

WITNESS: That would suit me very well, because I am conducting a most complete investigation into the whole thing.

The CHAIRMAN: I object to the filing of that telegram or letter now.

Hon. Mr. STEVENS: Very good. I will ask Mr. Sparks a few questions about these prison-made goods.

By Hon. Mr. Stevens:

Q. Mr. Sparks, has this importation of prison made goods been a matter of serious annoyance and loss to Canadian manufacturers and Canadian dealers?—A. Very serious.

Q. And the competition is such that it is hopeless for our people to compete with these goods?—A. Absolutely hopeless.

Q. What is the rate per day of the wages, do you recollect?—A. It varies in the various penal institutions. It is a matter of tender, a matter of speculation. It is one of the most serious economic problems in the United States, that is, employing the services of thousands of prisoners. It runs down I think to 20 cents a day, 40 cents and 60 cents, depending upon the State in which the contract is given, and depending upon the political influence of the man who wants the contract.

Q. You do know Milton Goodman, of the Reliance Manufacturing Company?—A. Yes.

Q. Have you had an opportunity of investigating their operations in times past?—A. I know something of them.

[Mr. R. P. Sparks.]

Q. This man Goodman is one of the chief contractors of prison labour in the United States?—A. There is no doubt about that.

Q. Is the head of all the prison contracting concerns?—A. He is president of the Reliance Manufacturing Company, or was up until recently; I do not want to speak of the present moment, but up until very recently they were the largest operators and the largest owners of prison contracts in the United States.

HON. MR. STEVENS: We will let this rest until we take that case up separately. That is all I have to ask, Mr. Chairman.

By the Chairman:

Q. You told us, Mr. Sparks, at the beginning of your cross-examination today that you had received many complaints about silk from many of the members of the Canadian Protective Association. Would you be good enough to file before the committee a complete list of the subscribers or members of your Association since it has been organized, if that is possible?—A. I think it is in our papers here, they are all here.

Q. They are filed?—A. They are produced, not filed.

Q. If this list is not right, will you get one?—A. I will produce one.

MR. ELLIOTT: I want to ask a question in regard to the productions; I want to ask the witness, although I do not intend to examine him upon the minutes, just one or two questions.

By Mr. Elliott:

Q. I see, Mr. Sparks, that the minutes presented by you today, which we asked for a week ago, start on the 20th of October, 1924?—A. Yes.

Q. Your correspondence shows that your organization started to function on the 6th of August, 1924. That was about the date of your meeting with the cabinet?—A. The Canadian Protective Association had not been established then.

Q. I am just asking, were any minutes kept prior to the 20th of October, 1924?—A. I think not. I am sure there were none, if Mr. Tolchard says there were none.

Q. You have a branch in Toronto, and apparently that is where the minutes were kept?—A. The minutes of the Toronto meeting.

Q. Are these minutes you produce minutes of all the meetings which were held in connection with you association?—A. No.

Q. Where are the rest?—A. These are all that exist, so far as I am aware; there were no minutes.

Q. Are these minutes that are produced by you all the minutes that have been taken by your Association or any branch of it?—A. So far as I know, that is correct, sir.

Q. And they were all taken by Mr. Tolchard?—A. They were all taken by Mr. Tolchard.

Q. In Toronto?—A. Yes.

Q. And kept in Toronto?—A. Yes.

Q. You have a branch in Montreal?—A. We had an office in Montreal.

Q. Were minutes kept of the proceedings at Montreal?—A. No.

Q. No minutes were kept?—A. No.

Q. Of those meetings?—A. No.

Q. Did Mr. Tolchard attend the meetings at Montreal?—A. No.

Q. He did not?—A. No.

Q. Then were the Montreal meetings meetings of this Association?—A. The Montreal meetings were meetings of the Montreal committee. I should say more

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often than otherwise the committee had dinner together, and there would be a general discussion, but no minutes kept.

Q. No record was kept of what they decided at those meetings?—A. Mr. Robertson, the Chairman might have some records; I will ask him.

Q. Will you endeavour to get them?—A. I certainly will.

Q. I do not want to hurry you, but I hope we will be able to get them in less than a week?—A. Mr. Robertson is in New York today.

Q. Then there were no minutes kept here in Ottawa?—A. None in Ottawa.

There are also some letters I want you to produce for the committee, Mr. Sparks, and if I give you the dates perhaps it will be better than my attempting to extricate them from the file. I will hand you a list of the letters I wish you to produce, and the dates.

Mr. HENDERSON, K.C.: Are they among those produced, or are they new letters; are they among the letters produced?

Mr. ELLIOTT: Very largely, I think.

Mr. HENDERSON, K.C.: They can be filed, by the direction of the committee.

By Mr. Donaghy:

Q. Mr. Sparks, there seems to be some doubt about that black shirt; it seems to come up quite often. I want to show you a big poster here offering \$1,000 reward; you might trace this up. It says that this advertisement is being run in industrial and labour publications reaching more than 4,000,000 readers. I am going to show it to you. It is a rather remarkable document; it deals with this black shirt, offering \$1,000 reward, apparently, to anybody that will produce any evidence that this Goodman shirt is made in a prison factory.—A. Milton F. Goodman is liable to do something pretty startling.

Mr. BELL: Is the poster dated?

Mr. DONAGHY: I don't know whether it is dated or not.

The WITNESS: I might call attention to this sentence in the poster, "Made nowhere except in our twelve modern sanitary factories shown on this page." He does not say that the employees and operators in his twelve modern sanitary factories are not State prisoners which, as a matter of fact, they are. That is the answer.

By Mr. Kennedy:

Q. Mr. Sparks, you are chiefly interested in connection with the Commercial Protective Association in the suppression of smuggled goods from the United States into Canada, silks and so on?—A. Commodities, largely, yes.

Q. In your investigations did you come across evidence that there was another kind of goods being smuggled from Canada to the United States?—A. I instructed all our men to report nothing to me on the question of liquor. It was another problem, and it was a dirty filthy business that I didn't want to mix up in, and I have no reports of any kind on it.

Q. The business is there, however.—A. The business is undoubtedly there.

By the Chairman:

Q. You cared only for overalls?—A. We were interested in the return cargoes, and while we were interested in the system, we did not feel like going into the whole question in all its phases.

By Mr. Kennedy:

Q. In one of your letters to the Prime Minister, I think it is the letter dated August 8th, you state that there are thousands of men engaged in the smuggling business along the international boundary?—A. Yes sir.

[Mr. R. P. Sparks.]

Q. Your remedy for the prevention of smuggling was to put teeth into the Canadian Customs Act and an efficient preventive service?—A. Yes.

Q. Do you think it would be sufficient if, for instance, we have men who are interested in the smuggling of liquor from Canada into the United States?—A. In my judgment it would prevent 75 per cent to 90 per cent of all the commercial smuggling.

Q. That is, from Canada into the United States?—A. From the United States into Canada.

Q. You think the problem can be successfully handled by just looking at it from one side?—A. Undoubtedly it can, at a very small cost.

By Mr. Donaghy:

Q. By the way, Mr. Sparks, you made a rather interesting remark that I never heard made before. That is, that prison labour in the United States—the labourers are taken from the prisons to factories, where they work. I was rather astonished to hear that, but I was also interested to hear it.—A. The whole subject is interesting. There is no set method. In some States the State supplies the factory and machinery. In some States the State supplies the factory, and the contractor the machinery. In some States the State supplies nothing; the contractor supplies the factory and machinery.

Q. And you think this Reliance Manufacturing Company has some factories making shirts, and that they get the prisoners out of jail and bring them to the factories?—A. I propose, if I am permitted, to put comprehensive evidence before this committee next week on that point.

Q. We would be very glad to hear it.—A. Very well.

By the Chairman:

Q. You said a moment ago that your Association, the Commercial Protective Association, had a place of business in Montreal?—A. We had an office.

Q. Did you close that office?—A. Yes.

Q. When?—A. I should say in August.

Q. Of what year?—A. 1925.

By Mr. Elliott:

Q. May I just ask one question, arising out of something said to one of my colleagues just now. In your investigations into the smuggling of clothing and dry goods generally—it was dry goods you limited yourself to, practically?—A. No, cigarettes, automobiles, jewellery, and radio supplies.

Q. But you never happened to run across liquor smugglers, in your investigations?—A. Yes, we very frequently did.

Q. It would be of interest to me, and perhaps to some other members of the committee, to know why you paid no attention to that branch of smuggling?—A. Because my organization was supported by business men involved in the lines of trade which I have indicated, and we were endeavouring to protect our own business, and incidentally to protect the revenues of the country. We were not altruists at all; we were trying to protect our own legitimate business, and that is what we were interested in.

Q. You were an organization of people representing various business concerns?—A. Yes.

Q. And were not concerned at all as to the evasions of the Act so far as liquor smuggling was concerned. Is that correct?—A. All tax-payers are concerned. Yes, we were very much concerned.

Q. Then why is it that you did not devote yourselves to the liquor end of it, which I am told is, in certain sections, the biggest end of the smuggling business in this country?—A. It was too big a job for us to handle the liquor

[Mr. R. P. Sparks.]

problem. We were not competent or capable of dealing with that tremendous problem.

Q. You realize that that is a very serious and important matter?—A. Very serious and important.

Q. At the present time?—A. Yes.

Q. And as I understand it, you were looking out for the businesses which your people were engaged in?—A. Exactly.

Q. Purely and simply?—A. And our interest, fortunately, coincided with the public interest, so we were on very sound ground, national ground.

Q. I would say rather that the principle coincided with the public principle, but your interest was purely concerned with the business that you were connected with.—A. I think, Mr. Elliott, if you will examine the list of our subscribers, you will find that our interest is substantially the public interest; we are a very important section of the public, the commercial interests of Canada. It is very hard to separate those from the public interests.

Q. At any rate, you are not offering to give the government or this committee any suggestions with regard to the amelioration of conditions with regard to liquor smuggling?—A. No, we would prefer not to.

By Mr. Kennedy:

Q. Mr. Sparks, I think you described the situation in July, 1925, as hopeful?—A. Yes sir.

Q. What about September, 1925; how would you describe it at that period?—A. Hope had pretty well disappeared.

Q. What was the reason for that?—A. The reason was the failure of the Minister to grasp the situation that he had in his hand; he threw his chance away and did nothing.

Q. What did you do then?—A. I remonstrated with him.

Q. Did you take it up with anybody else?—A. No, there was nobody here after that.

Q. Was it after that time that you took it up with Mr. Forke and Mr. Meighen?—A. No, that would be in February or March.

Q. Are we right in concluding that from September, 1925, until after the election there was very little done by your organization?—A. Yes, we did not do much. But there was this, Mr. Kennedy; the Associated Boards of Trade were meeting at Winnipeg, and I was asked by both the Toronto and Montreal Boards of Trade to prepare a memorandum on smuggling, which I did, and these Associated Boards of Trade passed a resolution which they proposed presenting to the Government. In view of that, we decided to see how the Boards of Trade got on before we made representations immediately after the election. We left it in their hands from, I should say, September until November—we left it in the hands of the Associated Boards of Trade.

Q. Until November?—A. Yes, until about November.

Q. Then what action did you take?—A. Then Mr. Stevens came to see me, and I thought then the Committee was going to function. The Minister gave evidence saying that from the 1st of December until now he has done nothing, leaving it to the judgment of this Committee, and I took exactly the same position as the Minister.

By Mr. Donaghy:

Q. I don't think the Minister said he had done nothing?—A. Fortunately I have a copy of his evidence, which I will be glad to read.

By Hon. Mr. Boivin:

Q. I wish you would?—A. The Minister's words suit me splendidly; they are exactly my position.

[Mr. R. P. Sparks.]

By the Chairman:

Q. On what page?—A. Page 85 (Reading):

“Q. Have you taken any action outside of firing Mr. Bisailon, as you say you did on the 11th of December?—A. No, I have not. I discussed the matter with one or two of my officials, but in view of the fact that this inquiry was taking place, in view of the fact that the entire evidence was being placed before the Committee, in view of the fact that I felt that the Committee should recommend in the matter, make its recommendations in the matter, I left it to the Committee to decide what steps should be taken for the punishment of any one who may have been found guilty, and any changes in the organization which they might desire to recommend.”

By Mr. Donaghy:

Q. Where do you find the words that he had done nothing since the 1st of December?—A. (Reading): “Q. Have you taken any action outside of firing Mr. Bisailon, as you said you did on the 11th December?—A. No, I have not.”

Q. Where do you find the words that he had done nothing since the 1st of December?—A. Perhaps I should not have left that impression; I do not want to do that.

Mr. BELL: It is there for what it is worth.

By the Chairman:

Q. You mean he had complied with the Customs Act as it is now drafted?—A. I do not want any reflection on the Minister from anything I say.

Mr. DONAGHY: It is very clear that the Minister says there that since the appointment of this Committee he has not interfered.

The WITNESS: That was about the 1st of December. My position was the same.

Mr. HENDERSON, K.C.: Mr. Sparks did not intend to criticize the Minister; it was rather the other way about.

Mr. DONAGHY: I wanted to correct that wrong impression.

The WITNESS: Seeing that the Minister has said I was not entirely fair to him, I want to say I have no desire to be unfair to anybody.

By Mr. Kennedy:

Q. The opinion of your organization in November was that the only way to handle the situation would be through a parliamentary committee?—A. A parliamentary committee was asked for and we thought it should be gone on with.

Mr. HENDERSON, K.C.: And they had felt that way for a long time.

By Mr. Elliott:

Q. Was a parliamentary committee discussed before November, or was that the first occasion?—A. No, away back. It appears in my correspondence with the Prime Minister in March or April. It had previously been a matter of discussion with the Prime Minister. We are clearly on record as believing in a parliamentary committee.

Q. For a year?—A. For a year-and-a-half.

The CHAIRMAN: That is all.

Hon. Mr. BOIVIN: No, just a minute. I have quite a few questions I want to ask, and there is one I want to take up at once.

By Hon. Mr. Boivin:

Q. Seeing that you have broken your rule regarding private conversations, and repeated what you say I said to you privately, that you had been unfair to me, I wish you would complete that conversation and say in what manner you had been unfair to me?—A. Well, Mr. Boivin, your opening words were "breach of confidence." I must say I think your breach in the House of Commons was the first breach. Now, I will answer your question. Your conversation in this room, in which you said that I had been most unfair to you in not giving you a chance was not—I did not regard it as a private conversation; other gentlemen heard it.

Q. Then why did you say it was private?—A. In a conversation in this room.

Q. Well, I have nothing to hide in any of my conversations, Mr. Sparks, and you are quite at liberty to reveal anything I have ever said to you. Let that be understood at once. There is nothing confidential about any conversation between you and me. I want to ask you—and I want you to be fair with me, and I want to be fair with you—if I did not say that you had been unfair to the Minister in charge of the Department in not reporting a single case of infraction or in not making a single request to him since the date of his appointment? Did I not say that to you?—A. I do not recall that was the position you took, no.

Q. You do not recall that?—A. No.

Q. Well, let me put it in another way. What charges of smuggling, what charges of maladministration or inefficiency on the part of my officers, what charge of maladministration in the Department of Customs have you brought to my attention since my appointment as a Minister?—A. I have made myself clear in saying—

The CHAIRMAN: That could easily be answered by "yes" or "no."

The WITNESS: No, it cannot be answered by "yes" or "no."

By Hon. Mr. Boivin:

Q. I would like a list of the charges and complaints?—A. I was under no obligation in any way to bring charges or complaints against your Department to you. I saw you at the earliest opportunity I felt was necessary, was absolutely frank with you, told you my views, told you the views of this Association, and I think we were in perfect harmony and have been up until a week ago. You have no complaint to make of me until a week ago.

Q. What complaint have you to make a week ago?—A. What have you to make? I have none. I had no complaint to make. Well, I had one complaint to make, yes.

Q. That is the one I want to hear about.—A. It is stated in some correspondence which I have no objection to reading.

Q. You are perfectly welcome to read anything. That is what I want read?—A. In a letter of February 4th, 1926—if I might refer to a conversation previous to that letter; may I, Mr. Boivin?

Q. You are at liberty to refer to any conversation that you like, sir.—A. I discussed with Mr. Boivin the employment of counsel on behalf of the Commercial Protective Association, in a conversation, and I intimated to Mr. Boivin that there was a certain amount paid by the Commercial Protective Association which the Deputy Minister had thought might properly be refunded to this Association. My recollection of the conversation is that Mr. Boivin agreed that that would be a very proper action for his Department to take. I subsequently confirmed the conversation in a letter. (Reads):

[Mr. R. P. Sparks.]

EXHIBIT No. 60

" OTTAWA, February 4, 1926.

HON. GEORGE H. BOIVIN,
Minister of Customs and Excise,
Ottawa, Ont.

DEAR SIR,—It now appears certain that a select committee of Parliament will be appointed to inquire into the administration of Customs in regard to the matter of smuggling.

This association, representing as it does practically all branches of trade and industry in Canada, has, as you know, conducted an exhaustive inquiry into this illicit traffic. The name of the association and of the undersigned has been mentioned a number of times during the debate, and we have considerable information which we are desirous of placing before the committee.

For your information I beg to attach herewith a list of the members of our Executive Committee, and also a list of the commercial organizations affiliated with this association. A perusal of the attached will, I think, convince you that we might properly assume to represent the whole business community, who are vitally interested in this inquiry.

I propose immediately to consult with our executive as to whether we should be represented by counsel before the Committee of Parliament. If we decide that this is desirable two courses are open to us,—first, to employ counsel at our own expense, which would necessitate the raising of some funds, and second, to request the Government to provide for the payment of independent counsel to act on behalf of the business community.

In this regard I beg to refer to a matter which is not directly related to the question of the employment of counsel, but which will, no doubt, influence our decision in this regard.

One of the reasons why this association conducted an investigation in connection with smuggling was that no money was available to the Customs Department during 1924 for the employment of trained investigators. As a consequence, with the consent of the Department, this association employed a number of investigators, four of whom were attached to your Department as Customs Preventive Officers without pay.

Moneys being available after March 31st, 1925, we discussed some months ago with Mr. R. R. Farrow, the Deputy Minister, the propriety of the Customs Department refunding to us certain expenditures incurred after the beginning of the new fiscal year. The amount involved was \$5,502.69, vouchers for which can be furnished. Mr. Farrow agreed that it would be a very proper action for your Department to refund this amount. No such refund, however, has been made.

If such funds are now made available to us I believe our decision will be to use such amounts as may be required for the payment of counsel. This would relieve us of the necessity of raising funds at the present time, and also would make it unnecessary to make any request to the Government in this regard.

As the investigation is of very keen interest to the business community, and in fact to every tax payer in Canada, we think it proper that independent counsel should be in attendance, and we, therefore, trust that you will see fit to authorize the payment to this association of

[Mr. R. P. Sparks.]

the moneys above referred to, which will be used in so far as necessary for the employment of counsel to act on behalf of the business community in the investigation before the committee.

Trusting that this matter will receive your early and favourable consideration, I remain,

Yours truly,

R. P. SPARKS,
Chairman, Executive Committee."

That was followed with a very brief conversation with the Minister, in a room upstairs in which the Minister said, so far as I recollect, that we had been most unfair to him, that we had been trying to make trouble for the Government instead of helping them, and that he would not agree to the refunding of that amount. I subsequently confirmed my recollection of the conversation by the following letter. (Reads):

EXHIBIT No. 61

"OTTAWA, February 12, 1926.

Hon. GEORGE H. BOIVIN,
Minister of Customs and Excise,
Ottawa.

DEAR SIR,—In further reference to the matter referred to in my letter of February 4, my understanding of our conversation of the 10th instant was that you would not recommend the rebate of the amounts referred to. The reason you gave was that this Association had not been trying to assist the Customs Department in the prevention of smuggling, but had been trying to make trouble for the Department. You stated as a further reason that the Association had been unfair to you and had not given you a chance. Both these statements are contrary to fact, and, in any event, have no bearing on the question at issue.

I might point out that your statement is a severe reflection on the honour and good faith of the members of this Association and particularly so in regard to myself. The only excuse I can make for your statement is that you are not aware of the facts. In view of your statement I expect that you will facilitate in every possible way the establishment before the Committee of the exact relationship which existed between this Association and your Department.

In the meantime I would appreciate it if you would confirm by letter our conversation in reply to my letter of February 4.

Yours truly,

R. P. SPARKS,
Chairman, Executive Committee."

Q. Now, Mr. Sparks, I would like to try and establish the relationship between your Association and the Department, and for that reason, I repeat again the question. Since my appointment as Minister what charge of smuggling, what complaint concerning mal-administration, inefficiency or dishonesty, on the part of my officials, did you, as President of this Association, ever report to me?—A. I reported to you early in December a full statement of many of the complaints which we had against your Department fully.

Q. What complaints?—A. Complaints of dishonesty of officers.

Q. What officers?—A. I do not think I was specific.

Q. No, I do not think so.—A. No. But if I might say so, I said this: That without any reflection on your desire to improve the position, we were absolutely convinced that you were not strong enough to clean the situation up. That was no reflection on you, sir, but it was our view that this situation would not be cleaned up until the Parliamentary committee exposed it, and I told you that you might clean it up as soon as the public had knowledge of all the facts, with your hands strengthened but without publicity you were not strong enough to clean up the situation.

Q. So that from the date of my appointment, until the date of the appointment of this Committee, you did not expect me to do anything?—A. I will not say "anything". I think you would have done something, but I do not think you would have done what we would have wanted.

Q. Did you not state, Mr. Sparks, that the purpose of the formation of the Commercial Protective Association was to co-operate with the Government for the prevention of smuggling?—A. Yes, sir.

Q. In what way did you co-operate with the Government for the prevention of smuggling since my appointment as Minister?—A. First, in making clear to you that we were entirely dissatisfied with the present conditions; second, by laying before this Committee all the information that we had in reference to the traffic.

Q. And you admit very frankly—I want to be fair to you, and I think you want to be fair with me—that that is the only co-operation that we have received from you since I was appointed Minister.—A. I wish to revert to your own words, that as soon as the Committee took up the work, then my view was that the proper place to go with representations was to that Committee and not to you.

Q. Did you think it was quite proper to allow dishonest officials to remain in office or did you think it was quite proper to allow smuggling to be carried on from the 1st day of November, 1925, to the date of the appointment of this Committee, waiting for the Committee to be appointed?—A. No, sir. I knew that on November 15th the associated Boards of trade—15 days after the election—I felt that there was no use in doing anything in the first fifteen days after the election, but I knew that about the 15th of November the Associations were going to make representations to you, based on a report which I had made to them, so they were in substance my representations, made by the Associated Boards of trade. Then two weeks later I laid the whole situation before you.

Q. At the time you laid the situation before me, is it not a fact that Inspector Walter Duncan had been charged by my Department to make an investigation into the administration of the preventive service in Montreal?—A. It certainly is a fact. It is also a fact that Mr. Stevens moved for a Committee at the same time, approximately on that date.

Q. Do you know upon what date; in the first place, I do not suppose you wish to contend that Mr. Stevens moved for a committee before Parliament assembled?—A. No, I think it was early in December some time, but I do not know the date.

Hon. Mr. STEVENS: It is very easy to clear that up. The House was called for December 10th, and, following the practice, I handed the resolution to the clerk, and it was published.

By Hon. Mr. Boivin:

Q. What date was it published in the Press, Mr. Sparks?—A. I don't know anything about these dates; I have no records here, at least.

Q. As a matter of fact, it was published in the Press about the 5th of December, was it not?—A. I would say that is about right.

[Mr. R. P. Sparks.]

Q. You did not tell me before that that Mr. Stevens intended to do this?—
A. I certainly did not know it.

Q. And it is a matter of common knowledge, and will be shown by the documents produced, that the investigation had been commenced in Montreal on the 1st of December, 1925?—A. Of course I have no connection with that; I know nothing about these facts. I may say that I made representations two weeks after the election; two weeks later I personally made representations to you, so that you cannot say that I have not done my duty.

Q. I do not say that, but you admit that it was at the beginning of December, after Inspector Duncan had begun his investigation, that I met you in a room at the Windsor Hotel in Montreal?—A. Yes.

Q. And we had a general conversation?—A. Yes.

Q. Concerning your efforts to prevent smuggling?—A. Yes.

Q. And your general desire to co-operate with the Department?—A. That is right.

Q. If I remember correctly, Mr. Sparks, at that time I told you that, as you had apparently been disappointed many times in promises received from my predecessors, I would not ask you to accept any promises from me, I merely asked you to wait and see what I might do; do you remember that?—A. Well, I am inclined to think that I took that position first, that promises would be no use at all.

Q. Possibly?—A. Yes.

Q. I do not say that you did not, but the fact remains that I did not make any?—A. No.

Q. The fact remains that I did say, "Now, Mr. Sparks, give me a chance and wait and see what I can do, if I cannot succeed in doing something I want to get out of that Department." Didn't I say that?—A. I think you did say that.

Q. After that you had no further conversations with me?—A. None.

Q. You never reported anything to me, and never made any complaints to me?—A. You know the reason, Mr. Boivin.

Q. You have already stated the reason?—A. This committee was to meet,

Q. Providing Parliament agreed to that?—A. Providing Parliament agreed to it,

Q. Now, Mr. Sparks, before we go into the details of your examination this morning, I would like to go back a little bit further and ask you who it was that had the idea of forming the Dominion Smuggling Preventive Association, or the Commercial Protective Association, as it was later named?—A. Who originated the idea?

Q. Yes, who originated the idea?—A. The idea was first proposed at a meeting on August 7, 1924. I think the original proposition came from Mr. E. M. Trowern, the Secretary of the Retail Merchants Association. I have a distinct recollection of Mr. Trowern calling attention to the Automobile Recovery Bureau, conducted by the Underwriters Insurance on Store and Automobiles in the United States, and I think Mr. Trowern first suggested a business organization to co-operate with the Government.

Q. On what date?—A. I think that would be August 7, 1924.

Q. Was that the day of your interview with the Government?—A. The day after the interview. It may have been the 6th.

Q. Who was there to interview the Government at that time?—A. I have read them into the record. I should say there were twenty-five.

Q. Mr. Trowern expressed that idea on the 7th of August, 1924?—A. He suggested that at a meeting.

Q. A meeting of which organization?—A. A meeting of the people who are referred to as composing the deputation.

[Mr. R. P. Sparks.]

Q. What organization was that?—A. It was called by me as President of the Canadian Association of Garment Manufacturers.

Q. The original meeting was called by you?—A. The original deputation was called by me.

Q. So that you are the founder, if I may use the word, of the Commercial Protective Association?—A. No, I would not say so.

Q. Still, you called a meeting of it, the meeting which was called?—A. That is right.

Q. The idea was yours—A. No, Mr. Boivin, the idea was not mine.

Q. Why did you call the meeting?—A. The idea of a deputation waiting on the Government to protest against smuggling was mooted, but at that time there was no thought in my head of an organized body.

Q. What are the conditions of membership in the Commercial Protective Association?—A. There are no conditions of membership. Anybody who will contribute towards the funds is a member.

Q. Anyone who will contribute towards the funds; what is the amount of the contribution exactly from the members?—A. There is no amount fixed. We send out a general appeal. Some people gave \$1,000, others gave \$10. We have no control over that.

Q. Can you tell me roughly, without mentioning the names, how many people gave you \$1,000?—A. Four I think; six ultimately.

Q. Who sent out the appeal?—A. The Toronto Board of Trade and the Montreal Board of Trade took in hand the collection of funds. I had comparatively little to do with it.

Q. How much money has been collected, from the inception of the movement to date?—A. Approximately \$20,000.

Q. Will you be good enough, Mr. Sparks, to file a list of the members of the Association, and the amount of their respective contributions to it?—A. I think that is already on file, Mr. Boivin.

Q. If it is not, you will file it?—A. Certainly I will.

Q. Now, Mr. Sparks, I am not going to go over the conversations and the interviews and the correspondence you had with the different Ministers; in fact I think that has been very thoroughly done by members of the committee. I just want to ask you one question, and it is this: what was the last date upon which the members of your Association considered that the members of the Government, without exception, were co-operating with you as well as they could for the prevention of smuggling in Canada?—A. I do not think at any time all of the members of the Government were co-operating with us; we were co-operating with them, but they were not co-operating with us.

Q. You say they were not co-operating with you?—A. Yes.

Q. Did you not state in your cross-examination the other day, Mr. Sparks, that you were of the opinion that until teeth had been placed in the law there was very little that could be done to prevent smuggling goods into Canada for commercial purposes?—A. Yes, I did say that, but I would point this out; I am not taking back that statement, but I would like to point out that at that particular juncture I was trying to get teeth put into the law, and while I am not belittling it, while it was an absolutely true statement, perhaps I may have been a little too optimistic as to what teeth in the law would do.

Q. You are not so sure now that you were absolutely right, that those teeth would have been the cure of all the evils?—A. I was never sure of that. I contended at all times, in every letter and at every interview that teeth in the law were no good without a preventive service, and that a preventive service was no good without a good law.

Q. So that both should have been organized or created at the same time?—A. Exactly.

Q. The teeth were placed in the law on June 28th, 1925, if I remember rightly?—A. Yes, parliament passed the Act.

Q. When did you first request the government or the Minister to give power to some of your investigators—that is to say, to give them the power generally conferred upon the Preventive Service officers, but without salary?—A. It was discussed at the meeting of August 6th, with the Cabinet.

Q. When did your men get these powers?—A. In October some time.

Q. In October, 1924?—A. October, 1924.

Q. You refer there to Inspector Duncan and three other men?—A. That is right.

Q. Mr. Knox, Mr. Alexander, and who was the third?—A. Mr. Sloan.

Q. They remained in your employ until what date?—A. The end of July, I think.

Q. Have you any recollection, Mr. Sparks, of the date upon which Mr. Knox and Mr. Alexander were placed upon the preventive staff of the Department of Customs at a salary paid by the Department of Customs?—A. Well, it would be immediately after their leaving us. They went from us into the Preventive Service.

Q. In other words, the only change in their position was that instead of being paid by your Association, they were, after that certain date, paid by the government?—A. Yes, and in connection with my letter, our position was that the government might quite properly date back their payment to March 31st, when funds were available.

Q. I quite understand that. They continued the same class of work that they were doing, paid by the government?—A. I understand so, yes.

Q. Is it not a fact, Mr. Sparks, that their position was hardly changed, and that they continued, as before, to perform their duties under your guidance and advice, to a certain extent?—A. Well, guidance and advice would hardly be correct, no.

Q. Use your own expression, then.—A. When they were absorbed into the Department, I went to Mr. Wilson and asked him what my relationship was to them. He said I was free to discuss matters just as I had before, so I had no guidance or advice, but when I was in Montreal I might meet them and discuss matters.

Q. That is what I mean, that from the time they were taken over by the government; in other words, when the government took these men over, there was no intention of removing them from your jurisdiction, or preventing communication with you in any way.—A. They were removed from our jurisdiction, but there was no interference with my speaking to them, that is all.

Q. No interference with your speaking to them?—A. That is all.

Q. And you have remained in communication with them more or less since?—A. Yes, I have seen them at times.

Q. You say that up to the time that Bill 145 was passed, after you had interviewed Mr. Meighen, Mr. Forke and other members, you were fairly well satisfied with the efforts of the government. I think you said that again this morning.—A. I was hopeful.

Q. Hopeful?—A. Yes sir.

Q. You say that hope disappeared when?—A. It was pretty well dissipated by September.

Q. In other words, it gradually diminished from July to September?—A. It evaporated when I had an interview with Mr. Cardin and learned the method of appointing the preventive officers. Then it was through.

Q. What date was that?—A. September, some time.

Q. Are you aware of the fact that very few of the preventive officers that you refer to had been appointed in September?—A. I was then aware of the

fact that Mr. Cardin was not going to do what I had suggested. My suggestion may not have been proper, but I knew then that our plan—that is, the plan of having Mr. Wilson, Mr. Farrow and Mr. Duncan work out a plan—had been abandoned.

Q. Permanently, or temporarily?—A. I know Mr. Cardin told me that they were appointing officers, and a statement was published in the press that they had appointed 200.

Q. Is it not a matter of fact that Mr. Cardin told you that he was only Acting Minister of the Department, and that he did not want to make any drastic changes in the organization until a permanent Minister was appointed?

—A. That is quite—hardly the conversation, but I would point out that a statement had been issued by the Department officially, that 200 men had been appointed. Taking that, with Mr. Cardin's statement to me that the appointments must be very secret and that nobody must know who they were; taking the whole situation officially, from official statements of the Minister, I concluded—and properly concluded—that my plan had been abandoned.

Q. Now, Mr. Sparks, you want to be fair, don't you?—A. Absolutely.

Q. Will you tell me when any official statement was ever issued by the Department of Customs that 200 men had been appointed to the Preventive Service under that vote?—A. I will produce the paper that it appeared in.

Q. You will produce the paper with that statement in it, a statement made to the press by the Deputy Minister?—A. Yes, so the newspaper who published it said.

Q. That 200 men had been appointed?—A. Yes.

Q. You will produce that to-morrow?—A. Yes sir, and the Deputy Minister will verify it here.

Q. Let the Deputy Minister speak for himself. All I want you to say—at least, I am not going to dictate the answer, but all I want to ask you is, upon what date was that declaration made?—A. I do not recollect the date, but I recollect the item very well.

Q. You don't recollect the date?—A. No.

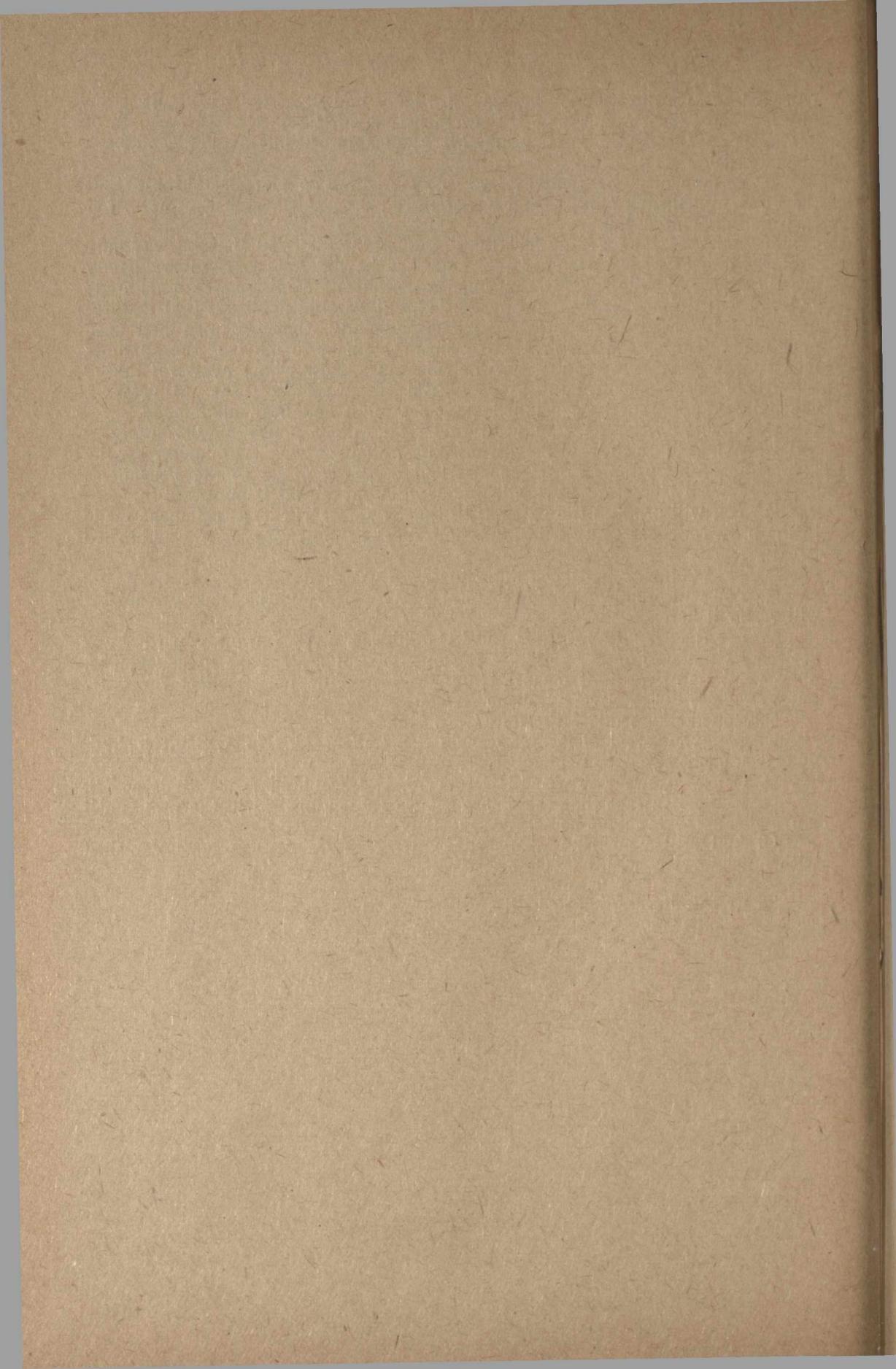
Q. Can you swear that that was in September?—A. No, without looking up I would not swear to September.

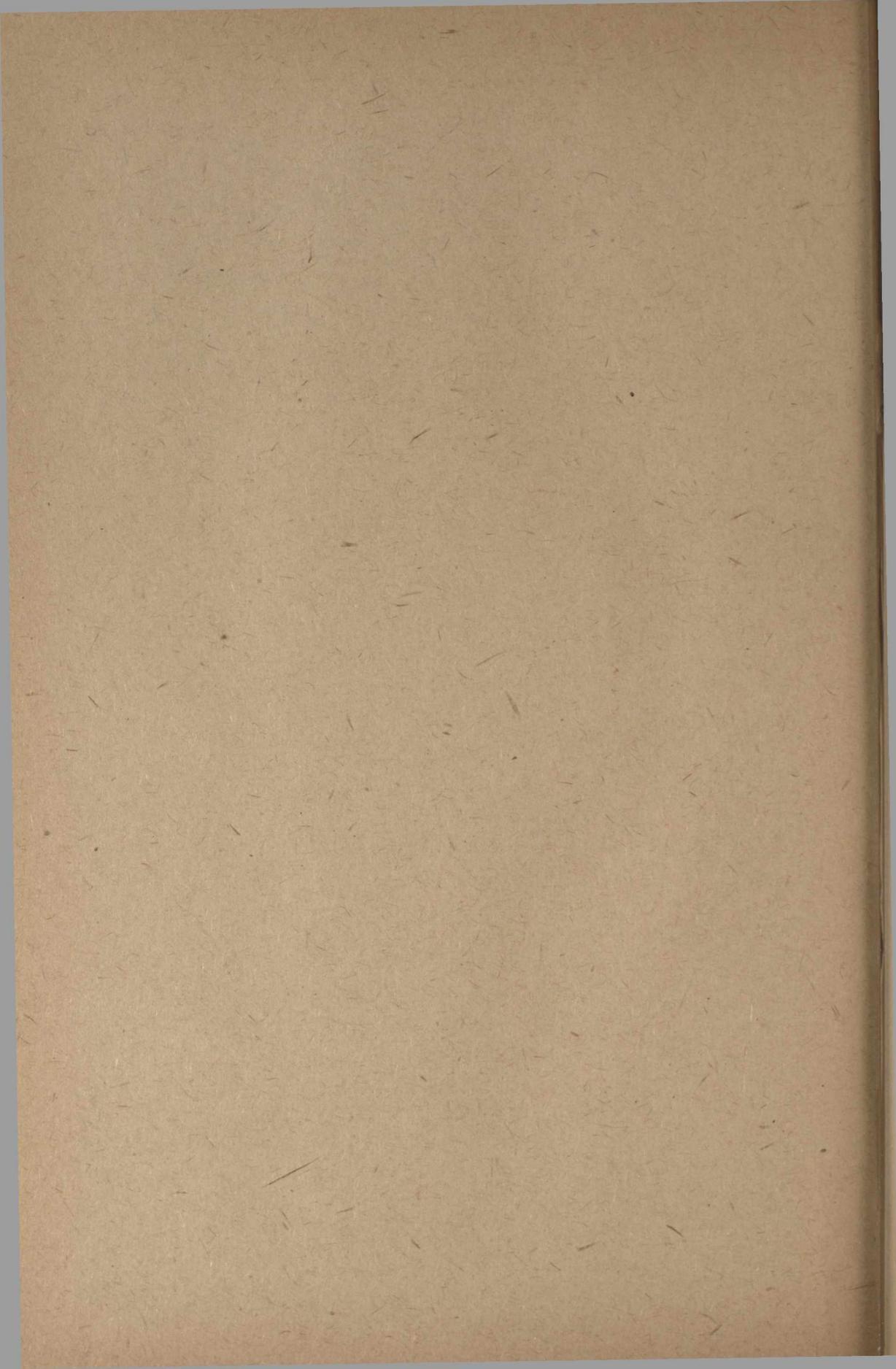
Q. Can you swear it was in October?—A. I wouldn't swear to it at all.

Q. Is it not a fact that the statement was not published in the press until November?—A. It might be so.

Q. And still your hope vanished in September?—A. The hope vanished with my interview with Mr. Cardin.

The Committee adjourned till 10.30 to-morrow.





SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 11—WEDNESDAY, FEBRUARY 24, 1926

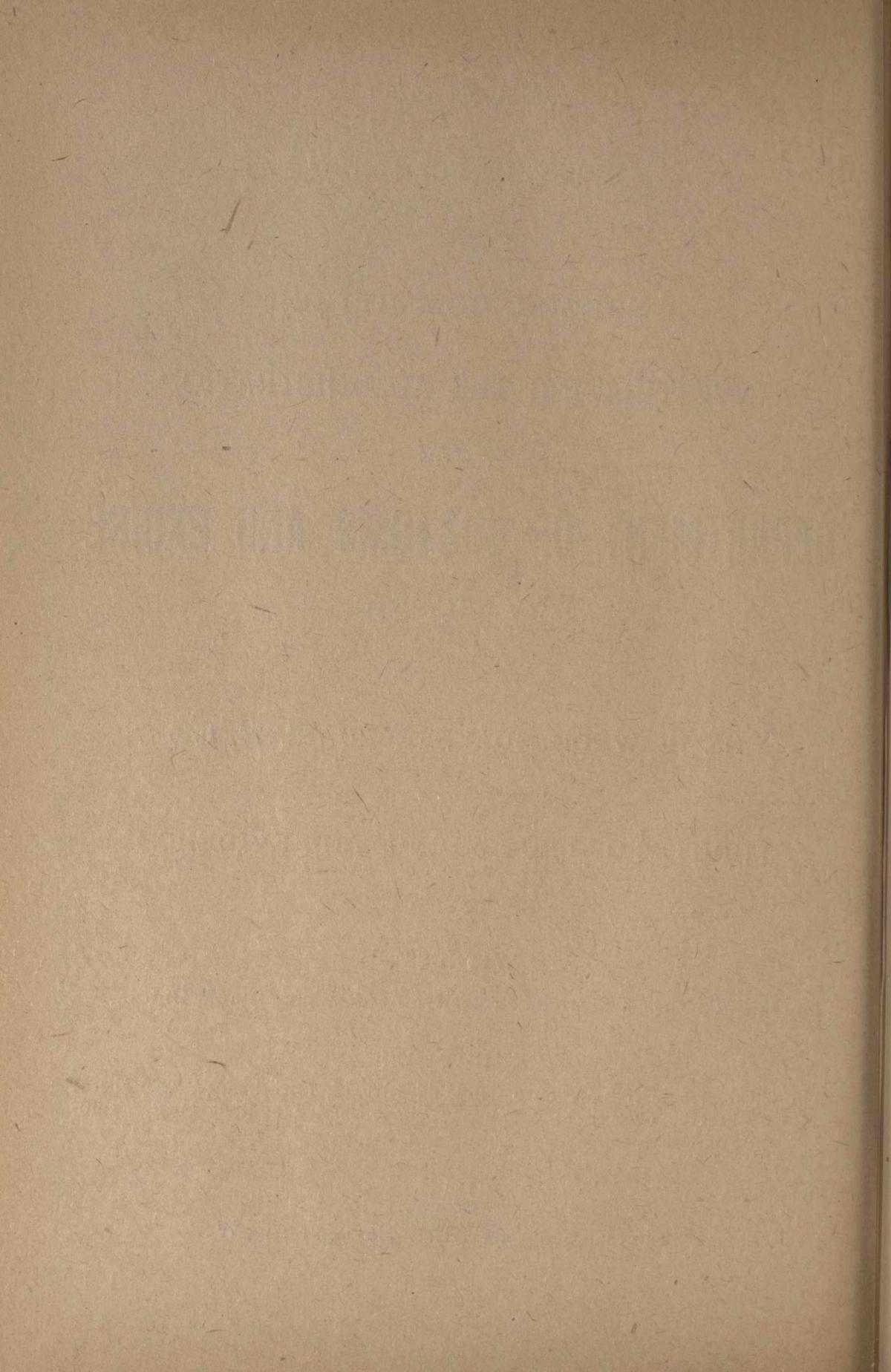
MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

EXHIBIT FILED

No. 62—Extract from Toronto Globe of July 13, 1925, headed "200 secret service officers to commence big offensive against border rum-runners."



MINUTES OF PROCEEDINGS

WEDNESDAY, 24th February, 1926.

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

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

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

Moved by Mr. Doucet,—For copy of the report of the court proceedings in the case of the King vs. Albert Fillmore, Port Elgin, N.B., for infraction of customs laws in 1925.

Motion agreed to.

Moved by Mr. Doucet,—For the production of the files containing all documents, reports, correspondence and telegrams in connection with the theft of liquor at St. Leonard, N.B., in 1924 and 1925.

Motion agreed to.

Moved by Mr. Doucet,—For the files containing documents, correspondence, telegrams and reports in connection with the seizure of the schooner *Annie B. M.*, in 1924 or 1925 and disposal of liquor seized, as per customs seizure No. 5238.

Motion agreed to.

Moved by Mr. Doucet,—For the production of the files containing the correspondence exchanged between the Right Honourable W. L. Mackenzie King and the Social Service Council of Nova Scotia *re* the violation of Customs and Excise laws.

Motion agreed to.

The Chairman read a letter from Mr. A. F. Holmes, a witness before the Committee on the 19th instant, asking that his evidence be corrected, to the effect that he was in the Customs Service for twelve years, seven of which were at Rock Island (page 200).

The Chairman read a letter from the Clerk of the Peace, Quebec, dated 20th February, 1926, respecting the record in the case of Bisailon, Brien, Hearn and Symons, stating that the main part of said record could be had from the Clerk of the Session in Montreal. Montreal record to be procured.

Mr. Laverty, K.C., asked that Mr. Jenkins, summoned to appear on the 22nd instant and still awaiting examination, be released. Mr. Jenkins to remain in attendance.

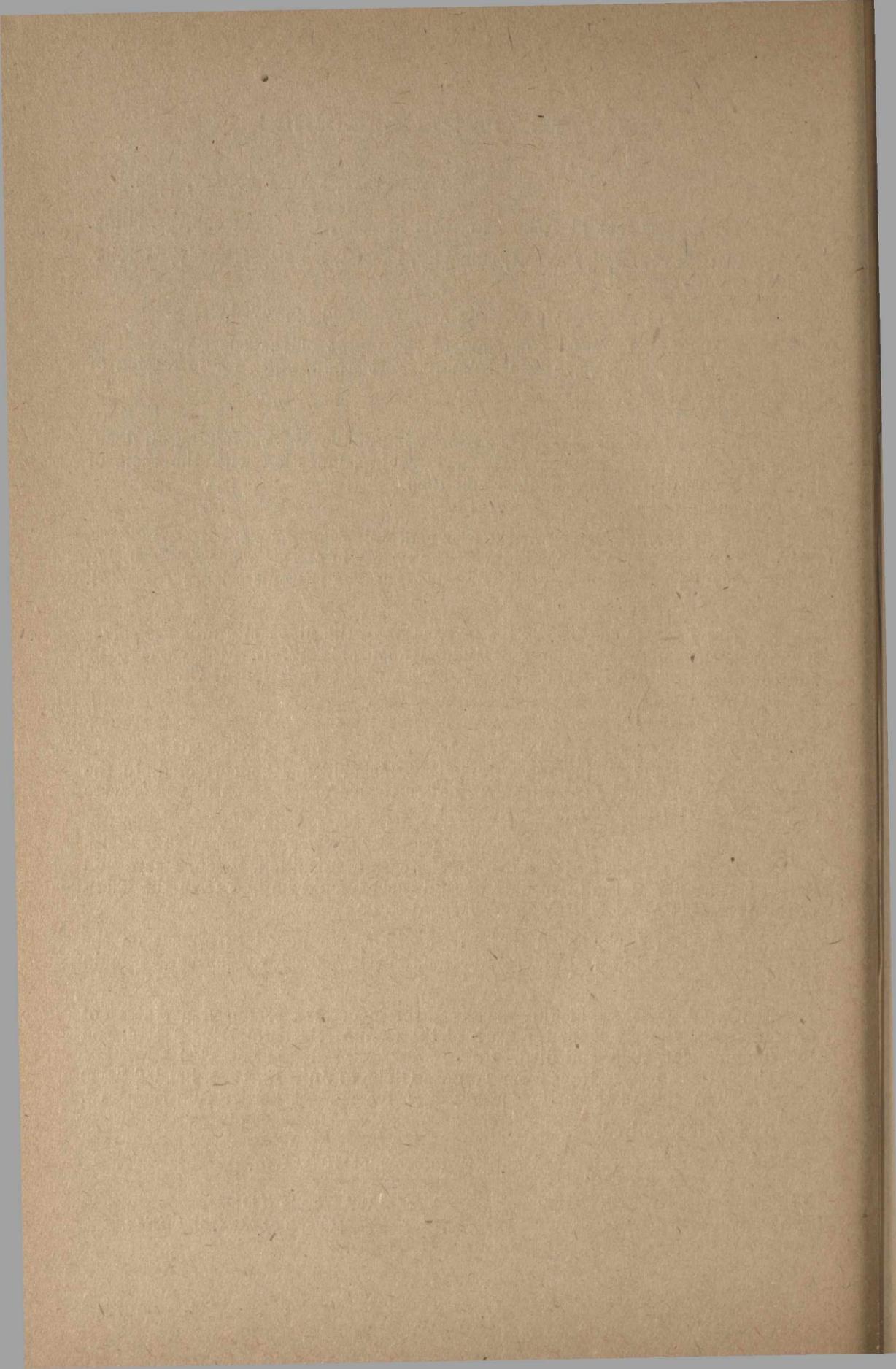
Mr. R. P. Sparks was further cross-examined. He produced a statement of subscriptions received for the work of the Commercial Protective Association to September 1st, 1925, and filed,—

Exhibit No. 62—Extract from Toronto Globe of July 13, 1925, headed "200 secret service officers to commence big offensive against border rum-runners".

The witness retired.

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

WALTER TODD,
Clerk of the Committee.



MINUTES OF EVIDENCE

WEDNESDAY, February 24, 1926.

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

R. P. SPARKS, cross-examination continued.

By the Chairman:

Q. Mr. Sparks, you understand you are under the same oath?—A. Yes, sir.

By Hon. Mr. Boivin:

Q. Mr. Sparks, the thread of our cross-examination was interrupted yesterday by the adjournment. I think at the moment of adjournment, or just about that time, I had made inquiries concerning Mr. Duncan, Mr. Knox, Mr. Alexander and Mr. Sloan, the four gentlemen who were first employed by the Commercial Protective Association to assist in making an investigation into the general conditions concerning the possibility of smuggling in Canada?—A. Yes, sir.

Q. Would you be kind enough to tell the committee where you secured the services of these four gentlemen?—A. We secured the services of Mr. Duncan through the kindness of the Hon. Mr. Robb, Minister of Finance; we secured the services of Mr. Knox through the kindness of the Canadian Pacific Railway, with whom Mr. Knox was engaged on investigation work; we secured the services of Mr. Sloan and Mr. Alexander through applications from them for employment with us.

Q. Which one of the four did you first engage?—A. Mr. Duncan.

Q. Did Mr. Duncan have anything to do with the recommendation of the others?—A. Oh, certainly, yes.

Q. And they remained directly in your employ until the 1st of July, 1925?—A. Yes.

Q. After which they became the paid employees, that is to say, referring to Mr. Knox and Mr. Alexander—they became the paid employees of the Department of Customs?—A. I think so.

Q. And Mr. Duncan remained in the employ of the Department of Finance?—A. Yes, so I understand.

Q. What became of Mr. Sloan?—A. We did not suggest his employment by the Department.

Q. Were any other of your officers given the power of preventive officers without salary, by the Department of Customs?—A. No, sir.

Q. With whom did you have any communication concerning what you considered to be the proper way of expending the \$350,000 vote which you were, to a certain extent, instrumental in obtaining from the last House of Commons, the last Parliament?—A. I think the most important discussions were with Hon. Mr. Cardin, the acting Minister. I also discussed it with Mr. Farrow and Mr. Wilson.

Q. Can you recall at what date you had that discussion with Mr. Cardin?—A. There were several discussions. One took place in the Chateau Laurier; I could not locate the date, but it was very shortly after the passing of the vote. The other took place later, I should say in September.

[Mr. R. P. Sparks.]

Q. You say, very shortly after the passing of the vote. What was the reason you did not discuss this matter with Mr. Bureau?—A. Mr. Bureau was not here.

Q. I think in your examination in chief, or in your cross-examination by Mr. Elliott, you have already stated about what date Mr. Bureau finally left Ottawa; can you, for my information, give me the date of your last communication with Mr. Bureau?—A. My recollection is that it would be about February or March, but I am not clear about it.

Q. I think there is a letter on file saying that he left Ottawa on or about February 17th?—A. That would be about correct.

Mr. HENDERSON, K.C.: There was some correspondence indicating those dates.

Hon. Mr. BOIVIN: I am speaking subject to correction, but I think there was a lapse between Mr. Bureau's leaving Ottawa and Mr. Cardin's appointment as Acting Minister.

By Hon. Mr. Boivin:

Q. I think Mr. Cardin was appointed on February 17th, and Mr. Bureau left a couple of weeks before. Would that be about it, Mr. Sparks?—A. Yes.

Q. So that after about the 1st of February, 1925, your communications were with Mr. Cardin, insofar as the department was concerned, and not with Mr. Bureau?—A. Yes.

Q. In addition to the interviews you had with Mr. Cardin, the Acting Minister, I suppose you had several interviews with Mr. Farrow and other officials?—A. Yes.

Q. Can you recollect the date of your letter to the Prime Minister, in which you relate a conversation you had with him, in which he made some kind of an offer concerning the appointment of a Royal Commission, or was it a Royal Commission?

Mr. BELL: There was a suggestion as to a Royal Commission, undoubtedly, because he replied to it.

Mr. HENDERSON, K.C.: It was March 20th.

By Hon. Mr. Boivin:

Q. In that letter you referred to a conversation in which the Prime Minister promised you a Royal Commission to investigate any charge you might make; is that the substance of it?—A. That is the substance of it, as set out in the letter.

Q. At any rate, that is the substance of it?—A. Yes.

Q. Was that before or after you forwarded to the Minister the extracts from the Bisailon evidence in Quebec?—A. That was long before.

Q. Did you consider the filing of that evidence, or that extract from the evidence against Bisailon with the Prime Minister a compliance with his request, that is to say, did you consider that in filing that evidence you were making a charge against Bisailon which was well worthy of the appointment of a Royal Commission?—A. Certainly not.

Q. You say certainly not?—A. No, sir.

Q. Will you tell the committee at what stage you laid a definite charge with the Prime Minister?—A. I at no time took the position of laying a charge against Mr. Bisailon. Throughout my correspondence it will appear that I suggested to the Government the propriety of their investigating it.

Q. So that we are agreed then that at no time did you attempt to comply with the condition which I will say was imposed upon you, if you like, by the Prime Minister, concerning a Royal Commission?

Mr. HENDERSON, K.C.: The letter of March 20th shows that there was no compliance.

WITNESS: My own personal view when the suggestion was made was that it was an improper request to make of us as private individuals. I said then that I did not want him to take my own personal view, that I was going to take the matter up with the committee. I called the committee together in Toronto and in Montreal, laid the facts before them, and they agreed with my view, that no obligation, moral or otherwise was upon us to lay a charge against public officers who were suspected of being false to their oath of office.

By Hon. Mr. Boivin:

Q. So that as a matter of fact you did not attempt to lay any charge?—

A. No, I drew the attention of the Government to public documents which showed that Mr. Bisailon was unfit for his job.

Q. And those public documents were evidence in a case of the King v. Simons?—A. No. The first case was that of Rex v. Lortie; the next was the case of Rex v. Simons, which referred to two phases of the situation; the next was the records of the Royal Canadian Mounted Police; the next was the record in the department of the ownership by Bisailon of property on the border, which, although not conclusive, certainly in my judgment should have led the department to make an investigation.

Q. When you made that charge concerning the ownership of property on the international border, did you file any document in support of your contention that he owned property there?—A. No, because I knew the document was already in the department, or the knowledge in fact was in the department.

Q. To whom had the knowledge been given?—A. I knew that Mr. Farrow and Mr. Wilson were aware of the fact that Mr. Bisailon owned property on both sides of the line.

Q. What makes you say that you knew that Mr. Farrow and Mr. Wilson were aware of the fact that Mr. Bisailon owned property on both sides of the line?—A. Because they told me.

Q. You are sure that they said both sides of the line?—A. I am positive.

Q. At what time did Mr. Bisailon ever own property on both sides of the line?—A. I have no personal knowledge of the facts at all. I drew the attention of the Government to the reports of my officers that such was the case.

Q. So that that is one thing of which you have no personal knowledge?—A. No. You have mentioned charges. I made no charge at all. I kept them informed, according to their own request, to the best of my ability.

Q. You informed the Government of what you had heard concerning this business?—A. I thought that it was my duty to do so.

Q. But without having any personal knowledge?—A. Yes.

Q. If I understood you correctly yesterday, you repeated in answer to Mr. Stevens a complimentary reference which you had made to Mr. Farrow, Mr. Wilson and Mr. Blair, three officers of my department?—A. Yes.

Q. You have not changed your opinion concerning these officers?—A. No, I have not changed my opinion.

Q. Remember, Mr. Sparks, that my idea in this cross-examination is, not to spare any one, not even myself; I want to get at the bottom of the facts, as far as you are able to lead us that way, and we will continue on?—A. That is what I am here for, Mr. Boivin.

Q. You say that you consider they are competent and honest officials, but that they have been hampered in their work—I think that is the way you put it?—A. That is my opinion.

Q. Not hampered by the men under them, of course?—A. Hampered by an obsolete system of doing business.

Q. Are they not more or less responsible for the system?—A. I will not attempt to place the responsibility upon anybody. In my judgment the system was wrong, too much ministerial interference, too much interference by members of Parliament. I do not attempt to establish the responsibility; the committee can do that.

Q. I am anxious to place the responsibility somewhere, but so far there does not seem to be very much to establish. You made the statement yesterday that you considered that there was too much ministerial interference?—A. Yes, sir.

Q. Do you refer to ministerial interference concerning organization, ministerial interference concerning appointments, or ministerial interference concerning the disposal of cases?—A. I mean ministerial interference with the prosecution of smugglers individually and collectively.

Q. As I understand it, you desire to convey to the committee the idea that in certain cases where certain penalties for prosecutions have been recommended by these officers, especially Mr. Blair and Mr. Farrow, they have been interfered with by the Minister and the prosecution stopped, or the penalty has been reduced; is that what you mean?—A. That is the fact. I have the fact of that having taken place.

Q. Will you give the names of a few cases, please?—A. I gave one name yesterday.

Q. What case?—A. I gave the case in reference to prosecution of certain seizures made at Rock Island. That is, so far as Mr. Bureau is concerned, a splendid typical case. I also inferred interference—I state interference by Mr. Cardin in the prosecution of the Gaunt case.

Q. Let us take the last one first. You charge interference by Mr. Cardin, Acting Minister of Customs, in connection with the prosecution of the Gaunt case?—A. Yes, sir. I do not like the word "charge". The Minister was within his rights.

Q. I do not want to use the word "charge" in the sense that you are charging him with a crime. You assert that he interfered; let us put it that way.—A. I know he interfered; he interfered with me. That is, he made suggestions to me personally, which, to my mind, constituted interference which should not have taken place.

Q. In other words, you think that the Minister, the Acting Minister of Customs, should not have interfered with you in the administration of the Department. Is that it?—A. No. I say that a conversation with him indicated that he had interfered.

Q. Indicated that he had interfered?—A. Yes.

Q. Who were the officers in charge of that case?—A. The departmental officers were in charge of the case.

Q. I know, but who were the preventive officers who made the case?—A. Mr. Duncan and Mr. Knox, acting under instructions from Mr. Wilson.

Q. Do you know at what stage or by whom Mr. Duncan or Mr. Knox were told that they should not prosecute in the Gaunt case?—A. I do not know the facts; I think we could learn them better from them. I know the facts leading up to it.

Q. Just a minute. You have been laying some terrible charges, yesterday and to-day, against the government.—A. No.

Q. Against the Department of Customs?—A. No.

Q. Against the administration of the Department?—A. No, against the system.

Q. So therefore you have no complaint to make against anybody in the Department?—A. I don't think that inference could be taken from my answer.

Q. You say your complaints are now concerning the system?—A. And I am illustrating the complaints by actual cases.

Q. And I am asking you to give an actual fact in connection with one of your actual cases, and you say you don't know any.—A. Yes, I will give you the facts as I recall them. This charge against Gaunt was initiated by the Commercial Protective Association.

Q. Through Mr. Knox and Mr. Duncan?—A. Through Mr. Knox and Mr. Duncan. The evidence was collected; a seizure was made of about \$20,000 worth of Gaunt's goods. Gaunt's books were brought to Ottawa for inspection, and a witness, a man who knew all about the situation, was employed at our suggestion to go through these 4,000 invoices. My information from him, the man who made the investigation, was that the government were properly entitled to the collection of approximately \$60,000 of duties which had been wrongfully evaded. Whether that is correct or not—I did not see the documents—I believe it is the fact. Mr. Cardin spoke to me about the matter. The partner of Gaunt—Gaunt, in the meantime, had gone to Europe—his partner, who I understand is an estimable gentleman, spent a good deal of time in Ottawa, and in view of the fact that Gaunt was gone, who Mr. Cardin and Mr. Farrow said was the real culprit, they felt disposed not to press for the collection of these moneys, and although they had \$20,000 worth of goods in their possession, they released them, and Mr. Cardin and Mr. Farrow both said to me, they intimated that would the Commercial Protective Association not be satisfied not to prosecute Mr. Gaunt's partner. Mr. Farrow said to me that if Mr. Gaunt himself ever set foot in Canada again, they would arrest him and put him in jail. Mr. Gaunt came back, went into the Department, and gave evidence in this chair a few days ago. I don't know whether Mr. Gaunt was guilty; I believe he was guilty of fraud, that he defrauded the government, and the government had goods in their possession and they released them, and I was not satisfied with the disposition of that case, and I think Mr. Cardin could explain why no prosecution was taken.

Q. Now as a matter of fact, Mr. Sparks, is it not true that your two men, Mr. Duncan and Mr. Knox, were authorized to prosecute Mr. Gaunt in this case?—A. They say they were not.

Q. Is it not a fact that they obtained a summons or a warrant against Gaunt, which they never executed?—A. They say not. That was entirely between the Department and themselves. I have no knowledge of the facts.

Q. Have you any knowledge that they were instructed to prosecute?—A. It would be a great surprise to me, if it were true.

Q. Have you any knowledge that they were ever asked not to prosecute?—A. I have knowledge of the fact that I was asked not to press for a prosecution.

Q. Against an innocent party, against Mr. Gaunt's partner.—A. I regarded the firm as having defrauded the revenue of Canada out of certain moneys. I was not distinguishing between partners.

Q. Have you not just stated that Mr. Farrow made the statement to you that if Mr. Gaunt ever returned to Canada he would be prosecuted?—A. He did say that to me, yes.

Q. Do you know whether or not this case has ever been disposed of definitely in the files of the Department of Customs?—A. I know that the action Mr. Farrow said would be taken was not taken.

Q. Do you know whether the investigation concerning these 4,000 invoices and the value of the goods imported from abroad—I think from Holland, I am not sure—do you know whether that has been entirely completed?—A. The man who was engaged to do it says it was completed and a complete report put in.

Q. Did he tell you when that report was put in?—A. Yes, he told me at the time. I couldn't tell you the date, because he was here in Ottawa, and he

said his job was finished; he had made a complete report, and he went back to his home in Montreal.

Q. Are you convinced that Mr. Cardin is the man who said "Don't prosecute Gaunt"?—A. I could not have knowledge of that.

Q. Then why do you accuse him?—A. I do not accuse him. I state a fact, that within my knowledge certain information was given to the Department.

Q. Quite true, but, Mr. Sparks, you also stated another fact. I am not disputing the facts; I think on the facts we entirely agree.—A. I might state another fact of which I have knowledge. I don't know whether I should say I have knowledge; I have information that the case was settled for \$3,400. That may be true, or may not, but that is my information.

Q. Now, Mr. Sparks, I do not like your idea of throwing out, for the consumption of the press and for the benefit of the public—I do not think it has much effect on the members of the committee—these statements that you cite as facts, but which, under cross-examination, you know nothing about.—A. The Chairman can stop me at any time. I am trying to give the information wanted. I am doing the best I can to be fair to everybody.

Q. I think we can get along very well together. I think you and I are perhaps on the same track.—A. I hope so.

Q. Attempting to fix responsibility for irregularities.—A. That is what I am here for.

Q. You say you have no idea whatever of any statement or any instructions, rather, given by the Acting Minister of Customs concerning the Gaunt case, but you know as a matter of fact that no prosecution was entered, and that the case is not settled insofar as you know except for the payment of \$3,400, of which you have heard. Is that correct? I want to be fair to you, Mr. Sparks, and if it is not correct, say so.—A. I thought the case was settled.

Q. If I might interject, let me tell you as a matter of fact that the case is not settled and that no ministerial decision has been signed in the Gaunt case.—A. It has been a long time waiting for a decision.

Hon. Mr. STEVENS: The Minister makes a statement, but the file shows that the case was settled in November and that it was re-opened in January, since the opening of the session.

Hon. Mr. BOIVIN: Settled, insofar as the payment of \$3,400 duty on goods which were seized is concerned. Isn't that correct, Mr. Stevens? I want to be fair to everybody.

Hon. Mr. STEVENS: The law officer of the Department states that he has no further instructions to give at the present time, and Mr. Wilson also:

"I am now directed to inform you that the Department has no further instructions to give at the present time with regard to prosecution of Gaunt upon any other charges."

Then comes the list of legal fees paid to the solicitors closing out that action. Then on January 19, Mr. Farrow writes to Mr. Wilson—this is after the resolution was before the House, and the mention of the Gaunt case—Mr. Farrow states as follows:

"Re seizure 36602-5990. Referring to the above-numbered seizure and charges respecting importations of John W. Gaunt Company Limited, it is noted that the present calculations go back for a period of approximately three years. While the Department may not impose penalties in respect of undervaluation prior to that date, the duties shortpaid may still be collected, and it is important that you continue your investigations extending back as far as records are available, in order to ascertain the full amount of undervaluation, and you are instructed to have this done."

This is directed to Mr. Wilson, but I would suggest to the Minister that it is not fair to the witness to lead him through the line he has, when this file shows clearly that the case was settled in November.

Hon. Mr. BOIVIN: I have no right to question a member of the committee, but I think Mr. Stevens will understand that we are all searching for the truth here.

Hon. Mr. STEVENS: Certainly; that is why I brought this file out.

Hon. Mr. BOIVIN: Especially to establish responsibility, and I would like Mr. Stevens, if he would be kind enough, to read the decision settling the case.

Hon. Mr. STEVENS: I have been trying to find these decisions; they are very difficult to find. There are a lot of things missing that ought to be here. You get none of the references from the Minister to the Deputy; you have to find this out by going through long lists of files but I am pointing out here that the official file shows that case was closed by the officers in charge, Mr. Blair, the legal officer in direction to Mr. Wilson, the preventive officer. That was on November 5. That follows the settlement which this witness has been complaining about, and establishes, I think, beyond peradventure, that he was right. He has no knowledge that the file was re-opened on January 19 after my resolution was placed on the Order Paper.

Hon. Mr. BOVIN: So that, Mr. Stevens, we have no knowledge that the file was closed.

Hon. Mr. STEVENS: This is clear enough.

Hon. Mr. BOIVIN: And no more prosecution for the present.

Hon. Mr. STEVENS: And the solicitors paid off. If that does not close the deal, I don't know what more you want. Gaunt accepted it as settled.

Hon. Mr. BOIVIN: Possibly, but we want to find out who settled it.

Hon. Mr. STEVENS: Mr. Bain, on behalf of Gaunt came back and said he wanted a rebate of the \$3,400, but the case was settled as far as the department was concerned. I have just sent for some other papers which are very illuminating—

Hon. Mr. BOIVIN: Is that form K-9 there?

Hon. Mr. STEVENS: I don't think it is. I have been waiting for a later opportunity to take this case up in its entirety.

Hon. Mr. BOIVIN: Well, I think we have been drawn away from our cross-examination to some extent. What I wanted to get at was the responsibility for the delay.

Mr. HENDERSON, K.C.: That can be done within the department. The witness has told what he knows. Surely the Minister would not intend to suggest that he has been powerless for months.

Hon. Mr. BOIVIN: Just a moment, Mr. Henderson. I want to prove to the Committee that the witness has been stating a great many things which he does not know.

Mr. HENDERSON, K.C.: The witness has been stating a great many things, Mr. Chairman, which are the result of information which he has received and passed on to the department. Please understand that the witness is not now and never was in the position of making charges, excepting in individual cases which he has met.

Hon. Mr. BOIVIN: That is right.

Hon. Mr. BENNETT: I think the witness in an answer to Mr. Boivin said "I have no knowledge, but am giving you my information".

Hon. Mr. BOIVIN: If the witness tells me that he has no knowledge of ministerial interference, I am quite willing to accept that as an answer.

The WITNESS: I have knowledge of ministerial interference.

By Hon. Mr. Boivin:

Q. What is your knowledge?—A. The Acting Minister came to me and told me he did not want to prosecute to collect these moneys, because an innocent party would suffer, and he asked me how the Commercial people would regard that, and I said "I will take no responsibility for anybody; I am not an officer of Customs; let the law take its course". That was the conversation, and it looked like ministerial interference. He was within his rights. I am not complaining, but I say that a system by which any minister may interfere with the recovery of moneys stolen from the Treasury is a wrong system.

Q. I agree with you entirely, Mr. Sparks, but according to your statement and knowledge, the Minister had some hesitation about prosecuting an innocent party. That is what you have just said.—A. No, that was not the question. He made out that the prosecution of the Gaunt Company would be the prosecution of an innocent party. I did not agree with him.

By Mr. Bell:

Q. That was in the person of his partner?—A. That was his partner, yes. Mr. HENDERSON, K.C.: Who presumably shared the benefits.

By Hon. Mr. Boivin:

Q. That was Mr. Cardin?—A. That was Mr. Cardin.

Q. Who did not want to prosecute—what is the partner's name?—A. Mr. Porteous.

Q. Mr. Cardin did not want to prosecute Mr. Porteous while Mr. Gaunt was away?—A. No; I would not put it that way. My recollection was that Mr. Cardin did not want to prosecute the Gaunt Company because Mr. Porteous would be the chief sufferer. Mr. Porteous was not charged with anything.

Q. At that time, as I understand it, Mr. Sparks, the new amendment to the Customs Act was not yet in force, at least at the time the offence was committed?—A. I think that is right.

Q. So that the penalty would have been the collection of money?—A. Exactly.

Q. And the action would have been taken against the firm instead of the individual?—A. I think the penalty might have been a jail sentence, as well as the collection of money. I think there were two phases of the prosecution which should have been instituted, one to recover the amount out of which the Government had been defrauded, and the other to punish the man for using false invoices.

Q. As a matter of fact, Mr. Sparks, do you know whether or not a ministerial decision was rendered in the case, and the form K-9 ever signed?—A. I have no means of knowing that.

Q. Now, you referred to the Rock Island case—

Mr. HENDERSON, K.C.: It must have been. Would not that follow automatically, Mr. Boivin? The Minister must have functioned. The charge was there, and it was his duty to function.

Hon. Mr. BOIVIN: Oh, Mr. Henderson, no. You have no right to interject and say the Minister "must have functioned". I do not know very much about the Department of Customs as I have only been there for a short time—

Mr. HENDERSON, K.C.: He either did or did not.

Hon. Mr. BOIVIN: — but if you will turn up the records there which have been pending—I am not trying to excuse anybody—you will find records pending since 1922.

Hon. Mr. STEVENS: This is a closed record; this is not a pending record.

[Mr. R. P. Sparks.]

Hon. Mr. BOIVIN: That is what I am trying to ascertain. I am trying to find the K-9 to find out whether it was closed.

Hon. Mr. BOIVIN: I want to know if Mr. Sparks has personal knowledge; I am not pretending to say whether it is correct or not, but I want to know if it was from personal knowledge.

By Hon. Mr. Boivin:

Q. You have no personal knowledge as to whether this was settled or not?—
A. No.

Q. Now, referring to the cases at Rock Island and the seizures made there; certain penalties were imposed, were they not, in those cases?—A. Yes, sir.

Q. And the only complaint you have to make—I think Mr. Bureau was the Minister at that time, was he not?—A. Yes, sir.

Q. And the only complaint you have to make concerning Mr. Bureau is that these parties were not prosecuted in the courts. Is that it?—A. That is the complaint, yes.

Q. Yesterday you referred to “ministerial interference”; do you know whether or not in their reports Mr. Blair or Mr. Farrow recommended prosecution in those cases?—A. Mr. Farrow told me he recommended prosecution.

Q. Mr. Farrow told you that?—A. Yes, sir.

Q. You admit, of course, that Mr. Farrow’s report is in writing and will be found in the records of the case.—A. I am giving my evidence under oath—

Q. I understand that. I am not questioning your statement at all. You saw Mr. Bureau about that matter, did you not?—A. Yes, sir.

Q. And Mr. Bureau told you he considered these men should not be prosecuted before the court?—A. Yes, sir.

Q. And if I remember your evidence correctly, he gave you as one of his reasons the fact that they had undertaken not to do any more smuggling?—A. That is right.

Q. Do you consider that in all serious cases of smuggling the guilty parties should be taken before the court?—A. Certainly.

Q. You have a great deal of confidence in the judgment of Mr. Duncan and Mr. Knox?—A. Yes; I think they are both excellent officers.

Q. If I showed you a couple of cases, in one of which Mr. Duncan, and in the other Mr. Knox advised settlement without bringing the guilty parties before the courts, would you say they did right or wrong?—A. They did right, and I was a party to that suggestion.

Q. So that when Mr. Duncan or Mr. Knox do not bring parties before the court, they do right, but when Mr. Bureau does not bring parties before the courts, he does wrong?—A. I am glad the Minister brought this up. If I may explain that to the Committee, I am delighted to have the opportunity of doing it. We were endeavouring to demonstrate beyond argument that a cash penalty was not a deterrent, and we caught one man with five pieces of silk in his possession. We had a slim case. I do not think we could have ever have got a conviction, but he did not want to face a court, and he ultimately paid in to the Receiver-General of Canada a cheque for \$15,000 and attached an affidavit: “I do hereby declare that I have defrauded the Government of Canada of \$15,000, which is hereby returned,” and that cheque for \$15,000 in settlement was a complete vindication of my position from the start that a cash settlement would not stop smuggling. They will all pay. Cash settlements are of no use. And we demonstrated in that case that fact, and Mr. Farrow knows that I said “Here is a case; while we are in favour of prosecution, settle with this fellow, as far as we are concerned,” and he left the matter in the hands of Mr. Duncan, who got \$15,000 in payment for the five pieces of silk.

Q. Remember I am not criticizing the action of Mr. Duncan or Mr. Knox. I agree with you that they are both excellent officers, and I think Mr. Duncan did excellent work in this particular case, but I merely mentioned this as a sample of a case settled without prosecution before the courts?—A. Mr. Boivin, I have kept in the minds of this Committee that I was attacking the system, and I thought the best way to indict the system was to show that a cash settlement was no good, and took a good cash settlement just to show the fear of the court in the hearts of the smugglers.

Q. You do not pretend for a moment that this man owed the Government this amount of duty upon goods imported without the payment of duty?—A. In my opinion, that man had robbed the Government of at least \$100,000 duties in five years.

Q. And you settled for \$15,000—A. We had no evidence.

By Hon. Mr. Stevens:

Q. Settled this one case for \$15,000—this five pieces of silk?—A. Yes.

Q. The \$100,000 represented other goods?—A. Yes; we had no proof of even \$15,000, but it was the fear of appearing in court that prompted the man to give back \$15,000 rather than face a judge. I think we could have got \$25,000 if we had stood out for it.

By Hon. Mr. Boivin:

Q. You thought \$15,000 for the public Exchequer was better than nothing at all?—A. No; that had nothing to do with it; it was demonstrating that the crooks were not afraid of penalties.

Q. What I want to get at are the facts in these cases, as nearly as possible. What did that \$15,000 collected by you, represent?—A. It represented the amount which a professional smuggler would pay rather than face a judge.

Q. Now, Mr. Sparks, is it true that—I am sorry—I do not think the record has been filed yet, but this is a case where you have personal knowledge. Is it not true that Inspector Duncan obtained an affidavit from this man, certifying that he was paying the \$15,000 because it represented the amount that he had defrauded the Government of by the importation of goods without the payment of duty?—A. That is what the affidavit represented.

Q. That is what the affidavit represented?—A. Yes. Negotiations for the \$15,000 took place in my office and I was present. I objected to the acceptance of \$15,000. I wanted \$25,000 as a demonstration. Mr. Duncan settled for \$15,000. I thought he was easy.

Q. In spite of the fact that the man swore that \$15,000 was the amount he owed, you wanted \$25,000?—A. He would have sworn to anything to escape facing a court.

Q. So that there are people, Mr. Sparks, who, when it suits their convenience, will swear to anything?—A. Any professional smuggler will swear to anything, because he is a criminal.

Q. Is it not a fact, Mr. Sparks, that in a great many cases, the Department of Customs have a great deal of difficulty with informers, because they will swear to anything to get the reward?—A. Yes. I have some views on this question of informers. I do not think the Committee wants them now. I will be glad to give them later.

By Hon. Mr. Stevens:

Q. You had better give them to us, Mr. Sparks. It is interesting. You have been asked for information, you might as well give it?

Hon. Mr. BOIVIN: I have no objection, Mr. Stevens.

[Mr. R. P. Sparks.]

By Hon. Mr. Stevens:

Q. Let us have it.—A. There is an old age controversy as to the subject of information from the informers. Some people say it incites, and there are on record cases where it has incited officers of the law, perhaps, to what might be called “frame-ups” to get the moiety. My own view is that the granting of moieties is in the interest of the collection of revenue and that on the whole, while it has features that are perhaps not very praiseworthy, on the whole it meets the ends of justice and does at times bring offenders before the courts, which otherwise might not be the case.

Mr. HENDERSON, K.C.: Might I suggest, there is another point on this subject—

By Hon. Mr. Boivin:

Q. In the case of jail sentences, there is no moiety?—A. In the case of jail sentences, there is no moiety, that is why the Act is strong.

Q. And there is no incentive for people to inform?—A. That is quite right.

Q. In this particular case that you have just referred to, Mr. Sparks, I do not think the defendant's name was given. What is the name of that case, the \$15,000 case?—A. I do not know whether the Committee wants it to be on the record.

Q. It will be on the record in a day or two. I will take the responsibility for it.—A. Glassburg.

Q. Glassburg? There is one thing I do not think you should state publicly, and I am not going to ask you to give any name, but I am going to ask you whether there was an informant in the Glassburg case?—A. No. I think we appeared as informers ourselves. Our information came from New York, the original information. We were working with a silk association in New York. My recollection is that my information originally came from New York.

Q. Do you mean to say that you were the informer in that case?—A. I think we were probably on the K-9 form as informers.

Q. I see a note on the record which I will file to-morrow, with the permission of the Committee, that Inspector Duncan waived any portion of the award, or of the moiety to which he might be entitled, that the informer should receive. Did you receive it?—A. We received the moiety in the Glassburg case.

Q. Oh, you did?—A. Yes.

By Hon. Mr. Stevens:

Q. Is that the Commercial Protective Association?—A. That is the Commercial Protective Association, yes.

Mr. HENDERSON, K.C.: May I be permitted to intervene there. If I remember correctly, Mr. Sparks made a statement yesterday that his organization expended \$25,000. It must be understood, of course, that a substantial amount of that consisted of money received in that way. All the money so received was expended in the prosecution of cases.

By Hon. Mr. Boivin:

Q. Now, Mr. Sparks, the interjection by Mr. Henderson reminds me of the question I wanted to ask you. You said yesterday that you collected about \$20,000?—A. That is right.

Q. You said you would prepare a list showing the people who had subscribed the \$20,000?—A. My counsel has the list, I think, in his pocket.

Q. Will you be good enough, I will not ask you to file it—I want to be fair and I do not think it should be published—would you be good enough to produce it?—A. Certainly.

Q. For the benefit of the Committee?—A. Positively.

Q. What was the total amount subscribed?—A. I think the subscription amounts to about \$15,000.

Q. And the moieties?—A. The moieties, oh, about \$2,000. I should think.

Q. If I remember your examination correctly yesterday, you mentioned that these subscriptions had been solicited and obtained by you for your association—I do not want to be unfair—for your Association, by the Toronto Board of Trade, and the Montreal Board of Trade?—A. That is substantially correct.

Q. Without mentioning names, did you yourself at any time write to any of your subscribers soliciting subscriptions?—A. Oh yes, under the direction of the committee, no doubt I did.

Q. And certain subscriptions were sent to you and turned over to the Treasurer?—A. Exactly.

Mr. HENDERSON, K.C.: And the correspondence is all in. The Committee has all our correspondence.

Hon. Mr. BOIVIN: It was relying on that correspondence that I asked that question.

By Hon. Mr. Boivin:

Q. You were referring to the Rock Island cases. In referring to those cases you said that Mr. Bureau had refused to prosecute?—A. Yes, sir.

Q. I cited a couple of examples where your own officers had refused to prosecute, and you gave the reason why?—A. Yes.

Q. You admit that it was within the power of the Minister to refuse to prosecute?—A. Oh, undoubtedly.

Q. And you are unaware whether or not the written report of the officers requested prosecution?—A. No.

Q. And you are unaware of what the written reports contained?—A. Yes, I had not access to them.

Q. You admit that Mr. Bureau was within his rights when he decided that these men should not be prosecuted?—A. Within his legal rights, but not within the public rights.

Q. Within his legal rights?—A. Yes.

Q. Of course public rights are a matter of appreciation?—A. No, I think we had some rights that Mr. Bureau should have forced on upon our behalf.

Q. You will admit that that at least is a matter of appreciation?—A. That is a matter of opinion, yes.

Q. Apart from these particular cases in which you say you have not seen the officers' report, in what other cases did Mr. Bureau interfere?—A. Well now, Mr. Boivin, I do not know that that obligation rests upon me. I think before this committee get through they will find that. I have made a broad general statement, I have supported it with two illustrations, and I think I have established my case in the two cases. I know of my own knowledge that ministerial interference has been constant.

Q. So that your statement yesterday, Mr. Sparks—and I think we will agree upon it, was a general statement, and to-day you have given us what you consider to be two specific cases?—A. That is exactly right.

Q. But you admit that in both cases the Ministers were legally right, although possibly too lenient for the protection of the national revenue and the public welfare?—A. That is my view.

Q. You say that that is your view?—A. Yes.

Q. Which comes back to the statement you have already made, that the system is wrong?—A. I believe so.

Q. And your main complaint is against the system, not against the individuals; is that, broadly speaking, correct?—A. I think, after the representations had been made, and keeping in mind the importance of the people

who made the representations, that the individuals were at fault in not taking the course which the Act provided they might take.

Q. If I remember correctly, Mr. Sparks, you promised yesterday that you would produce to-day the official statement made by the Deputy Minister that 200 men had been engaged as members of the Special Preventive Service forces under the \$350,000 vote passed at last session?

HON. MR. BENNETT: Not an official statement, but a newspaper statement purporting to be an official statement. I watched him carefully.

By Hon. Mr. Boivin:

Q. Do you happen to have the statement, Mr. Sparks?—A. I have one statement in my hand.

Q. Will you be kind enough to read it?—A. This is a statement taken from the Toronto Globe of July 13th, 1925. It has a two column heading, and reads as follows:

EXHIBIT No. 62

“200 Secret Service Officers to Commence Big Offensive against Border Rum-runners. With Parliamentary Vote of \$350,000 Department of Customs Launches Campaign to Make Boundary Smuggler-Proof.

Check Officials and Travellers.

To Meet Problem Created by Automobile, Every Road of Possible Entry Will be Manned.

(By F. C. Mears)

(Staff Correspondent of the Globe)

OTTAWA, July 12,—A more determined war on smuggling of all kinds, including rum-running, has been inaugurated by the Department of Customs and Excise, the aim being to make the border between Canada and the United States as near smuggler-proof as possible. Half a million dollars will be expended by the department every year until that goal is reached, and already this year \$350,000 has been voted by Parliament for that work. As this year's campaign cannot be fully put into operation before August 1, one-third of this fiscal year will have passed, so that, roughly, two-thirds of the annual outlay has been asked for this year, or the \$350,000.

To begin with, the department is employing 200 secret service men, a new and formidable departure, and important results are expected from their activities. They will be employed to keep a check on all kinds of smuggling, and also a close check on Customs officers themselves to watch for undervaluation, and any other practice to which officers of the department at the various border points may resort. They will, of course, baffle identification not only by the thousands of people who daily cross the boundary line but also by the Customs officers, so that the latter, it is anticipated, will be alert in the performance of their duties.

Increase Regular Staff Also

In addition to those secret service men, there will be a considerable addition to the regular staff of officers covering the numerous points of entry from the United States into Canada. The rapidly growing use of the automobile has multiplied the problems of the department, and it is the intention of the latter not only to man every road of possible access, but to give a 24-hour service on every road along the border, especially in Quebec and Manitoba.

Travellers across the border, by whatever means will have no excuse to offer the Customs officers for not having the documents necessary to facilitate their crossing. Hereafter warning cards will be posted in all Customs Houses and in ferries and other international means of transit to inform people of the necessity of having their property duly examined and cleared before attempting to cross.

It is known that the amendment to the Customs Act this last session, making smuggling of goods of over \$200 an indictable offence punishable by imprisonment has had a perceptible effect already in the business of stores in Canadian towns and cities on the border, there being a very considerable reduction in the amount of goods bought on the other side and smuggled across."

Q. That is the statement you referred to yesterday as emanating from Mr. Farrow?—A. That is one reference in the newspapers. I expect to have others to-morrow.

Q. Mr. Farrow's name is not mentioned there?—A. No.

Q. Have you any personal knowledge as to where this information by Mr. Mears in *The Globe* was obtained?—A. It corresponds with the facts. Mr. Mears is here.

Q. Did Mr. Farrow represent to you at any time that the 200 men had been employed?—A. I referred to this item in a discussion with Mr. Farrow, and he said he gave it out to Mr. Mears.

Q. But did he tell you that 200 men were employed?—A. I have tried to recall that conversation, and I will not swear that he said that, but he did say that he authorized this statement.

Q. Did he not say it was the intention of the Department to employ 200 men for this purpose?—A. Yes. That might have been the way; I would not swear to it, but that might have been the way.

Q. Would that not be a fair inference to draw from that article, that that was the intention of the Department at that time?—A. I notice the use of the words "is employing."

Q. Do you think it possible, Mr. Sparks—you have stated that it would be difficult to get ten capable men, but that you thought that with ten men great good could be accomplished—do you think it would be possible that within less than a month after this legislation was passed, and after the vote was adopted, 200 men would have been found and employed in Canada?—A. I think they could find 200 of a certain type within an hour. You yourself told me you had 800 applications. This is no secret.

Q. I think perhaps I have 900, but I did not employ them.—A. When you ask could they be obtained? I say yes, they could be obtained.

Q. Did you really believe, when you read that article and when you had your conversation with Mr. Farrow, that 200 men had been employed?—A. No, I thought it was all a bluff.

Q. Still you made the statement yesterday that it was official?—A. Pardon me, I did not say it was official.

Q. It was when you saw this bluff, was it, that your confidence in the administration began to wane?—A. Well, it was a contributing factor, along with a number of others.

Q. It was a contributing factor?—A. Yes.

Q. You admitted I think yesterday that it evaporated—I think that was the word you used—between the 27th of June and the 5th of September, was it?—A. Well, it is pretty hard to analyse one's mind, but I would say that it was about then that I abandoned hope.

Q. On the 5th of September you had abandoned all hope?—A. Well, I had come to a realization, in my opinion—I might have been wrong, but in my

opinion on the 8th of September, when we held that meeting, I had come to the conclusion that Mr. Cardin was not serious in his attempts to stop smuggling.

By Hon. Mr. Stevens:

Q. That was the 8th of September, when you held a meeting of your association?—A. Yes.

Q. At that time you reported to your association?—A. Yes. We had a lot of opinions and discussion of the whole situation.

By Hon. Mr. Boivin:

Q. I want to be fair to you, Mr. Sparks, but does the 8th of September about coincide with some other important event in the history of Canada?

HON. MR. STEVENS: Richmond Hill.

HON. MR. BOIVIN: I thought I was examining Mr. Sparks. I would be glad to have him give the same answer.

HON. MR. STEVENS: It is obvious, from the trend of all these questions.

MR. DONAGHY: Mr. Chairman, it is not dignified to throw out political headlines in this way. This is a serious investigation that we are on now.

MR. BELL: Let us be dignified, by all means.

THE WITNESS: I think this comment calls upon me to make a statement.

MR. HENDERSON, K.C.: May I suggest, Mr. Boivin, that that question be not asked.

MR. DONAGHY: You should not interrupt, Mr. Henderson, when a witness is being cross-examined. That is the whole basis of a cross-examination.

MR. HENDERSON, K.C.: May I not make a suggestion to the Minister?

MR. DONAGHY: No, I don't think you may, when the witness is answering.

MR. HENDERSON, K.C.: Will you let me tell you what I happen to know?

MR. DONAGHY: No, I do not want to know what you know.

MR. HENDERSON, K.C.: We do not need any of these high explosives. I was going to suggest that there was a confidential situation at that time, which had better not be referred to. Mr. Donaghy may want to precipitate it.

MR. DONAGHY: I have not heard of it yet.

HON. MR. BOIVIN: I really do not ask for any confidences, Mr. Henderson.

MR. HENDERSON, K.C.: I suggest that the question be not pressed. The Minister may or may not take my suggestion; he may do as he pleases, and the witness will be free.

MR. DONAGHY: The witness knows.

MR. HENDERSON, K.C.: Yes, the witness knows.

MR. DONAGHY: At any rate, he seems quite bright.

MR. HENDERSON, K.C.: I agree with that.

MR. BELL: Yes, by comparison.

HON. MR. BOIVIN: I agree that he is a very active witness.

By Hon. Mr. Boivin:

Q. Does this coincide with that special event in the history of Canada that you remember?—A. No, sir. I can speak of no event that coincides with it.

Q. Was there a speech delivered at Richmond Hill, on the 5th of September?—A. There was a speech delivered, but I do not know the date. It might be well, Mr. Chairman, for me to interject a remark which I think will help. I want to say that I am now giving evidence under oath, that I have a full realization of what that means, and that from the 7th of August, 1924, to this

hour no political consideration has affected any word or act of mine in dealing with this smuggling problem. Now you can go ahead all you like.

Q. I am glad to have had that statement. I do not want to delve into politics, because I am only trying to get information which may be of service to me in cleaning up my Department, and I was trying to ascertain why it was, Mr. Sparks—I may be on the wrong track altogether—but I am trying to ascertain why it was that after the 5th day of September, 1925, co-operation on the part of the Commercial Protective Association with the Department of Customs absolutely ceased?—A. The records in my correspondence will show that the Commercial Protective Association was organized for one year, that that year ended in September, 1925, that a meeting was called to find out whether it would continue another year, and that they by a resolution decided to stop activities after November 15th, and on the 15th of November a body of business men representing the Associated Boards of Trade in Canada made representations to the Government acting upon a report by me in reference to smuggling.

Q. That was at the same time that that same Board made several other representations?—A. Exactly.

Q. So that between September 5, 1925 and November 15th, 1925, your Association made no representations to the government?—A. Not at any time.

By Mr. Bell:

Q. Pardon me; was not the date mentioned by the witness September 8 and not September 5?—A. Yes, September 8.

By Mr. Boivin:

Q. Did you make any representations after September 8?—A. By resolution my committee instructed me to do nothing until after the election, and the resolution was moved by a very strong supporter of the present government.

Q. I understand that. After the 15th, then, and up to the present time, the representations which you had to make were held in reserve, as you stated yesterday, to be made to this committee, because you knew it was going to be functioning?—A. Yes. My position and yours in that regard are identical.

Q. I would not agree to that. You read yesterday an extract from some evidence I gave on—what date was it?—A. I don't know; it was on page 85.

Q. Referring to Mr. Duncan—I think you will agree with me that everything on page 85 of my evidence refers to Inspector Duncan's investigation at Montreal. I think you will find his name repeated in practically every question.—A. It is the last question, the last paragraph.

Q. The last question? You will find just below the middle of the page that, being examined by Mr. Donaghy, was the following:

“Q. You say he began on the 1st of December; when did he finish?

—A. He began on the 1st of December and ended away along in January.

Q. He took two solid months examining these witnesses?—A. Yes.

Q. You got to the stage when you said Mr. Bisailon was fired and other men removed from the office as a precaution?—A. Removed from the preventive service to the port.

Q. From one department to another?—A. Yes.

Q. Until you found out whether they were tainted or not?—A. Yes.

Q. Go on.—A. Of course I was not present when this investigation was carried on. Mr. Duncan reported to me verbally I think once or twice; he did not give me a copy of the evidence nor any report except this interim report until Thursday of last week, when I received it from him by registered mail from Montreal.

Q. Thursday was what date?—A. Thursday was the 11th of February.

Q. On the 11th of February you received this typewritten evidence taken by Inspector Duncan and his short summary or report?—A. Yes. A day or two before that I may say that I received a copy of part of the evidence from Inspector Duncan, a carbon copy of part of the evidence.”

Then came the question which you read yesterday.—A. Yes.

Q. I think in fairness, Mr. Sparks, you will admit that the answer I gave there when I said that I had done nothing else, refers to the dismissal and the changing of the employees at the port of Montreal.—A. Well, if you say that is what is meant, I am quite prepared to accept it. I gathered that from December 11 until to-day—because the date is specified—you had done nothing. I may have taken the wrong inference.

Q. You do not mean to insinuate, Mr. Sparks, at least I hope not, that I have done nothing at all in the Department?—A. Oh, positively not.

Q. We agree entirely, then. I think I have only one more question. There are a great many other questions which I might ask as a politician, but as Minister of the Department I think I have only one more. You filed with the committee the other day—or rather produced, because I do not think you could probably call it filing—a prison-made shirt?—A. Yes sir.

Q. I think it is in the interests of the administration of the Customs law in this country to prohibit the importation of prison-made shirts?—A. That is right.

Q. Are you prepared to give your assistance to prohibit the importation of these shirts?—A. I think I have already given some assistance.

Q. I am going to ask you for a little bit more. Where did you buy that shirt?—A. I have agreed to give that confidentially to the committee.

Q. Now, Mr. Sparks, I am in the hands of the Chairman, but I am going to ask you to tell us now, publicly, where you bought that prison-made shirt. If any man is selling prison-made shirts, I think this department should know it; I think the committee should know it, and I think the public should know it. The intention of the department in asking the question is to follow up and investigate and ascertain whether or not that is a prison-made shirt. You say it is; the Reliance Manufacturing Company, from whom it was purchased, state by telegram that it is not. I think we are entitled to that information. The committee has brought forward a great many men who have not been accused of breaking the law. Their affairs are going to be made more or less public, and certainly, if you have a suspicion of this kind—or it is not a suspicion, because you state emphatically that that is a prison-made short,—I think we are entitled to know where it was purchased. I am in the hands of the Chairman.

Mr. HENDERSON, K.C.: The witness would have no objection whatever to giving the department the name.

Hon. Mr. STEVENS: I would like to suggest to the Minister that I understand there is a seizure of prison-made shirts in Montreal. Why not follow that? That is in his own hands.

Mr. BELL: May I suggest that there was a motion made the other day, I think by my friend Mr. Donaghy, to have some official of the Reliance Manufacturing Company brought here. Surely that would be the most direct evidence we could get.

Hon. Mr. BOVIN: Not at all. If the Reliance Manufacturing Company sell prison-made garments, they may sell them to a great many people. Here is the leading witness in this enquiry, who admits that he collaborated to a certain extent with Mr. Stevens and others in bringing this about for the benefit of the country—and I honour him for it; I am not casting any reflections. He makes a specific statement that he bought a prison-made shirt in the city of Ottawa. I want to know who sold that shirt.

Mr. BELL: Then if that is the purpose of the Minister's enquiry, I take it that he can get all he needs for his purpose by the name being privately supplied as has already been suggested by Mr. Sparks' counsel.

Hon. Mr. BOIVIN: Will Mr. Bell allow me a question? Why then should not all the investigations of the committee into possible smuggling operations be conducted in private, and not publicly?

Mr. BELL: I think there might be a very good reason for making this public after we have heard the evidence of the representative of the Reliance Company, if he attends here before this committee.

Hon. Mr. BOIVIN: Well, I would like the information. I am in the hands of the Committee.

The WITNESS: Might I interject a remark—

The CHAIRMAN: Just a minute—

Mr. ELLIOTT: Mr. Chairman, it would seem to me there would be something in the suggestion that the name of the vendor of the shirt be given privately if this shirt had been produced to the Committee in camera, or privately. However, it was not so done, and I think the name of the man who sold this shirt to the witness, who produced it here, should be put into the record in exactly the same way that the shirt was put in—

The WITNESS: If I might interject—

The CHAIRMAN: Just a minute, Mr. Sparks. We are discussing this point.

The WITNESS: This will have a bearing; however, I don't care—

Hon. Mr. STEVENS: I would like to suggest that we let Mr. Sparks speak. Furthermore, we must remember that this shirt was secured from a retailer.

Hon. Mr. BOIVIN: I am not accusing the retailer of smuggling it.

The WITNESS: Mr. Boivin, you will find in the King's warehouse in Montreal a shirt bearing the same mark "Milton F. Goodman, representing the Reliance Manufacturing Company", and a black shirt bearing the mark "Product of the Reliance Manufacturing Company" now in the possession of the Government, and the Department will be able to tell you who the importer was from whom these goods were seized. That is very much better than my shirt. It is the same shirt, but is a very much better situation for you to get the information from as to the importer, and not the retailer.

Hon. Mr. BOIVIN: That is an admission, is it not, that the Customs Officials in Montreal are doing their duty fairly well yet?

Hon. Mr. STEVENS: Not "yet"—now.

The WITNESS: I do not know that that has very much bearing on the whole situation.

By Hon. Mr. Boivin:

Q. Are you in a position to state that the person who bought that shirt bought it through the same importer as those included in the shipment seized in Montreal?—A. I have no objection to giving the name; it is for the Committee to decide whether it shall be public or not. Might I say—

Hon. Mr. BENNETT: I think perhaps the public interests would be served if the witness would hand the name on a piece of paper to the Chairman or the Minister. If the Minister says his only object is to enable him, through his officers, to trace this matter to its source, I think the reasonable way would be, instead of putting the name on the record, to hand it to the Minister. It might be that people prejudiced against prison-made garments would boycott this man, who may be and probably is a perfectly reputable merchant of this city, and as the Minister says his only object is to enable him to pursue his inquiries, I think it could be done this way satisfactorily.

[Mr. R. P. Sparks.]

Hon. Mr. BOIVIN: If I might be permitted to interject a word in support of my argument; I am inclined to agree with Mr. Elliott that the public interests could have been just as well served by Mr. Sparks presenting the shirt to the Committee, instead of headlining it as he did, and now refusing to give the name.

The WITNESS: I did not refuse. I have refused nothing since I have been sitting in this chair.

Mr. HENDERSON, K.C.: (Handing paper to Chairman)—I am handing the Chairman of this Committee a slip of paper containing the name of the party from whom the witness bought this shirt, and the name of the Company from whom the retailer said he purchased it. I would suggest these names be handed to the Minister for his information now, and if the question is then pressed, it will be for the Committee to say; we have no concern with that. You will notice, Mr. Chairman, that the concern itself is to be investigated as well as the Reliance Company, and I would suggest, as a counsel with some experience, that in making this public you would be giving information to them in advance.

Hon. Mr. BOIVIN: If Mr. Sparks, after having produced the shirt in the dramatic way in which he did, refuses to give the name of the person from whom he purchased it, I will not press the question—

The WITNESS: I have refused nothing—

Hon. Mr. BOIVIN: I asked if you refused to give it publicly.

The WITNESS: If the Committee orders me to give it publicly, I will do so.

The CHAIRMAN: You see the point, Mr. Sparks. The other day, without any preliminaries at all, you opened your brief case or hand bag and took out that shirt and threw it to the Committee. Do you think that was fair?

The WITNESS: After I had read my letter?

The CHAIRMAN: I said then it was not proof. From the label nobody could see that it was a prison-made shirt.

Hon. Mr. STEVENS: Mr. Chairman, this whole question of prison-made goods is to be threshed out at a later date. I will move that the question of this name be, for the time being, held in private by the Committee, but handed to the Minister for the purpose of his office.

The CHAIRMAN: There is another thing to be considered. There are always people who want to act as vindicators, and produce evidence which has been handed to them by somebody else. They want to get all the flowers but do not want to come and give their evidence personally. I think any man desirous of acting in the public interests should not be afraid to take the stand and tell the truth.

The WITNESS: Is that an inference that I have not been frank with this Committee?

The CHAIRMAN: Not at all.

By Mr. Donaghy:

Q. Do you belong to some Garment Makers' Association?—A. Yes.

Q. Does that Association take the trouble to inform the retail trade of the names of the garments produced in penal institutions?—A. I think the trade papers have carried that.

Mr. DONAGHY: If the trade papers carry that information, and if the retailers have an opportunity of seeing it in print, as they should, I think that the name should be publicly mentioned beyond any doubt. I think that is a fair inference. I am in favour of this name being published now. I was not, until the witness made that remark. I think if the retailers are properly

informed by the trade journals that these certain garments are prison-made, and, knowing that, if one defies the laws of this land in selling these goods, in my opinion, he is not entitled to any consideration whatever.

Mr. HENDERSON, K.C.: There is no objection on the part of the witness to giving the name.

The CHAIRMAN: Let me make this observation. When you filed this shirt in the manner you did, the newspapers of the country—as they have the right to do—assumed that the shirt was smuggled into Canada, and they took your evidence for proof. It was misleading, to a certain extent, and perhaps reputable merchants are fearing for their trade. This fact has been thrown into evidence uncompleted, and we are trying to complete the proof and to ascertain if the evidence is correct or not.

The WITNESS: I will complete it before we are through with this inquiry. Everything cannot be done at once. I will complete it.

Hon. Mr. BOIVIN: Mr. Chairman, if Mr. Sparks tells us that he is not sure that that was a prison-made shirt, I am not going to insist upon the name being made public, but if he, however, states positively that he knows it was a prison-made shirt, then I do not think we should have any mercy for the man who sold it.

The WITNESS: I am not in a position to swear that that was a prison-made shirt, because I was not in the prison where it was made.

Mr. Hon. Mr. Boivin:

Q. Then why did you produce it as evidence against the Department and proof of smuggling, when you state now that you do not know?—A. Because from the very best trade sources accessible to me I have reason to believe that it was made in a State penal institution in the United States.

Q. Like the rest of your evidence, it was only on "reason to believe".

Mr. HENDERSON, K.C.: Now, Mr. Chairman—

Hon. Mr. BOIVIN: Just a moment—

Mr. HENDERSON, K.C.: I object—

Mr. DONAGHY: Are you going to rescue your witness again?

Mr. HENDERSON, K.C.: Yes—

Mr. DONAGHY: I don't think you should rescue him too often.

Mr. HENDERSON, K.C.: I am objecting to that question. Counsel has no right to say "like the rest of your evidence".

Hon. Mr. BOIVIN: Like some of the other parts—

Mr. HENDERSON, K.C.: I submit that is an improper question.

Hon. Mr. BOIVIN: I will withdraw the statement, Mr. Henderson. I do not object too strenuously to your intervention here, so I will withdraw the question and put it this way.

Mr. Hon. Mr. Boivin:

Q. Like an enormous portion of your evidence—

Mr. BELL: That is the same thing.

By Hon. Mr. Boivin:

Q. —in which you stated explicitly that the statements made by you were based on belief and information received from other parties—

Hon. Mr. BENNETT: That question might be read. The witness does not want to take the responsibility for a great many of these statements excepting from information he received from reputable parties.

[Mr. R. P. Sparks.]

Mr. HENDERSON, K.C.: The witness has differentiated throughout his evidence.

Hon. Mr. BENNETT: From knowledge of information.

Hon. Mr. STEVENS: The witness is the head of a large organization, and he would possibly have intimate knowledge of every detail. He has stated what he knows, and what he received from Mr. Duncan and Mr. Knox and others employed by him.

Mr. DONAGHY: We are not through deciding about producing his name. The witness says, from these trade journals, and from information he has, he is satisfied that this is a prison-made shirt; he also tells us that the retail trade of this city is supplied with the trade journals containing this information. That places this evidence in the same character, on the evidence of the witness, as this information from trade journals, which I think is a public black list of prison-made garments. The witness has said that.

WITNESS: The retailers have not access to the names. I have access to it.

By Mr. Donaghy:

Q. Let me ask you again. I want to get this perfectly fair and clear. You belong to some sort of an Association. You told us the Garment Manufacturers?—A. I now belong to the Canadian Association of Garment Manufacturers. I have belonged to the International Association of Garment Manufacturers.

Q. Does your Association adopt any means of informing the retail trade of the brand of goods that are made in prisons, or by prison labour?—A. No sir.

Q. Do any of the trade journals that are supplied to the retail trade contain that kind of information?—A. I think I recall an article on prison-made goods, but it is unlikely that it would be very extensive, because there are no Canadian prison-made goods. The American prison-made goods are sold surreptitiously, as a general thing.

Q. If they are sold surreptitiously, I take it that your Association tries to inform the trade if these goods surreptitiously come into this country, do they?—A. The usual practice is to remove the labels, which might indicate a prison-made manufacture.

Q. But, in cases where the labels are not removed, as in the case of this black shirt, do you try to keep the trade informed?—A. No.

Q. It seems to me that you gave a diametrically opposite answer a minute ago, but I would not say that unless the record were turned up. You told me about ten minutes ago that you took means to keep the trade informed of the goods that were made by prison manufacture, or by prison trade?—A. I had in mind the United States, of course.

Q. You had not in mind Canada?—A. No.

Q. So the Canadian retailer is kept in ignorance of these matters, while the American retailer is kept informed? Is that what you say now?—A. That is what I say now.

Q. Why is the Canadian retailer kept in ignorance of these things? Why should that be when you have knowledge that the goods of American manufacture are brought in here?—A. They cannot be identified, as a rule.

Q. How can the Customs identify them, if the retailer cannot identify them?—A. The Customs have an excellent way of identifying them. Under a Convention with the United States government, the Customs Department have a legal right to consult the books of any firm in the United States, doing export business with Canada, and I supply them with the names of the American manufacturers; I supplied them with the name of the Reliance Manufacturing Company, and I suggested that an examination of the books of the Reliance Company be made. I had no means of knowing that it was done.

Q. You thought it was necessary to supply the Customs Department with the names of firms making prison-made garments?—A. Yes, sir.

Q. So that the Customs Department know the names of the firms making prison-made garments?—A. Yes.

Q. You did not think it was necessary, however, to inform the retail trade of the prison-made garments, so that they would be on their guard, against dealing in them?—A. Because in my letter to the Customs Department, I indicated that as a rule, the labels were removed, so that there was no way of the retailer knowing when they were prison-made. The burden must remain on the Customs Department as to getting at the origin of the prison-made goods.

Q. Let us not get away from the point. Here is a garment, which, to your knowledge, is being sold here. Does not your Association take steps to inform the trade that they are prison-made garments?—A. Nobody was more surprised to find this garment with Milton F. Goodman's name on it. It was a shock to me two weeks ago when I learned that it was there. It was an absolute surprise.

Q. Was that the only one you saw in Canada with a tag on it?—A. Yes, the only one I personally saw.

By Hon. Mr. Stevens:

Q. With the tag on it?—A. Yes.

By the Chairman:

Q. They usually take the tags off for non-identification?—A. Yes.

By Hon. Mr. Boivin:

Q. If the tag had not been taken off, this garment would come in the usual way to Canada?—A. If it is prison-made?

Q. How could you tell it was prison-made if you saw it in a store?—A. I indicated the source of my information.

Q. By the shirt itself?—A. By the label, by the name of Milton F. Goodman. If I have the permission of the Committee within the next ten days, I would be glad to make further representations in reference to prison-made garments. I am making an extensive investigation in the United States, because it is my business, and, in my judgment, is a matter of international importance and I think I am fully within my rights in making the investigation and bringing facts to light, and I propose to do so.

Mr. ELLIOTT: Mr. Chairman, just to get on, I would assume that the question that has been asked, as to the name, should be answered, but if the questioner is satisfied with the answer of the witness that he cannot say that it is a prison-made shirt, and that is what the witness says, will that clear up the matter.

The WITNESS: Mr. Elliott, unless I saw the shirt made in the prison, I could not say that it was prison-made.

By Mr. Elliott:

Q. Can you go this far, that you are not in a position to say to the Committee now whether that is a prison-made shirt or not.

By the Chairman:

Q. Personally?—A. Personally. I was not in the prison when it was made. I cannot swear to that.

Q. I do not say that. Are you in position to say to the Committee whether that is a prison-made shirt or not, Mr. Sparks?—A. I would swear I believe it was.

[Mr. R. P. Sparks.]

Q. You would swear you believe it was?—A. Yes.

Q. Do you know?—A. I do not know.

By Hon. Mr. Stevens:

Q. That is you do not know, not having seen the shirt made?—A. That is the only way I can know.

Q. But as a business man, familiar with this trade, knowing all these things, you believe this to be a prison-made shirt?—A. That is right.

The CHAIRMAN: That is a leading question. It is not in accordance with the evidence. Nobody would allow that evidence.

By Hon. Mr. Boivin:

Q. If you are sure, insofar as it is possible for a business man to be sure, that it is a prison-made shirt, please tell us where you bought it?—A. The Chairman can read the name. I wrote it on a piece of paper.

Q. Do you refuse to give the firm?—A. I refuse to answer that question.

Q. You refuse to answer the question?—A. Yes, I am in the hands of the Committee. I do not refuse to answer the Chairman. I refuse to answer you the question.

Hon. Mr. BOIVIN: I am very anxious to get along with the examination. Mr. Sparks is reluctant to give the name.

The WITNESS: No, I am not, I am willing to give it to the committee.

Hon. Mr. BOIVIN: It is understood that a motion is to be made for the purpose of summoning this man before the committee, and with that understanding, and knowing that his name will be published when summoned, I will withdraw the question.

By Hon. Mr. Boivin:

Q. Now, let us proceed, Mr. Sparks. You made a complaint the other day that a large quantity of silk had been smuggled into Canada during the past year?—A. Yes.

Q. Did you fix any amount?—A. I said that we had made a rough calculation, based upon the per capita consumption of silk in Canada and the United States, keeping in mind the imports into Canada and other statistics, and that silk experts had arrived at a rough estimate of approximately \$5,000,000 per annum smuggled in.

Q. I thought there was some reference made the other day to \$50,000,000 of smuggling operations?—A. Well, anybody who talks glibly about the value of goods smuggled is taking a chance, because there is no record. I would say that the total estimate of \$50,000,000 a year may be approximately right, it may be twice that, I do not know.

Q. And it may be one half of that, you do not know?—A. I cannot give personal knowledge, but the Deputy Minister and I have discussed that question, and we both have rather come to the conclusion that \$50,000,000 may be a fairly reasonable guess, but nothing but a guess.

Q. In that \$50,000,000 you would include \$5,000,000 on silks?—A. Yes.

Q. To arrive at \$5,000,000 on silks, you take it for granted that the consumption or use of silk in Canada is equal per capita to the use of silk in the United States?—A. No.

Q. Upon what do you base your conclusion?—A. I base it on less in Canada than in the United States.

Q. How much less?—A. I am going to ask the committee to hear a witness upon that point, an expert upon silks. I think he will give you better information than I can give you.

Q. Do you mean to say that when you gave \$5,000,000 you did not have the information?—A. Well, I have the information, and you know perfectly well how I got it. I got it from people in the trade, who make that their business. If you do not want that information, I will not give it. I gave it in answer to a question.

Q. That is not the idea. I know you are imbued with the best possible motives in coming before the committee, and I know your desire is to clean up a condition which must be cleaned up?—A. Yes.

Q. We both agree upon that, but I think we will also agree that your evidence is preliminary to other evidence which we are to hear, and that the major portion, while there are some facts known to you personally, of your evidence is based upon statements made to you by people in the trade and others?—A. Much of it is. I am not in the silk business.

Q. That is what I wanted to bring out. I have one more question to ask of you, and it is this: you stated yesterday that it was a very easy matter to bribe Customs officials at border points; I think you made that statement?—A. I said it was a very easy matter to smuggle goods into Canada at border points, and I think I said one thing that made it easy was that Customs officers accepted bribes.

Q. Remember and take it for granted that I am not casting any reflections or insinuations. I know anything you have done was done for the purpose of assisting this inquiry, and not for any personal gain?—A. I hope so.

Q. Did you, in carrying out your investigations and in attempting to build up your proof, at any time personally bribe a Customs official?—A. No, sir.

Q. Did you—I am not going to use the word “smuggling,” because it was not smuggling, it was done with the knowledge and consent of the officials of the department—at any time bring goods into Canada without the payment of duty upon them, for the purposes of this inquiry?—A. I did not.

Q. I want to be fair to you.—A. No, I did not.

Q. Did I not understand you to say yesterday that you had personal knowledge that these goods were so brought into Canada, that certain Customs officials had been bribed, and that those officials had been dismissed?—A. Yes, I have a knowledge of that fact.

Q. Personal knowledge?—A. Well, the Deputy Minister and I discussed it, and he dismissed them. I have a personal knowledge of the dismissal.

Q. How many?—A. I think four, perhaps. I think that some not dismissed were suspended, and others were transferred.

Q. But four were dismissed?—A. That is my recollection.

Hon. Mr. STEVENS: And some received a pension.

Hon. Mr. BOIVIN: Is that a proper interjection, Mr. Chairman?

The CHAIRMAN: No.

By Hon. Mr. Boivin:

Q. Do you know where these officers were located?—A. Yes.

Q. Could you tell us where?—A. Two were operating on trains out of New York; one was at Bridgeburg, and the other at Niagara Falls.

Q. Were they suspended for allowing silk to be brought in by the truck-load?

Hon. Mr. BENNETT: Mr. Chairman, it does seem to me, knowing as I do the high position the Minister occupies in his profession, that the best evidence should be forthcoming with regard to these things. These men were dismissed, and the files show it. We are asking about matters that are susceptible to exact proof by the Department itself.

[Mr. R. P. Sparks.]

Hon. Mr. BOIVIN: I certainly would not have touched the question at all if it were not in cross-examination. I think the committee itself should have used that as proof, and not asked the question that they asked yesterday.

Hon. Mr. BENNETT: We didn't ask it.

Hon. Mr. BOIVIN: Mr. Stevens did yesterday.

Hon. Mr. BENNETT: Mr. Stevens is a lay man.

Hon. Mr. STEVENS: What did he ask?

Hon. Mr. BOIVIN: Mr. Stevens asked yesterday concerning the importation of silk and the dismissal of men and the personal experience of Mr. Sparks.

Hon. Mr. STEVENS: Where did I ask about the dismissal?

Hon. Mr. BOIVIN: Concerning the personal experience of Mr. Sparks, and Mr. Sparks followed that up at once by saying that he had personal experience, and that several officials—that it was the easiest thing in the world to bring silk in, and that the way to do it was to bribe the officials, that several officials had been dismissed, and that all arose out of Mr. Stevens' examination.

Hon. Mr. STEVENS: The Minister is twisted in his reading of that. What I asked Mr. Sparks was as a member of this organization, which had been operating for over a year, and co-operating with the officers of the Department; I asked him if he had experience in the facility with which goods were smuggled. That was my question, and Mr. Sparks gave a very fair answer. He did not give the answer that it was by bribing; he said there were occasions—and common cases—where officials were—I think he used the word "helped" or something like that, the inference being that they were bribed, which I think is well known.

Hon. Mr. BOIVIN: Here is the question: (page, 233.)

By Hon. Mr. Stevens:

Q. I would like to respect your wishes, Mr. Sparks, but just now you said these goods were run across the boundary in trucks and touring cars. I would like the Committee to know—and I do not think there is any need for secrecy to be observed in this question—how they manage to run backwards and forwards across the boundary without interference by the Customs Officials?—A. Because they buy the Customs Officials first.

Q. They what?—A. They buy the help of the Customs Officials first.

Q. In other words, the Customs Officials have been corrupted before the smuggling is attempted?—A. Certainly. We proved that beyond a doubt.

Q. Now, have you ever in your investigation tried to test the facility with which you could cross the border?—A. Yes.

Q. What was the result of it?—A. Very easy.

Q. You demonstrated to your own satisfaction and to these officials that it could be done?

Mr. HENDERSON, K.C.: By pre-arrangement with them.

The WITNESS: The best evidence is that they discharged a number of Customs officers.

I am merely asking, in cross-examination, whom they discharged.

The CHAIRMAN: That is a fair, legal question.

Hon. Mr. BOIVIN: I did not ask for the names; I do not want to subject these men, even if they are guilty, to having their names published, but I asked where the men were located.

[Mr. R. P. Sparks.]

The WITNESS: I told you.

Hon. Mr. STEVENS: He has already answered that question.

By Hon. Mr. Boivin:

Q. Were they dismissed for having allowed silk to come across in truck-loads, as is mentioned here?

Hon. Mr. BENNETT: The records must show that.

The WITNESS: Yes, two of them were, and the other was in connection with silk dresses.

By Hon. Mr. Boivin:

Q. The trucks came across at what point?—A. Niagara Falls and Bridgeburg.

Q. Is that by ferry?—A. By bridge at Niagara Falls, ferry at Bridgeburg. The other two cases were train cases.

Q. And in these cases officials were dismissed?—A. I understand so.

By Mr. Donaghy:

Q. Mr. Sparks, would you let me ask you one question. Who indicated to you that a prison-made shirt might be found at the store of this man?—A. An ex-employee of the importer of the prison-made goods.

Q. Is he employed in the store of this man?—A. No. He is a commercial traveller, and just told me in a casual conversation.

Q. An ex-employee of the man who sold the goods to this retailer?—A. Yes.

By the Chairman:

Q. Then you went and got it?—A. He went and got it for me.

The witness retired.

The Committee adjourned until Thursday, February 25th, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 12—THURSDAY, FEBRUARY 25, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

- Thomas H. Holmes, Manager, Canadian Pacific Telegraph Company,
Ottawa, Ont.
- Frank D. Boomer, Manager, Canadian National Telegraphs, Ottawa, Ont.
- R. P. Sparks, Commercial Protective Association, Ottawa, Ont.
- C. P. Blair, General Executive Assistant, Department of Customs and
Excise.
- H. I. Levut, 224 Villeneuve Street West, Montreal, Que.
- J. E. Knox, Customs and Excise Officer, Montreal, Que.
- Mr. Thomas Heavers, Senior Examining Officer, Montreal, Que.
- Mr. Ralph Garceau, Customs and Excise Officer, Montreal, Que.
- Mr. Germain Parrot, Manager, Central Garage, Montreal, Que.

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1926

REPORTS OF THE COMMITTEE

SECOND REPORT

THURSDAY, February 25, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise, beg leave to present the following as their Second Report.

Your Committee recommend that they be granted leave to sit while the House is in session.

All which is respectfully submitted.

PAUL MERCIER,
Chairman.

EXHIBITS FILED.

- No. 63—Comparative statement of the collections of Customs Duties on Imports entered for consumption in Canada from June to January in years 1924 and 1925.
- No. 64—Form K-9 $\frac{1}{2}$ (Department of Customs and Excise) respecting \$612.90 collected from Morris Delage on Dodge Sedan automobile, engine number 773,303.
- No. 65—Massachusetts motor vehicle registration card, number 427561, dated June 2, 1924, for Dodge Sedan automobile, engine number 773,303.
- No. 66—Copy of letter, dated September 12th, 1924, from Preventive Service, Montreal, to Central Garage Ltd., Montreal, authorizing delivery to Mr. Morris Delage of Dodge Sedan automobile, Customs seizure No. 4996.
- No. 67—Account for \$137.72, dated September 6th, 1924, from Garage Central Limitee, Montreal, to Mr. Maurice Delage, repairs on Dodge Sedan automobile. Customs seizure No. 4496.
- No. 68—Letter read by Mr. Calder, counsel, from Customs Excise Preventive Service file number 11648, from Mr. Bisailon, re smuggled Dodge automobile belonging to Mr. Delage, of Holyoke, Mass.
- No. 69—Exhibit "L" from the exhibits in the Duncan Report, being a letter dated April 16, 1925, from Preventive Service, Montreal, to Central Garage Ltd., Montreal, re Customs seizure number 5365.

MINUTES OF PROCEEDINGS

THURSDAY, February 25, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.
Present: Messrs. Bell, Bennett, Donaghy, Doucet, Elliott, Kennedy, Mercier, St. Pere and Stevens.—9.

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

A telegram was received respecting the indisposition of Mr. J. A. Masson, Preventive Officer, Montreal, who should have appeared to-day as a witness.

A letter was received from Mr. C. N. Anderson, Sheriff, Sandwich Ont., returning summons issued for Mr. G. Scherer Ford, Sandwich, or Walkerville Ontario, with affidavit that no information could be had respecting whereabouts of said G. Scherer.

Certified copies were received from the Clerk of the Peace, Court House, Montreal, in the cases *re* Abraham and Isreal Lenetsky.

A telegram was received from Mr. A. J. Bissonnet, to effect that his books are being forwarded by express.

File 118265 was received from Mr. Farrow, respecting Franco-Canadian Import Company, Halifax, N.S.

Moved by Hon. Mr. Stevens,—That a report be made to the House this day requesting that this Committee be given power and permission to sit during hours when the House is in session.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of the files in the Customs and Royal Canadian Mounted Police in connection with the arrest by the R.C.M.P. in May last of Wong Mun Wai, Vancouver, B.C., charged with attempting bribery of a Customs officer in connection with drug trafficking.

Motion agreed to.

In respect to the motion made on the 23rd instant for production to-day of telegrams by the managers of Ottawa telegraph offices, Mr. Stuart Edwards, Deputy Minister of Justice, requested that counsel to the Committee and he be permitted to decide which telegrams in the productions are relevant to the inquiry.

Mr. Thomas H. Holmes, Manager, Canadian Pacific Telegraph Company, Ottawa, Ont., was called and sworn. He produced, under protest, telegrams and accounts, as called for by his summons. Witness retired.

Mr. Frank D. Boomer, Manager, Canadian National Telegraphs, Ottawa, Ont., was called and sworn. Under protest he produced the accounts asked for by his summons, and some of the telegrams, the balance to be produced as soon as possible. Witness retired.

Ordered,—That the telegrams produced by the above witnesses be placed in the custody of Mr. Calder, K.C.

Mr. R. P. Sparks' cross-examination was continued, in the course of which Hon. Mr. Boivin filed,—

Exhibit No. 63.—Comparative statement of the collections of Customs Duties on Imports entered for consumption in Canada from June to January in years 1924 and 1925.

Moved by Mr. Donaghy,—That summons be issued to Aimé Brunelle, St. Eustache, County of Deux Montagnes, Quebec, to be before the Committee at 10.30 on February 26th, 1926, instant, with his bank books and cheques for year 1924.

Motion agreed to.

The Committee adjourned at 1 p.m.

The Committee reassembled at 4 p.m.

The Chairman reported that the House had granted leave to the Committee to sit while the House is in session.

Continuation of the cross-examination of Mr. Sparks was postponed.

Mr. C. P. Blair, General Executive Assistant, Department of Customs and Excise, was further examined. Witness retired.

Mr. H. I. Levut, 224 Villeneuve Street West, Montreal, was called and sworn. He was examined respecting the purchase of an automobile at the Custom House, Montreal. Mr. Calder, counsel for the committee, filed,—

Exhibit No. 64.—Form K-9½ (Department of Customs and Excise) respecting \$612.90 collected from Morris Delage on Dodge sedan automobile, engine number 773,303.

Exhibit No. 65.—Massachusetts motor vehicle registration card number 427,561, dated June 2, 1924, for Dodge sedan automobile, engine number 773,303.

Exhibit No. 66.—Copy of letter, dated September 12th, 1924, from Preventive Service, Montreal, to Central Garage Ltd., Montreal, authorizing delivery to Mr. Morris Delage of Dodge sedan automobile, Customs seizure No. 4996.

Exhibit No. 67.—Account for \$137.72, dated September 6th, 1924, from Garage Central Limitee, Montreal, to Mr. Maurice Delage, repairs on Dodge sedan automobile, Customs seizure No. 4496.

Witness was discharged.

Mr. J. E. Knox, Customs and Excise Officer, Montreal, was called and sworn. He was examined respecting an investigation as to a Dodge sedan automobile. Witness retired.

Mr. Thomas Heavers, Senior Examining Officer, Customs, Montreal, Que., was called and sworn. He was examined in reference to the seizure of a Dodge sedan automobile. Witness was discharged.

Mr. Ralphs Garceau, Customs and Excise Officer, Montreal, Que., was called and sworn. Mr. Garceau was examined in French, interpreted by Mr. Beauchamp, who was sworn to act as such. He was examined regarding Exhibit No. 64. Witness was discharged.

Mr. Germain Parrot, Manager, Central Garage, Montreal, Que., was called and sworn. Mr. Parrot was examined in French, interpreted by Mr. Beauchamp. Mr. Calder, counsel for the committee, filed,—

Exhibit No. 68.—Letter read by Mr. Calder, counsel, from Customs Excise Preventive Service file number 11,648, from Mr. Bisailon, *re* smuggled Dodge automobile belonging to Mr. Delage of Holyoke, Mass.

Exhibit No. 69.—Exhibit "L" from the exhibits in the Duncan Report, being a letter dated April 16, 1925, from Preventive Service, Montreal, to Central Garage Ltd., Montreal, *re* Customs seizure number 5365.

Mr. Parrot was examined respecting automobile repairs for the Customs and Excise Department at Montreal. Witness retired.

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

WALTER TODD,

Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, February 25, 1926.

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

THOMAS H. HOLMES, called and sworn.

By the Chairman:

Q. What is your name?—A. Thomas H. Holmes.

Q. What is your occupation?—A. Manager of the Canadian Pacific Telegraph Company.

Q. At Ottawa?—A. At Ottawa.

By Hon. Mr. Stevens:

Q. Mr. Holmes, you are called here for the purpose of producing certain copies and originals of certain telegrams sent out by the Customs Department and the Justice Department, or received by them. Have you those with you?—

A. I have the telegrams with me, Mr. Chairman and Mr. Stevens, but before producing them I would like to say that one of the first regulations, and probably the most important in the telegraph service, is that we do not produce telegrams or disclose the contents to any one. But in this case, receiving a summons, as we have, from the committee, I presume we have no alternative. I have therefore all the information that has been requested, both as regards sent and received telegrams, and copies of all accounts for the two departments.

Q. Will you produce them, please?

The CHAIRMAN: I understand from the discussion which has taken place that these documents are not even produced, because if they are produced they will be numbered, and everybody could come and examine them all through. I would suggest that they should be remitted to counsel for the committee, Mr. Calder, to deal with them within the conventional lines and within the scope of the order of reference.

Hon. Mr. STEVENS: I am agreeable to that, as far as the Justice Department is concerned, but not the Customs Department.

The CHAIRMAN: There was an objection made by Mr. Boivin as to personal documents.

By Hon. Mr. Stevens:

Q. You have not produced Mr. Boivin's personal accounts, have you, Mr. Holmes?—A. We have eliminated as far as possible anything of a personal nature.

Q. All I am asking for is what relates to the Customs, what is charged to the Customs Department; have you those with you?—A. We took the accounts of the two departments and picked out the telegrams that compared with the items and amounts, and they are attached.

Q. Will you produce those telegrams? There is no objection to producing the Customs telegrams?—

Hon. Mr. BOIVIN: I object very strenuously, Mr. Stevens. I do not know how all Ministers proceed, but I have never asked the Canadian National Telegraphs or the Canadian Pacific—I don't know that I have any telegrams on the Canadian Pacific that do not relate to the department; I do not think I have, because by own home is located in a town where the Canadian Pacific does not happen to have a telegraph office—but there is only one account in the office of the telegraph company, and an adjustment is made in the department afterwards for those telegrams that are absolutely personal to myself. Those are the telegrams which I do not think should be produced before the committee.

Mr. BELL: He says he has taken them out.

The CHAIRMAN: As much as possible.

Hon. Mr. BOIVIN: He has done that as much as possible. I have no objection whatever to your attorney going through every telegram and leaving out personal telegrams, but I do object to all counsel entered in this enquiry, and all members of the committee, reading the telegrams over, which are absolutely personal to myself and have nothing whatever to do with the Customs Department even in the remotest manner. I have no objection to everything of a departmental nature from the Customs Department, whether it is within the Order of Reference or not, being placed on the table.

Hon. Mr. STEVENS: They have no business in the files if they are personal.

Hon. Mr. BOIVIN: I didn't place them in the files; they are there. This may be a lesson to me that it may perhaps be well to have a personal account, but I never expected any committee to ask for the production of personal telegrams.

Hon. Mr. STEVENS: The term "personal" in connection with correspondence is a very elastic one. It can be stretched to cover almost anything.

Hon. Mr. BOIVIN: I mean absolutely private.

Hon. Mr. STEVENS: I don't want your private telegrams; I have told you that three times.

Hon. Mr. BOIVIN: Mr. Calder might pick them out, and keep the rest.

The CHAIRMAN: That is what I would suggest, with the Minister there.

Hon. Mr. BOIVIN: I don't want to be there; I will leave it to Mr. Calder.

By the Chairman:

Q. You will leave your wires with Mr. Calder?—A. Yes.

Hon. Mr. STEVENS: I simply file my objection to this method, so far as these telegrams are concerned.

The CHAIRMAN: Now we will hear the Manager of the Canadian National Telegraphs.

Witness retired.

FRANK D. BOOMER called and sworn.

By the Chairman:

Q. What is your occupation, Mr. Boomer?—A. Manager, Canadian National Telegraphs, Ottawa.

Q. Have you brought with you these telegrams?—A. Mr. Chairman, this summons only reached me yesterday morning, and in view of the volume of work necessary, I have with me about three months of that business. I have all of the accounts as they were requested to be made out, but only three months business. The balance is being worked on now; the staff worked practically all

[Mr. Frank D. Boomer.]

last night and all yesterday; it means going through, as you probably know, every message handled from the 1st of last July.

Q. Then you can bring to this committee—A. The work is going ahead as fast as it possibly can.

Q. Have you any objection to filing these telegrams in the same way that Mr. Holmes has done?—A. I assume we will have to do that; I would certainly file them under protest, though. There are, without doubt, messages contained in these files that have no bearing whatever on the information I understand you gentlemen are seeking, and there are a certain amount of personal messages, no doubt. Myself, I endeavoured to remove anything, but we had twelve or thirteen employees working on these all day yesterday, and I would not be prepared to say that all of those clerks were in a position to determine what was a strictly personal message and should be removed from the files. There are several Ministers' accounts on our books, but not personal messages, which are deducted before being paid by the Department, and are paid by the Ministers personally. Mr. Boivin was quite right in his remarks; it is quite possible that there are some personal messages in our files, but those are struck off and we are notified by the accountant that certain items are struck off our account, and will be paid by personal cheque—not only the Customs Department, but others.

Q. Have you brought with you some telegrams this morning?—A. I have.

Q. Will you hand them to Mr. Calder? (Witness hands telegrams to Mr. Calder.)

Hon. Mr. BOIVIN: Does that cover both Justice and Customs?

The WITNESS: Yes.

By Hon. Mr. Bennett:

Q. Mr. Boomer, you destroy all messages that are more than six months old?—A. We do not at the present time.

Q. The Statute permits you to?—A. We hold our business for nine months.

Q. Nine months?—A. Yes. It used to be a year, and it was reduced to six months, and we found we could not keep our errors up to date, so we keep our business for nine months at the present time.

Q. So you have no messages that are received or sent older than nine months?—A. No.

Q. You keep destroying them from day to day?—A. Not from day to day. As our errors and shortages are cleared up sufficient to send in to the auditors, we destroy a month's business at a time.

By Mr. Bell:

Q. Would you tell me how often you go over the files for the purpose of removing those messages which have to do with personal accounts, from the general files?—A. Will you just give me that question again, please?

Q. You spoke a moment ago of having deleted from the general account the personal matters that are chargeable to the Ministers, and I am asking you if there is a settled time when that is done.—A. No, that account is rendered with the other departmental accounts, and the accounts advise us that certain items have been struck off from our departmental account and will be paid by personal cheque. I do not think there is a department existing that we get a straight cheque for the amount as rendered.

Q. And are you advised of that at any stated time?—A. No.

By Mr. Donaghy:

Q. I suppose it is done monthly, isn't it?—A. Yes, but there is no definite stated time that I have knowledge of.

By Mr. Bell:

Q. So you could not tell me how often that has occurred, for instance, in the last three months?—A. It is not a practice that has just started, by any means; it has been done since I have been connected with this office, in 1910 and 1911. In fact, so far as the departments are concerned that you are investigating now, I would not care to say that that had been done recently.

Q. You do not recall, then, when the last notification of that kind was given?—A. No, I could not. I would not care to say that it had been done, but I know it is done by different departments.

Q. You would not care to say that it has been done at all in the last three months?—A. No.

By Mr. Doucet:

Q. Mr. Boomer, when your account is rendered at the end of the month, and the department strikes out a certain number of personal messages of the Minister, they indicate on the account the messages which are struck off, do they not?—A. They give us the details, the date, whom the message is going to, and whom it is signed by.

Q. In your opinion, Mr. Boomer, would that not be sufficient indication to this committee to get those telegrams out of the file, so that the others would be available for the whole committee? It is indicated on the account.—A. It is not indicated on the account, not on the copy of the account; it would be just a letter which would come in to us.

Q. But you could get the details, if the committee wanted them in order to delete from the files the personal messages of the Minister?—A. I think we could get that.

Q. If this committee asks you, Mr. Boomer, to produce the letters from the Minister or from the department, asking you or your company to delete such and such a telegram from the departmental account as being personal of the Minister, you could produce those letters?—A. Absolutely. They will be on the files somewhere.

Q. And that, in your opinion, would be sufficient indication to give us an opportunity to delete these telegrams from the files?—A. Yes.

The CHAIRMAN: I think we have already agreed that Mr. Calder will look over the files and remove those telegrams which are absolutely personal.

Mr. BELL: But I thought Mr. Doucet asked the witness as a question of fact, and the witness acquiesced in it.

Hon. Mr. BOIVIN: Mr. Chairman, I want to be fair to the committee. If there is any suspicion in the minds of the committee that there is any attempt on my part, by any objection I have made, to withhold any telegram that may, even in the most remote manner, appertain to any matter connected with my department, I will make this offer. In so far as the Department of Customs is concerned—I cannot speak for the Department of Justice—I will allow Mr. Stevens himself to go through the telegrams and retain everything which he considers to be in any way connected with the matters before the enquiry. I can't make a fairer offer than that.

The CHAIRMAN: I do not think, Mr. Boivin, any member of this committee thinks as you have just stated. We believe in a man until there is proof to the contrary.

Hon. Mr. STEVENS: I want Mr. Boivin to understand perfectly that I have no desire to see his files.

Hon. Mr. BOIVIN: I understand that perfectly, but I mentioned your name, Mr. Stevens, because you are the author of the charges, and because I want to show my fairness to the committee.

[Mr. Frank D. Boomer.]

Mr. BELL: Nothing could be fairer than that.

The CHAIRMAN: We believe in you, Mr. Boivin, at least to the extent of not accepting your offer. Now, there is a list of witnesses called for to-day, as follows: J. E. Bisailon, Ralph Garceau, Germain Perrault, J. A. Lefebvre, Thomas Heavers, J. A. Masson, J. E. Knox, H. I. Levut, and C. A. Verreault. These are all from Montreal.

Mr. CALDER, K.C.: I think we might go ahead with them at once.

Hon. Mr. BOIVIN: I think we should first ascertain that they are here, and then give Mr. Gagnon an opportunity to complete his examination of Mr. Sparks.

The witness retired.

R. P. SPARKS' cross-examination continued.

The CHAIRMAN: You will give your evidence under the same oath, Mr. Sparks.

By Hon. Mr. Boivin:

Q. Mr. Sparks, just one more word; we just about completed our cross-examination yesterday. If I remember correctly, you stated that the Customs receipts increased in the month of July, 1925, after the legislation had been passed, but that they diminished very rapidly after that time. I think that was your statement.—A. No, not exactly that. The idea I meant to convey was that the Deputy Minister had told me that they had increased. There was no discussion of diminishing.

Q. There was no discussion of diminishing?—A. Not that I recollect, no.

Q. Would you have any objection to filing as exhibits at once, the official statements of Customs receipts for the months of June to January for the years of 1924 and 1925 respectively?—A. Do you wish me to read them?

Hon. Mr. BENNETT: I don't think this witness can properly file those.

Mr. HENDERSON, K.C.: I don't see how this witness can verify these, they can be put in however.

By Hon. Mr. Boivin:

Q. Yesterday, I think you said something about the system not being proper, and I want one point made quite clear—and remember I am trying to establish responsibility for anything that may have gone wrong in the department, and want to resume with about three questions, and then I am through—; you referred very kindly throughout your examination-in-chief and cross-examination, to Messrs. Farrow, Blair and Wilson. I think you went so far as to say they were "competent, efficient and devoted", or words to that effect?—A. That is the way they impressed me, yes.

Q. That is the way they impressed you?—A. Yes.

Q. Do you hold them personally responsible for any of the irregularities of which you have complained, in a general way?—A. No, I do not hold them personally responsible for any irregularities.

Q. Now, Mr. Sparks, do you know of any other officer of the Department of Customs in the head office here at Ottawa—I am not referring, of course, to the officials throughout the country, but any officer in the head office here at Ottawa—who is personally responsible for any of the irregularities of which you complain? In this, I want to be fair to you; I am not holding you down to personal knowledge, but according to the information you may have received, in a general way, do you know of any officials in the Customs Department

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here at Ottawa who are responsible for the irregularities of which you complain—to the best of your judgment?—A. No, I wish to make no reflection upon any officer at the head office at Ottawa. I think there are some inefficient officers. I do not wish to name them, but in my judgment I think they might be more efficient.

Q. But you do not think there is any personal malice or dishonesty in the head office at Ottawa?—A. I have never come in contact with personal malice or dishonesty at Ottawa.

Q. Now, having disposed of this, I will leave it for the Committee to probe into the details establishing if possible, in spite of your statement, anything which the Committee desires, and I come back now to my predecessors in office. You stated yesterday in your cross-examination—and I think also in your examination-in-chief—that according to your judgment Mr. Bureau, and the Acting Minister, Mr. Cardin, had on some occasions interfered with the proper administration of the Act. I think that was your statement?—A. Yes; they were acting legally, but in my judgment they did not take the action which was more in the public interest.

Q. In your opinion, both of these gentlemen did not on every occasion take the action which was more in accord with public interest?—A. That is my judgment.

Q. But did either one of these gentlemen on the occasions with which you are even remotely familiar—and I am leaving aside for the moment the dismissal of Mr. Bisailon, and referring to matters in connection with the settlement of cases—do anything which they did not have a legal right to do?—A. I am not a lawyer, and I do not think I can answer that question.

Q. Well now, Mr. Sparks, I do not want to get into an altercation with you this morning. Perhaps yesterday on certain occasions, remembering my friendship for my predecessors, I may have adopted the tone of an attorney cross-examining a witness who was adverse to his case. I am willing to admit that. I do not want to do that to-day; I merely want to establish responsibility according to your judgment. I think you said yesterday in the specific cases referred to that, according to your judgment, they had not acted in the best public interest, but had not done anything which, according to your knowledge of the law, was absolutely illegal?—A. No, I have no knowledge of an illegal act by any Minister.

Q. You have no knowledge of an illegal act by any Minister?—A. No, sir.

Q. Now, Mr. Sparks, let us come to Mr. Bisailon. Can you remember the date upon which you first communicated the evidence concerning the case of the King vs. Simons to the Department?—A. It is set out in a letter on the record.

Q. Just roughly speaking?—A. August, I think.

Q. 1925?—A. Yes, sir.

Q. You communicated that information, if I understood you correctly, first, in quite complete form, to Mr. Farrow, the Deputy Minister of Customs, and later you sent an extract to the Right Hon. the Prime Minister?—A. I think it was done on the same day.

Q. That is the charge—no, I will not use the word “charge” because you said you did not consider you were obliged to make “charges”—but that is the information communicated by you to the Government, upon which you considered the Government should have acted and either held an investigation or dismissed the employee in question?—A. Yes, I think so.

Q. I think you also told us yesterday that my predecessor, Mr. Bureau, had left the Department on or about the 1st of February, and that the Acting Minister had been appointed some two weeks later?—A. That is my recollection.

Q. So, at the time this information was communicated to Mr. Farrow and to the Prime Minister, Mr. Bureau was not in charge of the Department?—A. That is right.

Q. Now, Mr. Sparks, I want to ask you a question or two for my information, and it may be enlightening to the Committee, and I am asking you these questions owing to the great amount of time and attention which you have given to this subject, both personally and as President of the company which you represent. You said something about the weakness of the Preventive Service, and when you refer to the weakness of the Preventive Service, I take it for granted you refer to the weakness of what we term the "Outside Preventive Service," that is to say, the officers employed in that service outside of the city of Ottawa? You agree—and let me say frankly I agree—that the Service should be strengthened?—A. Yes, sir.

Q. I want to ask you first how you consider men should be appointed to that Preventive Service?—A. I think they should be selected by men having a knowledge of criminal investigation work, regardless of any political consideration.

Q. I agree entirely with you Mr. Sparks, and I thank you for that reply. I am going just one step farther, and I want to make it absolutely clear that this is not for the purpose of casting any reflection upon the Civil Service Commission. I believe that the Civil Service Commission is perhaps the best possible system that could be devised for the employment of departmental employees in general, but I am referring now specifically to the Preventive Service in the Customs Department. Do you consider that men can be appointed to that Service in all parts of Canada upon the result of an examination held under the direction of the Civil Service Commissioners, who reside here at Ottawa? This, remember, is for future use; it has nothing to do with the inquiry?—A. I would prefer to trust the appointment to the Civil Service Commission rather than to a political Minister, but better than the appointment by a minister or the Civil Service Commission would be the selection by men with trained police experience. It is purely a police problem, and in my judgment that view had never taken root in this Department. It has been regarded as a departmental problem; they have had no proper appreciation of the fact that they have had to meet clever criminals at their own game.

Q. I agree with you entirely.

Hon. Mr. STEVENS: Just a moment, you are referring to the preventive service, the outside. There is a distinction between that and the Customs.

Hon. Mr. BOIVIN: I am not referring to Customs collectors, nor employees in the inside service.

WITNESS: May I say this: In evidence given the other day, I was asked by Mr. Kennedy what I suggested and I said that I had suggested the employment of Mr. Walter Duncan, and that he should be consulted. I also suggested the name of Sir Percy Sherwood, but one other suggestion which I forgot to put on record that day was, that in view of the fact that the government, to cure one of the evils of this country, sent to England for Sir Henry Thornton, and that the next largest problem in my mind was this problem, I suggested, that if there was nobody in Canada they might borrow an inspector from Scotland Yard who would be above politics, and ask him to take charge of this work. I simply want to put this on record, that I was endeavouring to help the government to carry the thing out.

By Hon. Mr. Boivin:

Q. When we come to constructive work, I think we agree pretty well. The question I intended to ask you, and which you have answered in a way,—I am

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not promising that it will be done, but I am asking for information—would you consider that the employment—at least tentatively, at least until this plan of yours has been accomplished,—would you consider the employment of the Royal Canadian Mounted Police by the Department of Customs as an advantage over the present system, in the matter of preventing smuggling, at what I might term dangerous border points?—A. I do not think it is the solution, but I think it would be helpful. At Montreal there are a couple of excellent officers.

Q. You say you do not think that it would be a solution? Will you say why?—A. The training in my judgment, of the Royal Canadian Mounted Police is not the training for this work. The Royal Canadian Mounted Police did wonderful service in the Northwest, but they are not criminal investigators. That branch of their work, I might say, in my opinion, is not the chief branch of their work. I think they might be utilized, and should be utilized, but the proper action is to establish a secret service, and this is the only country of any importance in the world that has not such a secret service. I think the prevention of frauds on customs might be put under a secret service, properly organized.

Q. I suppose you realize, Mr. Sparks, as I do, that it is going to be an enormous task to organize that secret service, and to make that efficient?—A. No, not an enormous task at all.

Q. You do not consider it so?—A. No, if I might say so, once the professional crook knows that there are men on the job as clever as he is, with backing, and with full power behind them, a great deal of professional smuggling will stop then?

Q. Yes. To go back to the Royal Canadian Mounted Police, is it not a fact, Mr. Sparks, with the knowledge you have concerning the organization and the official work of this Committee, that the Committee has now before it, produced and in its files, some very valuable information, which was obtained through the efforts of the Royal Canadian Mounted Police?—A. Yes. I would not like to be taken as reflecting on the work of the Royal Canadian Mounted Police, but what we need is not officers, men with spurs. We need criminal investigators, working along different lines. A great deal of good work has been done by the Royal Canadian Mounted Police in the past.

Q. Did you think it was a good move to place a certain number of officers of the Royal Canadian Mounted Police in the Customs warehouse at Montreal?—A. Yes, I think the use of the Canadian Mounted Police is a good move at any time, or at any place.

Q. You thought that would be a further good move in that direction?—A. Yes.

Q. Did you think—I shall not say the Minister, but the responsible head of the Department should have power to remove Customs officers from one point to another, without reference to the Civil Service Commission. By Customs officers, I mean collectors and inspectors?—A. Yes, I do not think it would be a strong department without the Minister having some power.

Q. Why I am asking you that question is this, Mr. Sparks. There have been charges—I will not say charges, but you have given some information to the Committee concerning smuggling at Rock Island, Que.?—A. Yes, sir.

Q. Mr. Farrow, in his examination the other day, admitted that there was smuggling at that point?—A. Yes, sir.

Q. The records filed by myself on Wednesday of last week show that a large number of cases of Customs seizures and charges of smuggling, had been taken by the Preventive Service from time to time. That is all on the file?—A. Yes, sir.

Q. Are you of the opinion without naming anybody,—without making any specific charges,—are you of the opinion that part of that smuggling, at

least, was with the tacit consent of the officers stationed at that point, or some of them? I do not want to accuse anybody in particular, but as a general theory, the belief is that the officers stationed at that point know that smuggling is going on?—A. I would not say with their tacit consent, but they know it is going on.

Q. That is practically what I mean. I do not say it is authorized. I do not mean that.—A. I believe some of them do, but not all of them.

Q. Well, possibly. When I say tacit consent, I mean that they know that smuggling has been carried on, and that they have taken no steps, either by seizure or by report to the Department to stop the smuggling?—A. I do not think that they received the support they should have received from Ottawa.

Q. That they failed to receive it?—A. Yes.

Q. Well now, this may be in a conversational tone, but I think it is the only way that we can get at the evidence. I might be mistaken, but insofar as I can ascertain from the officers of our Department, the seizures that have been made at Rock Island, were made by the Preventive Service officers under Mr. Wilson, without receipt of any complaints to the Department from those officers down there. I might be wrong, Mr. Sparks,—I have not gone back very far—but from the information I have received, that is the case. Now, what I am leading up to is this: Do you not consider that the Minister or the officer in charge could benefit the Department if he had power to move these men from that point of the service, who become intimately familiar with everybody in the small localities, to some other point, where they would be strangers?—A. I do not think that the Preventive work can be done by collectors. I would not be inclined to expect too much from the collectors. They have other duties.

Q. Neither would I, but do you not consider at least, that it is the duty of the collector, who has any knowledge of smuggling operations,—that it is his duty at least, to report it to his superiors here at Ottawa?—A. It is perfectly clear that it is his duty.

Q. If he does not do that, he has been remiss in his duties? I think we all agree on that?—A. Yes, as a general principle.

Q. If it is impossible for the Department to determine exactly whether this failure and neglect to perform his duty is due to lack of knowledge or is due to real crookedness, do you not think that the Department, without having the right to dismiss the men, should have the right to remove them and change them the same as a bank, for instance, can remove and change its managers, without reference to the Civil Service Commission, without showing cause?—A. Yes, I think there should be a good deal of latitude in the hands of the Minister.

Q. I am not referring, remember, to the appointment of collectors. I am simply referring to the administration after they have been appointed?—A. I might, Mr. Boivin, without going into any controversy, express this opinion.

Q. That is what I want, Mr. Sparks.—A. Collectors are subject to local influence. Without being asked to prove it, I know, and you should know that the collector is subject to political influence. He does not wish to report facts within his knowledge, for fear that the member for that riding will complain. I do not need to prove it. Every member of Parliament knows that at times the collectors and preventive officers have been more or less intimidated by politicians, and until the political aspect of the collection of the revenue is removed, there will be no efficiency in that department. We have had experience of members of parliament—I won't say interfering with inspectors and collectors, but asking questions—wanting to know why these people had been interfered with. I don't want to go into details.

Mr. HENDERSON, K.C.: Irrespective of what government is in power.

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Hon. Mr. BOIVIN: We are not talking politics this morning.

Hon. Mr. STEVENS: You were asking the question, I think, if we had it clear, what the influences are. Now, you were asking Mr. Sparks if it would be advisable or desirable for the Minister of a department to have power to change a man from one place to another, without reference to the Civil Service Commission. Has he not got that power now?

Hon. Mr. BOIVIN: No.

Hon. Mr. STEVENS: Have you got to refer to the Civil Service Commission before you can remove one officer from one point to another?

Hon. Mr. BOIVIN: I had an experience the other day. I thought we might improve the service at Rock Island by removing—I will not say the collector, but—an employee of the department, one person from Rock Island to Beebe, and the other from Beebe to Rock Island. Knowing that these men had become familiar with the local population, I thought that they would be more vigilant if they exchanged places, and I found it was absolutely necessary to have the consent of the Civil Service Commission and show cause.

By Hon. Mr. Boivin:

Q. There is only one other point, Mr. Sparks. We referred yesterday to the new law adopted at your suggestion, and concerning which I think you were kind enough to say that in that one respect you obtained more from the Government than you had expected?—A. We were satisfied with the law, yes.

Q. In that law it is provided that every person who smuggles goods for a value of over \$200 shall be imprisoned?—A. Yes.

Q. Without the option of a fine or penalty?—A. Yes.

Q. We mentioned yesterday the word "informer," and we were led astray from the point I wanted to make by some specific evidence which I do not want to touch to-day at all. How could you obtain for the Department the efficiency that is now given to it by the employment or use of informers, if in all important cases the jail sentence replaced the penalty and the informer received nothing? I think you started to tell me that yesterday, but we were led astray by something else?—A. Even with a jail sentence as is given, there is the forfeiture of the goods, and the informer may participate in a portion of the value of the forfeiture, and in addition to the jail sentence a fine is imposed, and the informer participates in the fine. So that the new law does not entirely eliminate the interest of the informer, it lessens it; I would not say it lessens it, Mr. Boivin, because it, so far as my knowledge goes, the usual fine was \$200, which was not very much for the informer, but I think you will still find informers glad to go after their moieties, even under the new Act.

Q. There was a fine of \$200 in addition to the value of the goods forfeited, after the regular Customs duty was subtracted from it?—A. Yes, but there was the interest of the informer in the forfeiture.

Q. There was the interest of the informer in the forfeiture?—A. Yes, which was a large interest, depending upon the value of the seizure. That remains what it was.

Q. Is it not a fact that in a great many of the cases, proof of under valuation and proof of smuggling is obtained after the goods have been disposed of; I will not say that it is done in a great many cases, because you might not agree with me, but is it not a fact that it should be done in a great many cases?—A. I am not clear on the question, Mr. Boivin.

Q. Is it not a fact that in a great many cases persons should be prosecuted and punished for offences committed against the Customs Act, even after the goods smuggled into Canada have been disposed of?—A. Certainly they should be punished, if they are caught, regardless of the goods.

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Q. And in that case of course the forfeiture rule would not apply to the informer?—A. No, but that would be an exceptional case, that is, if the department were efficient.

Q. You are generally of the opinion that if a man smuggles goods of a value of over \$200, he should be sent to jail, even for the first offence?—A. Yes. I might point out that the words "without power of remission" are included in the Act; and while a judge has no power to impose a less sentence than one year, clemency may be exercised by the Department of Justice in all cases, and the clemency is there, the recourse is there, if recourse is found desirable.

Q. I understand that. This reminds me that I think you said the other day that the Deputy Minister might not have been absolutely right when he said there had been at least six prosecutions under the new law. You said that of your own knowledge there had been three, or to the best of your knowledge?—A. Yes.

Q. Were you including prosecutions taken against persons who had smuggled liquor into the Maritime Province, and who had been prosecuted there?—A. One case. I understand there was one case in which an information was laid under that section, the judge sentenced the man to two years and then promptly remitted the sentence.

Q. That happened I think some months ago?—A. I think so.

Q. I believe instructions were given by the department to appeal from that remission of sentence?—A. I hope that is true.

Hon. Mr. STEVENS: What case was that, Mr. Boivin?

Hon. Mr. BOIVIN: I do not remember exactly the name of the case, but we will find out. We can find that out for the committee. I know Mr. Farrow reported the case to me, and we were very much incensed that the judge had practically disregarded the law in that way, by imposing a sentence and then suspending it. That is one point I would like to have Parliament consider, and I hope we will correct the judgment on appeal before the matter comes up before Parliament.

By Hon. Mr. Boivin:

Q. In addition to that, Mr. Sparks, I know you will not dispute me when I say it, because I know, there have been prosecutions entered by the department under this Act, prosecutions now pending before the courts, recently entered, since I came into office, against at least eight persons for having smuggled into the Province of New Brunswick quantities of rum and liquor far exceeding \$200 in value?—A. Well, that is no doubt quite correct. I should have perhaps conveyed the idea that we were primarily interested in the smuggling of commodities.

Q. I am merely saying this, because I know you want to be fair, but your examination seemed to cast a slight reflection upon the evidence given by the Deputy Minister?—A. That was not intended, Mr. Boivin.

Q. This is a side issue. Going back to the jail sentence, Mr. Sparks, I want to ask you a hypothetical question, if the committee will allow me to do so; it is for the general information of the committee. The question is this; if an American owning an automobile drives into Canada, for the most legitimate reason, after sundown, and goes through a port where there is no officer on night duty, he does not report his car coming into Canada, his car is worth say \$1,800, it has been smuggled into the country, has it not? He has failed to report, he should have reported, he should have got the Customs officer up and got his permit or waited until the next morning. That man technically is a smuggler; do you think he should be sent to jail for a year?—A. Certainly not. There is no obligation I think on the department to proceed by way of indictment against that man. I think the instructions of the deputy are clear. There is no

intention of proceeding by way of indictment against a man who has committed an offence of that kind.

Q. So that, even with the amended law—and this is what I wanted to get at—there is still a certain amount of discretion left to the department and to the officers, which I will tell you frankly, Mr. Sparks, I would like to avoid if it could be done?—A. It cannot be done, in this problem.

Q. You say it cannot be done?—A. No.

Q. That is all. I am through?—A. I do not think it can be done, Mr. Boivin.

Mr. HENDERSON, K.C.: It is all opinion. The Minister is only asking his opinion. If he says it cannot be done, that is merely his opinion.

Hon. Mr. BOIVIN: What I wanted to do was to get these points placed before the committee, with answers from Mr. Sparks as to these different questions, not that his opinion may make the law, but because I know that, from the time he has devoted to it, it may be of service to the committee after a while.

By Mr. Gagnon:

Q. What is the first original report you gave to the Department of Customs in regard to Mr. Bisailon?—A. I think you have the record in your hands, Mr. Gagnon. You can tell better than I can from memory.

Q. I have some letters, but there may be some written reports that I have not got. Exhibit No. 26 (page 124 of Evidence) is a letter written to the Prime Minister on February 21st, after Mr. Bisailon's acquittal in the Quebec courts. Was that the first report you made to the Prime Minister?—A. I think that was the first written report.

Mr. DONAGHY: What year was that?

Mr. HENDERSON, K.C.: 1925.

By Mr. Gagnon:

Q. You think that was the first written report?—A. Yes.

Q. That you ever made to the Government regarding Mr. Bisailon?—A. Yes.

Q. Up to that time did you ever meet Mr. Bisailon?—A. No, sir, I have not met him yet.

Q. You have never met him?—A. No, sir.

Q. So that any expression of opinion you gave to the Minister or to the officers of the department regarding Mr. Bisailon, would be based upon the reports you had?—A. Absolutely and positively.

Q. Upon reports that you had as to him?—A. Yes.

Q. So that personally you know nothing about Mr. Bisailon?—A. Personally, no.

Q. Would you have in your possession the report from officer Macdonald, part of which you were quoting in your letter of February 26th, 1925, Exhibit No. 27, at page 125; would you have the whole letter?—A. I presume it is filed with all my papers. It is produced with all my papers.

Q. You were referring to Mr. Macdonald?—A. Yes.

Q. Do you know Mr. Macdonald, personally?—A. Yes.

Q. Do you know what he is doing?—A. No. I made some inquiries as to where he might be located, in case he was wanted as a witness.

Q. Do you know that he has been in the employ of the Mounted Police?—A. Yes.

Q. The Dominion Police?—A. Yes.

Q. And the report or the extract from the report you were quoting into the letter to the Prime Minister on February 26th, 1925, was a letter from Mr. Macdonald; what was the date of that?—A. I could not recall offhand.

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Q. It is at the bottom of page 125.

Mr. CALDER, K.C.: The quotation was not written, Mr. Gagnon.

The WITNESS: It would be some time previous to the date on which I communicated it to the Prime Minister, but I could not remember the exact date.

By Mr. Gagnon:

Q. You say you got that report, but I do not see it here?—A. I produced every scrap of paper in my office, and the papers are all here, in charge of the committee.

Q. Unfortunately I have not got it.—A. Unfortunately I have not got to it either, so we are in the same position.

By Mr. Calder, K.C.:

Q. Did you produce the letter referred to on page 125, where you gave a quotation, in which you say:

“I had with me at that time a number of reports on this man, one of which I read to the Minister, which contained the following paragraph amongst other statements made by a reputable officer who had formerly been engaged in preventive work—”

Then you omitted a quotation saying,—

“That I think might properly be omitted.”

Have you that report?—A. That report is amongst my documents here.

Q. That is the one that Mr. Gagnon wants?—A. Yes.

Mr. HENDERSON, K.C.: I can show him the quotation, Mr. Calder.

Mr. GAGNON: I have the quotation, but I would like to see the whole report.

Mr. HENDERSON, K.C.: It is with the other documents.

By Mr. Gagnon:

Q. In your letter of February 21st, Mr. Sparks, Exhibit No. 26, (see page 124) you say that Mr. Bisailon is the key to the whole smuggling situation. You say that in your letter?—A. That as my opinion. So far as Montreal was concerned, that was my opinion, that Mr. Bisailon was the key to the whole smuggling situation.

Q. What did you have in your hand as proof of Mr. Bisailon's dishonesty, at the time you wrote that letter?—A. I think, Mr. Gagnon, when I said Mr. Bisailon was the key to the whole situation, I had this in mind, that Mr. Bisailon was the chief preventive officer for the Province of Quebec, that in the Province of Quebec there was a great deal of smuggling of goods, and that if a chief preventive officer was corrupt, that was the key to the whole situation.

Q. You are not answering my question, Mr. Sparks. I am asking you what proof you had in your hand at the time you wrote that letter to the Prime Minister on February 21st?—A. I had no proof of any kind; I had reports.

Q. You had reports?—A. Yes sir.

Q. No proof, however?—A. No sir.

Q. But in your opinion Bisailon was the key to the whole smuggling situation?—A. Yes, and when the Prime Minister of Canada, or if the Prime Minister asked me to convey to him such information as I had, I felt it my duty as a citizen to convey to the Prime Minister such information as I had, for what it was worth.

Q. But still you admit that you had no proof?—A. No, of course I had no proof.

Q. And you still have no proof personally?—A. No, of course I have no proof personally.

Mr. HENDERSON, K.C.: The proof is all in the documents.

By Mr. Gagnon:

Q. Now, you wrote a letter dated March 21st, 1925, Exhibit 28? (see page, 129.)

Q. In this letter you are drawing the attention of the Prime Minister to the case of Bisailon, and you say in one paragraph:

"In reference to the case of Bisailon, there are certain facts, some of which are set out below which form a part of the public records and which, if they are not already known to the Minister of Customs and Excise, confirmation of them can easily be obtained."

and you are referring there to four cases, or four records?—A. Yes sir.

Q. Let us take the *Rex v Lortie* case. Did you ever read that record yourself, Mr. Sparks?—A. No sir.

Q. You never did?—A. No sir.

Q. And still you declare in that letter that this record is a public record which would give to the Department the proof of what you say?—A. I think I said, "I have reason to believe".

Mr. HENDERSON, K.C.: (Reading).

"We believe the Court records will show"—

By Mr. Gagnon:

Q. You say:

"—set out below which form a part of the public records and which, if they are not already known to the Minister of Customs and Excise, confirmation of them can easily be obtained. In our opinion, these facts of themselves furnish sufficient evidence to warrant the immediate dismissal of Bisailon."

You take it upon yourself to say that this record by itself will furnish sufficient evidence to warrant the dismissal of Bisailon. Is that it? Those are your own words.—A. You might continue reading.

"We believe the Court records will show that the presiding Judge expressed his opinion from the Bench."—

etc., and I asked the government to enquire if it were true that the presiding Judge did express this opinion.

Q. But here you say, "In our opinion these facts of themselves"—you are not talking of anything else, you are talking of the records, and you say, "In our opinion these facts of themselves furnish sufficient evidence." It is your opinion that you are expressing there, that the facts furnish sufficient evidence to warrant the immediate dismissal of Bisailon.—A. I was not referring to the case of *Rex v Lortie*; I was referring to all of the facts as set out.

Q. And you were putting five instances?—A. Putting five instances, yes sir.

Q. But it would not apply to the *Lortie* case which you are quoting, because you say you have never read that record yourself.—A. No, of course I had never read it, but I had discussed it with those who had read it.

Q. With those who had read the record?—A. Yes.

Q. The record is there. Could we have the record? Did you read the comment of Judge Lanctot in that case?—A. No, I have read none of the record.

By Mr. Calder:

Q. The comment would not be reported, except through the press, would it?—A. I don't know the legal procedure.

Q. You know there is no record of anything but the formal judgment, in criminal cases?—A. I didn't know that, until you said so now.

By Mr. Gagnon:

Q. If you have never read the record, and if the reports of the Judge, or the comments of the Judge would not appear on the record, where did you find the proof for the information that Judge Lanctot had declared in the Court that Bisailon and the other officer had perjured themselves? Where did you get that?—A. I think I had three sources of information, all of which—each confirmed the other.

Q. In writing?—A. No.

Q. Not in writing?—A. No.

Q. Would you tell us what was the source of that information?—A. I recall a discussion with Sergeant Hall of the Royal Canadian Mounted Police; I recall a discussion with MacDonald, and I recall a discussion with Mr. Cowan, Chief of the Narcotics Squad of the Department of Health. I got the impression which I have tried to convey in this letter.

Q. That is an impression you got from verbal conversations?—A. Yes.

Mr. HENDERSON, K.C.: Am I right in understanding that in criminal cases in Quebec the evidence is not transcribed?

Mr. CALDER, K.C.: The evidence is transcribed, but the remarks of the Judge are not taken down, only the formal judgment being entered, and the sentence. Any remarks of the Judge, except in cases where you are obliged to transcribe them by law, are not taken down.

Mr. GAGNON: These records will show something which is unusual, but if such comment had been made it would likely be there, because even what the lawyers said in their arguments was taken down by the reporters.

Mr. CALDER, K.C.: At the request of counsel.

Mr. GAGNON: And even in the arguments of the attorney for the Department, there appears no complaint to the Judge that these witnesses have perjured themselves.

Hon. Mr. BOIVIN: Who was the attorney for the Department?

Mr. GAGNON: Mr. Philip Monet.

By Mr. Gagnon:

Q. So all that you know about the Lortie case is the report that you had from MacDonald?—A. In addition to the other two reports, verbal conversations.

Q. Did you have a report from Sergeant Hall?—A. No, I had no report.

Q. Did you ever speak to him about it?—A. Yes.

Q. Do you know who are the officers who were in that case for the Dominion Police?—A. I think Staff-Sergeant Hall was in it.

Q. Do you know what became of Staff-Sergeant Hall?—A. Yes, I have heard what became of him.

Q. You know that he is no longer in the employ of the Mounted Police?—A. So I understand.

Q. That he has been dismissed?—A. Yes.

Q. Do you know what became of Fafard, who was also an officer of the Dominion Police?—A. I have heard.

Q. Do you know that he has been sent to the penitentiary for seven years?—A. I understand so.

Q. Do you know that MacDonald has been dismissed also?—A. No, I didn't know that.

Q. Is it within your knowledge that MacDonald and Fafard accused themselves—one accused the other—of having stolen those trunks full of cocaine in the Court house?—A. I don't know about that, but I know there was a mix-up about the stealing of narcotics, but the particulars I never knew.

Q. You never knew MacDonald had been accused by Fafard and by Hall of having stolen that cocaine?—A. No, I didn't.

Q. But still you mention in your letter that the report you were giving regarding Bisailon was a report from a reputable officer?—A. I believe he was a reputable officer, and I might say in MacDonald's regard that nothing you have said yet changes my mind that he may have been a reputable officer.

Q. But you do not know that Fafard has accused him of having stolen the cocaine?—A. No, and I do not propose to take that information from you and pay very much attention to it.

Hon. Mr. STEVENS: Who does Fafard accuse of stealing that?

Mr. GAGNON: I will ask permission to file an affidavit. I am waiting now for the witness to come in. I understand there is a Government official who is to be a witness, and who has given an affidavit to that effect, which I intend to produce later on.

Hon. Mr. BENNETT: An affidavit would hardly be sufficient.

Mr. GAGNON: The man will be heard as a witness, and I am getting the information from an affidavit which I intend to produce later on.

Hon. Mr. STEVENS: You are aware, are you not, that Commissioner Starnes said that at this time Staff Sergeant Hall was one of his best officers.

Mr. CALDER: I suggest that the best time to go into this will be when the Lortie-St. George case comes up.

Hon. Mr. BENNETT: Certainly.

Mr. GAGNON: That is about the Lortie-St. George case.

By Mr. Gagnon:

Q. The reputable officer of whom you are speaking is MacDonald?—A. Yes, sir.

Q. Now, let us take the other case, the barge Tremblay case, at page 129. Are you very conversant with the facts in that case?—A. I have a general knowledge of it.

Q. You claim that the facts in the Tremblay case justified Bisailon's dismissal—that is, would convince the Department that Bisailon should be dismissed?—A. No.

Q. You said "In our opinion, these facts of themselves furnish sufficient evidence to warrant the immediate dismissal of Bisailon"; that covered the five cases to which you were referring?—A. Yes, but I asked—

Q. So that would cover the Tremblay case too?—A. Yes, and I asked the Prime Minister to verify these facts from the public documents.

Q. Which you have not verified yourself?—A. No; I did not feel obligated to verify them.

Q. And that might have been a reason—. They suggested to you that if you had some facts or proof to lay before them, they would make an investigation?—A. There was no obligation on my part to produce proof.

Q. Did you tell the Prime Minister you had never read this record to which you were referring?—A. I wrote the Prime Minister a letter; I did not tell him anything.

Q. And you said the other day that in the Tremblay case you did not know up until the time the receipts were produced that Bisailon had paid to the Government, as sub-Collector of Customs at Farnham, every cent he had collected? You ignored that up to the time it was proven here?

Hon. Mr. BENNETT: It has not been proven yet.

Hon. Mr. STEVENS: It is not proven.

Mr. GAGNON: I think the letter of the Deputy Minister would prove that.

Hon. Mr. STEVENS: Not at all.

The CHAIRMAN: Mr. Donaghy has read several letters about that.

Mr. GAGNON: I think, Mr. Chairman—

Hon. Mr. STEVENS: Just a minute, Mr. Gagnon. I, at the time, drew attention to the fact that that was not the complaint. I made the statement that what Mr. Farrow proved was that funds properly deposited were accounted for, but it had no reference to funds which might not have been properly deposited.

Mr. GAGNON: It is a contention—

Hon. Mr. STEVENS: It is more than a contention.

Mr. GAGNON: We are still waiting for the proof.

Hon. Mr. STEVENS: Just a minute, Mr. Gagnon. I want you to be clear on this. You assert it was proven. I say there was no proof. I want to challenge that point.

Mr. ELLIOTT: Just a minute, Mr. Chairman. I do not know that it will help us any to get into an argument over this. Is this not the situation, in regard to the report; that the report, after an investigation, shows that the funds which Bisailon admitted he had received, had been properly put into the bank and checked out, a Customs audit showing that had been done? The contention is raised that there were other funds which he does not admit, and never has admitted, having received, which, of course, did not go into the bank account, but that, so far as what he, as an official of the Department, admits receiving, it has all gone into the bank to the credit of the Receiver General in the regular way.

Hon. Mr. STEVENS: No, that is not the case, Mr. Elliott.

Mr. ELLIOTT: That is my recollection.

Hon. Mr. STEVENS: That is not the fact at all. The facts are these: Bisailon swore in court that he had received certain moneys as collections at Farnham, and he said he had put these into his private account, and he showed under examination, how they had gone into his private account and been checked out—

Mr. GAGNON: He never said that.

Hon. Mr. STEVENS: Just a moment. —then the Minister asked Mr. Farrow, the Deputy Minister, to check up the receipts from Farnham as against the receipts credited to the Receiver General. These tally, but they have never been checked as against the funds that Bisailon swore under oath that he had deposited in his own account.

Mr. GAGNON: I see at page 160 an abstract of evidence which was included in the letter to the Prime Minister, and I fail to find in that abstract the facts as stated by Mr. Stevens. I see that some of the money forming part of that \$69,000 had gone through his own bank account, but I do not find that Bisailon admits having collected \$69,000 and remitted only \$29,000.

Hon. Mr. STEVENS: There is nothing in the report of Mr. Farrow at all to show that a single cent of that ever went to the Receiver General; there is not a shred of evidence to show that. I am not saying it has not gone, but there is no evidence to show that it has.

Mr. GAGNON: Then, if there is no evidence—

The CHAIRMAN: There is no evidence as yet; it is only from the documents and papers produced.

By Mr. Gagnon:

Q. You supplied the Prime Minister with an abstract of the evidence of Bisailon, drawing his attention to the evidence that he had given there?—A. At a later date, yes.

Q. And that letter was sent when? May 30th?—A. Yes.

Q. 1925?—A. Yes.

Mr. HENDERSON, K.C.: March 20th, is it not?

Mr. GAGNON: May 30th; Exhibit No. 38. (See page 158.)

Mr. HENDERSON, K.C.: That must be a misprint. It is March 20th, 1925— if you will look at the original document.

By Mr. Gagnon:

Q. And you say you are conversant with the facts? Do you know how many accused there were in that case?—A. Three, to my recollection.

Q. Do you know that the procedure in our courts in criminal cases are started by preliminary enquetes—investigations?—A. Yes.

Q. And do you know that the benefit of the doubt is against the accused at the preliminary enquetes?—A. No, I do not know that.

Mr. HENDERSON, K.C.: Against the accused?

Mr. CALDER, K.C.: At the preliminary enquetes, yes.

By Mr. Gagnon:

Q. Do you know that Bisailon was the only one who was acquitted, the others being sent for trial?—A. Yes, I know that.

Q. Do you know who was prosecuting Bisailon?—A. Yes, the Hon. Lucien Cannon.

Q. Do you know that the cases of perjury, or something like that, when brought to the knowledge of the Crown Prosecutors are dealt with by the Attorneys General of the provinces?—A. No, I do not know that.

Q. What, in Bisailon's evidence in the barge "Tremblay" case, gave you the opinion or the impression that Bisailon was, as you call it, a dishonest officer?—A. His evidence under oath in reference to the deposit in Farnham left that impression on my mind.

Q. It left that impression?—A. Reading in the newspapers, yes.

Q. If you were supplied with the proof that Bisailon accepted for every cent that he collected, as sub-collector, you would not stick to the opinion that he is a dishonest official, regarding that matter?—A. No. If he was proven innocent, I would say he was innocent.

Q. Still in all your correspondence, you call him a dishonest officer?—A. No. What I was doing in this letter, I was definitely refusing to lay charges. I said there was no obligation on me to lay charges, but I said there was obligation on the government to lay charges and I indicated to them public documents, contained in which they might find cause to lay a charge against an officer.

Q. You were referring the Prime Minister to certain records?—A. Yes.

Q. And you told him if you want to find proof of what I say you will find it in these records "which you have not read yourself?"—A. I would suggest to you that you look in these records.

Q. You suggest that I look in the records?—A. Yes.

Q. Some of the records which you had not read yourself of course?—A. Yes, some of the records which I have not read myself.

Q. Now, I will put a broad question, in regard to this record which was furnished to the Deputy Minister, where you had no personal knowledge. Everything you have said is hearsay, regarding Bisailon?—A. Yes.

Mr. CALDER, K.C.: That is why there is very little use in going on with this. The proper time to clear Bisailon will be as each charge comes up, where primary evidence will be offered.

Mr. GAGNON: Yes, but here is a man who has brought in charges.

Hon. Mr. STEVENS: No.

Mr. GAGNON: He has laid a complaint, I might say, to the Prime Minister, and in all his letters, he calls Bisailon a dishonest officer, and he is asking for his dismissal.

Hon. Mr. BENNETT: I think there is no doubt about the right of this gentleman proceeding with his cross-examination. He has made certain reference to a client of Mr. Gagnon, and Mr. Gagnon is entitled to examine and find the basis of it. There is no doubt about that.

By Mr. Gagnon:

Q. You have no personal knowledge, but everything you said is hearsay?
—A. Yes, I never saw the man. I did not deal with Bisailon as an individual. I was dealing with that as a matter affecting trade and commerce.

Q. You selected Bisailon, to use your own words, as an example?
A. Yes, positively.

Q. Of what you say was going on?—A. Yes.

Q. Besides amending the law, did you ever ask anything of the department in writing, except the dismissal of Bisailon and the amendment in the law?
—A. In that very letter I say "Before coming to any decision in this regard, I would respectfully call your attention to the fact that there are six or seven other officers in the Customs Department, whom we have reason for believing are trafficking with smugglers, and in reference to whose operations we are able to furnish some evidence.

Q. His name is the only one you were mentioning in your letters?—A. Yes, because he was the only one who had been arrested for conspiracy.

Q. And acquitted?—A. And acquitted.

Q. Did you ever have, at the time you were writing those letters, before or since, any report from somebody that Bisailon had defrauded the government of one cent, whether by reports or hearsay, or any fact?—A. Yes, I had reports.

Q. You had?—A. Yes.

Q. From whom?—A. I do not know that I am under obligation to say, sir.

Q. You have made complaints. You have called him a dishonest officer?
—A. I do not know personally, I suggested to the Prime Minister that he find out whether he was a dishonest officer.

Q. I would like to find out?—A. But I had discussions with representatives of the Royal Canadian Mounted Police, the Health Department, the Narcotic Enforcement Squad. At the time I wrote this letter I had no idea it would be published. I am not ashamed of it being published. I take nothing back that is in it. I am proud of having written the letter, and I did not know it would be published, but I did what I thought a public duty in calling to the attention of the government a public officer who was suspected by everybody who knew him.

Q. And as chief head of the Commercial Protective Association, you were speaking not only in your own name, but in the name of your Association?
—A. Yes.

Q. And you had made such reports regarding Bisailon to the Minister and to your Association?—A. Yes.

Q. Well, I am asking you where you got the information that Bisailon had ever defrauded the Department of one cent?—A. I have already given you my source of information.

Q. I would like to have the fact pointed out to me what department, from whom?—A. Well, I am telling you I had read reports in the newspapers of the barge "Tremblay." I had discussions with the Deputy in charge of the enforcement of the Narcotic Act. I had discussions with the Health Department.

Q. I want to get your information on this point. I am asking you if you ever had a report from any one man that Bisailon had ever defrauded the Department of Customs. I would like you to point me to one instance?—A. No written report to that effect.

Q. Did you have a verbal report?—A. I read the newspapers.

Q. You read the newspapers?—A. Yes.

Q. Did you read in the newspapers somewhere, that Bisailon was a dishonest officer?—A. That is what I took out of his sworn evidence.

Q. I am asking for the fact, Mr. Sparks, not from the newspapers—I read the newspapers also—if you can point to one instance, or one report from one reputable man who told you that Bisailon had stolen some money, had defrauded the Department of Customs of one cent. I am asking for one instance?—A. Well, I won't produce them.

Q. You won't?—A. No.

Mr. HENDERSON, K.C.: It is elementary that on discovery proceedings you cannot call for the names of witnesses.

Hon. Mr. BENNETT: I would not be sure on that.

Mr. HENDERSON, K.C.: This is in the nature of a discovery. The Bisailon case will come before the Committee in due course.

Mr. BELL: You are aware that the evidence you are now dealing with went into the record as evidence given to the Prime Minister, so that without any desire to limit your cross-examination, we are not on Bisailon's case yet.

Mr. GAGNON: We are still within the bounds of Mr. Sparks' reference to the Prime Minister.

Mr. BELL: That was evidence only as to that.

Mr. GAGNON: I am basing my cross-examination on this part of his letter where he says "In our opinion" he is talking not only for himself, but for the Association, "in our opinion these facts furnish sufficient evidence to warrant the dismissal of Bisailon." He is asking for the dismissal of Bisailon, he is laying charges against him, and he is calling him a dishonest officer. I want to know on what he bases his action.

Mr. BELL: Well, while I would not want to limit your cross-examination at all, I do not think you should at this stage, ask for the production of other witnesses or documents, on which you can base what he said to the Prime Minister.

Mr. GAGNON: There are so many accusations brought against my client so far, without any chance of putting our case before you, that I think I am entitled to give it now.

Hon. Mr. STEVENS: Mr. Gagnon, personally I know very little about law. I am speaking here merely as a layman. We are not trying Mr. Bisailon's case now. We have a lot of information here with regard to Mr. Bisailon, any amount of it, but we cannot inject that evidence while this witness is on the stand. That is something we will have to report on at a later date. I do not know that there is any good to be served by pressing Mr Sparks at this

[Mr. R. P. Sparks.]

time for the source of his information, and so on. I see this letter he wrote to the Prime Minister, and at the very commencement of it he says:

“In reference to my conversation with you on Monday last—” (See Exhibit No. 28, page 129).

That is a letter merely referring to a conversation he had with the Prime Minister. Then he goes on and cites the case of Rex vs. Lortier and the barge Tremblay case, and the evidence in the barge Tremblay case in the Courts, also the question of Mr. Bisailon holding property on both sides of the boundary, and the reports of the Royal Canadian Mounted Police, which he says is sufficient material upon which the Government should investigate this story. That is all Mr. Sparks asks. He did not charge the officer with it; all he did was to ask the Government to investigate. Our complaint is that this investigation was apparently delayed until later in the autumn.

Mr. GAGNON: On page 125 of the proceedings before this committee there will be found Mr. Sparks' letter of February 26th, 1925, Exhibit No. 27, wherein Mr. Sparks, writing to the Prime Minister, says:

“I pointed out that the business community have lost confidence in Mr. Bisailon.”

That must have been based upon something he had.

Hon. Mr. STEVENS: That is all right; that was the opinion of the business men; he was writing reflecting their opinion.

Mr. GAGNON: But Mr. Bisailon would not have lost the confidence of the business community unless somebody had told the business community that Mr. Bisailon was a thief or had stolen something from somebody.

The WITNESS: I never told them that.

Hon. Mr. STEVENS: The best plan to carry out an investigation of this kind is when you have the other evidence before you. There is a whole mass of evidence in these cases which will come out from time to time.

Mr. GAGNON: But Mr. Sparks has been allowed to give expressions of opinion so far, which I considered were not fair, because they were not proved. Still he has been allowed to give them. I am entitled to rebut any impression that has been created by Mr. Sparks' evidence even if it is hearsay.

Hon. Mr. STEVENS: There will be probably ample expressions brought forward later.

Hon. Mr. BOIVIN: Might I be allowed to make a suggestion, for the purpose of saving time for the committee, and enabling us to get on with these specific cases. I am going to ask this of Mr. Gagnon; would it not be sufficient, for the purposes of his cross-examination, if he asked a general question of Mr. Sparks and Mr. Sparks gave him a reply. I am not prepared to say that he will do that, but if he should, that Mr. Sparks himself does not consider that his letters written to the Prime Minister are proof against Mr. Bisailon, but that they were only motives for an investigation. If Mr. Sparks is willing to do that, I would say that it might end the cross-examination here, and then the proof could be made upon the specific charges.

The WITNESS: Mr. Boivin has exactly stated my position.

By Mr. Gagnon:

Q. Stated what?—A. He has exactly stated my position. I do not regard any document or any letter written by me as proof of wrongdoing by Mr. Bisailon.

Q. Still, at a certain stage of your evidence you said that what you had written in your letters was true?—A. No.

[Mr. R. P. Sparks.]

Q. Did you not say that?—A. No.

Q. But to the best of your knowledge?—A. No. I was asking for an investigation.

Hon. Mr. STEVENS: He says in his opinion those facts constituted evidence, and that the Government should go after the evidence, and it was the Government's business to do that.

The CHAIRMAN: Do not pass judgment upon it yet. We are looking for facts, and we will go after the judgment afterwards.

By Mr. Gagnon:

Q. You said, Mr. Sparks, that the business community had lost confidence in Mr. Bisailon?—A. That is true. I have personal knowledge of one fact, and that was the one fact that I did know.

Q. And it was a fact that Mr. Bisailon had done something wrong, because he had lost the confidence of the business community; that is the fact I would like to have from you?—A. You will have to go to the business community at Montreal and ask them. They told me, and I conveyed it to the Prime Minister.

Q. You have not answered the question yet?—A. I will try to.

Q. Can you give me a fact—I think I am asking you a broad question; can you point to one fact which has been reported to you implicating Mr. Bisailon's dishonesty regarding the defrauding of the Department of Customs; I will be satisfied if you will point me to one specific thing?—A. No.

Q. You have no specific fact that was reported to you of Mr. Bisailon's defrauding the Department of one cent?—A. No.

Mr. GAGNON: That is all.

By Mr. Calder, K.C.:

Q. Your suggestion, Mr. Sparks, for the policing of the border is a secret service analogous to Scotland Yard?—A. Yes.

Q. Scotland Yard is a detective branch of the Metropolitan Constabulary?—A. Yes.

Q. Would not a secret service connected with the Mounted Police and governed by it be the best solution?—A. Well, I would not pass an opinion upon that, but that would probably be the best way.

Q. Do you know whether or not the presence of State troopers in uniform along the American border has led to a diminution of smuggling into the United States?—A. Yes. I think it has some value.

Q. I do not mean it is the sole means of policing?—A. It is entirely secondary.

Q. It is a valuable factor?—A. I suppose so, but the value would be secondary.

Q. Would the presence of certain members of the Mounted Police in uniform along the boundary not have a deterrent effect?—A. Well, the border is pretty long Mr. Calder.

Q. I know it is, but the police are pretty active?—A. I would sooner have a few Packard Twin Sixes.

Q. That is what I mean, uniformed men patrolling the border?—A. Yes.

Q. In high power cars?—A. They would be very valuable.

Q. From your own knowledge, is it not a fact that all cases confided to the Mounted Police for investigation were very successful, and I might mention particularly the Spanish Consul case, the breaking up of the Kid Baker dope rings, and the breaking up of the counterfeiters as typical instances?—A. They have done excellent work in the enforcement of the Narcotic Drugs Act, but I

would give some credit to Mr. F. W. Cowan, acting through the Mounted Police.

Q. Would you consider that the withdrawal of the Mounted Police from the Quebec border, policing for Customs purposes, would be a mistake?—A. A great mistake.

By Hon. Mr. Boivin:

Q. One more question, Mr. Sparks. Mr. Calder has made reference to the withdrawal by the Department, of police in the Province of Quebec. Did you not hear it stated here, or did you not make the statement yourself, that there had been only one lone constable stationed at the border for police purposes?—A. No, I had nothing to do with that statement.

Mr. BELL: I think Commissioner Starnes said that.

By Hon. Mr. Boivin:

Q. Commissioner Starnes said that?—A. Yes.

Q. That there was only one man there at any time, and he was withdrawn?—A. Yes.

By Mr. Calder, K.C.:

Q. That is, alluding to a permanent station? As a matter of fact, were not the Mounted Police very active in Customs policing, up to a certain date, and then stopped almost entirely?—A. The appointment of Mr. Bisailon was the date.

Q. That was my impression.—A. Yes, that is the fact.

By Hon. Mr. Stevens:

Q. In other words, the Mounted Police were directed to report only through Mr. Bisailon?—A. Yes, and I think they took the position that they would not do any such thing.

By Mr. Calder, K.C.:

Q. That was my impression also.—A. Yes.

By Mr. Elliott:

Q. Mr. Sparks, there are some questions I want to ask you having reference to conditions, and as the time is very limited now, I think perhaps we can facilitate matters by asking a few general questions. Reading the correspondence, am I correct in the conclusion that about the first of October your impression was to this effect—I will just read you a paragraph and see if you agree with it.—A. Are you reading from a letter of mine?

Q. An extract from a letter.—A. Which I wrote?

Q. A letter which you wrote, referring to the effect of the changes in legislation and the powers given to men as police officers, following your suggestions. Would this be about a fair statement of your opinion of these changes on October 1st, 1925:

“There is no doubt it has had a very salutary effect at border points, where returns show Customs receipts have very greatly increased.”

A. Yes, I think so. I have already given evidence to that effect.

Q. That brings us, then, to the 1st October, or substantially so.—A. Yes.

Q. Now Mr. Sparks, just to shorten what I intended to ask you, is this the issue between you and anybody else, that you are not finding fault with any government, or any party; and your fault is with the system. Is that correct?—A. That is absolutely correct.

Q. Absolutely correct?—A. Yes.

Q. Your fault is fault with the system that was in vogue, and which, by the way, is not a new system?—A. My fault is also with the operation of the system.

Q. Yes?—A. Yes.

Q. I do not think we are going to haggle on words. I have gathered from your correspondence and from your statements in the box that your ideas, your criticisms, are criticisms of the system?—A. Yes, I have criticised the system.

Q. And those?—A. And those who are operating the system as well.

Q. And that is what you are finding fault with primarily?—A. Both the system and those putting that system into effect.

Q. Both the system and those putting it into effect?—A. Yes.

Q. To what extent do you believe that remedying the system would get over the difficulty?—A. No system will remedy the difficulty unless it is enforced by honest, courageous and efficient administration.

Q. I quite agree with that. Then when is the point—assuming that the changes that the government made were producing beneficial results up to the 1st of October, 1925—when is the point after that about which you complain?—A. I complain of the attitude and action of the Acting Minister from the time the law was passed during all the time he was Acting Minister.

Q. Well, now, Mr. Sparks, is that exactly a fair statement?—A. I might clarify that.

Q. Perhaps you had better.—A. I might clarify it by saying this. A situation presented itself in July which, if acted upon in the way it should have been acted upon, would have tremendously improved the situation.

Q. Now, had you any correspondence with the Acting Minister in July?—A. No, I don't think until September it took the form of correspondence.

Q. I think you are correct, and in September—do you happen to have before you the correspondence which you sent to the Acting Minister, Mr. Cardin?—A. No, but I recall it very clearly, a very brief letter.

Q. I would just like the opportunity, with the risk of trespassing for a moment on the time of the committee, of referring you to a letter which you wrote to Mr. Cardin on September 1st. I think perhaps I should refer also to a circular dated August 25, 1925, which I find attached to the letter addressed to Mr. Cardin.—A. Yes, that is more important.

Q. In that circular dated August 25th, you write as follows: (See Exhibit No. 37, page, 157.)

“DEAR SIR: The Commercial Protective Association was organized just about one year ago. It was definitely understood that the organization was to be of a temporary nature, and operations were planned for one year only. The Association had two definite objects in view,—

(1) To obtain a change in the Customs Act, making more severe penalties for wholesale smuggling.

“(2) To obtain an improved Preventive Service to see that the law was put into operation.

The first of these objects has been attained. In reference to the second, a vote of \$350,000 specially designated for the prevention of smuggling, was passed by Parliament, but so far no active steps have been taken to reorganize the Preventive Service, although it is believed that such a reorganization is contemplated by the government.

For the purpose of determining whether the organization shall be continued, and if so, in what form and for what particular purpose, a meeting has been called by the Executive Committee, to be held at Ottawa on the afternoon of Tuesday, September the 8th, at 2.30 at the Chateau Laurier.

It is desirable that there should be a large attendance of those interested in this matter, in order that the views of as many as possible regarding the future policy may be obtained. Your attendance is urgently requested."

Then attached to that is your letter to the Hon. Acting Minister of Customs and Excise, dated Ottawa, September 1st, 1925, as follows: (*See Exhibit No. 36, page 156.*)

"Dear Mr. CARDIN: We have called a meeting of the business interests who have been supporting this organization in its efforts to prevent smuggling for Tuesday, September 8th. I am enclosing herewith a copy of the notice sent to those interested.

You will observe that reference is made to the reorganization of the Preventive Service. If any steps have been taken in this regard I would appreciate it greatly if you will advise me, in order that I may so report to the members of this Association, who are very interested in this matter. I trust that there will be no objection to informing the business interests as to what it is proposed to do with the amount which Parliament voted.

I might say that we have a great deal of information to the effect that the amendments to the Act as passed at the last session of Parliament have had splendid effect, but there is a general opinion that more effective steps should be taken to see that the law is vigorously enforced."

Was that your honest view at the time this letter was written?—A. Yes, my honest view.

Q. The letter dated September 1, 1925?—A. That was my honest view.

Q. You did, at that time, believe that the amendments to the Act, passed at the last session, had had a splendid effect?—A. Yes, at the start the effect was splendid.

Q. And the letter of the 1st of October, a month later, to which I have already referred, mentioning that there was an increase in the Customs duties being collected, indicated that at that time, a month later, namely, on the 1st of October, you were still of the belief that these changes were having a beneficial effect?—A. I think the Customs returns to which I referred were probably the July returns, and possibly the August returns.

Q. Is it not a fact that the July, August and September returns all showed an improved condition, so far as the receipts of Customs were concerned?—A. Of course, my views were entirely those obtained from the Department. I had no knowledge—

Q. And you believed what you stated there?—A. Yes.

Q. No doubt about that?—A. No.

By Hon. Mr. Stevens:

Q. Just one question. What do you mean by "improvement in the conditions since the law was passed"?—A. The immediate effect of the law was good. We had reports from Windsor, Niagara, Sault Ste. Marie, and various points in the Maritime Provinces that, temporarily, smuggling had stopped.

Q. The very fact that the law was passed—A. The very fact that the law was passed frightened the smugglers and they stopped, I think pretty well completely, for a month or so, and that is what is meant by that letter (indicating).

Q. It was later recommenced?—A. Later recommenced.

By Mr. Elliott:

Q. Mr. Sparks, you, or your counsel mentioned that you have the minutes of the meetings held at Montreal?

[Mr R. P. Sparks.]

Mr. HENDERSON, K.C.: No.

The WITNESS: I said I would get in touch with Mr. Robertson, the Chairman, and ask him if he had them. Unfortunately he is in New York, but I have written him a letter asking him to produce any records in his possession.

By Mr. Elliott:

Q. And you will be good enough to let the Chairman know as soon as you hear from him?—A. I certainly will.

Mr. HENDERSON, K.C.: Mr. Sparks intends to keep in touch with the proceedings of the Committee. He will not be too far away.

Mr. ELLIOTT: I want to finish examining him at some later time.

By Hon. Mr. Boivin:

Q. Just one question, Mr. Sparks, which I omitted in my cross-examination. Did you succeed in finding any other newspaper clippings containing the official report from the Deputy Minister of Customs concerning the appointment of 200 men?—A. No.

Hon. Mr. BOIVIN: Mr. Chairman, I beg to file as an exhibit a comparative statement of the Collections of Customs duties on imports entered for consumption in Canada from June to January in the years 1924 and 1925. I ask that it be numbered and printed in the proceedings.

Hon. Mr. BENNETT: January, 1924 would not bring us to the passing of the Act.

Hon. Mr. BOIVIN: This is for the months from June to January in the years 1924 and 1925. It is a comparative statement of the year before the Act was passed and after.

EXHIBIT No. 53

Comparative statement of the collections of customs on imports entered for consumption in Canada from June to January in years 1924 and 1925 is, in words and figures, as follows, to wit:

Month	1924	1925
	Import Duties	Import Duties
June..	\$ 9,962,380.22	\$11,801,844.97
July..	10,617,226.73	12,018,136.05
August..	9,564,539.58	12,289,647.93
September..	9,758,525.49	12,721,639.68
October..	10,593,850.05	13,016,329.74
November..	9,328,450.68	11,770,905.85
December..	8,882,561.16	11,670,986.23
January..	8,233,562.01	10,060,607.80

The Committee rose till this afternoon provided leave be obtained from the House.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m.

Mr. CALDER, K.C.: I would ask for the exclusion of the following witnesses—Mr. Levut may stay. He will be the first witness I will call, and I intend calling Mr. Bisailon too, but inasmuch as this is in the nature of a charge against him, I expect in fairness, that he should remain by his counsel.

The CHAIRMAN: Mr. Garceau; Mr. Parrot; Mr. J. A. Lefebvre; Mr. Thomas Heavers; Mr. J. A. Masson; Mr. J. E. Knox; Mr. H. I. Levut; and Mr. C. A. Verrault. These gentlemen will stay outside the chamber, and the Clerk will provide you with a suitable room around here. All the witnesses who were called are asked to retire, and come in one by one and give evidence.

Mr. CALDER, K.C.: Mr. Hickling had better go out too. I adopt the principle Mr. Chairman, that where evidence is to be produced that refers to some particular official, that official should remain here because evidence, in the nature of a charge is brought against him. I expect that is the proper procedure to follow. As far as Bissailon is concerned, he can stay here. This is a matter concerning Bisailon.

The CHAIRMAN: Where is Bisailon?

Hon. Mr. STEVENS: He is in the room.

Mr. C. P. BLAIR called and sworn.

By Mr. Calder, K.C.:

Q. You have already been sworn in this inquiry?—A. Yes.

Q. Your name has been given to me by the Minister as the person best fitted to speak as to the procedure with respect to smuggled motor cars. I would like to run over that procedure with you.

Q. Seizures are made by officers of the Preventive Service?—A. Yes, or officers of a port.

Q. Or officers of a port?—A. Yes.

Q. Upon seizure the officer is held to execute form K-9?—A. Yes, form K-9; K/9½.

Q. K-9 is the report?—A. K-9, yes.

Q. Reciting all the ascertainable facts concerning the seizure?—A. Well, reciting the facts that he has.

Q. That are asked for by the form?—A. That are asked for by the form, that he has ascertained.

Q. That form K-9, one copy of it is lodged with the department?—A. Yes.

Q. Generally with a covering letter?—A. Yes, not always, but generally.

Q. Where is the car placed after seizure?—A. Well, if the port officer places it, he would have it in charge of the collector. The collector, I suppose, has different places where he keeps them. I do not know what he does in each particular case, have them kept in a garage, or possibly in the warehouse, in a room.

Q. Now, in the city of Montreal are there any accredited garages for cars so seized?—A. I would not be sure of that, but I think there are.

Q. Do you mean by that that deposits are restricted to the Baillargeon garage, and the Central garage?—A. I could not speak definitely as to that.

Q. The records are lodged with the garage owner, upon deposit?—A. I do not know.

Q. Who would be able to tell us that?—A. Well, the party who lodges them, the officers.

Q. I do not mean in any particular case—I mean under the routine established by the department, is that point covered by any instruction?—A. Not that I am aware of.

Q. Is it the routine of the department that the car itself should be held until the decision of the Minister?—A. Well, the car is not always held until decided by the Minister.

Q. What I am asking you is what are the instructions of the department?—A. Well, the instructions of the department would be that it would be held until the Minister either decided it, or the officer was instructed to take some other procedure.

Q. Is it, or is it not the instruction of the department, that at the discretion of the seizing officer, either the car or a deposit, representing double duty, should be held until decision?—A. I would not say double duty. To my knowledge, they have no instructions to deliver cars on deposit of double duty.

Q. Have they instruction to deliver the car on deposit of the duty paid value?—A. Yes, that is in the Customs Act.

Q. That would mean that in his discretion the seizing officer might deliver the car upon receiving from the person, in whose possession it is seized, the estimated price of the car, the appraised price of the car, plus the duty?—A. Yes.

Q. But no double duty or single duty, in lieu of the car?—A. Not without instructions.

Q. Then the whole matter is laid before the Minister after either the car or the duty paid value has been deposited, the matter is laid before the Minister?—A. Yes. I will say it is laid before the Minister. I do not know that these details are always laid before the Minister.

Q. And a decision is rendered?—A. I thought you spoke now of the release. I thought you were speaking of the terms of the release. The decision is always by the Minister.

Q. While the car is being so held, pending decision, is it open to the seizing officer to have it repaired, repainted, or otherwise refitted?—A. Not without instructions.

Q. He must refer to the department before doing that?—A. He should do so.

Q. If a car had been declared forfeited by the Minister what procedure is followed then?—A. Well, there is a period of thirty days within which notice of non-acceptance of the decision may be given. If no such notice is given, the car is, in an appropriate time, offered for sale.

Q. How is it offered for sale?—A. In the city of Montreal, they are always offered for sale by auction. In some places that is not feasible.

Q. Is there any accredited auctioneer in Montreal?—A. Yes, sir.

Q. Who is it?—A. Dandurand has been selling them.

Q. That is U. H. Dandurand, on St. James St.?—A. I am not sure of the initials. I think U. H. is probably correct.

Q. Is it open to the seizing officer, at his discretion to sell that car either back to the person from whom it was seized, or to any other person, without selling it by auction?—A. Under the Act the Minister could dispose of the forfeited car.

Q. I am not talking about the Minister, I am talking about the seizing officer?—A. You said any other person.

Q. Any other person. The question was this: Is it open to the seizing officer, after the Minister has decided that the car is forfeited, to sell the car,

either to the owner, or to the person in whose hands it was seized, or to any other person, without selling it by auction direct?—A. Not without instructions.

Q. Has it happened, that a car forfeited has been exchanged for some other car, previously owned by the department?—A. That report has been made. I do not know that the facts have been established.

Q. You mean to say that has been reported to you?—A. It was reported to the department, yes.

Q. That could only be done by the Minister's order?—A. Oh, yes, it could not be done without the Minister's order.

Q. Is anything done, under the instructions of the department, where facts lead to the suspicion that this car is seized in the possession of a thief or a receiver. Is it, under such circumstances, under the instructions of the department incumbent upon the seizing officer to ascertain who is the real owner of the car?—A. Well, if he has knowledge that the car—you are speaking of a car being stolen from a person in Canada?

Q. Yes, or in the United States?—A. Under the treaty in existence, if the car is known to be stolen from an owner in the United States, we would not dispose of it.

Q. Where the circumstances are such as to raise that presumption, though it may not amount to actual knowledge—are any steps taken, under instructions from the department, to ascertain who the true owner of the car is?—A. Oh, invariably.

Q. That is to say that instruction has been given to collectors and the preventive service?—A. Yes.

Q. You know that?—A. Yes. They know that, generally, yes.

Q. Have any complaints been made from any source whatsoever to the Department, to your knowledge, that cars stolen either in the United States or in Canada had acquired title through the Customs seizure?—A. We have sold cars which we afterwards had information on, that they had been stolen.

Q. Would you mind extracting from your records, a list of complaints of this nature, and filing it here?—A. I think that could be done. It may require some search.

Q. All right, will you undertake then to file such a list?—A. That is a list—

Q. A list of complaints made to you by car owners that their cars had been sold through the Customs Department and somebody in Canada had acquired title to them, indefeasible title to them, in that way?—A. Yes. It would be a difficult thing to do; I will do my best.

Q. You have two weeks to do it in?—A. Yes.

The CHAIRMAN: Mr. Blair, will you please speak a little louder.

WITNESS: Yes.

By Mr. Calder, K.C.:

Q. You will have about two weeks in which to do that. When a car is seized in the possession of a certain person before any decision is given on it, if the owner turns up and claims it from the Department, do you deal with the man holding himself forth as the owner, or do you deal exclusively with the person from whom you had seized it?—A. We would ask the owner to obtain a relinquishment of all claims from the party from whom we had seized the car.

Q. Until he obtained that relinquishment, he would have no standing before the Customs Department at all?—A. Well, we would not release it prior to forfeiture.

Q. You say you would not release it prior to the forfeiture?—A. No.

[Mr. C. P. Blair.]

Q. Supposing these facts were made clear to the department, that a car under seizure but not yet forfeited belonged to a certain person other than the person claiming it, and it was made plain to the department that the man from whose possession the car was seized was a receiver, would the department still refuse to deal with the alleged owner until he first satisfied the receiver?—A. I do not know of any case where we have had satisfactory and absolute proof that the party from whom we received was the receiver. We have always dealt with it on the other basis; we could forfeit the car, and that would foreclose the claim of the party from whom we received it, unless he appealed from the decision, then we are free of any claim for damages on the part of the party who makes a claim to it as owner.

Q. After forfeiture, what would be the rights of the owner of the car; would he have any, as against either the Government or the receiver?—A. If he established that the car was stolen from him without collusion, the car would be returned to him upon merely the payment of expenses of seizure and keep.

Q. No other conditions would be imposed?—A. No.

Q. When a car is released under a decision, either upon payment of duty or double duty, a form called K-9½ is executed by the party who claims the car that is released?—A. Yes.

Q. Certified by the Customs officer?—A. Certified by the Customs officer.

Q. One of the triplicates is given to the person to whom the car is released?—A. Yes.

Q. One is kept in the office of the collector, and the third lodged with the Government?—A. That is correct.

Mr. CALDER, K.C.: That is all, Mr. Blair. If I have anything further to ask you I will send for you.

Witness retired.

HIRAM ISAAC LEVUT called and sworn.

By the Chairman:

Q. What is your name?—A. Hiram Isaac Levut.

By Mr. Calder, K.C.:

Q. Where do you live, Mr. Levut?—A. Montreal.

Q. What is your address?—A. No. 224 Villeneuve street west.

Q. Were you living there in September of 1924?—A. Yes, for the last seven years.

Q. In the month of September, 1924, did you own a Dodge Sedan?—A. Yes, sir.

Q. From whom did you buy that car?—A. At the Customs House, from Mr. Bisailon and a man by the name of Delage.

Q. What date was that; did you receive when you got the car Form No. K-9½ which I now show you; did you receive that (shows to witness)?—A. Yes, that was in my possession.

Q. Did you receive it that day?—A. I received it on the day I paid the money.

Q. This will be filed now as Exhibit No. 64. Does Form K-9½ correctly recite the numbers on the car?—A. Yes, it does.

Q. Year 1922, Dodge Sedan, engine No. 77303, serial number 745143?—A. Yes.

Q. That car was still in your possession?—A. Yes.

Q. When this case was investigated by Investigator Knox?—A. Yes.

[Mr. H. I. Levut.]

Q. Will you tell us how you came to buy that car?—A. I went up, there was an auction sale of Government cars at Dandurand's garage.

Q. Where is Dandurand's garage?—A. In Montreal, on St. James street.

Q. Near McGill?—A. Near McGill. I went in there, the crowd was jammed in, and I did not want to stay there because a friend of mine had been pick-pocketed in the same place. I went in the inside, and I believe a son of Mr. Delage was there, and I asked him if I could buy a car; he said he did not know, but to go down to the Customs and see a man named Bisailon.

Q. Did you go?—A. I went down but did not get him, and I went away.

Q. How long was this before you bought the car?—A. A few months before.

Q. A few months before you bought the car?—A. A few months.

Q. You bought the car in the month of September?—A. Yes. That was about the beginning of the summer, but I could not tell you exactly when it was.

Q. You saw Bisailon for the first time in connection with this purchase?—A. Yes.

Q. It was in the beginning of the summer you saw him first?—A. No, I saw him in July or something like that, July or August.

Q. When you saw him about this car?—A. Not about this car.

Q. That is what I am asking you. When did you see him first about the purchase of this car?—A. It was July or August, I could not say exactly; it was in the summer months, July or August.

Q. Did you then agree to buy a car from him?—A. No, he refused; he said "We do not sell any cars private."

Q. Did you drop the matter then yourself?—A. No. Then he says to me, "I will tell you, you pass by, some times we have seized cars which the owner has not got the money to pay the fine, or something or another, and come in and see me some time."

Q. Did you go up and see him?—A. Yes, I went up and saw him.

Q. When?—A. About the beginning of September, I believe; that was the second time.

Q. Did he tell you then he had a car for sale?—A. He said he had a car that was just come in, and to "Come in in about a week or so and I will let you know." I came down there and he says "I have a car here." I asked him could I have it examined? He said yes, he would send down one of the men there with me and examine the car.

Q. Did you take the car out for a run?—A. His man took it out, I did not take it out.

Q. Did you run it?—A. No, he would not allow me to run it.

Q. Who was the man?—A. I could not tell you; one of his men, I do not know his name. After he told me the duty, the fine and the duty, it amounted to \$612.90, plus garage charges \$137.

Q. The garage charges were \$137?—A. Yes.

Q. Were those charges for garage storage, or for repairs?—A. I understood when they brought in the car that the car was in a broken condition, and that they fixed it up.

Q. Did you give orders for any repairs at the garage?—A. No.

Q. Where was the car?—A. At the Central Garage.

Q. Where is that?—A. No. 265 Pine avenue east, Montreal.

Q. On the 12th you agreed to pay the money and buy the car?—A. Well, I think it was the 9th or the 8th that I agreed to buy. He says "Come down to-morrow morning around 10 o'clock, the owner will be here too."

Q. Did you have any interview with the owner at all?—A. No.

Q. Before Bisailon told you that?—A. No.

Q. You went down the next day?—A. I went down the next day.

Q. Did you see the alleged owner?—A. Of the car?

Q. Yes?—A. I don't know. Mr. Bisailon introduced him to me as the owner.

Q. He introduced a man to you as owner?—A. Yes.

Q. By the name of Morris Delage?—A. Not Morris Delage, just Delage.

Q. What sort of a man was he?—A. Medium height. If I saw him I might know him. I had only about 5 or 10 minutes' time. He was just a slim fellow, from my memory.

Q. Did he tell you where Delage lived?—A. No.

Q. You did not ask?—A. I did not.

Q. Did Delage sign K-9½ in your presence?—A. No.

Q. He did not?—A. No.

Q. When you went there, was K-9½ ready for you?—A. No. I handed the money over to Mr. Bisailon, and Mr. Bisailon handed it over to a clerk.

Q. You handed the money to Bisailon, and he handed it over to his clerk?—A. Yes, and a few minutes later they produced this receipt.

Q. Where did they produce it from?—A. From the other side of the counter.

Q. It was already written?—A. I don't think so.

Q. It was written there?—A. Yes.

Q. Delage did not write it?—A. I do not think so.

Q. Did they give you any other papers at that time?—A. At the time they introduced me to Delage they gave me this little slip.

Q. Will you produce now what purports to be the registration of a car from the Commonwealth of Massachusetts, and whether that is the document that was given to you at the time? (Document shown to witness.)—A. Yes. This is a copy.

Q. You kept that together with Form K-9½ until you saw investigator Knox?—A. Yes.

Q. And you gave up both papers to him?—A. Yes. The minute they came in there they told me they were looking for something. I gave them all the information I could, and I gave them the papers.

Q. This registration certificate is No. 427661, dated June 2nd, 1924, and purports to be issued to Marc Delage, 265 May Street, Holyoke, Mass. Did you get any papers for the purpose of taking the car out of the custody of the Central Garage?—A. A letter has been given to me with the name, to deliver the car to Morris Delage, and when I took away the car I paid the money for Morris Delage handed me this card, and they telephoned the Central Garage to please deliver the car, in addition to this letter.

Q. Provisionally, until I can find the original of this letter, will you state whether this is a copy of the letter delivered to you; will you read that and say whether it is a copy of the letter delivered to you, because I do not know where the original is? (Shows letter to witness.)—A. That is it.

Q. I am going to call somebody from the Central Garage and put in the original. It is an absolute duplicate of the original, but I will put this in provisionally, to be replaced by the original, as No. 66. Was the letter given you an order for delivery from Morris Delage?—A. Yes, sir.

Q. And in your presence the garage was telephoned to and told to deliver the car to you?—A. Yes, sir.

Q. When you got to the garage, did you pay the charges on the car?—A. I paid the charges on it.

Q. Will you look at the file now shown you, dated December 6th on the bill-head of the Garage Central, Limited, and state whether that is the repair bill paid by you?—A. This is the bill I gave to Mr. Knox.

Q. Will you file that bill as Exhibit No. 67?—A. Yes.

Mr. CALDER, K.C.: That is all.

By Mr. Gagnon:

Q. There is a man who was introduced to you as Morris Delage, in Mr. Bisailon's office?—A. Yes, sir.

Q. That was on the 12th day of September, 1925, the day you got the car?—A. The day when I paid the money and they delivered the car.

Q. You had not seen him before, up to this time?—A. No, I had not seen him before.

Q. What did Mr. Bisailon tell you about Morris Delage?—A. He did not tell me anything.

Q. Did he tell you that Mr. Delage had a car seized, and could not pay the double duty on it?—A. Yes, he told me it was a seized car.

Q. And that Mr. Delage could not pay the double duty?—A. He said the double duty frightened him, in order to get him to release the car, because otherwise, he would not press the charges—

By Mr. Calder:

Q. Do you mean by that that Mr. Bisailon said he had frightened Delage into selling the car to you?—A. Not to me particularly.

Q. But to give up the car so as not to pay the double duty?—A. To give up his rights.

Mr. GAGNON: Will you kindly permit me to finish my examination.

Mr. CALDER, K.C.: Certainly, but I want to understand what this witness meant.

By Mr. Calder, K.C.:

Q. He frightened Delage into giving up his rights?—A. Yes.

By Mr. Gagnon:

Q. You dealt with Delage? At least Delage handed you that registration card in Mr. Bisailon's office?—A. Yes, that was about the end of it, when I said I wanted some kind of a paper.

Q. Did you ask for a transfer?—A. I asked for a transfer.

Q. And you accepted that registration card as a transfer?—A. As a transfer, and Mr. Bisailon told me it was all right.

Q. And you went to the Central Garage to get your car with that registration card?—A. Yes, and paid the charges.

Q. Was that form K-9½ signed before you in Mr. Bisailon's office?—A. Not before me. The room is big enough, and I was standing on this side of the counter (indicating) and it was brought from there (indicating). I cannot swear who wrote it, but the clerk brought me up this paper to the desk.

Q. Who handed over that document to you—the receipt for your money?—A. The clerk in Mr. Bisailon's office.

Q. The clerk in Mr. Bisailon's office?—A. Yes.

Q. You do not know his name?—A. No.

Mr. CALDER, K.C.: Was Garceau identified in connection with this?

Mr. GAGNON: Never mind.

By Mr. Gagnon:

Q. And the money was given to you by Mr. Bisailon?—A. Yes.

Q. In his office?—A. Yes, sir.

Q. Delage was there?—A. Delage was there, standing right beside the counter.

Q. The money was handed over by Mr. Bisailon to one of the clerks in the office?—A. Yes.

Q. There was nothing signed in your presence?—A. No; it was in a big envelope.

Q. And what did Mr. Bisailon tell you?—A. I don't remember.

Q. Did he tell you that the clerk would prepare the papers, or something of that kind?—A. No; he just handed over the money and said "He will give you a receipt."

Q. He said "He will give you a receipt"?—A. Whether he said "He" or "We"—I don't remember exactly the words used there.

Q. Did that clerk ever come into the room when you were there with Mr. Delage?—A. No, he was there.

Q. The money was handed over to him?—A. Yes.

Q. What were the words exchanged between Mr. Bisailon and the clerk? What conversation took place between them?—A. I did not hear; I cannot tell you.

Q. Did he speak in French or English?—A. That I do not remember.

Q. But you never understood you were buying a car from Mr. Bisailon?—A. Well, I—

Q. But you were buying the rights of Mr. Delage?—A. I only based it on account of Mr. Bisailon, and being in a government office.

Q. But you considered that as a transfer of rights from Mr. Delage to yourself, because you exacted the transfer?—A. That is quite true, but I had the assurance of Mr. Bisailon that it was all right. I was buying from the Government.

Q. That the Government was agreeable to the transaction?—A. Yes.

Mr. CALDER, K.C.: (To witness). Just one moment, Mr. Levut. (To Chief Protective Officer.) Bring in Mr. Garceau, please.

Mr. GAGNON: Just one more question, if you please.

By Mr. Gagnon:

Q. Did Mr. Bisailon tell you that the Minister had rendered his decision allowing Mr. Delage to pay double duty to obtain the release of his car?—A. I don't remember.

Q. What did he say about the amount to be paid?—A. He told me the amount was \$612.90.

Q. And he told you Mr. Delage could not pay it, or would not pay it?—A. That is what he told me.

Q. And he was ready to transfer his rights?—A. Yes.

By Mr. Donaghy:

Q. How much did you pay for the car, outside of the garage bill?—A. \$612.90, and a garage bill of \$137. In addition to that, I bought some tires.

By Mr. Calder, K.C.

Q. Will you look at this gentleman standing by the table, Mr. Ralph Garceau, and state if that is the man who brought you the K-9½?—A. I don't remember.

Q. You did not order these repairs at all?—A. No.

Q. At the Central Garage?—A. No. The car was all fixed up when I got it.

Q. All fixed up before you entered into negotiations at all?—A. Yes.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: Do any members of the Committee wish to question Mr. Levut? (To witness) All right, sir; you are discharged.

Witness discharged.

JAMES EDWARD KNOX called and sworn.

By the Chairman:

Q. What is your name?—A. James Edward Knox.

Q. What is your occupation?—A. Customs and Excise Officer.

Q. Where?—A. Montreal.

By Mr. Calder, K.C.:

Q. Mr. Knox, were you instructed to make an investigation into the facts concerning a Dodge sedan, 1922 model, said to have been seized in the possession of one, Morris Delage?—A. Yes, sir.

Q. In consequence of that investigation, did you go to the residence of Mr. H. I. Levut, 224 Villeneuve street, Montreal?—A. I did.

Q. And did you secure from him the papers that he himself has recognized and produced as exhibits?

The CHAIRMAN: Mention the exhibit numbers.

By Mr. Calder, K.C.:

Q. Which he produced as exhibits 64, 65 and 67?—A. Yes, I secured them at his place of business at 850 St. Lawrence street, Montreal.

Q. When did you lift these papers from Mr. Levut?—A. On the 5th of January.

Q. What year?—A. 1926.

Q. Did you examine the car itself?—A. I did.

Q. Did you examine it so as to compare the numbers with the numbers on K-9?—A. I did.

Q. Can you tell us from the examination which you made of those numbers whether they had been altered? I do not mean from the numbers on the K-9, but whether there was some appearance of the numbers being re-punched from the original manufacturer's numbers?—A. The numbers have all the appearance of being altered—changed.

Q. That is, re-punched?—A. Yes, sir.

Q. Before that date—before securing Exhibit 65—did you have in your possession the number of the Massachusetts license which this car bore when it was seized?—A. I had a license number.

Q. Given to you?—A. It was on the Central Garage receipt; that was the only number I had.

Q. What was that number? You can use your report, if you like, to refresh your memory.—A. It was on the Central Garage receipt which was filed.

Q. (Handing document to witness) Will you find it in your papers? This is your own file?—A. Yes.

Q. What was that number?—A. The license number is Massachusetts license number 427661.

Q. With that number noted, and the name of the person in whose possession the car was alleged to have been seized, did you go to Holyoke to investigate?—A. I did.

Q. What was the result of your investigation in regard to Delage's dwelling in Holyoke in September or in the summer of 1924?—A. When I went down to Holyoke, I had no address of Delage at all.

Q. Because you had not yet the certificate of registration?—A. That is quite true, and from the license number we located the name of the party in whose name this was registered, and the party who obtained this license from the Boston—

Q. Mr. Knox, you need not go into that, because you have discovered that that number was badly transcribed, have you not?—A. Yes.

Q. It should have been 427,561, instead of 427,661?—A. That is right.

Q. It was the Central Garage who gave you the transcription of this number?—A. That is where we got it.

Q. Did the Central Garage tell you at that time to whom they had delivered the car?—A. No, we had made no enquiries then at the Central Garage.

Q. What did you find as regards Delage's dwelling in Holyoke at that time?—A. We could locate no such party.

Q. Then you returned to Montreal?—A. No, I proceeded with this number to Springfield, and we located the proper owner of this number.

Q. Of the wrongly transcribed number?—A. Yes.

Q. Don't say anything more about that, because it is no longer relevant.

By Mr. Gagnon:

Q. You could not locate Morris Delage in Holyoke?—A. No, sir.

Q. Did you find out if such a man lived in Holyoke?—A. We tried to, and we couldn't.

Q. You couldn't locate him?—A. We couldn't locate him. The city police could not locate him either.

Q. Who was the registered owner of that car, according to your information?—A. The registered owner of the car which I went down on was Emile Minina, 129 Taylor street, Springfield, Massachusetts.

Q. What kind of an investigation did you make to find Morris Delage?—A. We tried through the city police to locate all parties by the name of Delage in Holyoke. There are two. There is Felix Delage, 133 Northeast street, Holyoke, and there is Mrs. Emma Delage at 68 Centre street, Holyoke. Those are the only two Delages we could locate. We also tried to locate the owner through the Dodge Garage people there thinking that they would probably know if there was such a party there; that if he had a Dodge sedan car the probabilities were that he would go there for repairs, as it was the only garage in the place. They had no such a name; didn't know him.

Q. But the name of Morris Delage appeared on the file of the Department when the seizure was made, in the report?—A. Yes.

Q. Do you know who is the officer who seized the car?—A. The officer who seized the car, I understand, is Mr. Bisailon.

Q. Where was the car seized?—A. It does not state where the car was seized. The report states—this is a report dated July 9th, 1924, if I may read it.

Q. July 9th?—A. Yes.

Q. I just wanted to see the date.—A. It does not state the place where the seizure took place.

Q. It was in Montreal?—A. It was in Montreal, but it states here that they went to a place designated—where, it does not say, but he went with officers Heavers and Masson.

Q. Did you ever ask Mr. Bisailon if he could give you any information, so far as Delage was concerned?—A. I never have had any interview or talk with Mr. Bisailon whatsoever.

Q. Don't you think that while making the investigation, the proper man to interview would have been Mr. Bisailon?—A. No, not necessarily.

Q. Not necessarily?—A. No.

Q. And it never came into your mind to ask Mr. Bisailon, while making the investigation?—A. I would like to, but I didn't do it.

Q. You didn't do it?—A. No, I didn't do it.

Q. But still you cannot swear that Morris Delage is not a person?—A. No.

Q. And there are some Delages in Holyoke?—A. Yes there are two.

Q. By the way, when was that car—that car had been confiscated by the Minister in 1924, on the 12th of September. I do not mean confiscated, but the decision was rendered.—A. There is a decision on file dated October 23rd, 1924.

Q. The decision was rendered then?—A. Yes.

Q. What was the decision?—A. It was, "that the deposit be and remain forfeited and be dealt with accordingly." That was a deposit of some money.

By the Chairman:

Q. That is signed by whom?—A. That is signed by Mr. Wilson.

Q. F. F. Wilson?—A. W. F. Wilson.

HON. MR. STEVENS: What was the amount of that?

MR. CALDER, K.C.: \$619.90. It was the price paid.

By Mr. Gagnon:

Q. There was no address of Mr. Morris Delage on the file?—A. On the seizure, no sir.

Q. On the seizure?—A. Nor on the file either.

Q. Do you know if any notice has been sent by the Department?—A. Notice of what?

Q. Notice of seizure?—A. They could not send a notice if there is no address.

Q. There is Holyoke, Mass.—A. I couldn't say if there was any notice sent.

Q. You couldn't say?—A. No, I couldn't. You see, when the first report was made and the seizure of the car was affected, it was stated that the car was seized in the possession of an unknown party.

Q. You are talking of what you understood?—A. No, it is on file.

Q. It is on file?—A. Yes.

Q. But how does the name Morris Delage, Holyoke, Mass. appear on the seizure report?—A. That is what Mr. Bisailon will have to explain.

Q. It could not be that Morris Delage, Holyoke, Mass., is a person unknown?—A. That is what that says.

MR. CALDER, K.C.: It might be a fictitious person.

MR. GAGNON: It might be, but this is an unfortunate time to make that statement.

MR. CALDER, K.C.: The mere fact that a name goes down on a record does not say there is such a person.

By Mr. Gagnon:

Q. But the name of Morris Delage appears on the seizure report?—A. Yes.

Q. And you don't know if there was any notice of seizure sent to him at Holyoke?—A. I do not. But I do know that a covering report submitted by Mr. Bisailon states that the person in whose possession the car was seized was unknown, and it is on record there.

Q. Would you find that on the seizure report?—A. No, you will find it on the covering letter, sir.

Q. (Reading): "In the hands of a party unknown, who was endeavouring to sell the car for Delage." But still you find in the covering letter the name of Delage?—A. Yes.

Q. And that the party who was trying to sell the car was trying to sell it for Morris Delage?—A. That is what the report says.

The witness retired.

Mr. THOMAS HEAVERS called and sworn.

The CHAIRMAN: Is Mr. Knox discharged?

Mr. CALDER, K.C.: No, Mr. Knox will be heard again in connection with another matter.

The CHAIRMAN: You remain here, at the disposal of the Committee.

By the Chairman:

Q. What is your occupation, Mr. Heavers?—A. Senior examining officer.

Q. In the Customs?—A. In the Customs, Montreal.

By Mr. Calder, K.C.:

Q. Mr. Heavers, did you assist Mr. Bisailon, then acting officer in charge of the Preventive Service at Montreal, in the seizure of a Dodge sedan car on July 9th, 1924?—A. I think, as far as I can remember, that Bisailon and me made a search one night for this car, in the North end.

Q. Where did you make the search?—A. Oh, in several garages, sir, in the North end.

Q. Did you actually find it?—A. No sir, not that night, no sir. On the following day I think, this car was seized. Owing to my working on it the night before, my name was put into the seizure, I think with Mr. Masson.

Q. So you were not actually present at the seizure?—A. Not at the time the seizure was made, no sir.

Q. And you know nothing at all of the circumstances of the seizure?—A. Absolutely nothing, sir.

Q. That is all.

The CHAIRMAN: Is Mr. Heavers discharged?

Mr. CALDER, K.C.: Yes, as far as I am concerned.

The CHAIRMAN: You are discharged.

(Translation)

RALPHS GARCEAU called and sworn.

The CHAIRMAN: Do you wish to give your evidence in French or in English?

WITNESS: In French.

Mr. CALDER, K.C.: You speak English.

The CHAIRMAN: He prefers to give it in French.

Mr. CALDER, K.C.: In examining the witness, shall I put my questions in English or in French?

The CHAIRMAN: You had better put them in French.

Mr. CALDER, K.C.: And the questions and the answers will be translated together?

(Examination conducted in French and interpreted by Mr. Beauchamp, Official Interpreter, sworn to act as such.)

By the Chairman:

Q. What is your name, Mr. Garceau?—A. Ralphs Garceau.

Q. What do you do?—A. Officer in the Customs and Excise, Montreal.

By Mr. Calder, K.C.:

Q. In whose office were you on the 12th September, 1924?—A. In the office of Mr. Bisailon.

[Mr. Thomas Heavers.]

Q. Will you look at the document produced as Exhibit A-64, and tell us if you have seen it?—A. Yes.

Q. Can you tell us if you know who wrote it?—A. I did it myself.

Q. Did you write the whole document?—A. I did.

Q. Did you more particularly write the signature "Morris Delage"?—A. Yes, I did.

Q. Did you write this document, and this signature on the document, K-9 of your own volition or not?—A. I did not do it of my own volition. I did it on behalf of Bisaillon.

Q. At Bisaillon's request?—A. Yes.

Q. Was the document written on the day and at the date which appears on the document itself?—A. It is difficult to say.

Q. Who was present in the office when you wrote that document?—A. Mr. Hickling, Mr. Bisaillon and I am not sure if Mr. Poirier was present. Mr. Bisaillon and Hickling I am sure of.

Q. Was Mr. Levut present, who was a witness here, when I called you for identification?—A. I cannot recall.

Q. Was Mr. Hickling standing sufficiently close to Bisaillon to hear Mr. Bisaillon make that request, to hear Mr. Bisaillon make it, to be able to hear the request made?—A. If he had paid attention, he could have heard him make the request.

Q. Now, look over this document, K-9½. Do you distinguish a difference as between the writing in the body of the document, and the writing as regards the signature? How do you account for that?—A. Mr. Bisaillon asked me to alter the writing to some degree when I signed this name.

Q. Was that the only time you did that for Bisaillon?

Mr. GAGNON, K.C.: That is a little suggestive.

By Mr. Calder, K.C.:

Q. It is not leading. You mean it is outside the purview of this present case, possibly, but I think it is quite a proper question.—A. If I remember well, I did it once or twice.

Q. Is that the only occasion on which you did this for Bisaillon?—A. I may have done it on a couple of other occasions, two or three occasions, I am not quite sure.

Q. Placing upon the document each time the signature of a person to whom the car was supposed to be released?—A. Yes.

Q. Did Mr. Bisaillon at any particular time, indicate any particular person as being Delage?—A. Not to my knowledge.

Q. Did you receive the \$612.90 when it was handed in?—A. No.

Q. You were not present when this amount of money was handed by the purchaser to the department?—A. I do not recall.

Q. In any event, you did not receive this amount of money yourself?—A. I did not, sir.

Mr. CALDER, K.C.: Your witness.

Mr. GAGNON, K.C.: But the amount was paid.

Mr. CALDER, K.C.: There is no contestation.

Mr. GAGNON, K.C.: I know there is no contestation, but it is as well that everybody should know it.

Mr. CALDER, K.C.: If he did not receive it, he is not competent to state it.

By Mr. Gagnon, K.C.:

Q. You were an employee in that department, were you not?—A. Yes, I was.

Q. Have you any knowledge that Hickling received that money?—A. No.

[Mr. Ralph Garceau.]

Q. Was this false signature attached to the document in one office or in a general office?—A. There was only one office. When the signature was affixed was before the office was altered. It is on the sixth floor. Therefore, it could not have been in that office.

Mr. CALDER, K.C.: I think, Mr. Chairman, you followed the reply. The reply should rather be this. The question, I think, was, was this signed in Bisailon's private office or in the general office? The answer of the witness was to this effect, but at that time there was no division between Bisailon's office and the general office. Both were in the one room, on the sixth floor.

The CHAIRMAN: That is it.

By Mr. Gagnon, K.C.:

Q. Do you know Mr. Levut, who was heard as a witness before you came in, do you know this gentleman there (indicating man in room)?—A. I do not.

Q. Do you recall ever having seen this gentleman under those circumstances, in the office of Bisailon?—A. I do not.

Q. What persons were in the office at that particular time?—A. I think Bisailon and Hickling, I am not sure of Poirier.

Q. Have you knowledge of Bisailon giving authority for the release of the car from the Central garage?—A. I have not.

Q. Did you ever have any knowledge of this document No. 65?—A. I do not recall seeing it or knowing about it.

Q. Do you recollect other names you signed on other receipts such as that?—A. I cannot, for the moment; I would have to see the receipts.

Q. You said a moment ago that you had signed two or three names?—A. I do not recall the names.

Q. Every time you signed the name of another party, you claim you signed that name at the request of Mr. Bisailon?—A. Yes, sir.

Q. Do you recollect the seizure of a car belonging to a Mr. Mongeau, of Longueuil?—A. I recall having heard something said about it.

Q. How long have you been in that department?—A. About three months.

Q. To whom did you speak about the signatures that were affixed to those receipts?—A. I spoke about it to my Chief, Mr. Hickling.

Q. The Delage document is the first document you signed?—A. It is rather difficult to answer, as these documents go back about two years.

Q. How long have you been in that department?—A. About three months.

Q. How long have you been in the employ of the Government, in the Department of Customs?—A. About two years.

Q. You were transferred from a department?—A. Yes, sir.

Q. Who became your Chief after you left Mr. Bisailon's office?—A. Mr. Sorley.

By Mr. Calder, K.C.:

Q. Did you make that remark to Mr. Hickling immediately after signing the document?—A. Yes, sir.

Q. That is to say, you had just signed that document at the request of Mr. Bisailon?—A. Yes, sir.

Q. The same day?—A. A few minutes afterwards; it might have been four, five or six minutes.

By Hon. Mr. Boivin:

Q. You said you remained about three months in Mr. Bisailon's department?—A. About that time.

Q. Did Mr. Bisailon dismiss you, or were you transferred at your own request?—A. At my own request, through the intermediary of Mr. Clerk and the Civil Service Commission.

Q. Through the medium of Mr. Clerk and the Civil Service Commission you were transferred from Mr. Bisailon's office into another office of the department in Montreal?—A. Yes.

Q. In what Department?—A. In the Records Department.

Q. Have you anything to do with making seizures there?—A. No, sir.

Q. You have just told us that you signed three documents such as these, at the request of Mr. Bisailon? Can you tell us at what intervals you signed those documents?—A. If I recall well, I signed one of those documents in the month of August.

Q. One in the month of August, 1924, and when did you sign the two others?—A. There is this document here, in the month of September, 1924.

Q. Was the third document signed in the month of August, or the month of September?—A. I cannot say.

Q. Did you make a report to Mr. Hickling every time Mr. Bisailon requested you to sign such documents?—A. I did not pay particular attention the first time as I was a new man in the office and was unacquainted with the work of the office. When Mr. Bisailon came to me a second and third time and asked me to take care to alter my signature in particular, I reported the matter to Mr. Hickling, and Mr. Hickling said never to do that again.

Q. Was it on the occasion of your signing a document for the second time that you told this to Mr. Hickling?—A. Well, I cannot recall very well.

Q. Is that document that is before you the second or the third?—A. I believe it is the last.

Q. After Mr. Hickling advised you not to sign any more such documents, did you sign any more?—A. I did not sign any more, to my knowledge.

Q. Did you sign any without your knowledge?—A. I did not.

By Mr. Calder, K.C.:

Q. You say you remained three months in Mr. Bisailon's office; what months were those?—A. July, August and September, 1924.

Q. The first time you signed a document K-9½ you did not alter your signature throughout the document?—A. I did not alter it.

Q. With respect to the second document, what did you do?—A. I changed my signature, only at the request of Mr. Bisailon.

Q. Was that the last time?—A. I am not sure, but I believe it was, because I was particularly impressed at the time.

By Mr. Gagnon:

Q. On that occasion, when Mr. Bisailon asked you to alter your writing, was that when you made the remark to Mr. Hickling?—A. Yes, sir.

Q. And then he advised you not to sign any more?—A. Yes, sir.

Q. This relates particularly to the Delage matter, because it was in the Delage case you altered the signature?—A. And that was the last time.

Q. Can you swear positively that you did not, in the month of October following, sign a similar document?—A. I cannot swear as to that.

Hon. Mr. BENNETT: Will you ask him who followed him in that position?

By Hon. Mr. Boivin:

Q. Can you recall what other names you affixed to receipts, apart from that of Delage?—A. I am not sure, but one of them I believe was Leibovitch.

Q. When you were transferred from Mr. Bisailon's office to the Record Department, who replaced you in Mr. Bisailon's office and did the work that you were doing?—A. I cannot say, sir.

By Mr. Gagnon:

Q. You say you were transferred through the medium of Mr. Clerk?—A. I went to Mr. Clerk and told him I wanted to be transferred, that I did not like the work in that office, and for my own personal advancement.

Q. Were you transferred as soon as you spoke to Mr. Clerk about it?—A. I believe the transfer took place a day or so afterwards.

Q. What did Mr. Clerk have to do with this transfer?—A. Mr. Clerk was in a position to recommend me to the Civil Service Commission.

Q. Could you tell me what relationship existed between Mr. Clerk and Mr. Bisailon at that time?—A. I cannot. I was rather new on the job.

Q. You told all this to Mr. Clerk—about these second signatures on the documents?—A. I did not speak about it to any person.

Q. The only person to whom you spoke about it was a Mr. Hickling?—A. Mr. Hickling.

Q. You spoke to other parties about this document since then?—A. Yes, to Mr. Duncan.

By Mr. Calder, K.C.:

Q. During the investigation?—A. Yes, I was compelled to.

By the Chairman:

Q. How old were you when you entered the Civil Service, in Montreal, in the Customs Department?—A. I was thirty years of age.

Q. In what work were you engaged previous to securing this position?—A. I was employed in the Marine and Fisheries Department, at Sorel.

The CHAIRMAN: That is all.

Witness discharged.

GERMAIN PARROT, called and sworn.

(Translation)

(Examination conducted in French and interpreted by Mr. Beauchamp, Official Interpreter, sworn to act as such.)

By the Chairman:

Q. What is your occupation?—A. I am the manager of the Central Garage, Montreal.

By Mr. Calder, K.C.:

Q. What duties do you carry out at the Central Garage, Limited?—A. I am the Manager.

Q. The Central Garage, Limited is one of the garages where the Customs Department places its seized cars?—A. Yes.

Q. When a seized car is placed in your garage, are you handed a document with the car?—A. No, we give a receipt for the car.

Mr. CALDER, K.C.: To what extent will I be permitted to detach documents from the files? If I file the whole record, the proceedings of the Committee will be very bulky. I have here the Preventive file.

The CHAIRMAN: Refer to the document you wish, mark it as an exhibit—

Mr. CALDER, K.C.: And leave it in the file?

The CHAIRMAN: If it is very short, we can make a copy of it, and file it.

[Mr. Germain Parrot.]

Hon. Mr. BOIVIN: Why not mark it as an exhibit and then read it into the record?

Mr. CALDER, K.C.: All right.

By Mr. Calder, K.C.:

Q. Will you look at the document now shown you, being a receipt on the receipt form of the Garage Central Limitee, 260 Pine Avenue East, dated Montreal, 8th of July, 1924, which reads as follows:

EXHIBIT No. 68

"Received from J. A. Masson a Dodge Sedan automobile, license number 427661, Massachusetts, engine number 773-303; Series number Model Seizure Number with the following accessories; one extra tire, one pair of chains, one jack, one grease-gun, one tire-pump, one big wrench, three wrenches, one rim-handle, one motor meter, the whole to be stored according to the instructions of the Customs and Excise of Canada. Remarks: One tire handle and one door-glass in front are broken. Signed; Garage Central Limitee, by J. L. Lefebvre, Accountant."

Is that the receipt you gave on this occasion?—A. This receipt is marked "O.K.," with an illegible initial, and is stamped "Preventive Service, Montreal."

Q. This receipt was given by you at the time the car came into the garage?

—A. Yes, at the time the car came into the garage.

Mr. CALDER, K.C.: Will you note that the document is extracted from the Preventive Service file, caption "Morris Delage; No. 12610," and will be referred to as Exhibit 68?

By Mr. Calder, K.C.:

Q. When you receive a seized car like that, are you given a seizure number?

—A. We are given no seizure number.

Q. Then it is not possible to distinguish two cars of the same make and model by the seizure number?—A. No, we cannot do so.

Q. Can you tell us on what date you released that car to some party?—A. I cannot recall.

Q. You must have received a notice before you released the car?—A. Mr. Lefebvre, the Accountant, must have it.

Q. Do you know whether, before Mr. Lefebvre left Montreal to come here, he picked up that notice to bring to Ottawa?—A. I believe he did so.

Q. Did you make any repairs to this Dodge car while it was in storage in your garage?—A. Yes, we did.

Q. Will you look at Exhibit 67, the account of Morris Delage, *re* seizure 4496, a bill made out by the Garage Central, Limitee; is that from your garage and with reference to this car?—A. Yes, sir.

Q. Who requested these repairs?—A. The Bureau, in the Department.

Q. What person in the office?—A. I cannot recall at this time.

Q. Do you recall having given certain information to Mr. Duncan during the investigation?—A. I cannot say whether it was the Bureau, or members of the Bureau staff.

Q. Do you recall having told Mr. Duncan that Mr. Bisaillon gave those orders for the repairs to the car?—A. I might have told Mr. Duncan that it was Mr. Bisaillon's office.

Q. As a rule, do you repair seized cars which are placed in your garage for storage purposes?—A. As a rule, we do not repair them.

[Mr. Germain Parrot.]

Q. Did you at any time while this car was in the garage see a party by the name of Morris Delage?—A. I do not recall having seen him.

Q. Can you recall whether or not a man bearing the name of Morris Delage appeared at the garage with reference to this car?—A. I cannot.

Q. Then the only party who could have been Morris Delage is the party who brought you a letter to enable you to release the car in the name of Morris Delage?—A. Yes, sir.

Q. That is the only time a person appeared at your office with respect to the name "Morris Delage"—of those who made the seizure or placed the car in storage in your garage?—A. I cannot remember exactly; it must be that.

By Mr. Gagnon:

Q. While that car was being repaired, did anybody take any particular interest in those repairs?—A. I cannot recall.

Q. Do you know Mr. Clerk?—A. Yes, I do.

Q. Mr. Clerk never spoke to you about that car?—A. I do not recall.

Q. You do not recall who gave instructions to have that car repaired?—A. The instructions came from the office; the instructions were given by telephone, but I cannot recall what party called me up on the 'phone.

Q. You cannot recall whether Mr. Bisailon ever gave any instructions to you about repairs to that car?—A. Mr. Bisailon might have come or might have 'phoned, but I cannot recall in any way whether he did or not.

Mr. CALDER, K.C.: There is another fact which fits into another case, and if I might put the question to Mr. Parrot now, it will save my calling him again, and to that extent, cut down the expense of the Committee.

By Mr. Bell:

Q. Who else did you know in Mr. Bisailon's office, outside of Mr. Bisailon himself?—A. We knew all the parties in the office.

Q. How many were there?—A. Well, I don't know.

By Mr. Gagnon:

Q. Did you not also receive instructions from Mr. Clerk regarding the repairs to cars?—A. Yes, but not with respect to that car.

Q. You repaired cars at the request of Mr. Clerk?—A. Yes, but for his own use.

Q. How many cars did you repair for Mr. Clerk?—A. I cannot say.

Q. Mr. Clerk has the use of a car which he leaves at your place continually?—A. Yes, he leaves it at our garage.

Q. You cannot say whether it is his own car or a car belonging to the Department?—A. I cannot say.

Q. What kind of a car has Mr. Clerk in your garage at this particular time?—A. He has a Dodge sedan.

Q. You do not know whether that car belongs to him or to the Department?—A. I cannot say.

Q. Who pays the bills when the repairs are made?—A. Mr. Clerk does.

Q. Before Mr. Clerk had that car, what kind of a car did he have?—A. A Studebaker, I believe.

Q. Did he ever have a Paige car?—A. Yes, he did.

Q. You do not know whether that Paige car which Mr. Clerk used, belonged to him or to the Department?—A. I am not sure, but I believe it belonged to the Department.

Q. You recall that the Studebaker car Mr. Clerk used was seized at the request of the owner in the United States?—A. Yes, sir.

Q. And that this car was reclaimed as being a stolen car?—A. Yes, sir.

[Mr. Germain Parrot.]

Q. Mr. Clerk used to use that car?—A. Yes, he used it.

Q. Did Mr. Clerk have repairs made to that car?—A. Yes, he had repairs made to it when those repairs were necessary.

Q. Did Mr. Clerk have tires changed on this car?—A. I do not recollect whether he did or not.

Q. Have you any knowledge as to whether Mr. Clerk had tires removed from other cars and placed on this Studebaker car?—A. If Mr. Clerk had that done, he did it with another member of the Customs Department present at the time.

Mr. GAGNON: That is all.

By Mr. Calder, K.C.:

Q. Will you look at Exhibit "L" of the Duncan Report, which reads as follows:

EXHIBIT No. 69

"MONTREAL, April 16th, 1925.

The Central Garage Limited,
Montreal.

Gentlemen;

Re P. S. Customs Seizure, 5365; Unknown person, Montreal.

You are hereby authorized to release to the bearer, Mr. Edward Ramson, representing the Interstate Automobile Underwriters of New York, the Cadillac-Victoria dismantled, which was placed in your possession on the 14th of October last. Mr. Ramson will pay all storage charges, etc., in connection with this car.

Yours truly,

(Signed)

J. E. BISAILLON,

Special Collector of Customs and Excise."

This is Exhibit L, in the Duncan report, and I would ask the Chairman to mark it as Exhibit 69.

The CHAIRMAN: This is filed for the other case.

By Mr. Calder, K.C.:

Q. You received that letter?—A. Yes.

Q. In consequence, you returned the car to the person who brought the letter?—A. Yes, I did.

Q. Was this Cadillac Victoria in the same condition when you released it as when it came into the garage for storage purposes?—A. There were some parts that were removed.

Q. What parts were removed from the car?—A. The differential was removed.

Q. The differential only or the accessory parts?—A. The differential and parts within the gear.

Q. Was the gear case removed, and also the shaft?—A. Yes.

Q. What disposition did you make of the parts that were removed?

The CHAIRMAN: The old parts?

By Mr. Calder, K.C.:

Q. The parts taken off the Cadillac Victoria, covered by that letter, what did you do with them?

Mr. GAGNON, K.C.: You mean about the dismantled car?

By Mr. Calder, K.C.:

Q. The parts of the car covered by the order of release?—A. The parts removed from this Cadillac Victoria were fitted in to Bisailon's car.

[Mr. Germain Parrot.]

Q. Bisailion at that time had a Cadillac car which he used at that time?
—A. Yes.

Q. Who gave you instructions to change those parts of the car?—A. Bisailion.

Q. What did you do with the parts of Bisailion's car?—A. I think we have them yet.

Q. What was the value of the parts that were thus changed?—A. The value would be about \$150.

Q. Who paid you the account for the work necessitated by the exchange?
—A. Bisailion.

Q. Personally, or by cheque of the Department? Did Bisailion pay by personal cheque, or by cheque of the Department?—A. I cannot say. Your accountant would know.

Q. Were these exchanges made with respect to other cars?—A. The door was changed in one instance.

Q. Who asked you to make that change?—A. It must have been the bureau, the office.

Q. What persons in the office? You are speaking of the Preventive office?—A. Yes.

Q. In Montreal?—A. Yes sir.

Q. On what kind of a car was the door placed?—A. I think it was a Hudson.

Q. Belonging to whom?—A. I cannot say.

By the Chairman:

Q. Where did that door come from?—A. It came from the Cadillac.

Q. Where did that door come from that was put on the Hudson?—A. It came from another Hudson.

By Mr. Calder, K.C.:

Q. Will you try and remember what you said to Duncan concerning that door, what you said to Duncan during the investigation about that door and under oath?

Q. Will you try and recollect what you told Duncan under oath, with respect to this door for the Hudson car?—A. The door was removed from one Hudson car to another.

Q. At the request of whom?—A. At the request of the Preventive Service.

Q. At page 57 of the evidence taken by Duncan, on the 4th December, 1925, you were sworn and you declared in response to the following question:

“I observe from this receipt given to you, on April 16th, 1925, that it calls for the release of a Cadillac Victoria car, dismantled. Can you tell me of your own knowledge, if there were any other cars placed in your custody in connection with which you received instructions from Bisailion to dismantle such cars, or a certain part, and place these parts on other cars belonging to Bisailion and the government.”

I understand that if you have an objection, now is the time to make it, before the answer is given.

Mr. GAGNON, K.C.: The chief question that comes to my mind is whether at that time that man was under oath.

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

Mr. GAGNON, K.C.: What were the powers of the Commissioner and so on. If they want to cross-examine Parrot on what he said before Duncan, we have to produce first the authority of Duncan to put some one under oath and hear all those witnesses, and what we want are his powers, and what was his

[Mr. Germain Parrot.]

jurisdiction. Otherwise, we could not consider what has been said there as evidence, or even a declaration under oath.

Mr. CALDER, K.C.: What has been said by a witness under any circumstance, which does not completely meet the requirements of my learned friend, can be put in as a prior statement.

Mr. GAGNON, K.C.: To contradict his own witness, to contradict our own witnesses.

Mr. DONAGHY: If you consider that the witness had met a man on the road and made a statement different from what he is making to-day, it can be put to him, to say whether he did it. I cannot see that there is any irregularity.

Hon. Mr. STEVENS: I would like to say, as a plain and ordinary layman, that this committee is especially anxious to get all the facts, and I would not restrict the examination too much to the rigid interpretation of the rules of evidence.

Mr. CALDER, K.C.: My learned friend might remember too that a great number of the witnesses I shall call here are not necessarily eager witnesses, or what I would call my witnesses; indeed they are not mine, by any sense of possession whatever.

Hon. Mr. STEVENS: He might think you are trying to purloin them from him.

Mr. GAGNON: They are not my witnesses either, Mr. Stevens.

Mr. CALDER, K.C.: But they might be trying to straddle us.

By Mr. Calder, K.C.:

Q. (Reading):

"I observe from this receipt given to you on April 16th, 1925, that it calls for the release of a Cadillac Victoria car dismantled. Can you tell me of your knowledge if there were any other cars placed in your custody in connection with which you received instructions from Mr. Bisailon to dismantle such cars of certain parts and place those parts in other cars belonging to Mr. Bisailon or the Government?—A. Yes, sir, I remember Mr. Bisailon bringing a car to my garage with a door broken, and he asked me to remove a good door from a stolen car and put it on the car that he had, placing the broken door on the stolen car."

A. I recall that we changed a door on a car, but it was not Mr. Bisailon who brought in the car.

Q. Why did you make that statement as it stands there?—A. I made no statement as it is there. I could not have made that statement, because Mr. Bisailon did not bring in the car.

Q. Were you questioned in English, when this statement was given?—A. I was, but I do not understand English enough to have made that statement there.

Q. Were you questioned in English?—A. Yes. I understand English enough to answer in that way.

Hon. Mr. STEVENS: Let the witness give his own answer.

The INTERPRETER: The French reporter has read it.

Mr. GAGNON: The witness can explain it better than the stenographer or anybody else.

Mr. CALDER, K.C.: I think there was a mistake in the transcription, Mr. Stevens.

Hon. Mr. STEVENS: Would you mind giving me the answer, that is what I want.

[Mr. Germain Parrot.]

By Hon. Mr. Stevens:

Q. Do you say you do not understand English sufficiently well?

Mr. GAGNON: Does he understand English enough to have made that answer?

By Mr. Calder, K.C.:

Q. You say there was a stenographic mistake in the statement, or that Mr. Duncan did not understand you; either Mr. Duncan did not properly transcribe your answer, or else Mr. Duncan altered it?—A. There was certainly an error.

Mr. DONAGHY: I think that is plain, Mr. Calder; he says there was an error.

By Mr. Calder, K.C.:

Q. Was a bill made out for the repair of that door?—A. A bill must have been made out, but I am not sure.

Q. Did Mr. Lefebvre look up the accounts or bills referring to the questions that were put to you?—A. Mr. Lefebvre must have looked them up.

By Mr. Gagnon:

Q. You say you did not use the words that were put in your mouth, in that statement; you never said the words that are reported in the evidence to have been said by you before?—A. No, sir.

By Mr. Bell:

Q. Would you mind telling us what you did say?—A. I must have said that we had changed the doors, that I did not know to whom they belonged.

By Mr. Gagnon:

Q. And not at the request of Mr. Bisailon?—A. At the request of the office, but I did not know to whom the cars belonged.

Hon. Mr. STEVENS: Will the witness answer me a question or two in English? I think he can understand English quite well.

By Hon. Mr. Stevens:

Q. Will you do that, witness?—A. I will try.

Q. In regard to the evidence read from the transcript by Mr. Calder, that you gave under oath to Mr. Duncan, do you say that that evidence is wrong, that you never made that statement?—A. Which statement?

Q. Let me read it to you in English. It is very embarrassing to have half a dozen people talking at once. I will read it to you in English, slowly, and you will follow it carefully. These are questions put by Mr. Duncan to you:

“Q. I observe from this receipt given to you on April 16th, 1925, that it calls for the release of a Cadillac Victoria car, dismantled; can you tell me of your knowledge if there were any other cars placed in your custody in connection with which you received instructions from Mr. Bisailon to dismantle such cars of certain parts and place those parts in other cars belonging to Mr. Bisailon or the Government?—A. Yes, sir. I remember Mr. Bisailon bringing a car to my garage, with a door broken, and he asked me to remove a good door from a stolen car and put it on the car that he had, placing the broken door on the stolen car.”

Did you give him that answer?—A. Yes.

Q. You did?—A. Yes.

[Mr. Germain Parrot.]

Q. Here is another question: (Reads) "Q. Were there any other cars placed in your custody by Preventive Officers, from which parts were removed on instructions from Mr. Bisailon?—A. I don't remember, sir". Is that correct?—A. Yes.

Q. Then these two questions and two answers which I have just read to you, are correct?—A. Not the two questions.

Q. Not the questions, but the answers?—A. I mean the answers.

Q. The answers are right?—A. No; the answer right for the two doors.

Mr. DONAGHY: I doubt if you will prove that, Mr. Stevens. The native tongue of this witness is French, and I think the two lawyers have cleared it up.

Hon. Mr. STEVENS: I do not think they have.

Mr. DOUCET: It is not clear to me yet.

Mr. DONAGHY: I do not think that is the right way to do, Mr. Stevens, if you will take a little advice on that subject. We have two French lawyers here, and a French witness, and you are not improving upon their handiwork.

Mr. GAGNON: Mr. Calder and myself are agreed on what was said.

The CHAIRMAN: They are both interested; one for the Committee and one for the defence.

Hon. Mr. STEVENS: Well, when you all get through talking, I will say a word.

Mr. DONAGHY: I think you are wasting our time; it is getting late.

Mr. GAGNON: We will have to hold him here until to-morrow morning, anyhow, because I have some further questions.

Hon. Mr. STEVENS: The witness has been very kind to me. I will now read the answer again to him: (Reading.)

"Yes, I remember Mr. Bisailon bringing a car to my garage with a door broken, and he asked me to remove a good door from a stolen car and put it on the car he had, placing the broken door on the stolen car".

Did you give that answer to Mr. Duncan?

The WITNESS: I certainly gave the answer, but Mr. Bisailon did not bring the car inside, himself; it was somebody else who brought the car.

By Hon. Mr. Stevens:

Q. You say Mr. Bisailon did not bring the car?—A. No.

By Mr. Bell:

Q. Inside?—A. Inside; it was somebody from the office who gave the order.

By Hon. Mr. Stevens:

Q. Then you did not make that statement to Mr. Duncan?—A. What statement?

Q. This answer?—A. There must be a mistake here.

Hon. Mr. STEVENS: We have got Mr. Duncan and Mr. Knox here. They were present. I think we had better call them and hear what they have to say.

Mr. CALDER, K.C.: I propose to do that, but I cannot do it until we finish with this witness.

Mr. GAGNON: Better call the stenographer also; it was his work.

By the Chairman:

Q. Did you answer in French or in English?—A. In English.

Mr. GAGNON: It is not of much importance to us. He said Mr. Bisailon had nothing to do with it.

Mr. CALDER, K.C.: If he was under oath both times and said one thing at one time and another thing at another time, it is important to know which statement is correct. (To Mr. Gagnon) Do you want to question the witness further?

Mr. GAGNON: I have a few more questions to put to this witness.

The CHAIRMAN: Then this meeting is adjourned until to-morrow morning at half-past ten.

Witness retired.

(French version of Evidence by Messrs. Garceau and Parrot follows.)

RALPHS GARCEAU est appelé et assermenté.

Le président:

Q. Quel est votre nom, monsieur Garceau?—R. Ralphs.

Q. Qu'est-ce que vous faites?—R. Officier des Douanes et de l'Accise.

Q. A Montréal?—R. A Montréal.

M. Calder, C.R.:

Q. Dans le bureau de qui étiez-vous, le 12 septembre 1924?—R. Dans le bureau de M. Bisailon.

Q. Quelles fonctions exerciez-vous auprès de M. Bisailon?—R. Commis.

Q. Voulez-vous regarder une pièce qui a été produite sous la cote 64 et dire si vous l'avez déjà vue?—R. Oui.

Q. Voulez-vous dire si vous savez qui l'a écrite?—R. Moi-même.

Q. Avez-vous écrit tout le document?—R. Oui, monsieur.

Q. Avez-vous plus particulièrement écrit la signature "Maurice Delâge"?—R. Oui, monsieur.

Q. Est-ce que, en particulier, vous avez écrit la signature "Morris Delâge"?—R. Oui, monsieur.

Q. Avez-vous écrit ce document, K 9 1/2, y compris la signature "Morris Delâge", de votre propre chef....?—R. Non, monsieur.

Q.ou à la demande de qui?—R. A la demande de M. Bisailon.

Q. Est-ce que le document a été écrit le jour et à la date qui appert sur le document lui-même?—R. C'est difficile à dire.

Q. Qui était présent dans le bureau quand vous avez écrit ce document-là?

—R. M. Hickling, M. Bisailon, et je ne suis pas sûr si M. Poirier était présent. M. Bisailon et M. Hickling, je suis sûr.

Le PRÉSIDENT: Parlez un peu plus fort, M. Garceau, ne soyez pas gêné.

M. Calder, C.R.:

Q. M. Levert, qui était témoin, ici, quand je vous ai fait appeler pour identification, était-il présent?—R. Je ne m'en rappelle pas du tout.

Q. Est-ce que M. Hickling était assez près de M. Bisailon et de vous, lorsque M. Bisailon a fait sa demande, pour entendre M. Bisailon la faire?—R. S'il avait fait attention, il aurait pu entendre, oui.

Q. Voulez-vous regarder le document K 9½, qui est devant vous? Vous verrez qu'il y a une différence d'écriture entre le corps du document et la

signaturé, "Morris Delâge". Voulez-vous nous expliquer comment cette différence-là s'y trouve?—R. C'est à la demande de M. Bisailon. Il m'a demandé de changer mon écriture en signant le nom de Morris Delâge.

Q. Est-ce la seule fois que vous avez fait cela pour M. Bisailon?—R. Si je m'en rappelle bien, je l'ai fait une ou deux fois en plus. Je ne suis pas sûr, mais je crois que c'est deux, trois fois, deux autres fois à part celle-là.

Q. Apposant chaque fois au document K 9½ la signature de personnes à qui on était censé relâcher le char?—R. Oui, monsieur.

Q. En aucun temps M. Bisailon vous a-t-il indiqué une personne comme étant M. Delâge?—R. Pas à ma connaissance.

Q. Est-ce vous qui avez reçu la somme d'argent, au montant de \$612.90, lorsqu'elle a été versée?—R. Non, monsieur.

Q. Vous n'étiez pas présent lorsque cet argent a passé de la main de l'acheteur au département?—R. Je ne m'en rappelle pas.

Q. A tout événement vous ne l'avez pas reçu vous-même?—R. Non, monsieur.

M. Gagnon:

Q. Vous étiez un employé dans ce bureau-là?—R. Oui, monsieur.

Q. Avez-vous eu connaissance que M. Hickling ait reçu cet argent-là?—R. Non, monsieur.

Q. Ce faux que vous admettez avoir fait vous-même a-t-il été fait dans le bureau de M. Bisailon ou dans l'autre bureau à côté?—R. Il n'y avait seulement qu'un seul bureau quand la signature a été faite. C'est avant que le bureau soit arrangé. C'est au sixième étage. Alors, il ne pouvait pas être dans un bureau à côté.

Q. Connaissez-vous M. Levut qui a été entendu comme témoin avant vous?—R. Non, monsieur.

Q. Connaissez-vous ce monsieur-là qui se lève, en arrière? (M. Gagnon indique au témoin M. Levut déjà entendu comme témoin et présent dans la salle)—R. Non, monsieur.

Q. Vous rappelez-vous d'avoir jamais vu ce monsieur-là, dans cette circonstance-là, dans le bureau de M. Bisailon?—R. Non, monsieur.

Q. Qui est-ce qu'il y avait dans le bureau, dans ce temps-là? Quelles sont les personnes qu'il y avait là?—R. Bien, il y avait M. Bisailon, M. Hickling, et puis je ne suis pas sûr s'il y avait M. Poirier. Je ne suis pas sûr du tout.

Q. Il n'y avait pas d'autres personnes?—R. Je ne me rappelle pas d'avoir vu d'autres personnes, dans le moment, dans le bureau.

M. Calder, C.R.:

Q. Au moment de la signature?—R. Au moment de la signature.

M. Gagnon:

Q. Avez-vous eu connaissance de la remise d'une autorisation, par M. Bisailon, pour aller chercher le char au garage Central?—R. Non, monsieur.

Q. Vous n'avez pas eu connaissance de cela?—R. Je ne me rappelle pas de cela du tout.

Q. Vous n'avez jamais eu connaissance de ce document-là, monsieur Garceau? (Le témoin examine la pièce 65)—R. Je ne me rappelle pas cela.

Q. Vous rappelez-vous les noms que vous avez également signés sur d'autres reçus comme cela?—R. Je ne me rappelle pas, dans le moment. Il faudrait que je voie les reçus.

Q. Vous avez dit, tout à l'heure, que vous en aviez signé deux ou trois. Vous rappelez-vous les noms?—R. Non, je ne me rappelle pas les noms.

Q. Et chaque fois que vous avez signé le nom d'une autre personne, vous prétendez que c'est toujours à la demande de M. Bisailon?—R. Oui, monsieur.

Q. Vous rappelez-vous une saisie d'un M. Mongeau, d'un automobile de M. Mongeau, qui a été remis à M. Mongeau, de Longueuil?—R. Je me rappelle d'en avoir entendu parler, oui.

Q. Vous avez été combien de temps dans ce département-là?—R. Aux alentours de trois mois.

Q. A qui avez-vous parlé de ces signatures que vous auriez apposées pour d'autres personnes?—R. A qui?

Q. Vous en avez parlé à quelqu'un, que vous aviez signé ces noms-là?—R. Lorsque j'ai signé le nom, j'en ai fait la remarque à mon chef, à M. Hickling.

Q. C'est le premier document que vous avez signé, celui de Delâge?—R. C'est difficile à dire sans que je voie les documents eux-mêmes, les dates. Voilà deux ans de cela.

Q. Vous avez été combien de temps dans ce département-là, vous?—R. Trois mois. Peut-être un peu moins, peut-être un peu plus, mais pas beaucoup plus, ni moins.

Q. Cela fait combien de temps que vous êtes à l'emploi du gouvernement?—R. Des Douanes?

Q. Oui.—R. Des Douanes, deux ans.

Q. Vous avez été changé de département?—R. Oui, monsieur.

Q. Qui est devenu votre chef après que vous êtes parti du bureau de M. Bisailon?—R. M. Sorley.

M. Calder, C.R.:

Q. Monsieur Garceau, avez-vous fait la remarque à M. Hickling immédiatement après avoir signé le document?—R. Oui, monsieur.

Q. C'est-à-dire que vous veniez de signer ce nom-là à la demande de M. Bisailon? Le même jour?—R. Oh! quelques minutes après; ça peut être quatre minutes, cinq minutes; juste après.

L'hon. M. Boivin:

Q. Vous dites que vous êtes resté trois mois au département de M. Bisailon?—R. Alentour de cela.

Q. M. Bisailon vous a-t-il renvoyé ou si vous avez été transféré à votre propre demande?—R. A ma propre demande.

Q. Par qui avez-vous été transféré?—R. Par l'entremise de M. Clerk, de la commission du service civil.

Q. Par l'entremise de M. Clerk et de la commission du service civil, à votre propre demande, vous avez été transféré du bureau de M. Bisailon dans un autre département ou un autre bureau des Douanes à Montréal?—R. Aux records.

Q. Dans quel département?—R. Dans le département des records.

Q. Avez-vous à faire des saisies, là?—R. Non, monsieur.

Q. Vous nous dites que trois fois. . . —R. Ah! je ne sais pas.

Q. Attendez un peu. Vous nous dites que, trois fois, vous avez signé des documents semblables à la demande de M. Bisailon. Pouvez-vous vous rappeler, —je comprends bien que vous ne pouvez pas préciser les jours,—mais pouvez-vous vous rappeler à peu près combien il y a eu d'intervalle entre les trois fois?—R. . . .

Q. Trois jours de suite, trois fois la même journée?—R. Je pense; si je me rappelle bien, il y en a un que j'ai signé dans le mois d'août.

Le président:

Q. Quelle année?—R. C'est en 1924.

[Mr. Ralphs Garceau.]

L'hon. M. Boivin:

Q. Un dans le mois d'août 1924, et que les deux autres?—R. Il y a celui-ci, au mois de septembre 1924.

Q. Le troisième a-t-il été signé dans le mois d'août ou dans le mois de septembre?—R. Je ne peux pas dire.

Q. Avez-vous fait rapport à votre chef, M. Hickling, chaque fois que vous avez été demandé par M. Bisailon de signer un document de cette nature-là?—R. La première fois que j'ai été demandé par M. Bisailon, j'étais tout à fait nouveau dans le bureau. Alors, je ne savais pas. . . Je n'en ai pas fait réellement attention, j'ai fait ce qu'il m'a dit, sans faire attention à ce que je faisais. Mais lorsqu'il m'a demandé, la deuxième ou troisième fois, je ne sais pas trop, lorsqu'il m'a demandé de changer ma signature, particulièrement, de faire bien attention de changer ma signature, alors j'ai été trouver M. Hickling et je lui ai dit: "M. Bisailon vient de me faire signer et m'a dit de changer ma signature." M. Hickling m'a répondu en anglais: "Never do that again." "Ne fais jamais cela encore, ne signe plus de documents; quand même il te demanderait, de n'importe quelle manière.

Q. Est-ce la deuxième fois que vous avez dit cela à M. Hickling?—R. Là, je ne peux pas me rappeler si c'est la deuxième ou troisième.

Q. Le document que vous avez devant vous, pièce 65, est-ce le deuxième ou le troisième?—R. Je pense que c'est le dernier.

Q. Après que M. Hickling vous a demandé de ne plus signer de ces documents-là, à la demande de qui que ce soit, en avez-vous signé encore?—R. Pas à ma connaissance.

Q. En avez-vous signé sans que ce soit à votre connaissance?—R. Non.

M. Calder:

Q. Monsieur Garceau, vous dites que vous êtes demeuré trois mois dans le département de M. Bisailon, quels sont ces trois mois?—R. Juillet, août et septembre.

Q. Juillet, août et septembre 1924?—R. 1924.

Q. Le premier K-9½ que vous avez signé, vous n'en avez pas changé la signature, vous l'avez écrit tout de la même main?—R. Je ne l'ai pas changée.

Q. Et le deuxième document?—R. J'ai changé ma signature seulement quand M. Bisailon m'a dit de la changer.

Q. Était-ce la dernière fois?—R. Je ne suis pas sûr; je pense que c'est la dernière fois; c'est ça qui m'a frappé.

M. Gagnon:

Q. C'est dans cette occasion, quand M. Bisailon vous a demandé de changer votre signature, que vous en avez fait la remarque à M. Hickling?—R. Oui.

Q. Et, là, il vous a conseillé de ne pas en signer de nouveau?—R. Oui.

Q. C'est relativement à l'affaire de Delâge; c'est dans le cas de Delâge que vous avez juré que vous l'avez changé, à sa demande?—R. Oui.

Q. Pouvez-vous jurer positivement, M. Garceau, qu'un mois après, en octobre, vous n'en avez pas signé une autre?—R. Non, je ne le puis pas.

L'hon. M. Boivin:

Q. Pouvez-vous vous rappeler les noms que vous avez inscrits sur les autres reçus, à part le nom de Morris Delâge?—R. Si je me rappelle bien, il y avait un nom de juif; je ne suis pas sûr.

M. Calder, C.R.:

Q. Monsieur Leibovitch?—R. Leibovitch. L'autre, je ne me rapelle pas.

[Mr. Ralphs Garceau.]

L'hon. M. Boivin:

Q. Monsieur Garceau, quand vous avez été transféré, par la Commission du Service Civil, au département des dossiers, qui vous a remplacé dans le département des douanes, au même endroit; qui vous a remplacé dans le bureau de M. Bisailon, qui a fait votre travail après votre départ?—R. Je ne puis vous le dire.

M. Gagnon:

Q. Vous dites que vous avez été changé par l'intermédiaire de M. Clerk?—R. J'ai été trouver M. Clerk, je lui ai demandé de me transférer du département, pour mon propre avancement; je n'aimais pas le département.

Q. Avez-vous été changé tout de suite après que vous en eussiez parlé à M. Clerk?—R. Je crois que c'est un jour ou deux après.

Q. Qu'est-ce que M. Clerk avait à faire dans le transfert des positions; est-ce lui qui désignait les positions que les gens devaient avoir dans le département des douanes?—R. Monsieur Clerk pouvait me recommander à la Commission du Service Civil.

Q. Savez-vous quelles étaient les relations de M. Clerk et de M. Bisailon, dans ce temps-là?—R. Non, j'étais trop nouveau.

Q. Vous avez raconté tout cela à M. Hickling?—R. Quoi?

Q. La signature de ces reçus-là?—R. A personne.

Q. La seule personne à qui vous en avez parlé, c'est M. Hickling?—R. A M. Hickling.

Q. Vous en avez parlé à d'autres depuis ce temps-là?—R. A. M. Duncan.

M. Calder, C.R.:

Q. Pendant l'enquête?—R. J'étais obligé.

Le président:

Q. Quel était votre âge quand vous êtes entré au service du département des douanes, à Montréal?—R. J'avais trente ans.

Q. Que faisiez-vous avant de faire application pour cette position?—R. J'étais au département de la marine et des pêcheries, à Sorel.

M. GERMAIN PARROT est appelé et assermenté.

M. Calder, C.R.:

Q. Quelle fonction avez-vous au garage Central limitée, de Montréal?—R. Gérant.

Q. Le garage Central limitée est un des garages attitrés de la douane pour les automobiles saisies?—R. Oui, monsieur.

Q. Quand on place chez vous une automobile saisie, vous remet-on un document avec l'automobile saisie?—R. Non, c'est nous qui donnons un reçu.

Q. Voulez-vous regarder le document que je vous montre maintenant, portant l'entête:

"GARAGE CENTRAL LIMITÉE,
260, avenue des Pins est, Montréal.

en date du 8 juillet 1924, qui se lit comme suit:

"Reçu de Monsieur J. A. Masson, une automobile Dodge Sedan,
Licence N° 427661 Mass. Engin No 773303, série No.....Modèle.....
Saisie No..... avec les accessoires suivants: à Pneu extra, 1 paire
de Chaines, 1 Jack, 1 Greace Gun, 1 Pompe pour pneus, 1 Box wrench,
3 Wrenches, 1 crank, 1 Rim Handle, 1 Motometer, le tout pour être emma-

[Mr. Germain Parrot.]

gasiné suivant les instructions du département des Douanes et Accises du Canada.

Remarques: 1 Poignée de porte et 1 Vitre de porte avant sont cassées.

(Signé) GARAGE CENTRAL LIMITÉE

Par J. L. LEFEBVRE,
Comptable."

Est-ce le reçu que vous avez remis en cette circonstance?—R. Oui.

Q. Ce reçu est marqué O.K., avec des initiales illisibles, avec l'étampe du bureau de Montréal, Preventive Service; ce reçu a été donné par vous à la date où l'automobile a été saisie?—R. A la date où l'automobile est entrée.

M. CALDER, C.R: Ce document sera produit comme pièce 68.

Q. Quand vous recevez un numéro de saisie du département, est-ce qu'on vous notifie du numéro de la saisie, soit avant ou après?—R. Aucun numéro de saisie.

Q. Alors, il vous est impossible d'identifier deux automobiles de la même marque et du même modèle par un numéro de saisie?—R. Non, parce qu'on ne l'a pas.

Q. Voulez-vous nous dire à quelle date vous avez relâché cette automobile-là?—R. Là, je ne me rappelle pas.

Q. Vous avez dû recevoir une lettre vous notifiant de relâcher l'automobile?—R. Oui, le comptable, M. Lefebvre, doit l'avoir.

Q. Savez-vous si, avant de partir de Montréal, il l'a prise pour l'apporter ici?—R. Je pense que oui.

Q. Avez-vous fait des réparations à cette automobile pendant qu'elle était emmagasinée chez vous?—R. Au Dodge?

Q. Au Dodge Sedan dont je vous montre le reçu?—R. Oui.

Q. Voulez-vous regarder la pièce No 67, étant un compte au nom de M. Morris Delâge. No de saisie 4496, au montant de \$137.72, et dire si c'est le compte pour les réparations dont nous venons de parler?—R. C'est bien cela.

Q. Qui vous a commandé ces réparations?—R. Le bureau du département.

Q. Quelle personne dans le bureau?—R. Là, je ne me rappelle pas laquelle.

Q. Vous rappelez-vous d'avoir donné les informations à M. Duncan pendant son enquête?—R. C'est le bureau du département; mais je ne sais pas si c'est M. Bisaillon ou les hommes de M. Bisaillon.

Q. Vous souvenez-vous si vous avez déclaré à M. Duncan que c'était M. Bisaillon qui avait donné cet ordre?—R. Je puis avoir dit que c'était le bureau de M. Bisaillon.

Q. Est-ce que, généralement, vous réparez les chars qui sont mis en votre garage pour être emmagasinés?—R. Dans ces chars saisis-là?

Q. Oui.—R. Nous ne les réparons pas, d'habitude.

Q. Avez-vous jamais, pendant que le char était à votre garage, vu un nommé Morris Delâge?—R. Je ne m'en rappelle pas.

Q. Pouvez-vous dire si, oui ou non, un homme portant ce nom-là s'est présenté au garage Central?—R. Il s'est présenté un homme avec un ordre pour sortir le char de M. Delâge, mais je ne me rappelle lequel c'est.

Q. Alors la seule personne qui aurait pu être Morris Delâge, à votre connaissance, aurait été la personne qui vous a apporté une lettre vous ordonnant de livrer le char?—R. Oui.

Q. C'est bien cela, n'est-ce pas?—R. Oui.

Q. C'est la seule fois qu'une personne s'est présentée à votre bureau en rapport avec le char de Morris Delâge, sauf ceux qui ont fait la saisie et qui ont mis le char chez vous?—R. Je ne me rappelle pas au juste; ça doit être cela.

M. Gagnon:

Q. Pendant que vous répariez ce char-là, est-ce que quelqu'un s'est intéressé aux réparations qui se faisaient à ce char-là?—R. Je ne m'en rappelle pas.

Q. Vous connaissez M. Clerk?—R. Oui.

Q. Il ne vous a jamais parlé de ce char-là?—R. Je ne me rappelle pas cela non plus, non.

Q. Vous ne vous en rappelez pas?—R. Non.

Q. Vous ne vous rappelez pas qui vous a donné les instructions de le faire réparer?—R. De le faire réparer?

Q. De le réparer?—R. Ce sont des ordres du bureau; je ne me rappelle pas lequel a téléphoné pour cela.

Q. Vous ne vous rappelez pas si M. Bisailon vous a jamais parlé des réparations de ce char-là?—R. Il peut être venu et qu'il en ait parlé et qu'il ait donné l'ordre après cela, par téléphone; je ne me rappelle pas au juste.

M. Bell (Traduction):

Q. Quelles autres personnes connaissiez-vous dans le bureau à part M. Bisailon lui-même?—R. On connaît tous les gens du bureau, tous les employés du bureau, en particulier.

Q. Combien y en avait-il?—R. Bien, je ne le sais pas.

M. Gagnon:

Q. Mais, vous avez déjà reçu des instructions de M. Clerk aussi pour réparer des chars?—R. Mais pas ce char-là; son char à lui; pas dans ces affaires-là.

Q. Mais, vous en avez réparé, des chars, à la demande de M. Clerk?—R. Pour lui-même.

Q. Combien de chars avez-vous réparés?—R. Pour lui?

Q. Oui?—R. Je ne peux pas le dire.

Q. Un char dont il se servait, qu'il laissait chez vous, M. Clerk?—R. Oui, il le laissait continuellement au garage.

Q. Vous ne savez pas si c'est son char ou un char appartenant au département?—R. Je ne le sais pas du tout.

Q. Quel char M. Clerk a-t-il au garage, chez vous, de ce temps-ci?—R. Un Dodge Sédan.

Q. Vous ne savez pas si c'est à lui ou au département?—R. Je ne le sais pas du tout.

Q. Qui vous paie les comptes quand vous faites des réparations?—R. C'est lui-même.

Q. Avant d'avoir ce Dodge, quel char avait-il?—R. Il avait un Studebaker, je pense.

Q. A-t-il eu un Paige aussi?—R. Un Paige, oui.

Q. Vous ne savez pas si c'est au département ou si c'est à lui?—R. Le Paige?

Q. Oui?—R. C'est au département, je pense, bien, celui-là; je ne le sais pas.

Q. Vous vous rappelez que le char dont M. Clerk se servait, un Studebaker, a été saisi par son propriétaire des Etats-Unis?—R. Oui, monsieur.

Q. Réclamé comme un char volé?—R. Oui, monsieur.

Q. M. Clerk s'en servait?—R. Il s'en est servi, oui.

Q. Est-ce que M. Clerk a fait faire des réparations sur ce char-là par vous?—R. Oui, quand c'était nécessaire.

Q. A-t-il fait changer des pneus sur ce char-là?—R. Des pneus?

Q. Oui, des pneus?—R. Là, je ne me rappelle pas cela.

Q. Vous n'avez pas eu connaissance que M. Clerk vous ait fait prendre des pneus sur d'autres chars qu'il y avait là pour les faire mettre sur le Studebaker dont il se servait?—R. Si M. Clerk a fait faire cela, il y avait un officier des douanes avec lui, dans le moment.

M. Calder, C.R.:

Q. Voulez-vous regarder le document qui a été mis en filière dans le rapport Duncan, sous la cote L, et qui est une lettre ordonnant la remise d'un char, datée de Montréal le 16 avril 1925, et dire si vous avez reçu cette lettre?—R. Oui monsieur.

Q. Et en conséquence, vous avez remis le char à la personne qui portait la lettre?—R. Oui.

Q. Ce Cadillac Victoria était-il dans le même état qu'il était lorsqu'on l'a remis chez vous pour la première fois, après la saisie?—R. Il y a des morceaux qui ont été enlevés d'après.

Q. Quelles parties ont été enlevées de ce char?—R. Les parties du différentiel.

Q. Du différentiel seulement ou des parties accessoires?—R. Les parties en dedans du différentiel, les "gears".

Q. Est-ce que le "gear case" a été enlevé aussi et l'arbre de couche?—R. Oui.

Q. Quelle disposition avez-vous faite des parties enlevées?—R. Les parties enlevées?

Q. A ce char-là?

Le PRÉSIDENT: Les vieilles parties?

M. CALDER, C.R.: Ce n'était pas des vieilles parties, au contraire. Les parties enlevées du Cadillac Victoria, couvertes par cette lettre, qu'est-ce que vous en avez fait?—R. On les a posées après le char de M. Bisailon.

Q. M. Bisailon, à ce moment-là, avait un Cadillac?—R. Oui.

Q. Dont il se servait?—R. Oui, monsieur.

Q. Qui vous a donné les instructions de changer ainsi les parties du char?—R. M. Bisailon.

Q. Les parties du char de M. Bisailon, qu'est-ce que vous en avez fait?—R. Je pense qu'on les a encore.

Q. Quelle était la valeur des parties transposées comme cela?—R. A peu près \$150.

Q. Qui est-ce qui a payé le compte pour l'ouvrage nécessité par ce changement là?—R. M. Bisailon.

Q. Personnellement ou par un chèque du département?—R. Là, je ne peux pas le dire, je ne m'en rappelle pas.

Q. Votre comptable pourrait savoir cela?—R. Oui.

Q. Est-ce qu'il y a eu d'autres transpositions de parties de chars comme cela?—R. D'autres parties?

Q. Est-ce qu'il y a eu d'autres changements faits, analogues à celui-là?—R. Sur le même char?

Q. Non, sur d'autres chars?—R. Une porte a été changée; je ne me rappelle pas sur quel char c'est.

Q. Qui vous a demandé de faire ce changement-là?—R. Ça doit être le bureau; je ne sais pas qui c'est.

Q. Quelle personne du bureau? Vous voulez parler du bureau préventif?—R. Du bureau préventif.

Q. A Montréal?—R. Oui, monsieur.

Q. Sur quel char la porte a-t-elle été posée?—R. Je crois que c'est sur un Hudson.

Q. Appartenant à qui?—R. Je ne sais pas à qui il appartenait.

Le président:

Q. D'où venait cette porte? Est-ce qu'elle venait du Cadillac?—R. Elle venait d'un autre Hudson.

M. Calder, C.R.:

Q. Voulez-vous essayer de vous rappeler ce que vous avez dit à M. Duncan, pendant l'enquête, à propos de cette porte? Voulez-vous tâcher de vous rappeler ce que vous avez dit à M. Duncan, sous serment, à propos de la porte?—R. C'est une porte qui a été prise sur un Hudson et qui a été placée sur un autre Hudson.

Q. A la demande de qui?—R. A la demande du département, du préventif.

Q. A la page 57 de la preuve prise par M. Duncan, le 4 décembre 1925, vous auriez été assermenté et vous auriez déclaré, en réponse à la question suivante: "Q. I observe from that receipt given to you... (M. Calder, C.R., lit au témoin, en anglais, la suite de cette question); vous auriez fait la réponse suivante: (M. Calder, C.R., donne lecture, en anglais, de la réponse en question). Avez-vous dit cela? Voici cette question et cette réponse, en français: "Q. J'observe, par ce reçu qui vous a été donné le 16 avril 1925, qu'on ordonne la remise d'un char Cadillac Victoria, démontelé. Pouvez-vous nous dire, à votre connaissance personnelle, s'il y a eu d'autres chars placés en votre garage en rapport avec lesquels vous auriez reçu des instructions de M. Bisailon de démanteler, de ces chars, certaines parties et de placer ces parties dans d'autres chars appartenant soit à M. Bisailon, soit au Gouvernement?"—R. Oui, monsieur, je me rappelle que M. Bisailon a amené un char à mon garage avec une porte brisée et m'a demandé d'enlever une bonne porte d'un char volé, de la mettre sur le char qu'il avait, plaçant la porte brisée sur le char volé."—R. Je me rappelle qu'on a changé une porte, mais ce n'est pas M. Bisailon qui a rentré le char. Je ne me rappelle pas qui c'est.

Q. Alors, pourquoi avez-vous déclaré cela?—R. Je n'ai pas déclaré cela, c'est certain.

Q. Vous n'avez pas déclaré cela?—R. Non.

Q. Vous comprenez l'anglais?—R. Oui, mais je ne peux pas l'avoir dit comme cela, parce que ce n'est pas lui qui l'a entré.

Le PRÉSIDENT: Le rapport Duncan est-il en anglais?

M. CALDER, C.R.: En anglais.

Le président:

Q. Est-ce qu'on vous a interrogé en anglais?—R. Oui, monsieur. Je comprends assez pour pouvoir répondre, de même.

M. GAGNON: Ce n'est pas cela qu'il a répondu. Voulez-vous donner votre réponse?

M. Calder, C.R.:

Q. Alors, vous dites, vous, que vous comprenez suffisamment l'anglais pour savoir que vous n'avez pas fait la réponse que je vous ai lue?—R. Oui, monsieur.

Q. Alors votre prétention est qu'il y a eu une erreur du tout au tout commise par la sténographe, ou bien que M. Duncan a altéré votre réponse?—R. Il y a eu certainement erreur.

Q. Est-ce qu'un compte a été fait pour cette réparation-là?—R. La réparation de la porte?

Q. Oui.—R. Il doit y avoir eu un compte de fait. Je ne me rappelle pas.

Q. M. Lefebvre aurait-il cherché les comptes se rapportant aux questions qu'on vous a posées?—R. Il doit les avoir. C'est bien probable.

M. Gagnon:

Q. Vous n'avez jamais dit les paroles qu'on met dans votre bouche, dans le rapport à M. Duncan, relativement à ce char dont vous auriez changé la porte?—R. On a changé une porte, mais...

Q. Non, non. Ce que je vous demande c'est ceci: vous n'avez pas dit les paroles qu'on met dans votre bouche dans ce témoignage-là? Vous n'avez pas dit cela?—R. Non, je n'ai pas dit cela.

M. Bell: (Traduction.)

Q. Voulez-vous dire ce que vous avez dit?—R. J'ai dit... Je dois avoir dit qu'on a changé les portes et que je ne savais pas à qui elles appartenait.

M. Gagnon:

Q. Et non pas à la demande de M. Bisailon?—R. A la demande du bureau, mais je ne savais pas à qui les chars appartenait.

Le président:

Q. Did you answer in French or in English?—R. En anglais.

Le PRÉSIDENT: Monsieur Parrot, vous reviendrez ici, demain matin, à dix heures et demi.

Le Comité est ajourné jusqu'à demain matin, à dix heures et demie.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 13—FRIDAY, FEBRUARY 26, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES

- Mr. John D. Molson, Manager, Green Avenue Branch, Bank of Montreal, Montreal, Que.
Mr. A. F. Healy, Barrister, Windsor, Ont.
Mr. Germain Parrot, Manager, Central Garage, Limited, Montreal, Que.
Mr. J. A. Lefebvre, Accountant, Central Garage, Limited, Montreal, Que.
Mr. William L. Hicklin, Chief Clerk, Preventive Service Office, Montreal, Que.
Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que.
Mr. W. F. Wilson, Chief, Preventive Service, Department of Customs and Excise.
Mr. Walter Duncan, Special Investigator, Department of Finance.
Mr. Joseph A. E. Bisailon, Montreal, Que.
Captain Emile Bilodeau, Montreal Police, Montreal, Que.
Mr. Irenée Brunelle, Garage Owner, St. Eustache, Que.

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1926

EXHIBITS FILED:

- No. 70—Account on billhead of Central Garage, Limited, Montreal, dated December 19, 1924, for repairing of differential on Mr. Bisailon's Cadillac car (File 12650).
- No. 71—Exhibit "M" of the Duncan Report Exhibits.
- No. 72—Customs-Excise Preventive Service File No. 4996.
- No. 72 (a)—Customs Seizure Report K-9 attached to Exhibit No. 72.
- No. 72 (b)—Letter dated Montreal, July 9, 1924, from Mr. Bisailon to Mr. W. F. Wilson, attached to Exhibit No. 72.
- No. 73 (c)—Letter dated Montreal, 27th May, 1925, from Mr. Bisailon to Hon. Mr. Bureau.
- No. 74—Letter dated Concord, N.H., October 5, 1925, from Mr. Frank Carpenter to Mr. B. (Bisailon).
- No. 75—Letter dated Manchester, N.H., October 19, 1925, from N. J. Costakis to Preventive Service, Montreal (attention Mr. Bisailon).
- No. 76—Four documents of the Department of Police, Montreal, respecting a Dodge coupe automobile.
- No. 77—Bank cheque dated St. Eustache, P.Q., 28th October, 1924, for \$650 signed by Irenée Brunelle.
- No. 78—Customs-Excise Form K-9½ respecting seizure of smuggled Dodge coupe automobile at Montreal from Mr. Martin (File 11840—P.S. 5072).
- No. 79—Letter dated 22nd October, 1924, to Mr. Bisailon from Mr. Wilson, re forfeiture of automobile and deposit received from Mr. Martin, Montreal (File 11840—P.S. 5072).

MINUTES OF PROCEEDINGS

FRIDAY, February 26, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.
Present:—Messrs. Bell, Bennett, Donaghy, Doucet, Elliott, Kennedy, Mercier, St. Pere and Stevens—9.

Yesterday's minutes were read and approved.

A letter was read from Mr. Brackin, K.C., requesting that in the event of any witnesses being required from the Dominion Distillers Company at least two days' notice be given.

A letter was read from the Ottawa manager of the Canadian Bank of Commerce stating that shortness of notice was responsible for the non-appearance before the Committee to-day of the Walkerville manager of said bank, summoned to appear. The writer suggested that the Committee send a chartered accountant to the bank at Walkerville to examine the books of Messrs. Hiram Walker & Son, Ltd., which would be agreeable to that firm.

A letter received from the Reliance Manufacturing Company, Chicago, explaining the method of manufacturing shirts and other garments was read to the Committee.

Hon. Mr. Stevens asked Hon. M. Boivin to file with the Committee a copy of the order of the Department of Customs and Excise, dated December 20, 1924, forbidding entry into Canada of the products of the Reliance Manufacturing Company. Hon. Mr. Boivin agreed to produce such order if it exists.

Hon. Mr. Stevens inquired if production had been made of the books which Mr. George of Dominion Distilleries had undertaken to send. The Clerk replied in the negative, whereupon Mr. Stevens suggested that the matter might be left in the hands of the auditors and counsel to the Committee.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, produced for the use of the Committee copies of Form K-9 from 1920 to date, being cases in dispute upon which a decision has been given.

A file respecting alcohol seized on the barge *Tremblay* and sold to Dominion Distilleries was filed by Mr. Taylor, Assistant Deputy Minister of Customs and Excise, with the note that this is the only file in the Department dealing with the subject.

Moved by Mr. Doucet.—For the production of the files containing all documents, correspondence, telegrams and reports in the case of the seizure of the schooner *D. D. MacKenzie* on the Atlantic coast in the years 1920 to 1926.

Motion agreed to.

Moved by Mr. Doucet.—For the production of all files containing correspondence, statements of investigations, court proceedings, reports, documents and other papers in the possession of the Department of Customs and Excise and the Department of Justice relating to alleged violation of law in regard to intoxicating liquors in or upon any bonded warehouse at Halifax, Nova Scotia, together with the departmental record of the man in charge.

Motion agreed to.

Moved by Mr. Doucet.—For the production of the files containing all documents, correspondence, telegrams and reports in the case of the seizure of the schooner *Jeanne D'Arc*, seized in the Northumberland Strait in the year 1923, and its subsequent release, together with the disposal of its cargo.

Motion agreed to.

Moved by Mr. Doucet.—For the production of all files containing all the documents in connection with the seizure of liquors from the warehouses of the Quebec Liquor Commission, Montreal, by the Customs and Excise.

Motion agreed to.

Moved by Mr. Doucet.—For the production of a statement showing the Customs Duty and Excise Tax paid the Receiver General by the Quebec Liquor Commission on all liquor seized by the said Quebec Liquor Commission since date of organization of said Commission.

Motion agreed to.

Mr. P. C. Stevens, Manager, Ottawa branch of the Canadian Bank of Commerce, was present on behalf of the Manager of the Walkerville branch of said bank, summoned to appear to-day.

Mr. John D. Molson, Manager, Green Avenue Branch, Bank of Montreal, Montreal, was present in answer to summons, and produced documents asked for. Permission was given him to leave a copy with the auditors, and take the originals away.

The Committee decided to take the evidence of the Walkerville and Montreal bank managers at a later date, if required.

Mr. M. G. Powell, on behalf of the Bank of Montreal, entered formal protest against that bank having to disclose customers' accounts.

Mr. A. F. Healy, Barrister, Windsor, Ont., was called and sworn, and produced his bank books from 1916. Additional papers to be forthcoming when he is again called to appear. Witness retired.

Mr. Wm. Egan, Windsor, Ont., was called but did not appear. Mr. A. F. Healy stated that it was his impression that Mr. Egan is in Florida with his family.

Mr. Germain Parrot was again called and further examined in French, interpreted by Mr. Beauchamp. Mr. Calder, in the course of examination, filed,—

Exhibit No. 70.—Account on billhead of Central Garage Limited, Montreal, dated December 19, 1924, for repairing of differential on Mr. Bisailon's Cadillac car (file 12650).

Witness discharged.

Mr. J. A. Lefebvre, accountant, Central Garage, Limited, Montreal, was called and sworn and examined in French, interpreted by Mr. Beauchamp, respecting automobile storage and repair charges. Mr. Calder filed,—

Exhibit No. 71.—Exhibit "M" of the Duncan Report Exhibits.

Witness discharged.

The Committee rose at 1 p.m. until 3.30 p.m.

The Committee reassembled at 3.30 p.m.

Mr. William L. Hicklin, Chief Clerk, Preventive Service Office, Montreal, was further examined with reference particularly to Exhibit No. 64 (\$612.90 collected from Morris Delage on Dodge automobile). Witness retired.

Mr. C. A. Verreault, c/o Automobile Recovery Bureau, Transportation Building, 180 St. James street, Montreal, summoned to appear as a witness was discharged at the request of Mr. Calder, counsel.

Mr. J. E. Knox, Customs and Excise Officer, Montreal, was called and further examined. Witness retired.

Mr. W. F. Wilson, Chief, Preventive Service, Department of Customs and Excise, was called and sworn, and examined respecting the inquiry conducted by Inspector Walter Duncan. Witness filed,—

Exhibit No. 72.—Customs-Excise Preventive Service file No. 4996.
Witness retired.

Mr. Walter Duncan, Special Investigator for the Department of Finance, was called and sworn. He was examined as to the accuracy of the stenographer's transcript of evidence taken by Mr. Duncan in the inquiry held by him.

Witness retired.

Mr. Joseph A. E. Bisailon, of Montreal, was called and sworn. He was examined respecting his activities as an official of the Department of Customs and Excise. Mr. Calder filed,—

Exhibit No. 72 (a).—Customs Seizure Report K-9 attached to Exhibit No. 72.

Exhibit No. 72 (b).—Letter dated Montreal, July 9, 1924, from Mr. Bisailon to Mr. W. F. Wilson, attached to Exhibit No. 72.

Exhibit No. 72 (c).—Letter dated Montreal, July 15, 1924, from Mr. Bisailon to Mr. W. F. Wilson, attached to Exhibit No. 72.

Exhibit No. 73.—Letter dated Montreal, 27th May, 1925, from Mr. Bisailon to Hon. Mr. Bureau.

Exhibit No. 74.—Letter dated Concord, N.H., October 5, 1925, from Frank Carpenter to Mr. B (Bisailon).

Exhibit No. 75.—Letter dated Manchester, N.H., October 19, 1925, from N. J. Costakis to Preventive Service, Montreal (attention Mr. Bisailon).

Witness retired.

The Committee rose at 6 p.m. until 8.30 p.m.

The Committee reassembled at 8.30 p.m.

Mr. Emile Bilodeau, Captain, Montreal Police, Montreal, was called and sworn. He was examined respecting smuggled automobiles. Witness filed,—

Exhibit No. 76.—Four documents of the Department of Police, Montreal, respecting a Dodge coupe automobile.

Witness discharged.

Mr. Irénée Brunelle, garage owner, St. Eustache, Que., was called and sworn and examined in French, interpreted by Mr. Beauchamp. He filed,—

Exhibit No. 77.—Bank cheque dated St. Eustache, P.Q., 28th October, 1924, for \$650.

Witness retired.

Mr. J. E. Knox was called and further examined.

Witness retired.

Mr. J. A. E. Bisailon was again called and further examined. Mr. Calder, counsel for the Committee, filed,—

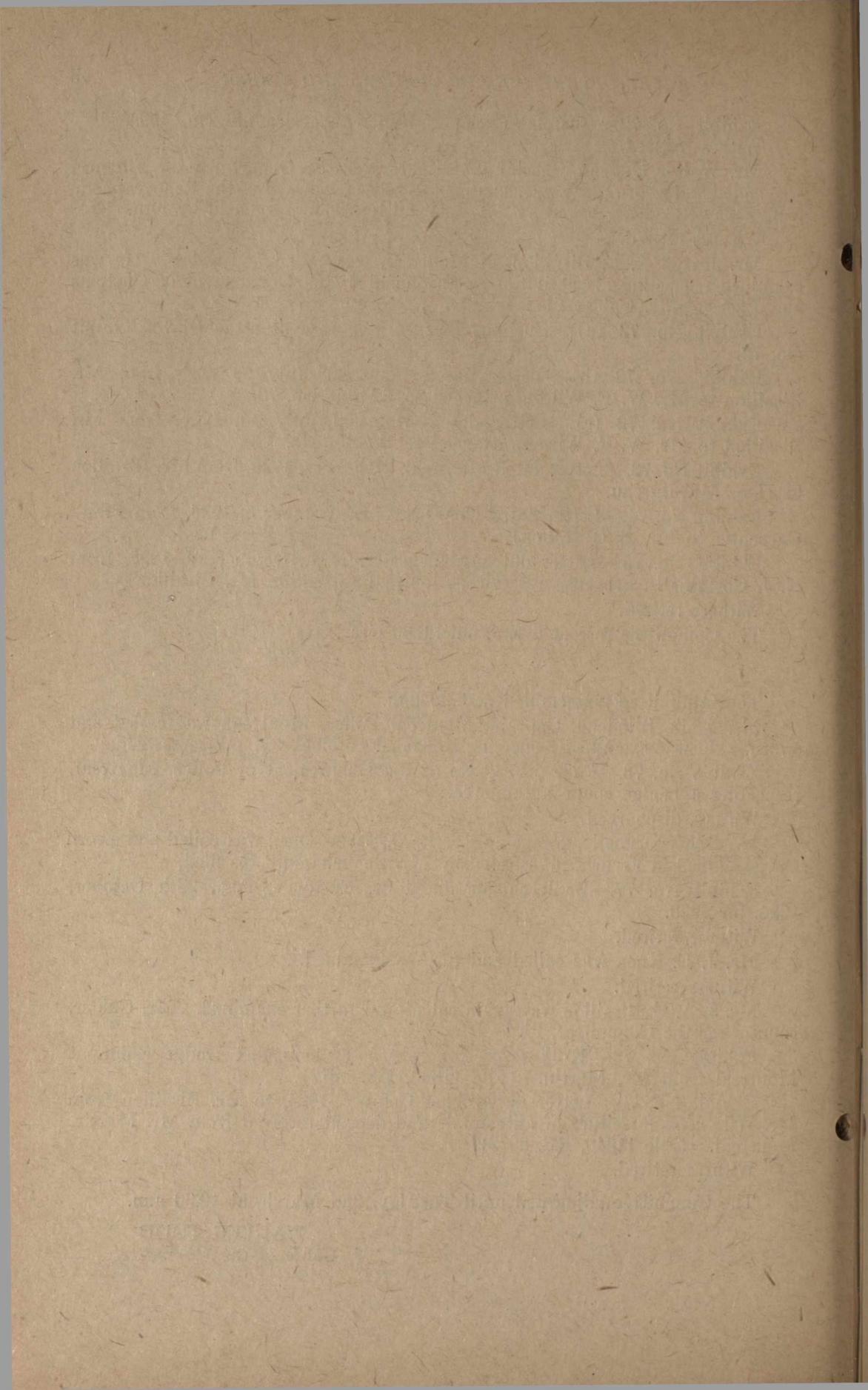
Exhibit No. 78.—K-9½ respecting seizure of smuggled Dodge coupe at Montreal from Mr. Martin. (File 11840, P.S. 5072).

Exhibit No. 79.—Letter dated 22nd October, 1924, to Mr. Bisailon from Mr. Wilson, *re* forfeiture of automobile and deposit received from Mr. Martin, Montreal. (File 11840, P.S. 5072).

Witness retired.

The Committee adjourned until Tuesday, 2nd March, at 10.30 a.m.

WALTER TODD
Clerk of the Committee.



MINUTES OF EVIDENCE

FRIDAY, February 26, 1926.

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

Mr. A. F. HEALY: Mr. Chairman, I received a wire from the Clerk of the Committee, but it does not state any definite period, and what I would like to have really is a direction from the committee, how far back they would like me to go into my accounts; for instance, do you want the original deposit slips from the bank, or will copies serve as well? I will be able to produce all cancelled cheques, but I think if we could arrive at some method, it would be well, because I have thousands of cheques, going back many years.

A. F. HEALY, called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Healy, just give me your name?—A. A. F. Healy.

Q. Your full name?—A. Alfred Frederick Healy, barrister, city of Windsor.

Q. You are called this morning for the production of books and records?—

A. Yes.

Q. What books and records have you?—A. I have my bank books back to 1916; as many of my cheques as I could get before I took the train. I have a book-keeper—I think I have them all back as far as you want to go. I have a book-keeper working on them.

Q. If you will produce the books and the cancelled cheques, please. Have you the bank statements, or the bank books, whichever they use?—A. I just have the regular bank book, going right through the account from 1916, in the Royal Bank.

Q. In other words, your bank account is kept in a book and not in statement form?—A. Just in a book.

Q. Does the bank issue a monthly statement?—A. They issue a statement of my balance which I sign and send back to the bank.

Q. That is just a voucher form?—A. That is all.

Q. If you will deposit the books you have with the clerk, if the auditors require anything further they will call upon you again.—A. The difficulty with that is that if I leave these books and cheques,—as you will see by the cancelled cheques, I just use an ordinary book, like I suppose most of us do, and I have no stubs. What I would like to do is check my account right through with my books, and then give you everything together, if I could get your permission.

Hon. Mr. BOIVIN: How would it do—I do not want to intervene—but how would it do if Mr. Healy conferred with the auditor; showed him the books he has already brought; ascertained exactly what he was required to produce, and undertook to produce it, and then we could give him two or three days to bring the documents here.

The WITNESS: If I am to check this account absolutely, and balance it, which I can do, I will have to have two weeks to get a transcript of an account

that my wife has. My wife and children are in California, and I could send and get a copy of the account, because I could hardly balance my personal account, without having my wife's account also. I think, unless there is some particular thing you want in a hurry—.

By Hon. Mr. Stevens:

Q. Mr. Healy, you have pretty intimate business relations with Mr. Egan?
—A. None whatever.

Q. None whatever?—A. No. I have never done any business—.

Hon. Mr. STEVENS: Is Mr. Egan here? He was summoned for this morning.

The WITNESS: I know him; I could give you some information on him if you would like to have it.

By Hon. Mr. Stevens:

Q. We had Mr. Egan summoned for to-day also.—A. Mr. Egan is a lawyer in Windsor, and I know as a matter of fact that he and his wife and two children have been in Florida for a month, with his wife's mother and father. I do not think Mr. Egan knows this is going on, but I have had no business relations with Mr. Egan, any more than one lawyer might happen to have with another.

Q. You had no business relations with Mr. Egan at all?—A. I don't like to say that definitely. I mean, for instance, I think at the present time his firm rents from us. You see what I mean, but so far as personal business relations with Mr. Egan are concerned, I have had none whatever.

Q. Have you any business relations with Mr. Dalzell, the collector?—
A. None whatever.

Q. None at all?—A. None whatever.

Q. Then there is not any joint bank account between yourself and Mr. Egan and Mr. Dalzell?—A. The only bank account I have in the world is on my desk here.

Q. What bank is that?—A. It is the Royal Bank of Canada at Windsor, and it has run continuously for, I should think, twenty years.

Q. Have you an account with the Mutual Loan and Savings Company?—
A. No. I am President of the Mutual Finance Corporation, Windsor, but I have no account there; we do not take any accounts.

Q. You have not any bank account there?—A. None whatever.

Q. They have not carried on any business transactions for you?—A. The girl in the office might accept payments for me on a land contract or something, and deposit it for me in my absence, but that will all go into this account.

Q. Well, at the moment I think if you will deposit with the clerk the books you have brought, we will then see what other information we will require, and we can call on you again.—A. I think you had better let me—if I go back to check with my bank and with my office help, without these books, this is the only record I have. I will let you look at it yourself if you wish to. All I want to do is to prepare a statement which we can all understand, because if you asked me now what a deposit was thirty days ago, I would have to have my deposit slip to tell you.

Hon. Mr. STEVENS: I would suggest that that be left subject to the decision of the auditor, after a conference. He cannot say offhand, but in the meantime you will just deposit what you have with you with the clerk.

The WITNESS: Could you go so far as to fix the date that you want me to go back to? These are just some of the late cancelled cheques, but how far back? Just a year?

[Mr. A. F. Healy.]

By Hon. Mr. Stevens:

Q. Say 1923, 1924, and 1925.—A. That would be quite satisfactory. I could give you that in a short time, if you don't want to go back further than that.

Q. That will be far enough, I think.—A. From January 1st?

The CHAIRMAN: From January 1st, 1923, up to date.

The WITNESS: Mr. Chairman, will I have an opportunity now of consulting with the auditor?

Hon. Mr. STEVENS: I do not think the auditors are instructed yet; if you will just wait a while until we get through with this sitting, we will see about it.

The CHAIRMAN: At noon we will see the auditor, and try to settle the matter immediately, and you will be released until called upon.

The WITNESS: Any further questions at the present time, Mr. Stevens?

Hon. Mr. STEVENS: No.

Hon. Mr. BENNETT: You will be given ample notice, Mr. Healy.

The WITNESS: I am sure you will understand that if I am to make a sensible account, I must get my wife's account. I can prepare you, I think, a statement which will check within a few thousand dollars for the last few years, as near as any human being can do it.

Witness retired.

The CHAIRMAN: Is Mr. Egan here?

Hon. Mr. STEVENS: I understand that Mr. Egan is in Florida, and is not here.

The CHAIRMAN: We will give instructions to the clerk to find out whether or not the summons has been served. Is Amie Brunelle here? This man was summoned only last night, I understand.

Mr. CALDER, K.C.: Yes; I believe so. When we adjourned last evening, Mr. Parrot was under cross-examination. The following witnesses, who have not been heard, might as well be excluded: J. A. Lefebvre, and C. A. Verreault.

GERMAIN PARROT, examination continued.

(Translation.)

Mr. CALDER, K.C.: It has been suggested by the interpreter, Mr. Chairman, that whenever there is any difference over the witness's testimony, the reporter should read the question, and he should then translate it. I was the chief of sinners in correcting him yesterday, and I know how aggravating that is to an interpreter.

By Mr. Calder, K.C.:

(Examination continued in French and interpreted by Mr. Beauchamp, Official Interpreter, sworn to act as such.)

Q. In the course of the year 1924, did you repair more than once the differential on Mr. Bisailon's Cadillac car?—A. I cannot recall exactly whether it was more than once.

Q. Do you recall in what month this was?—A. I believe it was in November or the beginning of December.

Q. Can you say whether you repaired the differential only once at that particular time?—A. I cannot recall.

[Mr. Germain Parrot.]

Q. At all events, you repaired the differential towards the end of November or the beginning of December?—A. Yes—sir.

Q. Would you please state whether the bill on the bill-head of the Central Garage Limited, Montreal, under date of December 19th, 1924, for the repairing of the differential on Mr. Bisailon's Cadillac car is this same bill? (Shows witness document)—A. Yes, sir, and this bill relates to file 12650, December 19th, 1924, and is the repairs that were spoken of yesterday.

Mr. CALDER, K.C.: I file this as Exhibit No. 70.

The CHAIRMAN: It will be read and printed.

Mr. CALDER, K.C.: I will read it into the record at the adjournment. The important thing to be noticed is that with the exception of grease and a few small parts, the amount represents labour.

Hon. Mr. STEVENS: What is the amount of it?

—Mr. CALDER, K.C.: \$36.66. That is all I have to ask.

By Mr. Gagnon:

Q. Mr. Parrot, when cars seized by the Customs Department are placed at your garage in your custody, upon whose instructions are they later released?—A. On instructions from Mr. Bisailon, or from his office.

Q. You would not act on any other instructions except from Mr. Bisailon, or from his office?—A. Unless on instructions given by Mr. Weldon or Mr. McLaughlin.

Q. Or anybody else?—A. Sometimes on instructions from Mr. Clerk.

Q. Does Mr. Bisailon not have sole control of the cars in the garage?—A. Not at first.

Q. Did Mr. Bisailon make a complaint to you that certain cars in your custody were handed over without his authority?—A. Yes, sir.

Q. Respecting what cars in particular did Mr. Bisailon lay a complaint?—A. A Paige sedan automobile.

Q. Who removed that Paige sedan from your garage?—A. Mr. Clerk removed it.

Q. And you had no other authority but that given to you by Mr. Clerk to take out the car?—A. Mr. Clerk tried out the car first and told us the car was to be removed on no other instructions but those which he gave.

Q. That is, Mr. Clerk?—A. Yes, sir.

Q. What did you do then?—A. We did not permit the removal of the car from the garage.

Q. Mr. Clerk took the Paige car out of your garage with your permission?—A. Yes, he did.

Q. Do you know of this giving rise to difficulties between Mr. Clerk and Mr. Bisailon?—A. I don't know.

Q. Did you receive written instructions from Mr. Bisailon soon afterwards not to allow any seized cars to be removed without permission?—A. Yes, sir.

Q. That is, instructions came soon after the difficulty arose about the Paige automobile?—A. Yes, sir.

Q. There was at that time another automobile in your garage which Mr. Clerk used?—A. Yes, sir.

Q. Were all these cars on the list of cars held by the Customs Department?—A. Yes, Sir.

Mr. GAGNON: That is all.

[Mr. Germain Parrot.]

By Hon. Mr. Boivin:

Q. Since when has your garage been an accredited garage for the cars seized or stolen?—A. Since 1914.

Q. Can you say who was in charge of the Preventive Office in Montreal in 1923?—A. I believe we received instructions from Mr. Weldon.

Q. When did Mr. Weldon cease giving you instructions?—A. Mr. Weldon still gives us instructions or orders.

Q. When did Mr. Bisailon begin giving you instructions?—A. I cannot recall exactly.

Q. Did other Customs Officials in Montreal issue instructions in regard to cars in your garage?—A. Mr. Weldon, Mr. McLaughlin, sometimes Mr. Clerk.

Q. If I understood your evidence yesterday correctly, you stated you received instructions by telephone from Mr. Bisailon's office?—A. We sometimes received instructions by telephone.

Q. Who received those instructions?—A. The Accountant and myself.

Q. Every time you received instructions over the telephone, did you know who gave those instructions?—A. Certainly.

Q. Because you recognized the voice of the party on the telephone?—A. Yes, and because he gave his name.

Q. At the outset, did you deliver or repair automobiles frequently on instructions given over the telephone?—A. At the outset, quite frequently, but toward the end we delivered and repaired cars only on written instructions.

Q. How many parties gave you written instructions to repair automobiles?—A. I don't think we received written instructions.

Q. When you received instructions to repair the Dodge sedan sold to Mr. Levut, who gave you the instructions?—A. Mr. Bisailon gave us instructions.

Q. Did Mr. Bisailon give verbal or written instructions—or instructions over the telephone?—A. I believe he came to see the car first and then, later on, over the telephone.

Q. When you removed the door from a Hudson automobile placed in your garage, and put that door on another Hudson car, did you receive instructions from Mr. Bisailon to do so?—A. Instructions came from Mr. Bisailon's office—from somebody in the office.

Q. That is why I asked you a moment ago whether you at all times recognized the voice of the person giving instructions over the telephone?—A. I cannot say whether it was Mr. Bisailon or not.

Q. Did you know at the time that these instructions were given to you who gave you the instructions?—A. I cannot recall.

Q. When you told us five minutes ago that you knew at all times who gave you instructions at all times you were not exactly speaking the truth?—A. I do not know at this moment, but I must have known at that time.

Q. You could not recall who told you to repair the car?—A. I cannot recall at this moment.

Q. Who brought the Hudson car with the broken door into your garage?—A. I do not recall.

Q. The Hudson car with the broken door, to whom did it belong?—A. I do not remember to whom it belonged.

Q. You do remember however, that you received a car? Was it a seized car that was left at your garage, or was it a car that was brought to you to have repairs made?—A. It was an officer's car, from which the door was removed. A door was removed from that car, and placed on another car.

[Mr. Germain Parrot.]

By Mr. Calder, K.C.:

Q. It means that a car was brought up, which belonged to an officer, and that the doors were exchanged?—A. Yes.

By Hon. Mr. Boivin:

Q. Are you sure that the car that was brought there belonged to an officer?—A. I am not quite sure, I cannot recall exactly.

Q. What made you say it was a car belonging to an officer?—A. I cannot recall.

Q. Then why did you say it was an officer's car?—A. Because we could not take a door from a strange car, and put it on another car.

Q. Could it not have happened that this car belonged to a friend of Bisailon, Clerk, Weldon, or McLaughlin?—A. I do not recall.

Q. You say that Clerk uses the car which he leaves at your garage?—A. Yes.

Q. You say that before using the car that he now has, he had two other cars previously?—A. Yes, he used to have other cars previously.

Q. Do you know whether those three cars were owned by Clerk, or if they belonged to the government, or if they were cars seized by the Customs Department?—A. As to one I do not remember, but the other two I know belonged to the Customs Department.

Q. Were those cars that were deposited at your garage seized cars?—A. Yes.

Q. Will you say to your knowledge how many officers there were in Montreal since you have been operating an accredited garage? Who used the cars that were seized?—A. Mr. Clerk, Mr. Bisailon, and Mr. McLaughlin also, I believe.

Q. Are you sure there were no others?—A. There may have been others, but I cannot recall exactly at this time.

Q. I want to ask you if it is not to your knowledge that when there were cars seized and placed in storage at your garage, pending the decision of the Minister, and the disposition of the car, that the officers of the Customs, in different circumstances came to your garage, and took possession of those cars, and used them for business purposes or otherwise, in the streets of the city of Montreal and elsewhere?—A. I only recall that the Paige of Mr. Clerk was used.

Q. Where is the car that was previously used by Clerk?—A. We have it in our garage at the present time.

Q. How long has that car been there?—A. Two years, possibly longer.

Q. How much do you charge the government for the storage of automobiles?—A. Eight dollars a month.

Q. Eight dollars a month for each automobile?—A. Each automobile.

Q. Do you charge the same amount for cars that are left in storage, and not touched as you would exact for cars that are taken out occasionally, such as Clerk's car?—A. No sir.

Q. The car which Mr. Clerk uses now, what kind of a car is that?—A. It is a Dodge sedan.

Q. What kind of a car did he use previously?—A. A Studebaker car.

Q. The Studebaker car is the one you still have in your garage?—A. Yes.

Q. You do not know to whom that car belongs?—A. I believe the seizure was made in the name of Zito.

Q. Can you recall when that seizure was made?—A. I cannot recall.

Q. Mr. Zito has never come since to claim his car?—A. No sir.

Q. Who paid you the account for storage for Zito's car and for Clerk's car?—A. Clerk pays his own storage charges, but no one has yet paid the charges on the Zito car.

Q. Have you an open account in your garage for the government, or do you keep a separate account for the storage and repairs of each individual car?
—A. We have an open account for the department. Our accountant could advise you better as to that.

Q. If I understand well, anybody in the former office of Bisailon, because he is no longer in charge, could telephone you at any time, and give you instructions, and you would follow them?—A. At this time, unless we have a written order, we do not take those instructions.

Q. When did the change of policy take place?—A. I could not remember exactly as to the date.

Q. Did the change take place six or eight months ago? Was it before Mr. Bisailon's departure?—A. It was before Bisailon's departure.

Q. Who gave you orders about acting only on written instructions?—A. We made the request for written instructions.

Q. Why did you make that request?—A. Because we believed it was a good business system to do so.

Q. Why did you not follow good business practice before the change was made?—A. I could not say why we did not follow that practice.

By Mr. Gagnon:

Q. With respect to the Studebaker car, did you receive instructions at any time to show that car to a bailiff at Mr. Clerk's request?—A. Yes, sir. The bailiff was the bearer of a replevin, and Mr. Clerk prevented that being carried out. The bailiff came to an understanding with Mr. Clerk, and Mr. Clerk was there at that time.

Q. Is it not a fact that you told the bailiff that you could not allow the car to be seized unless you had an order from Mr. Clerk?—A. I cannot recall.

Q. Do you recollect whether officials of the court served you with court papers ordering you to allow the car, the tires and parts to be examined?—A. I know that bailiffs came to see the car, but I cannot say whether it was Mr. Bouchard or other parties.

Q. No matter whether these court bailiffs were the bearers of orders from the court or not, you always insisted upon instructions from Mr. Clerk?—A. Yes, sir.

Q. Notwithstanding court orders?—A. Yes, sir.

Q. Those were the instructions you had from Mr. Clerk?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Did you not say that you did not know who the owner was of the Hudson car from which a door was removed; did you not say to-day that the owner was J. A. Masson?—A. I do not recall that at all.

Q. Did you not say that to-day; did you not say that outside of the committee room?—A. No, sir.

Q. Did you not say that to Mr. Knox?—A. No, sir.

Q. Or to Mr. Duncan?—A. No, sir.

By Mr. Bell, K.C.:

Q. You told the Minister a little while ago that you could not remember who it was that brought the Hudson sedan to the garage. Will these words help you to recall it:

"I remember Mr. Bisailon bringing a car to my garage, with the door broken."

Does that help you to recall who brought it?—A. No, sir, I do not recall from that reading.

Q. Then if I ask you immediately following that, or suggest to you these words,—

“ And he asked me to remove the good door from a stolen car and put it on the car that he had ”——

Does that addition of those words assist you to remember?—A. No, that reading does not help me in any way.

Q. Do you know whether you had any positive recollection about it at the time a statement was taken from you on the 4th of December, 1925, at Montreal?

—A. I cannot recall that.

Q. Did you or did you not then say who it was that had brought the car in?—A. I did not say.

Q. What does that answer mean?—A. I did not say who brought the automobile into the garage.

Q. Did you say you did not know, at that time?—A. Yes, I said I did not know.

Q. And did you on that occasion mention Mr. Bisailon's name at all?—A. No, sir.

Q. You are quite sure of that?—A. Yes, sir.

Q. Is it true that at that questioning that took place in Montreal there were present, besides yourself and Inspector Duncan and the stenographer, Mr. W. F. Wilson, the Chief Customs and Excise Preventive Officer, was also there?—A. Yes, all these persons named were present.

Q. It is true then that this evidence which you now seek to repudiate was taken down in Mr. Wilson's presence, is it?—A. Yes, it was given in the presence of Mr. Wilson.

(Translation)

JOSEPH ALBERT LEFEBVRE, called and sworn.

(Examination conducted in French, and interpreted by Mr. J. C. Beauchamp, official interpreter.)

By Mr. Calder, K.C.:

Q. You are the accountant of the Central Garage, Limited?—A. Yes, sir.

Q. Mr. Parrot said you were in charge of the bills and correspondence relating to the repairs to these cars?—A. Yes, sir.

Q. Will you produce to me the original of a letter written on the 12th of September by the chief of the preventive service in Montreal?—A. The original has already been filed, and I have a receipt showing that it has been filed.

Q. To whom did you give that original letter?—A. I gave that letter to Mr. Knox.

Q. Would you take cognizance of a bill from the Central Garage, Exhibit No. 67, showing repairs made to a car in the name of Morris Delage, and referring to the car mentioned as released, and the letter I showed to you previously?—A. Yes.

Q. Who gave instructions as to the repairs on that car?—A. I cannot say who gave instructions or orders.

Q. Will you try and recall, Mr. Lefebvre who gave instructions about the making of the repairs to this Morris Delage car?—A. I cannot say who gave the instructions, because I am not the party who received the instructions. The instructions must be given by the party, because we do not do any work without instructions.

[Mr. J. A. Lefebvre.]

By Mr. Gagnon:

Q. Do you know anything about the Hudson car, from which a door was removed and placed on another car?—A. I heard something about it, but I don't know anything positive or definite.

Q. Do you know anything with respect to the Cadillac coupe car used by Mr. Bisailon?—A. My previous answer applies, that I don't know anything about it.

Q. You are the accountant of the Central Garage Limited?—A. Yes sir.

Q. Do you recall whether a dismantled Cadillac car, under seizure by the Customs Department, was in your garage?—A. I know there was such a car in the garage, a dismantled Cadillac car.

Q. Do you know whether parts from that dismantled car were placed on the car used by Mr. Bisailon?—A. I heard that parts were placed on Mr. Bisailon's car.

Q. Do you know that this Cadillac car, from which parts were removed, was a dismantled car?—A. Yes sir.

Q. Would you say that this automobile was what you would call a wreck?—A. I could not say exactly, because I am not familiar with all the terminology about automobiles.

By Mr. Calder, K.C.:

Q. Did you see the car?—A. No sir.

Q. Can you say whether you recall this original (shows)?—A. Yes sir.

Mr. CALDER, K.C.: I will ask to have this marked as Exhibit 71, forming Exhibit K of the Duncan report exhibits.

By Mr. Calder, K.C.:

Q. Did you make out an account to Mr. Bisailon with respect to the exchange of a differential in a car?—A. Yes sir.

Q. Would you look at Exhibit 70 and state whether this bill, with respect to the change of the differential, is the bill you made out at that time?—A. Yes sir.

The CHAIRMAN: Do any other members of the committee wish to question this witness?

By Hon. Mr. Boivin:

Q. Did you have many accounts in your office for government officials?—A. We had only two accounts.

Q. In whose names were those two accounts?—A. In the names of Mr. Clerk and Mr. Bisailon.

Q. When a party with an authorization from Mr. Bisailon came to you about the removal of a car and paid the storage charges, to what account was the payment credited?—A. Credited to the Cash Payment Account.

Q. Then you mean to make this committee believe that you did not ask for storage charges while the cars were in storage?

Hon. Mr. BOIVIN: No, that is not exactly the question.

The INTERPRETER: (Repeating):

Q. Then you want to tell us that with respect to all seized cars in storage in the garage, you did not request payment of storage—

Hon. Mr. BOIVIN: No; "make any charge"—

The INTERPRETER: (Repeating):

Q. —make any charge until the car was taken out or removed from the garage?

Mr. CALDER, K.C.: Any charge for storage.

The WITNESS: Yes sir.

By Hon. Mr. Boivin:

Q. When Mr. Clerk or Mr. Bisailon asked you to make repairs to cars, to whom did you make out the account or bill for these charges?—A. We made two copies of a bill; we kept one.

Q. To whom did you forward the bill?—A. We kept the bill as long as the matter was not settled.

Q. Do you mean to tell us that you kept no books but merely made out these bills and held them until such time as these cars were removed from the garage?—A. This is an exceptional case for repairs. As a rule, we do not make repairs to cars. The automobiles were kept in storage and when they were removed from the garage, we made out the bills.

Q. To whom did you charge the storage account for Mr. Clerk's Studebaker car, which was in your garage?—A. This is a case similar to the others. We await a decision to see to what party we shall charge the account.

Q. Since how long has that been in that state?—A. I cannot say how long.

Q. You do not know?—A. I do not know exactly.

Q. Have you that car in storage for a year?—A. Do you mean since Mr. Clerk left the car there, Mr. Boivin? This I do not know.

Q. In other words, did you charge the storage on that Studebaker car to Mr. Clerk's account?—A. No, sir.

Q. To whom did you charge the storage on Mr. Clerk's Dodge sedan?—A. Mr. Clerk pays the storage charges every month.

Q. Why did you not demand payment for the storage charges on the other car as well?—A. Mr. Clerk pays a rental every month; he pays a rental on one car.

Q. How much?—A. \$10 a month.

Q. When Mr. Clerk has no car, but uses a seized car, do you charge the same rental?—A. To my knowledge Mr. Clerk has always had the use of a car, and we have always charged him the same rental.

Q. To whom do you charge up the repairs made on that car?—A. When Mr. Clerk instructs us to make repairs to a car at his disposal, we charge up the repairs to his own account.

Q. Then when Mr. Zito comes for his car, he would not be put to the trouble of paying for the repair and storage charges?—A. He will pay the storage charges on that car from the time Mr. Clerk has ceased to use the car.

Q. And the balance is charged to Mr. Clerk?—A. The whole amount is charged to Mr. Clerk's account.

Q. There are two accounts in your garage; one for Mr. Clerk and one for Mr. Bisailon; did Mr. McLaughlin ever have an account there?—A. Mr. McLaughlin had an account at our garage at one time; he has no account there now. For some time he has not had any work done.

Q. Has he a government car which he leaves in your garage?—A. No, sir.

Q. Did he ever have a government car?—A. No, sir.

Q. Not to your knowledge?—A. Not to my knowledge.

Q. With respect to these two accounts, the Clerk and the Bisailon accounts; how are these accounts paid? Does Mr. Clerk make payments with personal cheques or with departmental cheques?—A. Mr. Clerk gives his personal cheque every month.

Q. And what about Mr. Bisailon?—A. The same thing applies; Mr. Bisailon pays all his accounts—

Q. With respect to Mr. Bisailon; does he pay every month by personal cheque?—A. As for Mr. Bisailon, I cannot say whether he pays by personal cheque or not; I do not recall.

[Mr. J. A. Lefebvre.]

Q. Then you cannot recall how Mr. Bisailon paid his accounts at your garage?—A. I cannot recall exactly; might have made cash payment, given his personal cheque, or a departmental cheque—I cannot say.

Q. Did he always make payment in the same manner?—A. He always made payment in the same way.

Q. Then in what way did he pay his account?—A. We sent him an account, and then he forwarded his cheque, but I cannot state what interval elapsed between the sending of the account and the receipt of the cheque.

Q. He always made payment in the same way?—A. I do not understand what you mean.

Q. Always by cheque?—A. He always made payment in the same way, as I stated previously; he either paid in cash, by way of personal cheque, or with a departmental cheque.

By Mr. Calder, K.C.:

Q. That is what you mean to say by the same method of payment?—A. Yes. That is what I stated in the first instance.

By Hon. Mr. Boivin:

Q. Which of these three methods did he use most frequently?—A. I cannot say, sir.

Q. Did he personally pay his account, or did he come in person to pay his account?—A. I cannot say, sir.

Q. You are the accountant; Bisailon was an official of the department, and had a large account there, and yet, you cannot state whether he came personally to pay his account?—A. We keep a large business, and I cannot recall all that transpires with reference to all the details of our garage business.

Q. Do you swear positively that you never charged anything up to Bisailon's account, except the storage of his car, and what repairs were made to that car?—A. Yes.

Q. When you dismantled the car in your garage, and removed parts from that car, and placed them on Bisailon's car, to whom did you charge up the labour?—A. We charged it to Bisailon.

Q. With your extensive knowledge of automobiles, will you tell us whether the dismantled car, the Cadillac car, from which parts were removed, and placed on Bisailon's car, had the same value or could have been sold for the same price, before the dismantling took place?—A. I am not very well acquainted with automobile work. I know nothing whatsoever of automobile work, I am only the accountant.

Q. You charged up to the account of Bisailon for dismantling the car, and placing parts on his automobile—this account amounted to \$36.66?—A. I charged that up to Bisailon.

Q. Have you still got the dismantled Cadillac car in your garage?—A. I believe that car has been delivered.

Q. Can you tell us what you charged for storage to the party who came to get his Cadillac car, after the removal of the differential, after it became a dismantled car?—A. I cannot recall.

Q. On whose orders did you deliver that particular car?—A. We must have received orders from the Department.

Q. I have here a letter which I will read to you:

EXHIBIT No. 71

"THE CENTRAL GARAGE, LIMITED,
Montreal.

GENTLEMEN: You are hereby authorized to release to the bearer, Mr. Edward Ramson, representing the Interstate Automobile Under-

[Mr. J. A. Lefebvre.]

writers' Agency, New York, the Cadillac Victoria (dismantled) which was placed in your possession on the 14th of October last.

Mr. Ramson will pay all storage charges, etc., in connection with this car.

Yours truly,

J. E. BISAILLON,

*Special Inspector of Customs
and Excise."*

Mr. CALDER, K.C.: That was produced; as a matter of fact it was the wrong original for my purpose, but still it was put in under that Exhibit and I alluded to it. I will replace it with the other one. The point is this, that this original was given to me, although I did not have it in my hand at the moment; I produced it as an order for the release of the Delage car, whereas it is an order for the release of the dismantled Cadillac Victoria. I produced both letters.

By Hon. Mr. Boivin:

Q. I see Mr. Ramson was to pay the storage charges with respect to this car I have just mentioned?—A. Yes, sir.

Q. How much did he pay you?—A. I cannot tell you. I cannot say.

Q. Did he pay as much as he would have paid if the car had been delivered to him in the same condition in which it was at the time of the seizure?—A. We only charge for rental.

Q. Therefore that man had to pay for his dismantled car the same amount of money that he would have paid for the car in its original condition, its original state?—A. Yes.

Q. Personally you do not know anything about what parts were removed from the car?—A. Personally I know nothing about what parts were removed from the car; I only know about the bill for \$36.66.

By Mr. Gagnon:

Q. Is it not a fact that this account for \$36.66 is the only account Mr. Bisaillon ever paid you for repairs to a car?—A. I cannot say.

Q. Is it not a fact that Mr. Bisaillon never had any other account at your garage but the account referring to the Cadillac car?—A. I know Bisaillon had an account, but I do not know the details relating to that account.

Q. Mr. Bisaillon had no current account, like Mr. Clerk?—A. No, sir.

Q. It is quite possible that this was the only occasion that you had an account for Mr. Bisaillon?—A. I cannot say, sir.

Q. If instructions were given at the garage with respect to repairs to Mr. Bisaillon's Cadillac car, who would receive those instructions?—A. I believe Mr. Germain Parrot would be the party who would receive the instructions.

Q. You had no written instructions from any party to remove parts from the Cadillac car and place them on Mr. Bisaillon's car?—A. No, sir.

Q. Then you are not in a position to state whether instructions were given for the changing of parts from one car to another?—A. I am not in a position to state. I know nothing whatever in this case except that I heard it said that changes were made. I know nothing whatsoever apart from that.

Q. Then if Mr. Germain Parrot states that he does not know whether he received the instructions or not, what other party could have received those instructions?—A. When Mr. Germain Parrot is not there, the instructions are supposed to be given at the office.

Q. You do not know who brought in that Cadillac car to have it repaired?—A. I do not, sir.

Q. From whom could we get that information, in your garage?—A. Well, if Mr. Germain Parrot does not know about it, I do not know who else could give the information.

[Mr. J. A. Lefebvre.]

Mr. CALDER, K.C.: Parrot swore it was done himself.

Mr. GAGNON: He did not say it was from Bisaillon.

Mr. CALDER, K.C.: It was from Bisaillon.

Mr. GAGNON: The evidence will show.

Hon. Mr. BOIVIN: The evidence will be printed, in any event.

The Committee adjourned at 12.55 noon until 3.30 p.m.

(French Version of Evidence of Messrs. Parrot and Lefebvre follows.)

Mr. GERMAIN PARROT est rappelé et interrogé de nouveau.

Le PRÉSIDENT: Monsieur Parrot, sous le serment que vous avez prêté hier, vous continuerez votre témoignage.

M. Calder, C.R.:

Q. Monsieur Parrot, avez-vous, pendant l'année 1924, réparé le différentiel du Carillac de M. Bisaillon plus d'une fois?—R. Plus d'une fois? Je ne m'en rappelle pas. Je sais qu'on l'a réparé une fois. Je ne me rappelle pas après.

Q. Vous ne vous rappelez pas d'autres fois?—R. Non.

Q. Vous rappelez-vous quel mois c'était?—R. Je crois que c'était en novembre ou au commencement de décembre, je crois.

Q. Pouvez-vous dire si vous ne l'avez réparé qu'une fois, à cette époque-là?—R. Je ne me rappelle pas.

Q. A tout événement, vous l'avez réparé fin novembre ou commencement de décembre?—R. Oui.

Q. Voulez-vous regarder un compte que je prends dans la filière préventive numéro 12650, en date du 19 décembre, et dire si c'est le compte que vous avez rendu pour la réparation du char Cadillac de M. Bisaillon?—R. Oui, c'est le compte.

M. Gagnon:

Q. Monsieur Parrot, les chars que le département des Douanes laissait chez vous étaient relevés sur quelles instructions? Quand vous releviez un char de saisie, de qui receviez-vous vos instructions?—R. De M. Bisaillon.

Q. Vous n'auriez pas accepté d'autres instructions que celles émanant de M. Bisaillon ou de son bureau?—R. Peut-être de M. Weldon ou de M. McLaughlin.

Q. Pas d'autres que cela?—R. M. Clerk, des fois, aussi.

Q. Comme cela, M. Bisaillon n'avait pas seul le contrôle de toutes les automobiles qu'il y avait là?—R. Pas dans les premiers temps.

Q. Est-ce qu'il y a eu une plainte de la part de M. Bisaillon que certains chars en votre possession avaient été remis sans sa permission?—R. Oui, monsieur.

Q. Quel est le char, en particulier, au sujet duquel il y a eu une plainte?—R. Un Paige Sedan.

Q. Qui est-ce qui a pris ce Sedan Paige chez vous?—R. M. Clerk.

Q. Vous n'aviez pas d'autre autorité que celle de M. Clerk pour le lui remettre?—R. M. Clerk a essayé le char, d'abord; il nous a donné ordre, ensuite, de ne pas le laisser sortir.

Q. Qu'est-ce que vous avez fait?—R. On ne l'a pas laissé sortir.

Q. Vous ne l'avez pas laissé sortir?—R. Non.

Q. Bien, M. Clerk l'a sorti, ce char-là, avec votre permission, le Paige?—R. Oui.

Q. Vous rappelez-vous si cela a provoqué des difficultés entre M. Clerk et M. Bisaillon?—R. Je ne connais pas cela.

[Mr. Germain Parrot.]

Q. Avez-vous reçu des instructions par écrit de M. Bisailon, pas longtemps après, de ne pas laisser sortir de chars saisis?—R. Oui, monsieur.

Q. Ces instructions-là sont arrivées aussitôt après les difficultés qui sont survenues au sujet du char Paige?—R. Oui.

Q. A ce moment-là, il y avait un autre char chez vous dont M. Clerk se servait?—R. Je pense que oui.

Q. Est-ce que ces chars-là étaient sur la liste des automobiles que vous gardiez pour le département des Douanes?—R. Le char Paige?

Q. Le Paige et le Studebaker.—R. Oui, ils étaient sur la liste.

L'hon. M. Boivin:

Q. Depuis combien de temps votre garage est-il un garage accrédité pour dépôt d'automobiles volés ou d'automobiles saisis?—R. C'est depuis 1923.

Q. Pouvez-vous vous rappeler qui était en charge du bureau préventif, à Montréal, en 1923?—R. Je crois qu'on recevait les instructions de M. Weldon.

Q. Depuis combien de temps M. Weldon a-t-il cessé de vous donner des instructions?—R. M. Weldon en donne encore, des instructions.

Q. Depuis combien de temps M. Bisailon a-t-il commencé à vous donner des instructions?—R. Depuis combien de temps? Je ne peux pas me rappeler au juste, là.

Q. Quels autres officiers des Douanes y a-t-il, à Montréal, qui vous donnent des instructions concernant les chars dans votre garage?—R. Quels autres officiers?

Q. Quels autres officiers des Douanes, à Montréal, vous donnent des instructions concernant les chars dans votre garage?—R. M. Weldon, M. McLaughlin et M. Clerk de temps en temps.

Q. Si j'ai bien compris, vous nous avez dit hier soir que vous aviez reçu,—j'ai pu me tromper,—mais si je ne me suis pas trompé vous avez dit que vous avez reçu des instructions par téléphone du bureau de M. Bisailon. Est-ce vrai, cela, oui ou non?—R. Sur quoi?

Q. Concernant les chars dans le garage?—R. On en recevait souvent des téléphones donnant des ordres.

Q. Qui recevaient ces instructions?—R. Le comptable et moi.

Q. Quant à celles que vous avez reçues vous-même, saviez-vous qui vous les donnait?—R. A propos de quels chars, cela?

Q. De n'importe quels chars. Chaque fois que vous avez reçu des instructions par téléphone, saviez-vous qui vous donnait ces instructions-là?—R. Certainement.

Q. Parce que vous reconnaissiez la voix, je suppose?—R. Parce qu'ils se nommaient, aussi.

Q. Avez-vous souvent livré ou réparé des chars sur instructions reçues par téléphone?—R. Dans les commencements, cela arrivait assez souvent, mais en dernier c'était seulement par les ordres écrits.

Q. Combien y a-t-il de personnes qui vous ont donné des ordres écrits pour réparer des chars?—R. Des ordres écrits, je crois qu'on n'en a pas eu, d'ordres écrits, pour réparer les chars, seulement par téléphone.

Q. Quand vous avez réparé le Dodge Sedan qui a été vendu à M. Levut, qui vous a demandé de le réparer?—R. M. Bisailon.

Q. Vous a-t-il donné cela verbalement, ou par écrit, ou par téléphone?—R. Je crois qu'il est venu voir le char, d'abord; ensuite, par téléphone, je pense.

Q. Quand vous avez pris la porte d'un char Hudson déposé à votre garage, que vous l'avez enlevée et que vous l'avez placée sur un autre char Hudson, avez reçu les instructions de M. Bisailon pour faire cela?—R. C'est du bureau de M. Bisailon. Je ne me rappelle pas qui a donné instructions.

Q. C'est pour cela que je vous ai demandé tout à l'heure si vous saviez toujours qui vous parlait quand vous receviez des instructions par téléphone?—R. Je ne me rappelle pas si c'est lui-même ou si c'est un autre.

Q. Saviez-vous, au moment même où les instructions vous ont été données, qui vous les donnait, les instructions?—R. Je ne me rappelle pas, dans le moment.

Q. Alors, quand vous avez dit, il y a cinq minutes, que vous saviez qui vous donnait les instructions par téléphone, vous n'avez pas dit ce qui était tout-à-fait vrai?—R. Je ne m'en rappelle pas, dans le moment; mais, dans le temps, je devais le savoir. Là, je ne me rappelle pas.

Q. Vous ne pouvez pas vous rappeler qui vous a demandé de réparer le char?—R. Je ne peux pas m'en rappeler, dans le moment.

Q. Qui est-ce qui vous a amené le char Hudson avec la porte brisée?—R. Je ne m'en rappelle pas.

Q. Le char Hudson avec la porte brisée, à qui appartenait-il?—R. Je ne me rappelle pas à qui il appartenait.

Q. Vous vous rappelez cependant que vous avez réparé un char? Était-ce un char saisi qui était à votre garage ou un char qu'on vous a apporté seulement pour faire faire la réparation?—R. C'était un char d'un officier. Il a été pris une porte après un char saisi pour remplacer cette porte-là.

Q. Êtes-vous sûr que l'automobile qui a été amenée là appartenait à un officier?—R. Je crois que oui. Pour le jurer positivement, je ne me le rappelle pas au juste.

Q. Qui vous a fait dire que c'était l'automobile d'un officier?—R. Je ne me le rappelle pas non plus.

Q. Pourquoi avez-vous dit que c'était l'automobile d'un officier?—R. Parce que l'on ne pouvait pas changer une porte d'un autre char avec une porte d'un char étranger.

Q. Est-ce que, par hasard, cela n'aurait pas pu être l'automobile d'un ami de M. Clerk, de M. McLaughlin, de M. Bisailon ou de M. Weldon?—R. Cela aurait pu arriver; je ne me rappelle pas.

Q. Vous dites que M. Clerk est propriétaire, c'est-à-dire que M. Clerk se sert d'une automobile qu'il laisse à votre garage?—R. Oui, monsieur.

Q. Vous avez dit qu'il avait eu deux autres automobiles avant l'automobile dont il se sert maintenant?—R. Oui, monsieur.

Q. Savez-vous si ces trois automobiles-là appartenait à M. Clerk, si elles appartenait au Gouvernement, ou si c'était des automobiles saisies?—R. La dernière, je ne me rappelle pas; quant aux deux autres, je sais qu'elles appartenait au département.

Q. Sont-ce des automobiles qui avaient été déposées chez vous comme ayant été saisies?—R. Oui, monsieur.

Q. Voulez-vous nous dire, à votre connaissance, combien il y a d'officiers, à Montréal, depuis que vous tenez un garage accrédité, qui se sont servi d'automobiles saisies?—R. Combien d'officiers?

Q. Oui.—R. M. Clerk, M. Bisailon.

Q. Sont-ce les deux seuls que vous connaissez?—R. M. McLaughlin aussi.

Q. Êtes-vous sûr qu'il n'y en a pas eu d'autres?—R. Il peut y en avoir eu d'autres; je ne me rappelle pas dans le moment.

Q. Je vais vous demander s'il n'est pas à votre connaissance que, lorsqu'il y a eu des automobiles saisies et placées en emmagasinage à votre garage, en attendant la décision du ministre et la disposition des automobiles, des officiers des douanes, en plusieurs circonstances, soient venus à votre garage et aient pris possession de ces automobiles, s'en soient servi, par affaires ou autrement, dans les rues de la ville de Montréal et ailleurs?—R. Je me rappelle seulement le Paige de M. Clerk.

Q. Où est maintenant l'automobile de M. Clerk?—R. On l'a encore, dans le moment.

Q. Depuis combien de temps cette automobile est-elle là?—R. Presque deux ans, peut-être plus.

Q. Combien chargez-vous au Gouvernement pour l'emmagasinage des automobiles?—R. Huit piastres par mois.

Q. Huit piastres par mois pour chaque char; chargez-vous le même prix pour les automobiles qui sont en emmagasinage et qui ne sont pas touchées que pour les automobiles comme celle de M. Clerk, qu'il vient chercher et dont il se sert tous les jours?—R. Non.

Q. De quel modèle est l'automobile dont M. Clerk se sert actuellement?—R. Un Dodge Sedan.

Q. Et de quel modèle était l'automobile dont il se servait auparavant?—R. Un Studebaker.

Q. C'est le Studebaker que vous avez encore?—R. Oui, monsieur.

Q. Vous ne savez pas à qui appartient cette automobile-là?—R. Je crois qu'il y a eu une saisie faite au nom de M. Zito.

Q. Vous rappelez-vous quand a été faite cette saisie-là?—R. Je ne me rappelle pas, là.

Q. M. Zito n'est jamais venu encore chercher cette automobile-là?—R. Non.

Q. Qui vous paie le compte d'emmagasinage pour l'automobile de M. Zito ainsi que pour l'automobile de M. Clerk?—R. Quant à l'automobile de M. Clerk, c'est lui-même qui le paie; quant à l'automobile de M. Zito, il n'a pas encore été payé.

Q. Avez-vous, à votre garage, un compte ouvert pour le Gouvernement; tenez-vous un compte spécial pour les réparations et l'emmagasinage de chaque automobile individuelle?—R. On a un compte ouvert pour le département. Le comptable pourra mieux vous renseigner que moi.

Q. Si je comprends bien, n'importe qui, au bureau, à l'ancien bureau de M. Bisailon, parce qu'il n'y est plus maintenant, pouvait vous téléphoner; n'importe qui vous donnait des instructions et vous les suiviez?—R. Dans le moment, sans avoir un ordre écrit, on n'en prend pas.

Q. Quand le changement a-t-il eu lieu?—R. Je ne puis pas me rappeler au juste à quelle date.

Q. Y a-t-il six, huit mois, à peu près; est-ce avant le départ de M. Bisailon ou depuis?—R. C'est avant son départ.

Q. Qui vous a donné ces instructions d'avoir un ordre écrit?—R. C'est nous-mêmes qui avons demandé cela; de ne rien faire sans avoir un ordre écrit.

Q. Pourquoi avez-vous fait cela?—R. Comme système d'affaires.

Q. Pourquoi n'avez-vous pas suivi un bon système d'affaires auparavant?—R. Pourquoi?

Q. Oui.—R. Je ne sais pas pourquoi.

M. Gagnon:

Q. Monsieur Parrot, relativement à l'automobile Studebaker de M. Zito, avez-vous refusé à un moment donné de laisser voir cette automobile à un huissier, à la demande de M. Clerk?—R. Oui.

Q. L'huissier était porteur d'un bref de saisie revendication et M. Clerk a empêché qu'il fut exécuté?—R. L'huissier s'est arrangé avec M. Clerk, M. Clerk se trouvait là dans le moment.

Q. N'est-il pas vrai, M. Parrot, que vous avez donné comme réponse à l'huissier que vous ne pouviez pas la laisser saisir sans avoir un ordre de M. Clerk?—R. Je ne me rappelle pas cela.

Q. Vous rappelez-vous qu'il vous a été signifié des procédures de la Cour vous enjoignant de laisser examiner l'automobile et ses pneus par M. Bouchard,

huissier?—R. Je sais qu'il est venu des huissiers pour voir cela; je ne me rappelle pas si c'est Bouchard ou un autre.

Q. Même si c'était un huissier porteur d'une action ou d'un ordre de la Cour, n'est-il pas vrai que vous avez toujours exigé des instructions quand même, avant de vous conformer?—R. Oui, monsieur.

Q. Nonobstant un ordre de la Cour?—R. Oui.

Q. C'étaient vos instructions de M. Clerk?—R. Oui.

M. Calder, C.R.:

Q. Vous dites que vous ignorez à qui était l'automobile "Hudson" dont les portes ont été changées; n'avez-vous pas déclaré, aujourd'hui même, que c'était à M. J. A. Masson et qu'il est allé au garage accompagné de M. Bisailon?—R. Je ne me rappelle pas cela du tout.

Q. N'avez-vous pas dit cela aujourd'hui?—R. Non.

Q. N'avez-vous pas dit cela en dehors des séances du Comité?—R. Non.

Q. N'avez-vous pas dit cela à M. Knox?—R. Non.

Q. N'avez-vous pas dit cela à M. Duncan?—R. Non.

M. BELL (traduction):

Q. Vous avez dit tantôt au ministre des Douanes que vous ne vous rappelez pas qui avait conduit l'automobile "Hudson" à votre garage, n'avez-vous pas dit, dans un témoignage précédent: "Oui, je me rappelle que M. Bisailon a amené une automobile à mon garage avec une porte brisée"; est-ce que ces paroles ne rafraîchissent pas votre mémoire?—R. Non.

Q. Est-ce que ces paroles: "Il m'a demandé d'enlever la bonne porte sur une automobile volée et de la mettre sur sa propre automobile", ne rafraîchissent pas votre mémoire?—R. Non, ça ne m'aide pas du tout.

Q. N'avez-vous pas un bon souvenir d'avoir fait cette déclaration, à Montréal, le quatre décembre 1925?—R. Je ne puis me rappeler cela.

Q. N'avez-vous pas dit, à cette époque-là, qui avait conduit l'automobile chez vous?—R. Je ne l'ai pas dit.

Q. Que veut dire votre réponse?—R. Je n'ai pas dit qu'on avait rentré l'automobile au garage.

Q. Avez-vous dit que vous ne le saviez pas, dans ce temps-là?—R. Oui, j'ai dit que je ne le savais pas.

Q. Avez-vous, en cette circonstance, mentionné le nom de M. Bisailon?—R. Non.

Q. Vous êtes bien sûr de cela?—R. Oui.

Q. N'est-il pas vrai que lorsque ces questions vous furent posées, M. Duncan était présent ainsi qu'une sténographe et M. W. F. Wilson, le chef du service de Surveillance du département des Douanes et de l'Accise?—R. Oui, ils étaient tous là.

Q. Le témoignage que vous cherchez maintenant à répudier a été donné en présence de M. Wilson?—R. Il a été donné en présence de M. Wilson.

JOSEPH ALBERT LEFEBVRE est appelé et assermenté:

M. Calder, C.R.:

Q. Vous êtes le comptable du garage Central, Limitée?—R. Oui, monsieur.

Q. M. Parrot nous a dit que c'est vous qui étiez porteur de la correspondance et des comptes référant aux chars saisis?—R. Oui, monsieur.

Q. Voulez-vous produire l'original d'une lettre en date du 12 septembre, qui vous aurait été adressée par l'officier en charge du service de Surveillance, et dont je vous montre la copie?—R. L'original a déjà été produit, j'ai un reçu en conséquence.

[Mr. J. A. Lefebvre.]

Q. A qui l'avez-vous donné?—R. Je l'ai donné à M. Knox.

Q. Voulez-vous maintenant regarder un compte, étant l'exhibit 67, et dire si c'est le compte que vous avez rendu à M. Morris Delage pour réparations au char relâché par la lettre que je vous ai montrée précédemment?—R. Oui, monsieur.

Q. Qui a commandé ces réparations?—R. Je ne peux pas vous dire qui a dit de faire ces réparations.

Q. Tâchez donc de vous rappeler qui a donné les instructions pour la réparation?—R. Je ne peux pas dire qui a donné les instructions, parce que ce n'est pas moi qui les reçois ces instructions. Ça doit être le département, parce qu'on ne fait rien sans instructions.

M. Gagnon:

Q. Relativement au char Hudson sur lequel une porte a été changée, connaissez-vous quelque chose à ce propos?—R. J'ai entendu parler qu'une porte avait été changée, mais je ne peux rien vous dire à propos de cela.

Q. Relativement aux réparations sur le coupé Cadillac de M. Bisaillon, est-ce que vous connaissez quelque chose?—R. C'est la même réponse.

Q. Vous êtes le comptable, vous, du Central Garage?—R. Oui, monsieur.

Q. Vous rappelez-vous qu'il y avait un char Cadillac démantibulé—ce qu'on appelle un "wreck"—mis chez vous par le département? Vous rappelez-vous qu'il y ait eu un Cadillac sous saisie pendant quelque temps?—R. Je me rappelle qu'on a eu un Cadillac démantibulé, oui.

Q. Savez-vous s'il y a des parties de ce Cadillac qui ont été mises sur le char dont M. Bisaillon se servait?—R. J'ai entendu parler qu'il y avait eu des morceaux.

Q. Mais vous savez que ce char Cadillac, duquel on a pris des parties, était un char démantibulé?—R. Oui, monsieur.

Q. Est-ce que vous comprenez l'anglais un peu?—R. Un peu, mais je préfère être interrogé en français.

Q. Est-ce que c'est ce qu'on pourrait appeler en anglais un "wreck", comme automobile?—R. Dans les parties d'automobiles, je ne suis pas bien familier, parce que je ne suis pas mécanicien moi-même.

M. Calder, C.R.:

Q. L'avez-vous vu?—R. Non, monsieur.

Q. Voulez-vous regarder l'original de la lettre, dont je vous ai montré la copie tout à l'heure, ordonnant la remise du char, et dire si vous reconnaissez cet original-là?—R. Oui, monsieur, c'est bien l'original.

Q. Cela sera l'exhibit 71, formant partie du rapport Duncan, cote K. Avez-vous fait un compte à M. Bisaillon pour un échange de différentiel?—R. Oui, monsieur.

Q. Voulez-vous regarder la pièce 70 et dire si c'est le compte que vous avez fait pour cet échange ou remplacement?—R. Oui, monsieur.

L'hon. M. Boivin:

Q. Aviez-vous, à votre garage, plusieurs comptes pour les officiers du gouvernement?—R. Nous avions seulement deux comptes.

Q. A quels noms étaient ces deux comptes?—R. M. Clerk et M. Bisaillon.

Q. Quand un homme venait chercher un char au garage, avec une autorisation de M. Bisaillon, et qu'il vous payait du "storage", quand l'homme venait vous payer le montant dû pour ce "storage", à quel compte créditiez-vous ce montant? Vous placiez cela au crédit de quel compte?—R. Cela passait dans les ventes au comptant.

Q. De sorte que vous voulez nous dire et faire croire au comité que pour tous les chars saisis qu'il y avait au garage vous ne chargiez pas ce compte, à personne tant que le char n'était pas livré?—R. Oui, monsieur.

Q. Alors, quand M. Clerk ou M. Bisailon vous demandaient de réparer un char, à qui chargiez-vous cela?—R. Quand c'était le char personnel de M. Clerk?

Q. Je parle des chars saisis, par exemple le Dodge Sedan que vous avez réparé?—R. Le Dodge Sedan qu'on a réparé?

Q. Oui, à qui avez-vous chargé ces réparations-là?—R. On a fait une facture en duplicata et on gardait la copie.

Q. A qui envoyiez-vous la facture?—R. On gardait cela tant que l'affaire n'était pas réglée.

Q. Voulez-vous nous faire croire que vous ne teniez pas de livres, chez vous, et que pour tous les chars saisis vous n'aviez que des comptes que vous ne chargiez à personne, mais que vous gardiez tant que le char n'était pas livré?—R. Cela, c'est un cas exceptionnel, pour cette réparation. D'habitude on ne faisait pas de réparations aux chars, les chars étaient seulement en "storage"; seulement, quand le char sortait, on faisait un compte pour le "storage".

Q. Pour le Studebaker de M. Clerk, qui est maintenant au garage, à qui chargez-vous le compte de "storage"?—R. Cela, c'est encore dans le même cas que les autres, seulement du "storage". On attend la décision pour savoir à qui le charger.

Q. Combien cela fait-il de temps que ce char est dans cet état-là?—R. Je ne peux pas vous le dire exactement, monsieur.

Q. Vous ne le savez pas?—R. Je ne peux pas le dire exactement.

Q. Y a-t-il un an que vous l'avez ce char-là?—R. Vous voulez dire depuis que M. Clerk l'a laissé?

Q. Cela, je ne le sais pas. En d'autres termes, avez-vous chargé du "storage" sur ce char-là au compte de M. Clerk? Avez-vous chargé du "storage" sur le Studebaker au compte de M. Clerk?—R. Non, monsieur.

Q. A qui chargez-vous le "storage" sur le Dodge Sedan de M. Clerk?—R. Le Dodge Sedan de M. Clerk?

Q. Oui, à qui chargez-vous le "storage" là-dessus?—R. M. Clerk paye son "storage" tous les mois.

Q. Pourquoi n'avez-vous pas fait payer le "storage" sur l'autre char aussi?—R. M. Clerk paye tous les mois; il paye un loyer pour un char.

Q. Combien?—R. De \$10 par mois.

Q. Et quand M. Clerk n'a pas de char, mais qu'il se sert de chars saisis, chargez-vous le même loyer?—R. D'après ma connaissance, M. Clerk a toujours eu un char à sa disposition et on lui a toujours chargé le même loyer tous les mois.

Q. A qui chargiez-vous les réparations sur ces chars-là?—R. Quand M. Clerk donne instruction de faire des réparations sur le char qu'il a à sa disposition, nous chargeons cela à son compte.

Q. Alors, quand M. Zito viendra chercher son char, il n'aura pas la peine de payer de réparations sur ce char-là, ni de "storage"?—R. Il paiera le "storage" depuis le moment que M. Clerk a discontinué de s'en servir.

Q. La balance est chargée au compte de M. Clerk?—R. Tout a été chargé au compte de M. Clerk.

Q. Il y a deux comptes chez vous, un pour M. Bisailon et l'autre pour M. Clerk? M. McLaughlin n'en a pas?—R. M. McLaughlin a déjà eu un compte.

Q. Il n'en a pas maintenant?—R. Depuis un certain temps il n'a rien fait faire.

Q. A-t-il un char du gouvernement, lui aussi, qu'il laisse chez vous?—R. Non, monsieur.

Q. En a-t-il déjà eu un?—R. Non, monsieur.

Q. Pas à votre connaissance?—R. Pas à ma connaissance.

Q. Maintenant, les comptes en question, le compte de M. Bisailon et le compte de M. Clerk, comment sont-ils payés, ces comptes-là?—R. M. Clerk, il paye son compte tous les mois.

Q. Chèques personnels, argent sonnant, ou chèques du département?—R. M. Clerk donne son chèque personnel tous les mois.

Q. Et M. Bisailon, lui?—R. M. Bisailon la même chose, il a toujours payé ses comptes.

Q. Tous les mois, par chèque personnel?—R. Pour M. Bisailon, je ne peux pas dire si ce sont des chèques personnels, je ne me rappelle pas.

Q. Vous ne pouvez pas vous rappeler comment M. Bisailon payait ses comptes à votre garage?—R. Comme je vous dis, je ne me rappelle pas. Ça peut être en "cash", ça peut être en chèques personnels, ça peut être le chèque du gouvernement. Je ne me rappelle pas.

Q. Payait-il toujours de la même façon?—R. Toujours de la même façon.

Q. Alors, de quelle façon?—R. On lui envoyait son compte et on recevait son chèque. Je ne peux pas dire l'intervalle qui existait entre l'envoi du compte et.

Q. Toujours de la même façon?—R. Je ne comprends pas ce que vous voulez dire, monsieur.

Q. Toujours par son chèque?—R. Non, mais comme je vous ai dit la première fois, soit en "cash", son chèque personnel ou le chèque du département.

M. Calder, C.R.:

Q. C'est la même façon, cela? C'est cela que vous voulez dire par la même façon de paiement?—R. Oui, la même façon que j'ai dit en premier.

L'hon. M. Boivin:

Q. Laquelle de ces trois méthodes employait-il le plus souvent?—R. Je ne peux pas dire, monsieur.

Q. Venait-il payer son compte personnellement?—R. Je ne peux pas dire, monsieur.

Q. Vous êtes comptable, c'est vous qui collectez tout l'argent pour le garage. Voici un gros compte d'un officier du gouvernement et vous ne pouvez pas vous rappeler s'il venait payer cela personnellement ou non?—R. Je ne peux pas me rappeler. Des fois il pouvait venir payer personnellement, et il pouvait envoyer son chèque. Vous savez, on a une grosse "business", on a beaucoup d'ouvrage, et je ne peux pas me rappeler, après un an, deux ans, tous les détails.

Q. Jurez-vous positivement, monsieur, que vous n'avez jamais rien chargé au compte de M. Bisailon, excepté le garage du char dont il se servait, les réparations et les accessoires que vous aviez fournis pour ce char-là?—R. Je vous demande pardon; à M. Bisailon, cela?

Q. Oui. Jurez-vous que vous n'avez jamais rien chargé autre chose au compte de M. Bisailon, dans vos livres, que le garage de son propre char et les réparations et les accessoires de ce char-là, le char dont il se servait?—R. Oui, monsieur.

Q. Quand vous avez démantibulé, à votre garage, le char Cadillac pour en prendre les parties et les placer sur le char de M. Bisailon, à qui avez-vous chargé le travail?—R. A M. Bisailon.

A. Avec la connaissance que vous avez des automobiles, puisqu'il y a longtemps que vous vous occupez de ce travail, croyez-vous que le char démantibulé, après que vous en avez enlevé les parties et que vous les avez placées sur le char de M. Bisailon, avait la même valeur et pouvait se vendre pour le même prix qu'avant que vous l'ayez démantibulé?—R. Je ne connais absolument rien dans l'affaire des chars. Je suis seulement comptable et jamais je n'ai été mêlé à quoique ce soit dans les automobiles.

[Mr. J. A. Lefebvre.]

Q. Mais vous avez chargé à M. Bisailon un compte de \$36.66 pour avoir démantibulé un char et pour en avoir pris les parties pour les mettre dans son char à lui.—R. Quelle réponse voulez-vous avoir?

Q. Oui ou non. Vous avez chargé ce compte-là pour cela?—R. J'ai chargé cela à M. Bisailon, oui.

Q. Le char Cadillac démantibulé, l'avez-vous encore au garage chez vous?—R. Je crois qu'il a été délivré.

Q. Pouvez-vous vous rappeler combien vous avez chargé de "storage" à l'homme qui est venu chercher son char Cadillac, quand il l'a reçu avec le différentiel enlevé et dans un état—pour employer l'expression dont on se sert—démantibulé?—R. Je ne peux pas me rappeler, monsieur.

Q. Sur l'ordre de qui avez-vous livré ce char-là?—R. On doit avoir reçu l'ordre du département.

Q. J'ai ici entre les mains une lettre qui se lit comme suit: "The Central Garage, Montreal. . . ." (L'honorable M. Boivin donne lecture au témoin, en anglais, de la lettre en question, (Exhibit n° 71.) Je vois que M. Remsen doit vous payer le "storage" en rapport avec ce char-là?—R. Oui, monsieur.

Q. Combien vous a-t-il payé?—R. Je ne peux pas dire, monsieur.

Q. Vous a-t-il payé le même prix que si vous lui aviez livré le char dans le même état qu'il était quand il a été saisi?—R. Nos charges étaient seulement pour le loyer, nous autres, dans ce cas-là.

Q. De sorte que cet homme-là, qui a reçu son char démantibulé, a été obligé de payer de la même façon que si le char lui avait été remis dans l'état original?—R. Oui, monsieur.

Q. Personnellement, vous ne savez pas ce qu'on a enlevé sur le char?—R. Personnellement, je ne sais pas.

Q. Vous savez seulement qu'on a chargé \$36 pour faire les changements?—R. Justement.

M. Gagnon:

Q. N'est-il pas vrai que c'est le seul montant que M. Bisailon vous ait jamais payé, pour réparations d'un char, ce montant de \$36?—R. Pour les réparations d'un char?

Q. Du Cadillac?—R. Je ne peux pas dire, monsieur.

Q. N'est-il pas vrai que M. Bisailon n'a jamais eu d'autre compte chez vous que ce compte de réparations-là, pour le Cadillac?—R. M. Bisailon avait un compte chez nous, mais je ne peux pas dire en détail les charges qui ont été faites dans son compte.

Q. Maintenant, il n'avait pas de compte courant comme M. Clerk?—R. Non.

Q. Il aurait pu arriver que c'eût été la seule fois que vous auriez eu un compte pour M. Bisailon?—R. Je ne puis pas le dire.

Q. Qui, au garage, si des instructions ont été données relativement au Cadillac, les aurait reçues, quant à la réparation du Cadillac de M. Bisailon; qui aurait pu les recevoir?—R. Ce serait M. Germain Parrot qui serait supposé recevoir les instructions, si jamais il en a été donné.

Q. Vous n'aviez pas d'instructions par écrit, de personne, pour prendre les pièces du Cadillac et les mettre sur l'automobile de M. Bisailon?—R. Non.

Q. Alors, vous n'êtes pas même en état de dire si vous avez jamais eu des instructions pour faire ce que vous avez fait?—R. Moi, dans ce cas-là, je ne connais absolument rien, excepté que j'ai entendu parler que des changements ont été faits. Je ne connais absolument rien à part cela.

Q. Et si M. Germain Parrot nous dit qu'il ne sait pas de qui il a reçu des instructions, qui aurait pu les recevoir à part lui?—R. Quand M. Germain Parrot n'est pas là, les instructions sont supposées être données au bureau.

Q. Vous ne savez pas qui a conduit cette machine Cadillac à votre garage pour la faire réparer?—R. Non.

Q. De qui pourrions-nous savoir cela, chez vous?

M. CALDER, C.R.: M. Germain Parrot l'a dit.

M. GAGNON: Il n'a pas dit que c'était M. Bisailon; il a dit qu'il avait reçu des instructions par téléphone.

M. CALDER, C.R.: Pour la porte.

M. GAGNON: Pas pour la porte.

Le TÉMOIN: Si M. Parrot ne le sait pas, il n'y en a pas d'autres qui le savent.

Ajournée à cet après-midi à trois heures et demi.

AFTERNOON SITTING

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

The CHAIRMAN: Order, gentlemen. Mr. Calder, are you ready to proceed?

Mr. CALDER, K.C.: I will call Mr. Hicklin.

WILLIAM LIONEL HICKLIN, called and sworn.

By the Chairman:

Q. You are a Custom Officer in Montreal?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. In what department are you?—A. Preventive Service, Department of Customs and Excise.

Q. Who was your Chief, last year?—A. Mr. J. E. Bisailon.

Q. And in 1924 as well?—A. Well, from about June, 1924, Mr. Bisailon was my Chief.

Q. What was your position in his Department?—A. Chief Clerk.

Q. Will you look at a paper filed as Exhibit 64 in this case, purporting to be the K-9½ in the case of a car said to be owned by Morris Delage, and state whether you have seen that before?—A. Well, I cannot say if it is that one exactly (Indicating). It is made in quadruplicate.

Q. And you saw one of the quadruplicates?—A. I saw two.

Q. In whose hands did you see them first?—A. In the hands of Ralph Garceau.

Q. Was that the Ralph Garceau who was heard as a witness here yesterday?—A. Yes, sir.

Q. He was employed in the same Department as yourself?—A. The same office.

Q. Under your orders?—A. Yes, sir.

Q. And under Mr. Bisailon?—A. Yes, sir.

Q. Will you tell us under what circumstances you saw it in his hands first?—A. Officer Garceau had written this document and about five minutes afterwards told me that Mr. Bisailon had asked him to disguise his handwriting and write "Morris Delage".

Q. Did he seek your advice in the matter?—A. He seemed to be very much worried about it.

Q. Did you give him any advice?—A. I certainly did.

Q. What did you say?—A. I told him he was very foolish—not to do it again.

[Mr. William Lionel Hicklin.]

Q. Will you look at the date of the quadruplicate of K-9, and state whether you saw it on the day it purports to have been written for the first time?—A. To the best of my knowledge it was the 12th of September.

Mr. BELL: Can I interrupt you just a moment, Mr. Calder?

Mr. CALDER, K.C.: Yes.

Mr. BELL: I thought that the last answer before this one was that the witness told him he was very foolish not to do it again. I was quite sure that is not what he meant to say. I would like to have it cleared up if I can.

By Mr. Calder, K.C.:

Q. Did you mean to say he was very foolish not to keep up the practice, or that he was very foolish to keep up the practice, and that you advised him not to keep up the practice?—A. Yes, sir.

Mr. BELL: I want to clear that up.

Mr. CALDER, K.C.: In the transcript it might appear.

WITNESS: That is what I had in mind.

By Mr. Calder, K.C.:

Q. You advised him not to do it again?—A. Not to do it again.

Q. Did you telephone any order, purporting to be given by the Preventive Service officer, to the Central Garage, to have this particular car repaired?—A. Certainly not.

Q. Did anybody at the office, to your knowledge, telephone any such order?—A. I never heard anybody.

Q. Would the routine call for that order to be given by either you or Bisaillon?—A. Not myself, for repairs. I had not any power to do so.

Q. Is Bisaillon the man who would have to give that order?—A. I imagine so, as chief of the Department.

Q. Or somebody of superior or equivalent rank?—A. Yes, but Bisaillon was his own chief in Montreal.

By Mr. Gagnon, K.C.:

Q. You did not see that document being signed by Garceau?—A. I saw writing.—I saw Garceau write them.

Q. You saw Garceau write them?—A. Yes. I saw him at the desk writing them.

Q. Writing that very same name?—A. Yes.

Q. You are sure of that?—A. Yes.

Q. Did you not ever tell another story under oath before?—A. Not to my knowledge.

Q. Are you sure of that, Mr. Hicklin, that you did not tell another story under oath before?—A. Not to my knowledge.

Q. Not to your knowledge?—A. Not to my knowledge.

Q. You are sure of that?—A. I think so. In the ordinary course of the office I saw him sitting at his desk writing it. He had the book—

Mr. GAGNON: I want to know—

Mr. CALDER, K.C.: Let him complete his answer.

WITNESS: He had the book and there was only one car being released that day.

By Mr. Gagnon, K.C.:

Q. Yes. I want to know about that particular document, or one of the duplicates, if you saw Garceau writing it?—A. Well, I presume it must have been that, because there was only one car being released.

Q. You saw him writing a document or just writing. I want to know if you saw him sign the document?—A. I did not see him sign. He filled the book out, so I presume he must have signed it.

Q. Who was supposed to prepare those documents? Who was the clerk in charge of those documents, correspondence, and so on, to complete the records?—A. At that time, Mr. Garceau was writing them out.

Q. Mr. Garceau?—A. The majority of them.

Q. When a man would go to the office and pay some money, it would be Mr. Garceau's duty to prepare this document, which was to be signed by the party?—A. Yes, about that time, Mr. Garceau was writing most of them.

Q. And you would receive the money and hand it over to the Department?—A. I would, sir.

Q. Would you dictate letters also, and reports, or write them?—A. Write them.

Q. You do not remember in that particular instance who wrote the letter that Bisailon signed for the release of that very car?—A. I think I wrote it.

Q. You wrote it?—A. Yes, that can easily be found out by the signature—by the initial on the letter.

Q. Did you ever see that very document in Mr. Bisailon's office?—A. I cannot swear to that very document, because it is in quadruplicate.

Q. Yes, but one of the three?—A. Yes.

Q. In Bisailon's office?—A. Yes.

Q. In his private office?—A. Yes, we have a copy in Montreal now.

Q. I know, but I mean at the time, did you ever see Bisailon with this document in his hands?—A. No, not in his hand.

Q. The only person that you saw with that document in his hand was Garceau?—A. No, I handled it after.

Q. You handled it after?—A. Yes.

Q. Did it ever happen in your department, that you would receive some money from people who would go there, and prepare the papers yourself, the papers to be signed by the parties?—A. I have prepared papers.

Q. You have done that?—A. Yes.

Q. Did Garceau ever do that also?—A. Prepare papers, such as these?

Q. Yes?—A. Certainly.

Q. Prepared the document—I do not mind about the signature,—the document itself?

Mr. CALDER, K.C.: Which document?

Mr. GAGNON, K.C.: Any document, written like that.

WITNESS: Only K-9½. That is the receipt.

By Mr. Gagnon, K.C.:

Q. You say that one of the triplicates was signed by Garceau in your presence?

Mr. CALDER, K.C.: He did not say that at all.

By Mr. Gagnon, K.C.:

Q. Was prepared by Garceau?—A. Prepared.

Q. You do not know as to the signature?—A. No, sir.

Q. For all that you know, he may have signed it himself, but you are not sure, is that right?—A. Are you referring to the signature of Morris Delage, or his own signature?

Q. Bisailon was not there?

Mr. CALDER, K.C.: The witness wants to be guided as to whether you mean, the signature of Garceau or the signature of Morris Delage.

By Mr. Gagnon, K.C.:

Q. The signature of Morris Delage that is on the document?

Mr. CALDER, K.C.: All right. He probably will answer your question now.

By Mr. Gagnon, K.C.:

Q. That document was written by Garceau, not in Bisailon's private office?

—A. I think at that time,—I should explain that it was one large office; Bisailon had no private office.

Q. And you were at one end of the office, and Bisailon's desk was at the other end?—A. No, sir. Mr. Bisailon sat there and I sat here (illustrating), only a foot away.

Q. Did you ever hear Bisailon ask Garceau to do that?—A. No, sir.

Q. You never did?—A. No, sir.

Q. How far were you from Bisailon when that document was signed?—A. About four feet.

Q. Was Bisailon in the office?—A. Certainly.

Q. He was in the office?—A. Yes.

Q. When Garceau was writing that very document?—A. Yes.

Q. Far from you?—A. Who? Bisailon?

Q. Yes.—A. About four feet.

Q. You did not hear him ask Garceau to do it?—A. I went over to Garceau's desk, which would be about fifteen feet away.

Q. And you did not hear what he said?—A. No.

Q. You saw Garceau writing it there?—A. Yes.

Q. Did you ever say, speaking of that very document, and I would refer you to it—did you ever say to Duncan at the Windsor Hotel, that this form K-9½ Special, which you have before you there, had been signed by the party who paid the double duty, and signed the name of the original owner? Did you ever say that, under oath?—A. Will you repeat that again?

Q. The party who paid the double duty, and signed the name of the original owner is the party who signed that. Did you ever say that, under oath?—A. That the party who paid the double duty is the one who signed the receipt.

Q. Who signed the name of the original owner?—A. Not to my knowledge.

Q. Did you ever say that before?—A. Not to my knowledge.

Q. Did you ever say that under oath?—A. I do not think so.

Q. Quoting from page 8 of the evidence taken by Mr. Duncan in Montreal, I read—

The CHAIRMAN: That is your evidence taken by Duncan.

Hon. Mr. STEVENS: What are you reading from?

Mr. GAGNON, K.C.: Page 8.

Hon. Mr. STEVENS: Whose examination?

Mr. CALDER, K.C.: The examination of this witness. You had better quote that into the record, the date and the fact it is this witness' examination.

By Mr. Gagnon, K.C.:

Q. Mr. Hicklin, I would like you to tell me who signed the receipt form, K-9½ Special. I will have to read the previous question too because it refers to the other one.

“Mr. Hicklin, would you be good enough to explain to me the procedure that was followed in connection with these two seizures?”

You had given two different numbers, 4996 and 5072 in another answer.

“Mr. DUNCAN: I might say that I had information to the effect that a certain man signed another name in connection with one of these transactions, for the purpose of misleading the Department at Ottawa.”

Your answer was this:

"A. In one of these transactions, officer Garceau told me that he had signed another man's name, Delage, I think, to the receipt form K-9½ Special, and I heard the men who got the car, by paying double duty, remark to Bisailon that he would not have any trouble over the transaction."

Now, here is the question:

"Mr. Hicklin, I would like you to tell me who signed the receipt form K-9½ Special for this car?—A. The party who paid the double duty signed the name of the original owner."

Did you ever give that answer?—A. That is confusing. There are two seizures mentioned.

Q. Did you give that answer?

Mr. CALDER, K.C.: Answer "yes" and go on with your explanation.

Mr. GAGNON, K.C.: He can go on with the explanation.

Mr. CALDER, K.C.: Answer "yes" or "no" and go on with your explanation.

By Mr. Gagnon, K.C.:

Q. Did you ever give the answer that I just quoted, the party who paid the double duty signed the name of the original owner?—A. Yes.

Q. In answer to the question that was put, I would like you to tell me who signed the receipt form K-9½ Special for this car?—A. I answered "yes," but meaning another car; G. Martin, not Delage. You have two seizures mentioned there.

Q. There are two seizures, one of which is Martin?—A. One of which is Martin, and the other is Delage.

Q. Is it in the case of Martin that the other party received the car.

Mr. CALDER, K.C.: You are leading him.

The CHAIRMAN: It would be well to let Mr. Gagnon finish his cross-examination. There are two seizures, we will finish with the one first.

Mr. CALDER, K.C.: Let me point out that I would not interfere if Mr. Gagnon would allow the witness to state the names, but when he starts to state the names, Mr. Gagnon cuts him off, and goes on with another explanation.

Mr. GAGNON, K. C.: I want him to say whether he was right or wrong when he declared that under oath. He can give all the explanation he likes to after.

Hon. Mr. STEVENS: You do not let Mr. Hicklin finish the statement he is making. Let him finish it.

By Mr. Gagnon, K.C.:

Q. Did you give an answer to Mr. Duncan?—A. Now, if you will allow me to explain, there were two seizures. Duncan should probably have separated those two seizures, one Martin and the other Delage. In the Delage case, Garceau was asked by Bisailon to sign the receipt.

Q. You know by the previous answer—by this question you were referring to the previous answer you had given?—A. I think, Mr. Gagnon, if you take further evidence, further back, I think there is something that might help you.

Q. You are talking of what seizure now?—A. I cannot just recall the number, there are two numbers.

Q. 4996 and 5072?—A. We have so many seizures that I could not tell you off hand, unless you show me from the files.

Q. I could not get it myself.

Mr. CALDER, K.C.: Will you accept my statement for it.

WITNESS: The seizure number should be on that by right.

By Mr. Gagnon, K.C.:

Q. You were not referring then to the Delage car, when you gave that answer, that the party who paid the double duty signed the name of the original owner?—A. No.

Q. You were referring then to what record?

Mr. CALDER, K.C.: To the Martin record. Would you allow me to say that one of the Delage records bears the number 4996, and the Martin record bears No. 5072.

WITNESS: Both of those numbers are mentioned.

By Mr. Gagnon, K.C.:

Q. Whom was that car released to?—A. The second car seized, 5072.

Q. Let me get that right. 5072 is which, Martin or Delage?

The CHAIRMAN: Go by the name, it is better than by the number.

By Mr. Gagnon, K.C.:

Q. Whom was that car released to?—A. Martin?

Q. Before that, the money that Bisailon received in the Morris Delage case was given over to you?—A. Yes, by Bisailon.

Q. And it was sent over to Ottawa?—A. I sent it by bank draft myself.

Q. You did that?—A. I did that.

Q. By Mr. Bisailon's instructions?—A. That is the usual practice.

Q. You received the money and sent it forward?—A. Yes.

Q. Did you prepare the necessary documents?—A. Yes. I wrote a covering letter to Ottawa.

Q. You considered that clerical work, preparing the documents and so forth?—A. Yes.

Q. And sending the money to Ottawa?—A. Yes.

Q. It was within your functions, or Mr. Garceau's?—A. It was my duty to report to Ottawa.

Q. Who was that car released to, the Martin car?—A. Are you going to the other case now?

Q. Yes.—A. Who was it released to?

Q. Yes?—A. I am not in a position to state.

Q. You do not know?—A. No, sir.

By Mr. Calder, K.C.:

Q. It was in the G. Martin case that you saw a man, that gave over the money, signed K-9½, and did he say anything?—A. Something to this effect:

"Are you sure there will be no comeback on this thing?"

By Mr. Gagnon:

Q. In the Martin case?—A. Martin and Delage.

Q. It was in the Martin case that that was said?—A. Yes.

Q. That was not your answer?—A. You have not asked me about that.

Q. And that is your answer?—A. Yes.

Q. In one of these transactions officer Garceau told you that he had signed another man's name?—A. Yes.

Q. Delage, I think?—A. That is in the Delage case.

Q. That is, to the receipt Form K-9½ Special?—A. Yes.

Q. And you heard the man who got the car by paying double duty remark to Mr. Bisailon that he hoped he would not have any trouble over the transaction; are you talking about the Delage case, or the Martin case?—A. Of the

Martin case, of both, really. The evidence is not quite clear. Mr. Duncan should have separated the two cars, instead of talking of both of them.

Q. Was there a stenographer there?—A. Where?

Q. Was that question taken under oath; was there a stenographer writing down what you were saying?—A. Certainly. I did not write it.

Q. What was the name of the stenographer?—A. Mme L. L. Brouillette.

Q. But it could not have been Mr. Duncan's mistake?—A. Well, it was not my mistake.

Q. It was Mr. Duncan's mistake, then?—A. I am not saying it was.

Q. Whose mistake was it, the stenographer's?—A. I do not know.

Q. There is a mistake somewhere, at any rate?—A. Confusion.

Q. You consider that it is just a confusion, when you have just stated you were referring to the Martin case?—A. That is the last portion of the question, to the Martin case; the first portion is to the Delage case.

Q. But the name Delage was not put in there by the stenographer; you must have said it?—A. Mr. Duncan must have said it too, I would imagine.

By Mr. Calder, K.C.:

Q. You were correctly quoted in the evidence, but there was a confusion in your mind?—A. No, there was no confusion in my mind. I think the two cases should have been kept separate, instead of referring to the two seizures at the one time.

Q. Did Mr. Duncan have several K-9½ Specials in his hand, when he was examining you?—A. He had two.

Q. Was he referring alternately to the two of them?—A. In this particular case I think he referred to both of them at the same time.

The CHAIRMAN: Many persons become confused by the questions and their answers.

By Mr. Bell:

Q. Is this correct; the signing was done across the table a short distance from you, that he arose from there and went over to where Mr. Garceau was, and that Garceau afterwards told you that he had put in a false name under Bisailon's instructions, and that you told him that he had better not do it again?—A. Yes, that is in the Delage case.

Q. And that is quite clear, is it?—A. That is quite clear.

By Mr. Gagnon:

Q. Did you state that you had seen Delage write the document but never sign it?—A. No. In your question you said a signed document.

By Mr. Bell:

Q. Did you not say that he had signed it under instructions from Mr. Bisailon?—A. That Mr. Garceau had?

Q. Yes?—A. Yes. I said it was very foolish, and not to do such a thing again.

By Mr. Doucet:

Q. Did you see Morris Delage sign or write any document?—A. I do not know Morris Delage.

By Mr. Bell:

Q. There was no such person, to your knowledge?—A. Not to my knowledge.

By Mr. Calder, K.C.:

Q. At the time this document was executed, was anybody in the office besides yourself, Mr. Garceau and Mr. Bisailon?—A. Yes, Mr. Levut, whom I recognized.

Q. Who else?—A. If I recollect right, there was another gentleman, a small gentleman if I remember right.

Q. Whose name you do not know?—A. No.

Q. He was not introduced to you as Morris Delage?—A. No.

Q. Or mentioned to you under that name?—A. No, sir.

Q. Was Mr. Levut there?—A. Certainly.

Q. Whom you did not know?—A. No.

Q. He may have been Morris Delage, for all you knew?—A. He may have been.

Mr. GAGNON: Levut told us that there was a man who was not introduced.

By Mr. Gagnon:

Q. What was Mr. Bisailon's interest in all that?—A. I do not know, sir.

Q. Can you see it, can you see his interest in it?—A. That is not for me to state.

Q. Mr. CALDER, K.C.: That is for the committee to say.

By Mr. Gagnon:

Q. But you must know?—A. Why should I?

Mr. CALDER, K.C.: He has told you he does not know.

By Mr. Gagnon:

Q. Mr. Bisailon was handing over all the money he had received?—A. Yes.

Q. All the money, with instructions to send it to the department?—A. Yes, and I sent it.

Q. Whether Mr. Delage or the person who was there signed a document, or whether another person signed it, as far as the money is concerned, and as far as his interest is concerned, what do you see in that?—A. Well, no other person should have signed it but the man from whom it was seized.

Q. Do you know that you said in that very same evidence that Mr. Bisailon had no authority; do you know Article 171 of the law?—A. Had no authority?

Q. Had no authority to release cars on double duty; did you ever see that in that evidence?—A. He had authority to release cars at that time and subsequently, in January, 1925.

Q. But at that very time, in 1924, did he have authority?—A. Up until January, 1925.

Q. Did he have any authority at that time to accept—

Mr. CALDER, K.C.: That is a question of law.

Mr. GAGNON: It is well that people should understand that Bisailon, if he receives the money and releases a car on payment of double duty to the owner, that he is within the law and within his discretionary powers.

Mr. CALDER, K.C.: You can express that opinion, or you can show it by quoting the law.

Mr. GAGNON: That is the law, anyway.

Mr. CALDER, K.C.: All right, you can quote it now if you want to.

By Mr. Gagnon:

Q. Do you know that by virtue of Article 171 of the Customs Act any collector or other proper officer of Customs may, as may also the court with the consent of the collector or other proper office of Customs at the place where the

[Mr. William Lionel Hicklin.]

things seized are, order the delivery thereof to the owner, on the deposit with the collector or other proper officer of Customs, in money, of a sum equal at least to the full duty-paid value, to be determined by the collector or other proper officer of Customs, of the things seized and the estimated costs of the proceedings in the case.

Mr. CALDER, K.C.: Pending decision.

By Mr. Gagnon:

Q. Pending decision, and if the car is confiscated the money is confiscated also?—A. This was double duty.

Q. \$612.90?—A. At that time Mr. Bisaillon had power to release cars on payment of duty, but not after January, 1925.

Q. Supposing he had released it to the owner, within the law, and provided that he had remitted the money to the government, as he did—A. Provided the car is released to the owner.

Q. And you do not know whether the man who was there with Levut was Morris Delage or not?—A. No.

By Mr. Bell:

Q. Was there anything you could see or hear to prevent the unknown man, if he was Delage, from going to the other desk and signing his own name instead of having someone else sign it for him?—A. In that particular instance the man did not leave Bisaillon's desk.

Q. Was there any reason why you should stop him from signing it?—A. No reason on earth, if he was Delage, why he should not sign it.

By Mr. Gagnon:

Q. If Levut was there, did you at that time ask the person there to sign, or ask any reason why Delage was not signing, if he was writing that document?—A. Did I ask?

Q. Yes.—A. I was not handling the transaction.

Q. But did you ask why the man did not sign; did you ask Bisaillon why he did not have that man himself sign?—A. After Mr. Garceau spoke to me?

Q. Yes?—A. No.

Q. Were the people gone at that time?—A. No, they were still in the office.

Q. It was your function to see that the clerical work was done and the money sent back to Ottawa, and it was up to you to see that the proper receipts were prepared and everything regular, but you did not say anything, and did not pass any remarks or anything like that?—A. It was not for me to dictate to my chief.

Q. But you had seen all that?—A. Yes.

Q. While the people were there?—A. Yes.

Q. And you never put the question?—A. Why should I?

Q. You just kept it in your mind until the proper time came to shoot it? That is all.

By Mr. Calder, K.C.:

Q. I understand you have said that up to January, 1925—was that the date?—A. Around that date.

Q. Mr. Bisaillon had authority to release cars upon the payment of double duty, without referring to Ottawa, without referring the cases to Ottawa?—A. Yes, sir.

Q. Do you mean by that, temporary releases pending decisions or final releases?—A. Well, a car is seized, and at that time, if the party from whom it

[Mr. William Lionel Hicklin.]

is seized, wishes to come into the office and put up double duty, we will tender a release of the car at once.

Q. A final release?—A. It would be final, in this respect; supposing the department ordered otherwise, the car might have disappeared altogether by that time.

By Hon. Mr. Boivin:

Q. How long did that state of affairs exist there in Montreal?—A. Until about January, if I recollect rightly.

By Mr. Bell:

Q. January of what year?—A. 1925.

By Hon. Mr. Boivin:

Q. From what date, from the appointment of Mr. Bisailon, or previous to that?—A. Well, it has always been the practice, even at the port of Montreal.

Q. When did you first enter the service, in the port of Montreal?—A. On December 1st, 1920.

Q. In the same capacity, as clerk in the office?—A. No, sir.

Q. When did you enter that office as clerk?—A. June, 1924, approximately.

Q. When you entered that office as clerk, who was the Chief?—A. Mr. J. E. Bisailon was acting chief at that time.

Q. Mr. Bisailon was in the habit of releasing cars upon payment of double duty; what happened after he released a car upon payment of double duty?—A. We remitted the double duty to Ottawa, with a seizure report, if it was released immediately upon seizure.

Q. And if it was released after seizure, a special letter was sent to Ottawa reporting that the car had been released on payment of double duty?—A. Yes sir.

Q. That does not seem to be in accord with Article 171 of the Customs law. Did you ever enquire where Mr. Bisailon got his authority not to follow the law?—A. No, because it has always been a practice in the port of Montreal to release cars on double duty.

Q. Mr. Hicklin, he merely told you that; you had his verbal statement that that was the practice?—A. No, I have seen it done in probably a hundred cases in the port of Montreal.

By Mr. Calder, K.C.:

Q. Before going to the Preventive Service?—A. Yes sir.

By Hon. Mr. Boivin:

Q. You have seen that done in the port of Montreal. Did you ever find any justification in the law for it? You never found any justification in the law for it?—A. No, it seems to have been the general practice.

Q. Did you ever see any memorandum issued by the Department authorizing it?—A. I have not, sir.

Q. Did you ever see any letter to Bisailon from anybody authorizing him to do it?—A. No sir.

Q. But you know as a matter of fact that it has been done continuously until January, 1925?—A. Insofar as the Preventive Service in Montreal is concerned. I understand it can still be done in the port of Montreal.

Q. How was it stopped in January, 1925?—A. By instructions from Mr. W. F. Wilson, Chief of the Preventive Service. The letter is on file here now.

Q. Briefly, and to prevent looking up the letter, what were the contents of that letter?—A. Briefly, Mr. Wilson instructed Mr. Bisailon that he was not to release any more automobiles on double duty without first reporting the

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whole case to Ottawa, and if I remember correctly, Ottawa wished to be satisfied that the informant had nothing whatever to do with the seizure of the car, or at least with the stealing of the car, if it was a stolen car. In any case, Mr. Bisailon, after that date, had to have instructions from Mr. Wilson before he could release a car on double duty.

Q. And you are sure that that was about the first of January, 1925?—
A. About that date, sir.

By Mr. Gagnon:

Q. You are also sure that it had been done before Bisailon went there, in a thousand cases, as you said.—A. I didn't say a thousand cases.

Q. In many cases, then; for many years up to 1920. You had not been there before 1920?

Hon. Mr. BOIVIN: He said it had been done in the port of Montreal in hundreds of cases.

By Mr. Gagnon:

Q. So in the month of July, 1924, Mr. Bisailon had been in the Preventive Service for just a few months?—A. From the 1st of May, 1924.

Q. So that had been in practice long before he got there?—A. In the port of Montreal.

Q. Also with the collectors, all the collectors?—A. Yes.

By Hon. Mr. Boivin:

Q. The collectors at Montreal?—A. The collectors at Montreal.

Q. When did you enter the service at the port of Montreal?—A. December 1st, 1920.

By Mr. Gagnon:

Q. And it was the practice at the time?—A. Yes.

Q. So Mr. Bisailon had never inaugurated anything when he was using that power that he considered he had, I suppose, to release cars on duty paid value?—A. On double duty.

Q. He was following the practice of the Department. Is that it?—A. Of the port of Montreal. I would not say the Department.

Mr. CALDER, K.C.: Of course, we are only attacking him for his improvement on the method.

The CHAIRMAN: You are released for to-day, Mr. Hicklin, but you will still be at the disposal of the committee.

Mr. GAGNON: I suppose you want that remark to go to the press also, Mr. Calder.

Mr. CALDER, K.C.: Apparently you are obsessed by the idea of the press.

The witness retired.

Mr. CALDER, K.C.: Mr. Chairman, I have called a witness from the Automobile Recovery Bureau, against a certain eventuality which did not develop. That is Mr. Verreault, and I now ask that he be discharged.

The CHAIRMAN: Mr. Verreault, you are discharged. Now, who is your next witness, Mr. Calder?

[Mr. William Lionel Hicklin.]

Mr. CALDER, K.C.: I will next recall Mr. Knox.

JAMES EDWARD KNOX recalled, and sworn.

Hon. Mr. BOIVIN: Does that same procedure of swearing a witness when recalled follow through?

The CHAIRMAN: He was not sworn in this case; it was another case.

By Mr. Calder, K.C.:

Q. Mr. Knox, were you present in the Windsor Hotel at Montreal on the 4th of December, 1925, when Mr. Walter Duncan, Special Investigating Officer, questioned Mr. Germain Parrot, whom you saw in the box this morning?—A. I was.

Q. Who was present besides yourself, Mr. Duncan and Mr. Parrot?—A. Mr. Wilson and Mr. Lefebvre.

Q. Was there a stenographer?—A. And the stenographer, Madame Brouillette. I don't know her initials.

Q. Was Mr. Parrot sworn?—A. He was.

Q. You heard and saw him sworn?—A. I did.

Q. Before that enquiry, had you occasion to speak to Mr. Parrot?—A. I did, the same day.

Q. Will you state whether he understands and speaks English?—A. I had a discussion with him in the morning as to his knowledge of the transactions—

Q. Do not mention that just now.—A. Governing these cars.

Q. From your conversation with him, was he capable of understanding and speaking English?—A. Quite capable.

Q. Did he ask to be examined in French?—A. No sir.

Q. Did he state at any time that he did not understand Mr. Duncan's questions?—A. No.

Q. Did you hear the following question and answer, which I read from page 57 of the evidence attached to the Duncan report:

"Q. I observe from this receipt given to you on April 16th, 1925, that it calls for the release of a Cadillac Victoria car, dismantled. Can you tell me of your own knowledge if there were any other cars placed in your custody, in connection with which you received instructions from Mr. Bisailon to dismantle such cars of certain parts and place these parts in other cars belonging to Mr. Bisailon or the government?—A. Yes, sir. I remember Mr. Bisailon bringing a car to my garage with a door broken, and he asked me to remove a good door from a stolen car and put it on the car that he had, placing the broken door on the stolen car."

Did you hear that question and that answer?—A. I did.

Q. Don't answer the next question until objection has been made, if necessary, and a ruling has been given on the objection.

Mr. GAGNON: I will not make any objection; I am not concerned with what he said at the time.

Mr. CALDER, K.C.: Nevertheless, there may be some question.

The CHAIRMAN: Do not answer just yet.

Mr. CALDER, K.C.: Do not waive your objection until you know what the question is.

By Mr. Calder, K.C.:

Q. Had you spoken to Parrot previously about this matter?—A. Yes.

Q. Where?—A. In his own garage.

Q. Did you take up the question of the exchanged doors with him?—A. I did.

Q. This is the question you must not answer.

Mr. GAGNON: I will not object.

By Mr. Calder, K.C.:

Q. What was the statement he made to you then?

Mr. GAGNON: It was hearsay, and everybody knows it.

Mr. CALDER, K.C.: On the part of Parrot?

Mr. GAGNON: What he says.

Mr. CALDER, K.C.: It does not become hearsay when we contradict a witness with his previous evidence.

Mr. GAGNON: I will not object.

By Mr. Calder, K.C.:

Q. What did he say to you in connection with this exchange of doors?—A. He told me himself that he had been asked to do it by Mr. Bisillon, and hence my reason for asking him to the Windsor Hotel to obtain his statement under oath.

Q. On that and other matters?—A. On that and other matters.

Q. Which you had taken up with him at his garage that morning?—A. Quite right.

By Mr. Gagnon:

Q. Can you tell the committee, Mr. Knox, if Mr. Parrot was telling the truth when he said that in the garage?

Mr. CALDER, K.C.: I object to that; the point is not to prove that that statement was true; it was to prove that it was made.

Mr. BELL: Yes, the facts only.

Mr. GAGNON: Even if he made the remark it does not give any proof to the committee.

Mr. CALDER, K.C.: I admit that, but it was to refresh the memory of a witness who said he never made the statement.

The CHAIRMAN: The committee will appreciate that.

By Hon. Mr. Boivin:

Q. Mr. Knox, just one question. You were absolutely sure you were there?—A. Positive.

Q. I want to tell you why I asked that question. I see at the beginning of page 56, which covers the evidence of Mr. Parrot, the following words:

“Investigation resumed in Room 1119, Windsor Hotel, Montreal, on the 4th of December, 1925. Present, Walter Duncan, Federal Police Officer and Special Investigating Officer for the Department of Finance; W. F. Wilson, Chief, Customs and Excise, Preventive Service; Mrs. L. L. Brouillette, as stenographer, and Germain Parrot.”

I do not see your name there.—A. It might not have been mentioned there, sir.

Q. It was not mentioned?—A. No, but I am sure Mr. Duncan and Mr. Wilson—

Q. I understand, so it is quite possible you were present at a great many of these examinations, where your name was not mentioned?—A. Oh yes.

Q. That is what I wanted to find out.

Witness retired.

[Mr. James Edward Knox.]

WILLIAM FOSTER WILSON recalled and sworn.

By the Chairman:

Q. What is your name?—A. William Foster Wilson.

Q. What is your occupation?—A. Chief, Customs and Excise Preventive Service, and member of the Board of Customs.

Q. At Ottawa?—A. Ottawa.

By Mr. Calder, K.C.:

Q. Mr. Wilson, were you present at the examination of Mr. Germain Parrot on the 4th of December, 1925, when Mr. Germain Parrot was examined by Mr. Duncan?—A. I was.

Q. You heard what Mr. Knox said as to the circumstances of that examination?—A. Yes.

Q. Did you hear the following question and answer during the examination:

“Q. I observe from this receipt given to you on April 16th, 1925, that it calls for the release of a Cadillac Victoria car, dismantled. Can you tell me of your own knowledge if there were any other cars placed in your custody, in connection with which you received instructions from Mr. Bisailon to dismantle such cars of certain parts and place these parts in other cars belonging to Mr. Bisailon or the government?—A. Yes, sir. I remember Mr. Bisailon bringing a car to my garage with a door broken, and he asked me to remove a good door from a stolen car and put it on the car that he had, placing the broken door on the stolen car.”

Did you hear that question and answer?—A. Yes, sir.

By Mr. Gagnon:

Q. Was the stenographer that took all these depositions quite capable of taking everything?—A. She was given to Mr. Duncan by the Collector of Customs and Excise in Montreal as being the most capable stenographer at the port.

Q. And how did you find her? Did she respond to the qualifications that were expected from her?—A. I didn't expect anything from her.

Q. What I want to know, Mr. Wilson, is if she was a competent stenographer to take shorthand?—A. She was said to be, by the Collector.

Q. But you saw her at work?—A. Yes.

By the Chairman:

Q. Do you know shorthand?—A. Well, I have some knowledge of it. A good many years ago I learned shorthand.

Mr. GAGNON: The reason why I am asking that is that there are two witnesses who complained that the report of that evidence is not what they said.

Mr. CALDER, K.C.: No, that is not correct. One witness complained; the other witness said he was correctly reported, but there was a confusion in his mind.

Mr. GAGNON: A confusion in the evidence, also.

Mr. CALDER, K.C.: As a result of the mind's confusion.

Mr. GAGNON: I make application that the stenographer be called before the Committee, to ascertain whether or not we can depend upon the report.

Hon. Mr. STEVENS: If she is the most competent stenographer in the port of Montreal, she ought to be competent. We have never made a charge as bad as that.

[William Foster Wilson.]

By Mr. Calder, K.C.:

Q. Mr. Wilson, will you now produce the departmental file covering the seizure of the Delage car, namely, Preventive No. 4996, and produce it of record and file it as Exhibit No. 72?—A. I produce departmental file 121635—

Q. What seizure number?—A. The seizure number is 34295-4996.

By Hon. Mr. Boivin:

Q. Mr. Wilson, were you present from time to time during the course of Inspector Duncan's investigation at Montreal—when he was making his investigation; at different times while it was going on?—A. At different times—not entirely.

Q. Not continuously?—A. No, not continuously.

Q. Did he always have the same stenographer?—A. No.

Q. How many did he have, to your knowledge?—A. Three.

Q. Was this Mrs. Brouillette the last one he had?—A. The first.

Q. Do you know why he made the change? If he did not tell you, never mind. Mr. Duncan is here and will probably speak for himself.—A. I think Mr. Duncan should answer that.

Q. Mr. Duncan never made any complaint to you about the stenographer's ability?

Mr. CALDER, K.C.: Of the first stenographer.

The CHAIRMAN: Mrs. Brouillette.

Hon. Mr. BOIVIN: Of any of them.

The WITNESS: Yes.

By Hon. Mr. Boivin:

Q. What was his complaint?—A. His complaint was that the stenographer was not entirely satisfactory.

Q. In what respect?—A. That she seemed to have some difficulty in the transcription of her notes. That is to say, she was more accustomed to writing in French than in English.

Q. That is what Mr. Duncan told you?—A. That was the impression I gained.

Q. He insisted upon having a change of stenographers, if possible?—A. He succeeded in making a change.

Q. Because the first one was not satisfactory?—A. I gathered the impression from him that she was not as satisfactory as he required.

By Mr. Bell:

Q. Mr. Wilson, did he ever suggest that she had inserted in her transcript of evidence names which were not given in evidence?—A. No, sir.

The CHAIRMAN: He only stated she was not satisfactory in regard to reading her notes?

Mr. CALDER, K.C.: That is all.

Witness retired.

WALTER DUNCAN, called and sworn.

By the Chairman:

Q. What is your full name?—A. Walter Duncan.

Q. What is your occupation?—A. I am Special Investigator for the Department of Finance, appointed under an Act of Parliament.

[Mr. Walter Duncan.]

By Mr. Calder, K.C.:

Q. Mr. Duncan, you have heard Mr. Wilson and Mr. Knox speak of the circumstances under which Mr. Germain Parrot was examined by you?—A. Yes, sir.

Q. Are these circumstances correctly related?—A. They are.

Q. You have heard a question and answer read three times?—A. Yes.

Q. Does the stenographer's transcript correctly relate the question and answer?—A. I believe it is correct.

Q. Did Mr. Parrot—whatever the phraseology may have been—state that there had been an exchange of doors between a seized car and a car belonging either to Mr. Bisailion or the Department, at Mr. Bisailion's order?—A. Yes.

Mr. CALDER, K.C.: Take the witness.

By Mr. Gagnon:

Q. That is not what we find in the evidence, Mr. Duncan. We do not find that in the evidence.—A. I do not know—

Hon. Mr. STEVENS: Why not?

Mr. GAGNON: Part of the evidence of Mr. Hicklin—Mr. Hicklin said a few minutes ago that there was an answer on page 8 which was a little confusing; it is not the answer he wanted to give.

The WITNESS: I am not surprised at that. There was considerable of a mix-up in the port of Montreal; I was mixed up sometimes myself.

By Mr. Gagnon:

Q. You are not surprised at that?—A. No, I am not.

Q. But you based your report on the transcript of that unsatisfactory evidence?—A. Not altogether. I think I made my report before the whole of the evidence was transcribed.

Q. But I see in your confidential report that you are blaming Mr. Bisailion for having, for instance, committed the theft of an automobile door. Have you your report before you—the interim report?—A. Mr. Chairman, I would like to be permitted to read this report.

Mr. CALDER, K.C.: Just confine yourself for the time being to the questions.

The CHAIRMAN: Just answer the questions for the moment, Mr. Duncan.

The WITNESS: Very well.

Mr. GAGNON: So far, the confidential report is produced but not filed. The only point I want to make is in regard to paragraph 4 of this report, "Theft from a seized automobile of an automobile door."

The WITNESS: Yes.

By Mr. Gagnon:

Q. You were certainly referring in that charge to the door of a Hudson car which had been taken to Mr. Parrot's garage?—A. Yes.

Q. That charge is based on Mr. Parrot's evidence, as reported here (indicating document referred to as the "Duncan Report")?—A. I was.

Q. You were here this morning when Mr. Parrot gave his evidence?—A. I was.

Q. Did you hear him say that he did not remember who had asked him to change the door?—A. I heard him say that this morning.

Q. If he had said the same thing to you, you would not have put that charge onto Mr. Bisailion's shoulders?—A. I would not.

Q. —as No. 4?—A. No.

Q. You know that Mr. Bisailon has been dismissed on the charges which you have made?—A. I do not know—

Q. And that No. 4, together with the other ones, contributed to Mr. Bisailon's dismissal, because in your confidential report No. 4 is one of the charges?—A. That is one of the charges.

By Hon. Mr. Bennett:

Q. Mr. Duncan, eliminating for the moment the record or transcript of the evidence, did you hear Mr. Parrot swear, in answer to your inquiries, that he changed the door on that car at the instance of Mr. Bisailon?—A. I did, sir.

Hon. Mr. BENNETT: Thank you, sir.

Mr. CALDER, K.C.: That is all.

Witness retired.

JOSEPH A. E. BISAILLON called and sworn.

By Mr. Calder, K.C.:

Q. When did you enter the service of the Customs Department?—A. About seventeen years ago. It was in April. I cannot give you the exact date.

Mr. GAGNON: Before we go too far with Mr. Bisailon's examination, I understand there are certain files produced concerning Mr. Bisailon. May we have them on the table while proceeding with the examination?

Mr. CALDER, K.C.: The only files alluded to so far are here. I think they are all here (Placing documents on table.)

By Mr. Calder, K.C.:

Q. When did you enter the Preventive Service?—A. In May, 1924.

Q. In what capacity?—A. As Acting Officer in charge, sir.

Q. What personnel did you have directly under you? Give us the names.—A. Mr. Hicklin, Mr. Garceau, and Miss Roy.

Q. Did you have any Preventive Officers?—A. I thought you were speaking of the personnel of the office. Are you speaking of the office staff—

Q. You have mentioned the office staff. Tell us who your Preventive Officers were?—A. Mr. Dan Kearney, Z. Lalonde, George Loranger, Alfred Masson—offhanded, I would prefer to have the list, to be exact.

Q. All right. We will pass over that for the time being. Did you hear Mr. Blair yesterday recite the procedure to be followed under departmental routine in dealing with seized cars?—A. No, I did not.

Q. Were you not here?—A. I was here, but, you must understand, I am an ordinary layman.

Q. You heard what Mr. Blair said about the procedure to be followed?—A. No, sir.

Q. You did not?—A. No, sir.

Q. Did you yourself seize a car, covered by departmental file number 34295, Preventive Service No. 4996, known in this enquiry as the Morris Delage car?—A. Morris Delage, yes.

Q. You seized it yourself?—A. Well, with the assistance of Officer Masson, and with the help of Officer Heaver, on the previous night.

Q. Officer Masson attended with you at the place where it was seized?—A. I presume so. I would like to see the file, so as to be accurate in my statement, sir.

[Mr. J. A. Bisailon.]

Q. I am now asking what your recollection is. I am asking you what your present recollection is?—A. That Officer Masson was with me.

Q. And you say that Officer Heaver had conducted a search before for the same car?—A. Yes.

Q. Where was the car seized?—A. If I can recollect, I think it was seized on St. Maurice St., or at the Square—Youville Square. I cannot exactly, off-hand, tell you where it was.

Q. Seized on the street, was it?—A. Yes, sir.

Q. On whose information?—A. On the informer's information.

Q. Who was that?—A. I decline to give you the name of the informer.

Mr. CALDER, K.C.: It is relevant to my case.

Mr. BELL: I think we should insist.

WITNESS: Mr. Wilson can supply this. The Department can supply this.

Mr. CALDER, K.C.: Well, I am in the hands of the Committee, and I might as well know now whether that information is to be withheld in each case, because I might say that it is relevant to most of my cases.

Hon. Mr. BOIVIN: I do not want to intervene. If Mr. Calder wants the information, Mr. Wilson can give it to him. But all the Preventive Officers in the service are bound by oath to not reveal the name of the informers in the different cases.

Hon. Mr. STEVENS: I just want to get from you a decision, Mr. Chairman. I think it is highly important that the name of the informer should be known. I do not say it should be given publicly. I notice, in going over the files, discussion arose quite often in the correspondence, regarding the payment of the moiety, and I think it is a very important thing that this Committee should be perfectly clear on the question of the informer in every case that is brought before us.

Mr. CALDER, K.C.: A question that is very often raised in the correspondence too, Mr. Chairman, is whether the informer was a thief, and the same person to whom the car was afterwards delivered.

Hon. Mr. BOIVIN: But while there is an officer who can give you the name, why not leave it to him?

Mr. CALDER, K.C.: I would suspend that question.

Hon. Mr. STEVENS: Let the witness hand the name in every case to the Chairman.

Mr. BELL: Mr. Calder has stated that the name of the informer is essential to the inquiry.

Mr. CALDER, K.C.: I suspend that for the time being.

By Mr. Calder, K.C.:

Q. In whose possession was the car when you received it?—A. It was in the possession of two men; one was frightened away, and the other one remained, and with the information that I had from my informer, the man in question was a man named "Delage," or Desloges," I do not quite remember, from Holyoke, Mass.

Q. Your informer told you that the name in possession of the car was Morris Delage?—A. And offering same for sale; offering an American car for sale.

Q. One man remained?—A. Yes.

Q. Who was it?—A. I do not quite recollect his name. I would recognize the man if he was—

Q. Did you hold the man?—A. I did not.

Q. Why not?—A. Because it was not under my jurisdiction to hold him.

Q. You believed the car to be smuggled?—A. No.

Q. What?—A. I do not believe the car was smuggled.

Q. Why did you seize it?—A. Because it was an American car, being offered for sale.

Q. You do not control the sales of cars. You only control the release and entry of cars?—A. No sir. I beg your pardon, when an American car is offered for sale, and a report is made to the Customs, that car is subject to seizure, Mr. Calder.

Q. Subject to seizure?—A. Yes.

Q. And you seized it because it was an American car?—A. Offering it for sale.

Q. I am reading to you from your report K-9.

Mr. GAGNON, K.C.: Would you have any objection to letting me see the report?

Mr. CALDER, K.C.: No, I am reading from a report which I will show you in the meantime.

WITNESS: It is very unfair, it is about eighteen or nineteen months now. This is according to memory.

Mr. BELL: You have not heard the question.

Mr. CALDER, K.C.: I want to say that if I put this file in Mr. Bisailon's hands I will defeat myself at the present time.

WITNESS: All right, I will give you a chance to go ahead with the case.

Mr. CALDER, K.C.: I know, but that is not in your hands.

WITNESS: I know.

Mr. GAGNON, K.C.: Mr. Bisailon has written a report to the Department; every other man that would come here would be entitled, if he comes here, to say "I will explain the report when I have seen it", so why should not he have the same privilege of having the report before him?

Mr. CALDER, K.C.: Unfortunately my learned friend is up against the case of Piggott, where Sir Charles Russell showed the signature and identified a report and told the witness not to read it, because if he read it he could not be cross-examined on it.

Mr. GAGNON, K.C.: We are in the position where there are charges made against my client, and we are in the position that Bisailon is forced to come in the box and even to answer to a charge brought against him. In the ordinary course, he would not be forced to come in the box, if he claimed the privilege of not having to do so, and still you refuse to show him the document.

Mr. CALDER, K.C.: I will show him the document, but I will not allow him to read it just now. (Exhibiting document to witness.)

By Mr. Calder, K.C.:

Q. Will you look at your signature?—A. That is my signature.

Q. And this is your report?—A. Yes, according to the signature.

Q. You do not suggest that it has been altered, do you?—A. No sir, not in the least.

Q. Your statement is that you did not seize this car because you did not suspect it to be smuggled?—A. No sir, not to the best of my knowledge, going back eighteen or twenty months ago.

Q. I am reading from your report of the 8th day of July, 1925.

"I, J. A. Bisailon, Preventive Officer in His Majesty's Customs, duly appointed and sworn as such did seize the following described goods, to wit: One,—1922 Dodge Sedan."—

[Mr. J. A. Bisailon.]

I pass the description of the probable value of \$1,090, duty paid—

“for an infraction of the revenue laws of the Dominion of Canada, that is to say, for having smuggled the above car into Canada.”

A. That was after investigation, Mr. Calder.

Q. After investigation?—A. Yes, sir.

Q. Did you hold the man in possession of the car pending that investigation?—A. No.

Q. Did you take his name?—A. No. Well, yes, I believe the name is on the record.

Q. I will now show you a letter, a covering letter, bearing date July 9th (exhibiting letter to witness). This is your signature?—A. That is my signature.

Q. It is your covering letter?—A. Yes, sir.

Q. You say you knew the name of the man at that time?—A. I beg your pardon.

Q. You knew the name of the man at that time?—A. Yes, my informer had conveyed the name.

Q. You had the man, of course. Did you ask him his name?—A. There were two men.

Q. The man that remained, you asked his name, I trust?—A. The name is there; it is so long ago that I do not remember.

Q. You asked the man who remained with the car, who did not run away, his name?—A. Yes.

Q. What name did he give you?—A. I could not tell you.

Q. Was it Delage?—A. No sir. Delage had run away, disappeared.

Q. But he did give you a name?—A. Yes.

Q. And yet in your letter, dated at the port of Montreal, July 19th, 1924, you state as follows; to Mr. Wilson:

“I beg to forward herewith seizure report, covering one 1922 Dodge Sedan, the property of Morris Delage, Holyoke, Mass.; seizure is based on the ground that the above car was smuggled into Canada.

The facts are as follows: On July 18th, 1924, information was received that the above car was smuggled in and was being offered for sale at a ridiculous price. I, together with officers Heavers and Masson, proceeded to the place designated and placed car under seizure in the hands of a party unknown, who was endeavouring to sell the car for Delage.”

You had the man's name?—A. I had Delage's name.

Q. He had given you Delage's name?—A. Yes, he had told me that the owner of the car was Delage.

Q. Is it not a fact that he gave you the name of Fisher?—A. He might have given me the name of Fisher.

Q. Did you report that he had given you the name of Fisher?—A. I am not in a position to say yes or no. Show me the files and I will tell you.

Q. I will.

Mr. CALDER, K.C.: May I state here, Mr. Chairman, that I would like the Customs seizure report K-9 to be marked 72-A, and the covering letter to be marked 72-B.

Q. So now you do not recollect whether the man in whose hands you seized the car gave the name of Fisher?—A. I will stand by my report, Mr. Calder.

Q. I now refer you to your letter of July 15th, dated at the port of Montreal—

Hon. Mr. STEVENS: What year?

Mr. CALDER, K.C.: 1924.

By Mr. Calder, K.C.:

Q. Will you say whether you wrote that report?—A. That is my writing, the signature on that.

Q. I see. And you say to Mr. W. F. Wilson, Chief Customs and Excise, Preventive Service, Ottawa, Ont.:

EXHIBIT No. 72C

Re Customs Seizure 4996, Morris Delage, Holyoke, Mass.:

“SIR,—Referring to your letter of the 14th instant, file 11648, relating to seizure of a Dodge Sedan automobile, from Morris Delage, Holyoke, Mass., U.S.A., beg to report that the person who had this car in his possession at the time of seizure gave his name as Fisher, and address at the Queen’s Hotel, which I investigated at the time of seizure and found to be fictitious. Therefore, I did not place him on the seizure report.

I have the honour to be sir,

Your obedient servant,

J. A. E. BISAILLON,

*Acting Officer in Charge of
Preventive Service.”*

A. Right.

Q. Was it because you found that the name and address were fictitious, that instead of reporting that you had seized it in the hands of a party unknown, instead of stating that, you stated you had seized it in the hands of a party giving the name of Fisher, which was fictitious.—A. Well, I stand by my report, that is all I can say.

Q. I am asking you now for the mind of Mr. Bisailon behind the report?—A. Mr. Bisailon’s name stands behind that report, and it is correct.

Q. At the time you seized the car, you knew the man who had it in his possession gave the name of Fisher?—A. No, Morris Delage.

Q. Did you see Fisher again?—A. No. It was through the information I got after investigating.

Q. When you went down to Plessisville or Ste. Marie, it was in the hands of a certain party?—A. Yes.

Q. Did you see that party again?—A. No, sir.

Q. Then the man in possession of that car when you seized it, did he give you the name of Morris Delage or Fisher?—A. He gave me that the owner of the car was Morris Delage.

Q. But did he give you the name of Morris Delage or Fisher?—A. I do not remember. The only name I had as owner of the car was Morris Delage.

Q. I read the report of Mr. Bisailon dated July 15th, in which you say that at the time of the seizure the man in possession gave his name as Fisher?—A. If I stated that in my report, it is correct.

Q. Then why did you not state it in your first report?—A. In my first report? It might have been an omission on the part of whoever filed the report.

Q. Did you not read the report?—A. No.

Q. Did you not read the letter Exhibit 72D?—A. I simply handed those letters to Mr. Hicklin, and gave him a few lines on them, and he always wrote the letters.

Q. Did you tell Mr. Hicklin that the man in whose possession you found the car bore the name of Fisher?—A. I am not in a position to say, I do not remember.

Q. What is the probability?—A. I do not know, I could not tell you.

[Mr. J. A. Bisailon.]

Q. Why do you seize American cars that are being offered at low prices in the jurisdiction of the port of Montreal?—A. For being in contravention of the Customs Act.

Q. As being smuggled?—A. Not in all cases.

Q. As being the subject of some contravention of the Customs Act?—A. Exactly, sir.

Q. Which is an offence?—A. Yes.

Q. And if true, the man in possession is committing that offence?—A. Sure.

Q. Have you not powers as an officer to arrest a man committing an offence?—A. According to the old law, the penalty was to impose the double duty.

Q. But according to the Criminal Code, as a public officer, have you the power to arrest a man found committing an offence against any Statute of Canada?—A. Well, it was never done.

Q. But have you the power?—A. Yes, on referring to the Department for instructions to prosecute, not otherwise.

Q. I am not talking instructions to prosecute; if you found a man committing an offence, you would not refer to the Department to get instructions to arrest him?—A. They never considered a man was smuggling a car until about a year ago, that it was a criminal offence.

Q. If you met the man who sold that car under similar circumstances, you would take his name, and he would go away scot free?—A. Not according to the new law. I would arrest him.

Q. But at that time?—A. At that time, no.

Q. Why not?—A. Because I had no jurisdiction to do it.

Q. It never occurred to you to say to Fisher: Jump into the car and we will go and see if your are registered at the Queen's?—A. No.

Q. Why not?—A. I had the main object, I had the car, like it is done in many other cases.

Q. You had the car?—A. Yes.

Q. A man could go to the United States, get another car and come back?—A. That did not matter to us.

Q. It is good to know that.—A. That has been the common practice.

Q. Do you know Fisher?—A. No, sir.

Q. Did you ever state that you knew Fisher?—A. I do not know.

Q. You do not know whether you ever stated that you knew Fisher?—A. If I said that it was a fictitious name, it must have been so.

Q. Do you know a man that has given at times the name of Fisher?—A. I do not know.

Q. Did you ever write to any of your superiors that you knew a man who bore, among three aliases, one by the name of Fisher?—A. There were several aliases among the car smugglers, not only in that issue.

Q. Did you ever write to your superiors saying that you knew a man who bore the name of Fisher?—A. I might have.

Q. Did you?—A. I could not tell you.

Q. Your recollection is not very good?—A. My recollection is good, but you are going back to twenty months ago, and you would expect me to answer every question without looking at the files.

Q. No, but I would expect you to tell us the men you have met and known?—A. Not known, met.

Q. Did you ever meet Fisher?—A. I must have met him, if I stated in my file I had met him.

Q. Did you ever say you had met him under any other name?—A. I could not say.

Q. You could not say whether you met a man who gave the name of Fisher, and a certain other time gave another name? Do you know a man named Carpenter?—A. Yes.

Q. Did Carpenter ever give, to your knowledge, the name of Fisher?—A. I do not remember.

Q. What?—A. I do not remember.

Q. Do you know a man called Martin?—A. I believe we have some seizures under the name of Martin.

Q. Did Martin ever give the name of Carpenter?—A. Yes, he did.

Q. Did he ever give the name of Fisher?—A. I do not remember.

Q. I show you now a copy of a letter said to have been seized in your office, or taken from your office files. Will you look at this copy and state, after reading it, whether you wrote the original, which I have not got at present? (Shows to witness)—A. That is quite right.

Q. You wrote that?—A. Yes, sir.

Q. This is a letter, a copy of which is filed as Exhibit No. 73, and which reads as follows; it is addressed to the Hon. Jacques Bureau, Minister of Customs and Excise. I do not know whether I should read the whole letter. The important paragraph I think is the second one.

Hon. Mr. BOVIN: I think the whole thing should be printed, in its entirety.

Mr. CALDER, K.C.: All right, I will read it in French first, and will then read it in English.

EXHIBIT No. 73

“ MONTRÉAL, le 27 mai, 1925.

“ Honorable JACQUES BUREAU,
Ministre des Douanes et Accise,
Trois-Rivières, Qué.

CHER MONSIEUR BUREAU,—J'accuse réception de la lettre de Melle Coutlée en date du 23 courant relativement aux automobiles passés en contrebande à Trois-Rivières.

La machine qui a été saisie entre les mains de monsieur Pothier laquelle avait été achetée de monsieur Alarie, propriétaire d'un garage à Trois-Rivières, est une machine américaine et les numéros ont été changés lors du feu de Légaré à Trois-Rivières qui ont vendu nombre de machines et tous ces numéros ont été falsifiés. Cette machine porte comme numéro de moteur 130097 et de série 402999. J'ai avisé M. Pothier de prendre des procédures contre Alarie qui pour moi est responsable.

Quant à l'affaire de Côté, le 21 juin 1924, nous avons saisi entre les mains d'un nommé Fisher, alias Martin alias Carpenter un automobile Packard Sedan. Il a payé les doubles droits qui s'élèvent à \$2,096.05 et il était accompagné cette fois de monsieur Lesage, l'ami et le contracteur dans les chantiers pour B. Trépanier. Quand cette machine a été saisie elle portait une licence au nom de Trépanier. Ce même jour Trépanier avait acheté un Packard touring lequel il a revendu à son ami Lesage. Tous ces chars ont été achetés à des prix ridicules et les droits non payés. Depuis Trépanier a acheté un Packard Sedan lequel a été échangé avec un Marmon qui appartenait à C. O. Baptist de Trois-Rivières et ce dernier l'avait revendu au docteur Côté de Montreal lequel a été saisi entre ses mains par les assurances comme étant la propriété d'un nommé Knickerbucker de Troy, N.Y., et Baptist a payé deux mille quelques cents piastres à Côté afin de régler toute l'affaire, et Trépanier l'a remboursé de ses déboursés.

Respectueusement à vous,
Inspecteur des Douanes et Accise.”

MR. CALDER, K.C.: I will now read an English translation of this letter:

EXHIBIT No. 73 (translation)

" MONTREAL, 27th May, 1925.

HON. JACQUES BUREAU,
Minister of Customs and Excise,
Three Rivers, Quebec.

DEAR MR. BUREAU:—I acknowledge receipt of a letter from Miss Centlee, dated the 23rd inst., relating to automobiles which were smuggled into Three Rivers.

The machine which was seized in the hands of Mr. Pothier which had been bought from Mr. Alarie, the proprietor of a garage at Three Rivers, is an American machine, and the numbers were changed when the fire occurred at Legare's, at Three Rivers, who sold a number of these machines, and all these numbers were falsified. This machine bears Motor No. 130097, and Serial No. 402999. I advised Pothier to take proceedings against Alarie, who in my opinion is responsible.

With respect to Cote's matter, on the 21st of June, 1924, we seized in the hands of a man named Fisher, alias Martin, alias Carpenter, an automobile, a Packard sedan. He paid the double duty, which amounted to \$2,096.05 and he was accompanied on this occasion by Mr. Lesage, a friend and contractor."—

That would be either a lumber camp or a shipyard.

"The WITNESS: They are lumber contractors.

MR. CALDER, K.C.:—in the lumber camp for B. Trépanier. When this machine was seized it bore a license in the name of Trépanier. The same day Trépanier had bought a Packard Touring, which he has resold to his friend Lesage. All these cars were bought at ridiculous prices, and the duties were not paid. Since then Trépanier has bought a Packard Sedan, which was changed for a Marmon which belonged to C. O. Baptist, of Three Rivers, who later on resold it to Dr. Cote of Montreal, where it was seized by the insurance company as being the property of a man named Knickerbocker, of Troy, N.Y. Baptist paid \$2,000 and a few hundred dollars to Cote in order to settle the whole matter, and Trépanier has reimbursed him for his disbursements.

Respectfully yours,

Inspector of Customs and Excise."

That letter is dated the 27th of May, 1925. At this date you had ascertained who Fisher was?—A. Yes, sir.

Q. And you stated that on the 21st of June, 1924, a Packard Sedan had been seized in his possession?—A. Yes.

Q. Was that the same Fisher?—A. Was it the same Fisher? That was only the information that was conveyed in the report that was made. The report you have in your hand is, as I understand it, that Trépanier had applied to the Department. But that is hearsay, and I put in an objection to it.

Q. You had no personal knowledge of the seizure of that Packard Sedan?—A. Yes, I had.

Q. Were you present at the seizure?—A. Yes, sir.

Q. Was there a man in possession of the car?—A. We waited outside for I do not know how long.

Q. Was there a man found in possession of the car?—A. A man came out of the house; we were waiting outside for him.

Q. I am talking about the Packard Sedan?—A. Yes.

Q. A man came out of the house; did it appear that that man was in possession?—A. He claimed that it was his car.

Q. What name did he give?—A. Fisher.

Q. So that twice you found a man called Fisher in possession of cars which you seized, and on neither occasion did you hold him at all?—A. No, sir.

Q. You state in this report of the 27th of May, 1925, Exhibit 73, that Fisher, Martin, and Carpenter are the same individuals?—A. I presume they are, according to information.

Q. Do you know any of them?—A. Yes, I know them.

Q. Which one do you know?—A. He is in jail to-day.

Q. A friend of yours?—A. No. Is he a friend of yours?

Q. I am not under examination.—A. I want you to treat me as I deserve to be treated.

Mr. CALDER, K.C.: This is relevant.

Mr. GAGNON: Mr. Chairman, I think it is absolutely against the rules of this Parliamentary investigation to put insulting questions to the witness.

Mr. CALDER, K.C.: It is not insulting.

The WITNESS: It is insulting.

Mr. GAGNON: And I quote: "The witness is always considered to be under the protection of the House, and no insulting questions ought to be addressed to him."

The CHAIRMAN: The answer of Mr. Bisailon was this: "He is in jail to-day."

Mr. GAGNON: I object to the question.

The CHAIRMAN: I know. Mr. Calder can ask Mr. Bisailon if he knows Martin or Carpenter or Fisher, and then follow with questions for the purpose of seeing whether it is the same person. Afterwards he can deduct from conversations or conferences between Mr. Bisailon and that man if they are friends or not, and the committee will deduct whether he is a friend of Mr. Bisailon's.

Mr. GAGNON: My object in making that objection is that Mr. Bisailon just answered that this man was in jail, and Mr. Calder asked if he was a friend of his. If that is not an insulting question I don't know what an insulting question is.

The CHAIRMAN: I think this question should be withdrawn.

Mr. CALDER, K.C.: All right.

The CHAIRMAN: After the evidence is completed, the committee can deduce whether or not he is a friend of Bisailon's.

Mr. CALDER, K.C.: Does the Chairman rule that I cannot ask a witness whether he is the friend of another man or not?

Mr. GAGNON: When he is in jail, that is an insulting question.

Mr. CALDER, K.C.: Then I will have to apologise to the witness in advance for a letter I am going to read.

Mr. BELL: It is already in evidence that this man was twice taken in possession of a stolen car, by this witness, and was allowed to go. That might be a fair foundation for the question Mr. Calder asked.

Mr. GAGNON: All these people were being arrested at the time. If they were released on the authorization of the higher officers, that would apparently make them their friends.

Mr. CALDER, K.C.: I think it might be shorter if I withdrew the question. The inference may be drawn otherwise.

[Mr. J. A. Bisailon.]

By Mr. Calder, K.C.:

Q. Did he write to you?—A. Yes.

Q. Will you look at a letter now shown you?—A. I know the letter you refer to.

Q. But look at it first. The letter is written from Concord, New Hampshire, on October 5, 1925, and addressed "Dear Mr. B".

Mr. GAGNON: Fisher is writing that, not Bisailon.

By Mr. Calder, K.C.:

Q. Is that the letter you received? (Shows to witness).—A. Yes, sir.

Q. Is the letter attached to it, from N. J. Costakis an attorney in the Bell Building, Manchester, from him also?—A. Yes, that is it exactly. I cannot prevent people from writing me.

Q. This is not an anonymous letter is it?—A. No, no, it is from a crook.

Q. From a crook?—A. Yes.

Q. Better not state the qualities of this man too much before the letter is read.—A. He is in jail.

Q. (Reading):

EXHIBIT No. 74

"CONCORD, N.H.,

October 5, 1925.

DEAR MR. B,—Owing to sudden developments last month I was compelled to return to Concord a day before my return, I had made arrangements to give you a call. I am sorry. No doubt you will still remember this Buick roadster case. In two weeks I will stand trial for same. Its progress has been delayed since October, 1924. The evidence is quite circumstantial. Would you kindly give me a letter of character, also stating my previous insurance connections, and that my presence is wanted in your department, etc. to lend a hand and give important information for the blockade of smuggling into Canada from this side. The letter in question will be read in my defence.

Yours very truly,

FRANK CARPENTER."

and in parenthesis, "Martin". The letter from Mr. Costakis, Counsellor at Law, Bell Building, Manchester, N.H., reads as follows:

EXHIBIT No. 75

OCTOBER 19, 1925.

Preventive Service,
Customs House,
McGill St.,
Montreal, Canada.

Attention of Chief Bisailon."

This is spelt Besoin in the letter.

"DEAR SIR,—By request of W. J. Martin, alias Frank Carpenter, I am writing this letter to you. Mr. Martin claims that he is known by you, and at the present time he is held by the Concord police authorities charged with the crime of stealing an automobile. Said charge is denied by Martin, and his case is set for trial on the 26th of October. Mr. Martin informs me you are unable to be present at his trial and testify as to his character, and connection with the Customs

[Mr. J. A. Bisailon.]

of the Canadian government, so if you are at liberty I would like to receive a letter of recommendation addressed To Whom It May Concern, stating Carpenter's connections with the Custom House, the kind of work he has been doing and what his reputation is. I have written to you before, but up to this date I received no answer.

Yours very truly,

N. J. COSTAKIS."

That is from his legal adviser?—A. Yes. That is a common practice.

Q. You say he was a crook?—A. He must have been a crook if he was in jail.

Q. Known to you as a crook?—A. After he was arrested.

Q. Known to you as a crook?—A. After he was arrested.

Q. And being known to you as a crook, he was writing to you for a certificate of character?—A. And is there any reply to this letter?

Q. Probably; I don't know; you may have been too clever, but he wrote to you asking for a certificate of character.—A. I can't prevent people from writing to me.

Q. If you were unknown to this man and were not prepared to give him a certificate of character, and you had written to that effect, would that not have been disastrous to Mr. Carpenter, alias Fisher, alias Martin?—A. I had no connection with him, outside of seizing his two cars.

Q. And your statement, therefore, is that this man wrote to you for a certificate of character, which he knew he could not get?—A. I was the most surprised man in the world when I received that letter.

Mr. CALDER, K.C.: I would like to file this as Exhibit 74.

Mr. GAGNON: For what?

Mr. CALDER, K.C.: Don't you see any probationary value in that at all?

Mr. GAGNON: No. If you had any answer—

Mr. CALDER, K.C.: You are hard to satisfy.

Mr. GAGNON: You may have received some letters of that kind as Crown Prosecutor.

Mr. CALDER, K.C.: As Crown Prosecutor, when a crook wrote me for a letter, I gave him the sort of letter a crook should get. No man ever dared do it.

The CHAIRMAN: These letters will be Exhibits 74 and 75.

By Mr. Calder, K.C.:

Q. Did you lift any papers from the man in possession of the car?—A. What car.

Q. The Delage Sedan, which you seized on August 8?—A. I don't remember; if they are, they would be on file.

Q. They would be on file?—A. Yes.

Q. Any papers you lifted from Mr. Delage you forwarded to Headquarters? On whose file would they be?—A. They would be on the Customs file.

Q. The Departmental file or your file or the Preventive file?—A. I am not in a position to say, Mr. Calder.

Q. You have no recollection of what papers you lifted?—A. From there? No.

Q. From this man. You have not even a recollection of having lifted any papers from him?—A. No.

Q. Will you look through this file which must contain all your reports, and state whether you can find evidence of your having transmitted any papers whatever lifted from Fisher or the man in possession of the car?

Mr. GAGNON: He was not arrested.

Mr. CALDER, K.C.: I said "lifted".

Mr. GAGNON: They could not be lifted unless he was arrested.

Mr. CALDER, K.C.: Papers are lifted every day from motorists without arresting them. Either it is a fact or it is not; either he lifted some papers or he did not.

The WITNESS: I am not in a position to say.

By Mr. Calder, K.C.:

Q. Look over the file?—A. They might be in the Montreal office.

Q. Did you not tell us—A. I do not know where they would be.

Q. I am asking you now whether you reported lifting any papers?—A. I cannot say; I would have to go over all the report.

Q. Go over it?—A. (Referring to documents.) No, sir.

Q. You say that you got the information that the car belonged to Morris Delage, Holyoke, from your informer?—A. Yes, sir.

Q. Not from Fisher?—A. No, sir.

Q. You also state that it was reported to you that Fisher was selling this car—A. Was offering it.

Q. Was offering it for sale at a ridiculously low price?—A. Delage was offering it for sale at a ridiculously low price.

Q. To whom was he offering it for sale, according to the report made to you?—A. I cannot tell you the name, to whom he offered it for sale.

Q. So if you had ever to make a prosecution against either Delage or Fisher that element of proof would be wanting?—A. There was no prosecution at the time—

Q. If:—that element of truth would be wanting? You considered your investigation complete without finding out to whom the car had been offered for sale, did you?—A. I do not recollect now.

Mr. CALDER, K.C.: Well, we will let that pass for the time being.

By Mr. Calder, K.C.:

Q. When did you see Delage after the seizure?—A. In the beginning of September.

Q. Where?—A. First of all, I got a telephone message asking if we had the car seized in the name of Delage. I told him if he wanted to communicate with the Department, to come right to the office.

Q. And he came?—A. Yes, sir.

Q. Did he say he had smuggled the car in?—A. No, sir.

Q. Did he say the car had been stolen from him?—A. Stolen from him?

Q. Yes?—A. No.

Q. Did he say how the car came into Canada?—A. He brought the car himself into Canada.

Q. Did he tell you that?—A. Yes.

Q. He told you that?—A. Yes, sir.

Q. Himself?—A. It was his own car—yes, sir.

Q. Did he tell you why he ran away or gave you a fictitious name when he was riding in his own car?—A. Fear of being arrested.

Q. For what?—A. For contravention of the Customs Act.

Q. Under what Section?—A. Offering an American car for sale.

Q. Without—A. Without having reported same before offering it for sale.

Q. So that it was fear of arrest for that offence which drove him away?—

A. That is what I understood.

Q. What dispelled that fear, so that he came back and practically offered himself for arrest?—A. I cannot tell you.

Q. Did he tell you?—A. Who.

Q. Delage?—A. Well, no, but his action proved it.

Q. So that at one time he was so scared that he ran away leaving the car in your possession—A. Not in my possession; the possession of another man.

Q. Fisher?—A. It must be Fisher.

Q. Was it the same man you had seen running away?—A. Who?

Q. Who came up and said he was Delage?—A. I presume it is.

Q. You saw the man?—A. I had a glance at him.

Q. Would you say from that glance it is the same man?—A. I presume it is.

Q. Did you ask him who Fisher was—who had given you a false address?—A. At the time?

Q. Yes?—A. No.

Q. At any time?—A. No.

Q. You are not very curious?—A. Well, my duty had been performed.

Q. You think so?—A. I know so.

Q. In asking no questions and making no investigation?—A. I had the car on hand—it was in the hands of the Department at the time.

Q. If it is a stolen car, you do not care?—A. Yes, I do, now.

Q. How can you find out unless you make an investigation?—A. I investigated but could not find out if it is a stolen car. It is not proven to-day to have been a stolen car.

Q. When you examined this car, did you look at the numbers?—A. I never examined a car, sir. I never examined a car on any seizure.

Q. How did you take the numbers for that report?—A. I had a man, and also the outside appraiser, who does examine the cars, and who gives the value of the car, as well as the numbers on the car.

Q. You never examined the numbers yourself?—A. I never examined the numbers myself in my life.

Q. Did he produce any papers of ownership?—A. Yes, sir.

Q. That would be the certificate of registry?—A. Yes, sir. Then he told me at the time that he was going to take the matter up with the Department.

Q. That he was going to take the matter up with the Department?—A. Yes.

Q. Did he take it up with the Department?—A. I do not think so.

Q. Do you know of any person to whom you introduced him as Delage?—A. I beg your pardon.

Q. Do you know of any person to whom you introduced him as Delage?—A. Yes.

Q. Whom?—A. Mr. Lavut.

Q. Outside of Lavut?—A. Never a soul.

Q. Never a soul outside of Lavut?—A. No, sir.

Q. Neither Mr. Hicklin nor Verreault?—A. No.

Q. Nor to any person that we can now call as a witness except Lavut?—A. I did not, sir.

Q. I am not asking you for that, I am asking for the facts, not for your comments on it?—A. No, sir. It was a business office, and we never introduced the men; men came in for information who had cars seized, and we would not go around introducing one man to another.

Q. Would not you introduce him to the man who signed K-9 in your Department?—A. He was right there and knew it, and heard the whole conversation.

[Mr. J. A. Bisillon.]

Q. You swear you pointed out a man to Garceau as being Delage?—A. He heard the whole conversation, and he heard me introduce him. If they did not want to hear him it is not my fault. I introduced him to Lavut, and I went away and left him there.

Q. Did Delage sign K-9½?—A. I could not tell you.

Q. Why not?—A. I did not see it. According to the evidence given, he did not.

Q. And yet he was there?—A. Yes, sir.

Q. You did not ask him to sign?—A. I did not ask him. My mission was over. I had the money and Lavut had accepted the car, and the transfer from Delage and my mission was ended, providing the money was handed over to me, and handed over to the clerk, and the money went to Ottawa, and it was up to the Officers who were doing the clerical work to see that it was properly signed.

Q. Was it not your work, as head of the Department, to see that they did their duty?—A. Yes, sure.

Q. Why did you not do it?—A. I could not do everything.

Q. What else were you doing beyond talking to Lavut and Delage? Were you waiting for the money?—A. I was short of help in that department all the time.

Q. Were you engaged at that moment in putting through the transaction between Delage and Lavut?—A. My dear sir, in that office we were going from morning till night.

Q. What is the fair value of that car?—A. Well, you have it sir.

Q. What is it?—A. I could not tell you.

Q. Look at the file, please? Is it \$1,090, duty paid?—A. If it is the appraised value, it is right.

Q. And the appraised value is \$734.—A. Possibly, yes.

Q. Can you assign any reason why Delage surrendered this car for \$612.90?—A. No.

Q. Did you persuade him to do it?—A. No, sir.

Q. Now, to you he said "I want to give my car to Lavut?"—A. No, he did not say that.

Q. What did he say?—A. He just simply came in first, and he wanted to dispose of the car himself, and he had no money to pay the duty, and he asked me if he could dispose of the car.

Q. Had he a purchaser in view?—A. I could not tell you. I think he must have had one.

Q. Did he mention one?—A. Not necessarily.

Q. It was not Lavut?—A. No, it was not Lavut. I introduced Lavut to Delage, who happened to be in the office.

Q. On the day the purchase was put through?—A. Yes.

Q. You were pretty confident about that. You told Lavut this car could be bought?—A. Yes, I did.

Q. Had you negotiated with Delage before?—A. No, sir. I just told him that I had a man who was willing to purchase that car, if he was willing to sell it, to hand over his transfer. Further than that, I do not know any of the conversation, or transaction that transpired between Lavut and Delage. The only thing I was interested in, was to collect the double duty for the Department, and the expense incurred in the Central Garage.

Q. Now, the car was put in the Central Garage?—A. Yes.

Q. No deposit had been taken on it, evidently, since you held the car itself?—A. Not until the release of the car.

Q. Did you refer back for instructions, as to whether you should accept the deposit in lieu of the car?—A. I do not "get you" quite clear.

[Mr. J. A. Bisailon.]

Q. Did you refer back to the Department, to ask any of your superiors, whether you could take the deposit in lieu of the car?—A. No, it was not necessary, because at the time we had permission to deliver the cars to the owners, on double duty; seeing that the owner was there, I took that liberty myself.

Q. How did you verify that this was the owner?—A. By the identification he had given me.

Q. Yes.—A. Relating the incident.

Q. Yes.—A. And that he handed over the certificate at the time to Lavut and myself.

Q. You mean, the registry certificate?—A. Yes.

Q. Have you ever heard of registry certificates being forged?—A. Yes. And a good many other documents, too.

Q. As a matter of fact,—I am speaking now to the Chief of the Preventive Service—from your experience, are not a great many registration certificates forged?—A. Yes, sir. According to what I have heard.

Q. Then when a man presents you a registration certificate, and says "I am the owner of a car", do you investigate?—A. I could not investigate very well.

Q. It was in Holyoke where that certificate was issued, and there is a telegraph office in Montreal. By telegraphing to that port of registry, at Commonwealth Pier, the address which appears on the registry certificate, you could find out if such a certificate was issued?—A. I never knew of it being done in the Customs Department.

Q. You never knew of it being done?—A. It was never done.

Q. So that at that time, a man could forge a certificate, and come forward to you, and tell you he was the owner, and get any car that was seized under his name?—A. Not necessarily.

Q. How would you prevent it?—A. I had no way of preventing it.

Q. You had no way of permitting it?—A. No, sir.

Q. Would you look at this file and state whether it has a notice of seizure, addressed to Morris Delage, at Holyoke. It is your duty now to look at the file?—A. Yes, I saw it a minute ago, Mr. Calder.

Q. Will you look at the envelope?—A. Yes, I know it has been returned. I can see that.

Q. So that probably there never was a Morris Delage in that period at Holyoke?—A. I am not prepared to say there was, or I am not prepared to say there was not.

Q. If there was not, you could not find that fact out?—A. Did not I state in my report that I believed it was a fake name.

Q. Fisher, and not Morris Delage?—A. Yes, I am not surprised, I did not investigate.

Q. So that it comes to this, Mr. Bisailon, that a man holding himself forth as owner of the car could come to you, and if he had a registration certificate of any kind, from a foreign state, like the State of Massachusetts, he could, upon payment of double duty, get that car?—A. He related the fact that he had ran away.

Q. Supposing, Mr. Bisailon, that he had stolen that car, and had been caught by you on St. Maurice St., or on Youville Square, would he not know those facts?—A. We were not interested in stolen cars.

Q. Answer my question? He would know those facts, would he not?—A. Not necessarily.

Q. If he were a thief and had stolen the car in the United States, and had brought it to Montreal, and had been caught by you before selling it, he would not know the fact that you seized the car on Youville Square and that he ran away?—A. He would certainly know.

[Mr. J. A. Bisailon.]

Q. Therefore the thief, who would know those facts, presenting you a forged certificate, and giving the name, could get it, on payment of double duty?—A. It is not proved that it was a forged certificate.

Q. I am trying to find out whether it was possible for any man, who was the bearer of a forged certificate, and could tell you enough of the circumstances of the seizure to satisfy you that he was there at the time of the seizure, to lift the car?—A. No sir. That would not satisfy me at all.

Q. What further satisfaction did you get except the production of the registration?—A. The proof of it; that the car had not been claimed by any insurance company. That is proof that the car was not even a stolen car.

Q. Do you seriously assert that because a car has never been claimed by an insurance company, that that is proof that it is not stolen?—A. No, I do not need to say absolutely the proof, but in this particular case we are talking about I never knew that the car was a stolen car.

Q. I do not say you ever did. My proposition is simply this, that if a car was seized under any name at that time— —A. Or by my officers.

Q. Or by any officer, and he came to you and produced a certificate of registration and told you the circumstances of the seizure, he could get that car released on payment of double duty?—A. If we knew that it was the same man from whom we seized the car?

Q. Was it describing the man you seized the car from?—A. I presume it was, because he came back with the document and a description of the car.

Q. Was it the same man, to your knowledge?—A. It was the same man, to my knowledge.

Q. You told us a short time ago that you did not know whether you could recognize him, that you only had a glance at him?—A. Yes.

Q. And in the glance at a man's back, the man running away, you recognized Delage, who came in September?—A. With the explanation that he had given me.

Q. Then it was the explanation and the relation of the facts that convinced you he was the man?—A. Yes.

Q. So that if he had been a thief and had brought the car up, and had known how the seizure was made, he would have convinced you just as much?—A. If he was the man we had seized the car from, do you mean?

Q. Yes.—A. Sure.

Q. So that if a man in the United States stole this Dodge Sedan and came to Montreal to sell it, but was seized in the act, ran away, affording you a glance at his back, he might come back in September with a forged receipt, tell you that a car was seized, and he could get the car upon payment of double duty?—A. In the Delage case.

Q. And what was possible in the Delage case was possible in any other case?—A. Not necessarily.

Q. Tell me why not?—A. Why not?

Q. Yes, why not?—A. Because we have to have the proof.

Q. What proof?—A. The man is the rightful owner of the car.

Q. What proof did you have in the Delage case?—A. The identification card.

Q. Which might have been a forgery?—A. I am not prepared to say.

Q. If I tell you that under my instructions it is a forgery, you will admit that that is possible?—A. If you have investigated it, there is that possibility, but I would be much surprised at it.

Q. If I forge a registration certificate, steal a car and am caught by you in the act, and I run away, I might come back afterwards with a forged certificate, and get the car on payment of double duty?—A. Not if I knew it was forged.

Q. Would you investigate, to find out whether it was forged or not?—A. I would investigate, if you limit the territory that I have to investigate in.

Q. What would you do to investigate?—A. I would write.

Q. Where?—A. To the Department, for instructions to go farther on.

Q. And if it was a registry from a State in the United States, you would not write?—A. I would have no right to do so. It would be outside of my jurisdiction. All correspondence had to go through the preventive service, and I could not step out of my jurisdiction.

Q. You could not write to the Registry at Commonwealth Pier?—A. No.

Q. Why?—A. It is out of the jurisdiction.

Q. Could you write to the preventive officer, asking him to find out if it was a forged or a real registration?—A. It never entered my mind that it was a forged certificate. That is why I did not do it.

Q. Did you order this car to be repaired?—A. If you will allow me to explain, I would like to do so.

Q. Go ahead?—A. I would like to explain the whole situation. On the return in the month of May from Inspector Clerk, of the Customs Department at Montreal, I was asked into his office, and Inspector Clerk told me that he had a very personal friend in Ottawa who was looking for a car, and if I could help him to select a car, a seized car; I told him I would see.

By Mr. Gagnon, K.C.:

Q. Was that in the month of May?—A. That was in the month of May, in the beginning of May I believe. A few days later I had another interview, concerning the same party, in reference to a car. I told him that I had nothing at that time, at that present time. Maybe in another week he asked me what were the chances of his friend having a car. That was in the beginning of June I believe. I told him that according to the price he wanted to pay, the chance was very slim.

By Hon. Mr. Bennett:

Q. How much was that?—A. He wanted to pay about \$700, or \$800.

Q. What kind of a car?—A. He stated either a Dodge or a Chevrolet. I told him that I would see. So this seizure of Delage came along, and when the car was seized I reported the fact in a friendly way to Inspector Clerk, and told him that I had the car in my possession and that I thought we could help his friend.

By the Chairman:

Q. In Ottawa?—A. In Ottawa. And repairs were made upon that car.

By Mr. Calder, K.C.:

Q. At whose orders?—A. That is what I am coming to.

Q. Will you please answer the question?—A. Wait one second. I will ask permission of the committee to relate the whole story. Do not be too aggressive.

Mr. CALDER: If the witness is going to conduct the examination, it will be handier for us if he will answer that one question.

The CHAIRMAN: You have the right to conduct your inquiry and the cross-examination, but if he wants to make an explanation you must give him a chance to do so.

Mr. CALDER, K.C.: But is he going to rule on the evidence each time?

The CHAIRMAN: No, he is not going to rule on the evidence each time. He is going to give an explanation, and when he is finished with that explanation, you can cross-examine him upon it.

[Mr. J. A. Bisailon.]

Hon. Mr. STEVENS: I think Mr. Calder should be allowed to ask the questions.

The CHAIRMAN: Go on and continue your statement.

The WITNESS: Repairs were made upon this car. First of all, I am a little ahead of my story. I was going to file the number of the seizure with Inspector Clerk, and he went to the Central Garage and had the car examined, and, according to the conversation that we had, it needed repairs. The repairs went on. I am not prepared to say that I ordered the repairs myself, or that they were ordered, but I was satisfied, either by Mr. Clerk or by myself, of the repairs being made, to oblige him and one of his friends at Ottawa.

By Mr. Calder, K.C.:

Q. Did you hear Mr. Blair state that no cars were to be repaired without reference to the Department? Did you not know that you had to refer to the Department in this case?—A. I did not, sir.

Q. Why not?—A. I was new then in the department, and had a little lack of knowledge of the whole Customs Act and regulations. After it was done I realized that I had made a mistake.

Q. Did you know the regulation at the time you made the order?—A. I don't know if I really knew at the time, Mr. Calder.

Q. Do you know that there is a regulation that the release of a car can only be made to the owner of it upon the payment of double duty?—A. That was done in that particular case.

Q. I beg your pardon?—A. That was done in this case.

Q. I am asking you now about a fact; you can comment on it afterwards. You know that it is the rule that only the owner can get the car upon payment of double duty?—A. Yes.

Q. All others must pay the auctioneer. Why didn't you follow that rule in connection with this case?—A. Because the original owner came and claimed the car.

Q. Have you got any signatures of the original owner, of any kind?—A. If there is not there should be.

Q. Have you in your possession any signatures at all?—A. No, sir, none whatever.

Q. But you say Mr. Delage gave you this when he came up?—A. He didn't give me that, I don't think.

Q. He showed it to you?—A. When he came in in September, yes.

Q. Will you look at his signature, at what purports to be his signature, rather, on this side (indicating)?—A. Yes sir.

Q. What is the name there?—A. Marc.

Q. Marc Delage, isn't it?—A. Yes.

Q. Why did you cause the name "Morris Delage" to be signed, after you knew that fact?—A. I beg your pardon?

Mr. GAGNON: I don't think you should—

Mr. CALDER, K.C.: I understand. You do not want me to say that he caused it to be signed.

By Mr. Calder, K.C.:

Q. Why did you accept a K-9 signed "Morris Delage" when you knew his name was Marc Delage?—A. This form never was presented to me, only when it was presented with a covering letter, and I never saw the form signed, or even when it was sent away; the only thing I did was to look at the figures to see if the figures were right. I never looked at the signature.

Q. This man called himself Morris Delage?—A. Yes.

Q. Didn't you tell him he was not telling the truth when you saw the certificate?—A. I couldn't tell him that, because I believed him.

Q. He said he was Morris Delage, and this is Marc Delage. Didn't that raise any suspicion in your mind?—A. It is put in the report Morris instead of Marc. I am not responsible for that, because I didn't fill out the seizure report.

Q. But you knew the person?—A. I didn't know him.

Q. Let me finish my question before you begin to answer; it would be better. You knew the person that was supposed to be the owner of the car under the name of Morris Delage, whether it was a clerical error or not?—A. Yes.

Q. When this man came up with a certificate, which bore another Christian name?—A. I took a glance at it, that's all.

Q. Did you notice it was Morris Delage?—A. No, I didn't. That was my impression all the time.

Q. It didn't raise any suspicion in your mind that it might be the certificate of another man?—A. No sir, it never did.

By Hon. Mr. Stevens:

Q. I would like to ask a question or two before we adjourn. Mr. Bisailon, you made the statement a moment ago that you never wrote any letters outside of your jurisdiction—that is, directed to any place in the United States?—A. Not to my knowledge, sir.

Q. Not to your knowledge?—A. Yes.

Q. That is, you felt it was contrary to your duty as Chief Preventive Officer to write any such letters?—A. Without referring to my chief, yes sir.

Q. Did you refer these letters to your chief?—A. What letters are they?

Q. Take a look at them; there are three or four there. The ones received by you are on top, and the answers are underneath. Turn over the first two or three pages and look at them and let me have them back.—A. These were personal and friendly letters.

Q. Turn over to the letters below and see whether or not you wrote them?

The CHAIRMAN: Do you keep a copy of all these documents?

By Hon. Mr. Stevens:

Q. Just turn them over and say whether you wrote those letters.

Mr. GAGNON: May I ask if they concern the Customs Department?

Hon. Mr. STEVENS: Never mind; I will read them in a moment.

Mr. GAGNON: We are investigating Mr. Bisailon's conduct as Preventive Officer, and I want to know if this is official correspondence concerning some matter of the Customs Department or not.

Hon. Mr. STEVENS: I will show you that it is.

By Hon. Mr. Stevens:

Q. Do not read them out, please; just hand them back to me.—A. These are all personal friendly correspondence.

By the Chairman:

Q. Have you a copy of all these files?—A. Nothing at all.

Q. You have nothing?—A. Nothing at all.

Q. Where are these papers now?—A. They were taken away by Mr. Duncan.

Q. They seized everything?—A. They seized everything; I have not a single thing.

[Mr. J. A. Bisailon.]

By Mr. Gagnon:

Q. Did you have a personal departmental file?—A. Yes, and those are letters that were in my personal files.

Q. Did you ever have access to that since?—A. No sir.

Hon. Mr. STEVENS: Just a moment, Mr. Gagnon.

By Hon. Mr. Stevens:

Q. Mr. Bisailon, a little while ago you said you did not consider that it was your proper duty or within your rights to write a letter to Massachusetts to enquire as to the authenticity of a receipt offered you, or a registration card offered you by a person claiming a car?—A. Concerning departmental letters, yes, it was my duty, but not to refer any personal matters, as these matters we are talking about.

Q. I see here a letter written to you. I am going to read it, because I am going to read also the answer. There are two letters; this is the first:

“ Mr. FRED BISAILLON,
316 Marlowe Ave., Montreal.

My DEAR FRED,—I am anticipating a trip to Canada ”—

Mr. GAGNON: Just a minute.

Hon. Mr. STEVENS: Just a moment; I want to read this.

Mr. GAGNON: We can see that this letter has been written to Mr. Bisailon at his personal address, implying that this is a personal letter, and a personal matter, and I would object to having this letter read until such time as we know it concerns the Customs Department.

Mr. BELL: On the contrary, Mr. Stevens is cross-examining; let me draw your attention to that. He is not examining in chief.

Mr. GAGNON: But even so, as a lawyer, I think I have the right to see the matter before you ask my client anything about it.

Mr. BELL: That is absurd.

Hon. Mr. STEVENS: Certainly not. I will go on with the letter.

Mr. GAGNON: I will ask for a ruling.

Hon. Mr. STEVENS: This letter—

The CHAIRMAN: I will tell you the course of procedure. If you want to read it it will be printed, and then it is an exhibit. Before you may ask a witness if he wrote a letter on such a date to such a party, you should hand the letter to his counsel; the counsel will read it, and then you put the question, because you must not take this man by surprise. That is the procedure in any enquiry or any tribunal.

Hon. Mr. STEVENS: Excuse me, Mr. Chairman; I object to submitting this correspondence to the counsel of Mr. Bisailon. I say that this does apply and refer to the Customs Department as the letter itself will show, and I want to demonstrate from this that in some matters Mr. Bisailon does write outside the country, touching this matter which we have had under examination all afternoon. He claims he had no right to conduct such correspondence.

The CHAIRMAN: You would have the right to do so, but first you must show it to his counsel.

Mr. BELL: I never heard of such a rule as that in my life.

Hon. Mr. STEVENS: I am not a lawyer, and there are seven or eight lawyers here—

Mr. DONAGHY: Mr. Chairman, we might settle this as a committee; we could look at this letter and pass it around, and we will decide whether it is a personal letter or a Customs letter. How would it be to have Mr. Stevens pass it around, and we will give a decision.

The CHAIRMAN: I will not prevent you from reading it, but as a matter of courtesy you always show it to the counsel.

Mr. DONAGHY: I observe that it is now past six o'clock, and rather late to enter upon this controversy. Are we to sit to-night?

The CHAIRMAN: I think so.

Hon. Mr. STEVENS: I submit that I am entitled to read this letter. It is a letter referring to the question of goods coming into this country, and also referring to whether Mr. Bisailon will be available when these goods come in, and Mr. Bisailon answered it. The letter came from New York and Mr. Bisailon answers it to New York. If he can conduct a correspondence of that kind, he can conduct a correspondence of this other kind.

Mr. GAGNON: I think that certainly other members of the Committee should be entitled to see the letter, even if I am not.

Mr. BELL: The purpose is to put it in evidence, in which case, of course, they will see it.

Mr. GAGNON: I feel sure that if I do raise an objection after seeing the letter, it will be overruled.

Mr. BELL: Mr. Stevens says it is pertinent, after he has perused it, and surely we can accept Mr. Stevens' word for it.

Mr. GAGNON: I think the other members of the Committee should see the letter.

Hon. Mr. STEVENS: I am not objecting to the other members seeing the letter.

Hon. Mr. BENNETT: The Chairman should first give his ruling, and then if it is desired to overrule the Chairman, the matter must come before the House of Commons. The Chairman is the man of first instance in a matter of this kind.

Mr. GAGNON: I object to the letter being read until such time as the Committee has decided whether it has anything to do with the Customs, and I am not willing to take Mr. Stevens' word for it, and I ask for a ruling from the Chairman.

The CHAIRMAN: I must keep to the assertion I made at first. I never said that Mr. Stevens had no right to read the letter, but Mr. Gagnon may look at it first, and then later it may be read and filed in the record.

Mr. BELL: That is what I understood you to say, and having been read aloud, of course the Committee then will be able to see it.

Mr. GAGNON: But when it is once in the record I can only move to have it set aside, and I want to make the objection before it is in the record.

Mr. BELL: This will be included in cross-examination.

Mr. GAGNON: You are depriving me from reading that letter.

Mr. BELL: There is nothing to prevent you from seeing it, once it is read aloud.

The CHAIRMAN: He may look at the letter, and read it, and then I will permit Mr. Stevens to read the letter, and if Mr. Gagnon has any objection to make, he can then make a second objection.

Hon. Mr. STEVENS: Well, let him come up here and read it. I intend to finish this point. (Handing paper to counsel for witness.) Nothing very startling in it, is there? I may say there are lots worse, if that is any comfort to you.

Mr. GAGNON: (Reading letter) We will wait for the worst which is yet to come. I have no objection to this letter.

Hon. Mr. STEVENS: Then I will go on.

[Mr. J. A. Bisailon.]

The CHAIRMAN: Now the matter has been pursued in a legal way, and if at the end of this inquiry we make any recommendations, we would like to have people say this inquiry has been conducted within the law and legal procedure, and then our conclusions will conform to the main proposition put before this Committee, and nobody can complain.

Hon. Mr. STEVENS: This letter is dated November 21, 1924. (Reading):

"Mr. FRED BISAILLON,
361 Marlowe Avenue,
Montreal.

DEAR FRED:—I am anticipating a trip to Canada leaving here on the 29th inst., to arrive in Montreal on Sunday morning, November 30th. I will have one trunk of samples with me and expect to go by the Delaware and Hudson. I would like to know if you could facilitate matters for me so that I can get my samples through on arrival, for, as stated above I will only have one trunk of samples, and you can probably adjust this for me without any inconvenience. I will be glad to see you. I am dropping a line to our dear friend F. X., and if anything happens that I cannot make this trip, I will let you know in time. I will likely hear from you with reference to the route you wish me to go. Thanking you for your consideration, and with best wishes."

That was followed by a letter of the 28th in the letter-head of the Edward Riordan Company—

Mr. GAGNON: May I see that letter?

HON. Mr. STEVENS: It is just a repetition of this one, and I want to read Mr. Bisailon's answer, and then one or two more. This is on the letter-head of Edward Riordan Company, importers and commission merchants, 560 Broadway, New York:

"My dear Fred:—"

addressed to Mr. Bisailon—

"Please find enclosed copy of letter I wrote you last week, to which I have had no reply and thought possibly it had missed you. Received a letter from F.X. welcoming me to Montreal. Our samples are not quite all to hand as yet and don't see how I can be with you on Sunday. Expect to make it some day next week. If agreeable to you, will send you wire when I am coming and hope you will arrange matters for me. Thanking you in advance and with best wishes, I remain,

Yours truly,

(Signed) W. H. EDWARDS."

To this there is a reply dated December 8th, 1924:

"EDWARDS & RIORDAN COMPANY,
Importers,
Broadway,
New York.

Dear Ed—

Mr. GAGNON: Let me see that letter.

HON. Mr. STEVENS: This is Mr. Bisailon's reply.

Mr. GAGNON: That does not make any difference—it is a letter.

HON. Mr. STEVENS: I do not think this procedure is right myself, and I object to it.

Mr. BELL: It is only reading it with Mr. Gagnon reading it before instead of afterwards.

Mr. GAGNON: Not necessarily.

Hon. Mr. STEVENS: (Reading):

"I am in receipt of your two letters and was very glad to hear from you. I have been away for a few days but now expect to be in Montreal for the rest of the week. Hoping to see you, I remain,

Yours sincerely "

And that is signed by Mr. Bisailion.

Q. Then there is another one a little later from another company, Edwards & Riordan, Broadway, N.Y. That is merely a personal letter, and I will not read it. It is about New York. There is another letter here though that I want to read from Mr. Eiseinhauner.

Mr. GAGNON, K.C.: Could we have access to that file, which Mr. Stevens has now called personal letters to Bisailion.

Hon. Mr. STEVENS: Eiseinhauner is a representative of the same firm. He sends a letter, dated August 11th, 1924

"I expect to arrive in Montreal August 17th with the same two trunks I had last year. I am very anxious to get the trunks to the Windsor Hotel that evening so that I can get same unpacked and be ready Monday morning, without wasting time. Should you be away, would you kindly post Mr. Pariseault of my coming. Trust to be able to meet you at this time.

I remain,

With kindest regards,

Yours very truly,"

Then there is a reply from Bisailion, which reads as follows:

"Will be in Montreal August 13th. Advising the best way to travel would be by Alexandria Bay and Clinton, via ss. Lines."

My point is this, that if you can conduct a correspondence of that kind with business firms in the States who are merely bringing in samples of goods to Canada, why could not you write a letter and ascertain if the registry certificate was a correct one?

Mr. GAGNON: Before the answer is given Mr. Stevens said that this was a firm bringing samples. There is nothing in the letter which refers to anything else but samples, and it is perfectly right for anybody from the United States to come in with them.

By Hon. Mr. Stevens:

Q. Would you answer my question?—A. Yes, sir; of a private nature, nothing else.

Q. It is asking you as Chief Preventive Officer, and a Customs officer to be there yourself, or send somebody else?—A. I did not appear on the scene, and did nothing, and all the time that Mr. Edwards came in, I used to go and meet him at the boat or at the train, and we are old-time friends, but I would never interfere in the duties of the officers in charge of the Canada Steamship Lines, or at the Railway stations.

Q. My point is, if you could carry on a correspondence of that kind, why could you not carry on the other kind of correspondence?—A. It is of a private nature, and that is what I contend.

Q. It is probably that you would like it to be private, but it ought not to be private?—A. It is of a private nature.

Q. Do you think it is a proper private matter to write to an export firm in New York, regarding their official visits with trunks of samples to Canada?—A. Yes, because we are personal friends.

[Mr. J. A. Bisailion.]

Q. Your personal friendship does not enter into this at all.—A. I had no connection, as far as the Customs was concerned, in this particular issue. As far as I was concerned, when they were coming in with trunks, they were paying the duty, and there was never any interference with import or any other officers.

Q. Are they both friends of yours?—A. Mr. Edwards is a friend.

Q. What about the other man?—A. He is an acquaintance with this same concern. These people have thirty-five or thirty-six factories that they control. This is a commission house.

Q. One letter is from Edwards, or Edwards & Riordan. The other is from Eisenhauner of Isler and Guye?—A. It was under the same control, until I believe, some months ago. Edwards and Riordan control several mills, thirty-five or thirty-six mills.

Q. Both separate addresses?—A. Yes. Some are in Brockton, some in New York City; some on Fifth and Broadway, and on the corner of Prince and Broadway, Mr. Stevens.

Q. You still do not answer the question, and that is, if you can conduct correspondence of that kind, why cannot you conduct correspondence to ascertain whether the certificate was right?—A. The only answer I am giving you is according to the files, which are files of a private nature, and the others were not, and I cannot recall it any plainer than I am doing.

By Mr. Bell:

Q. Why did you not at least try to make the other inquiry, and see what would come of it?—A. What inquiry?

Q. The inquiry that Mr. Stevens has asked you about, the certificate?—A. Because I had no suspicion, Mr. Bell, of the car being stolen, or of the registry being a forgery.

Q. Having seen a man run away, and you failing to apprehend him at the time you got the car, you did not regard that as suspicious?—A. No.

Q. I congratulate you on your trusting nature?—A. Thank you.

The CHAIRMAN: I think we will adjourn this Committee until half past eight to-night.

The witness retired.

The Committee adjourned until 8.30 p.m.

EVENING SITTING

The Committee resumed, the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Gentlemen, the Committee will come to order.

Mr. CALDER, K.C.: Mr. Chairman, before resuming with Mr. Bisailon, I would like to make application to have Captain Bilodeau and Mr. Brunelle heard, in order that they may get away.

The CHAIRMAN: And the examination of Mr. Bisailon be suspended for the time being?

Mr. CALDER, K.C.: If you please.

EMILE BILODEAU, called and sworn.

By the Chairman:

Q. What is your full name?—A. Emile Bilodeau.

Q. What is your occupation?—A. Captain of the Montreal Police.

[Mr. J. A. Bisailon.]

By Mr. Calder, K.C.:

Q. Captain Bilodeau, you are a member of the police force in Montreal?—

A. Yes, sir.

Q. And especially charged with supervision of the Municipal Garage?—

A. Yes, sir.

Q. With particular reference to cars taken in by seizure?—A. Yes, sir.

Q. Or suspected of being stolen?—A. Yes, sir.

Q. Have you a record of a Dodge coupe, 1922 model, Series No. 846911, motor number 903475, which was seized in your hands by the Customs Department?—A. On the 23rd July, 1924, a Dodge coupe, bearing fake serial number 846911; faked Motor No. 903475 had been sent to the police garage by the Detective Bureau. In connection with that car, the man had been arrested for theft.

Q. Of the Montreal police force?—A. The Montreal Police force. I am always speaking about the police garage. That car had been sent to the garage by Captain Forget of the Detective department, who is not in the department now.

Q. Did you see the car yourself?—A. Yes, I always look at all the cars.

Q. Was the heat treatment applied to this car, to find out the true number?—A. Nothing was put on the car.

Q. Why do you say they were fake serial numbers? Were they apparently fake?—A. Yes.

Q. Obviously so?—A. Yes.

Q. What happened to that car, after it was placed in the Municipal Garage, on the 4th of August, 1924?—A. An order was made by Mr. Bisailon, of the Customs house, to take that car away from our garage. I have a copy of the order. That is the original of the order, and a copy of the order, when the car was put in the garage.

Q. A copy of the report, and the original of the order?—A. Yes.

Q. Can you leave with us the original of the order, and one of the copies of the report?—A. Yes, I will leave a copy with you.

Q. We will file them together as Exhibit No. 76. In connection with this car, was anybody arrested? I know just now you can only speak as to your recollection?—A. From my knowledge, yes.

Q. I am asking you that, in order to be able to trace the records. Was there anybody arrested in connection with this car?—A. There was supposed to be a party arrested in connection with that car.

Q. What name?—A. There are two names on our record, a man named Frank Scott, and another by the name of Martin. One was deported to the States, and the other was sent to jail for two years.

Q. Which one was sent to jail for two years?—A. I could not swear, but I think it was Martin.

Q. Sent here, or in Canada?—A. In Canada.

By the Chairman:

Q. To the penitentiary?—A. No audible answer.

By Mr. Calder, K.C.:

Q. The other name that was mentioned in connection with this car was Frank Scott?—A. Yes.

Q. Do you know whether that man ever bore the name of Frank Carpenter?—A. I do not know the name. Scott was the man, that is all I know.

Q. Was this car ever identified by anybody?—A. It was never identified by anybody.

Q. And it was taken away by the Customs before you could apply the heat treatment, in order to bring out the true numbers?—A. Yes.

Q. Would you file these papers as Exhibit 75?—A. Yes.

By Mr. Gagnon, K.C.:

Q. Was there ever any application to the police force by anybody else for this car?—A. Not that I know of.

Q. You usually give public notices of cars to people who have cars in the police garage, and they come and claim them?—A. We generally make an investigation, but you will find it on the bottom of the order there, that that car was to be seen by nobody.

By Mr. Calder, K.C.:

Q. I beg your pardon. The car was to be seen by nobody?—A. Nobody.

Q. Who gave that order?—A. Captain Forget.

By Mr. Gagnon, K.C.:

Q. What I mean is this: Did you at certain times give notice to the public that you had cars there, and that the owners were allowed to go and claim their car?—A. We make an investigation of the car, and when we find the owner of the car, we notify him. If we do not, the car is returned to the Customs.

Q. But nobody ever claimed the car, or made application for the car, or for any number corresponding to that?—A. No, sir.

Q. That is in 1924?—A. In 1924.

Q. Were there many Dodge cars at the Municipal Garage?—A. Not at that time.

Q. And since that time there has been no information, no complaint or no application whatever, from anybody?—A. No.

By Mr. Calder, K.C.:

Q. To complete your investigation, when you find no owner for a car, you return it to the Customs?—A. It generally takes a long time to make a good investigation for a car, and during 1924 we never had the time to look at the cars to our satisfaction, because those cars were taken away from us as soon as we could put our hands on them.

Q. The cars were taken away from you?—A. Yes.

Q. By whom?—A. By the Customs officer.

Q. It was the general practice on the part of the Customs, when a car was lodged with you, pending identification, suspected of being a stolen car, to take it away from you, was it not?—A. Yes, right away.

Q. Was it possible to make a proper investigation without applying the heat treatment, so as to revive the whole engine and serial number?—A. Yes, there was a secret number on that car.

Q. There was a secret number on that car?—A. Yes.

Q. Did you take down the secret number?—A. I could not swear whether that number was still there when the car went away from our garage.

Q. I see. As far as the investigation of this particular car is concerned, in the ordinary course of events, you would have applied the heat treatment?—A. Yes.

Q. And upon reviving the true numbers, you would then communicate with the manufacturers?—A. Yes.

Q. Through the manufacturer, the name would be traced?—A. To the man to whom it was sold.

Q. He could then claim it?—A. Yes.

Q. In this case you could not do that, because the car was taken away by the Customs?—A. Yes.

Q. And this was done frequently during that period?—A. Oh, yes.

Q. Was this car evidence against either Scott or Martin?—A. I could not swear.

Q. What is your present impression?—A. Well, I do not know exactly, the only report is a theft report, that is all we know about it, and the man who was connected with the arrest of these two men is no longer with the police force.

Q. He is in Montreal still?—A. Yes.

By Mr. Gagnon, K.C.:

Q. How long was that car in the police garage?—A. Six days.

By Hon. Mr. Boivin:

Q. How long have you been in the police department in Montreal?—A. Thirteen years.

Q. When were you promoted to the position of Captain, which you now hold?—A. Last year.

Q. What department of the police have you charge of?—A. Charge of all stolen cars; motor cycles, and automobiles, belonging to the police department; and horses.

Q. And you were in charge of the Motorcycle Squad, and the stolen car department?—A. Yes.

Q. Do you place your stolen cars which you seize or take possession of, in the same garage as the Dominion Government?—A. No, sir. The police department have a special garage.

Q. Where is that located?—A. 644 Jeanne d'Arc.

Q. Are there ever any cars—and this is the important part—are there ever any cars stolen from the citizens of Montreal that turn up as seized cars by Customs officers?—A. Yes, sir.

Q. And those cars, of course, are placed in what is called the King's warehouse?—A. Yes.

Q. Where is that located?—A. Well, the head one is the Central Garage. I think they have one now at Baillergeon's, on Ontario St.

Q. There are two places, the Central Garage, and one in Baillergeon's on Ontario St.?—A. Yes.

Q. As officer in charge of that department, have you always been given authority to visit those garages?—A. It is strictly forbidden to go inside.

Q. By whom, please?—A. By the Customs' officers.

Q. By what Customs' officers?—A. The department of Montreal.

The CHAIRMAN: Of Montreal port.

By Hon. Mr. Boivin:

Q. The department of Montreal is quite an organization. After all, somebody must have forbidden you to go there? Who was it?—A. I could not mention, but nobody was allowed to go in.

Q. How long did that state of affairs exist?—A. I could not tell exactly, but we were allowed to go in the garage, but an order came from Ottawa once, and that stopped it for two years, I think.

Q. Who told you that you could not go into the garage?—A. Very often, men tried to go in there, and they were not allowed to go in there.

Q. Did you ever attempt yourself to do so?—A. No, sir.

Q. Have you authority to go in there now?—A. Yes, sir.

Q. When did you get that authority?—A. About two or three months ago.

Q. Did the officers of the Montreal police department, working under you, work in close harmony with the officers of the Customs Department during this period that you spoke of?—A. Well, they did not work very well before a few months ago.

Q. They did not work very well before a few months ago?—A. No.

Q. Did you exchange confidences or information between the two squads?—A. No, sir.

Q. Whose fault was it? Was it the fault of the city police or the fault of the Customs?—A. I do not know.

Q. You should know. I want to know, and I think it is important for the Committee to find out?—A. I told you before that when we had a car—we were looking for stolen cars, and the important part was that we should find who were the owners of the cars that we had on our hands, and the trouble was that we were not able to do so on account of the fact that the car was seized right away, the minute we touched the car.

Q. You mean to say the Customs officers would come and seize the cars that you had seized?—A. Take them out of our possession.

Q. And then they would not even give you the privilege of examining them after that?—A. No, sir.

Q. Did you have knowledge of Canadian cars, made and built in Canada, having been seized by Customs officers, and treated as smuggled cars?—A. Yes, sir.

Q. On several occasions?—A. I have had two lately.

Q. Two lately?—A. Yes.

Q. Would you be kind enough—I do not want to go into the details now—I do not want to delay Mr. Bisailon's examination, but would you be kind enough to give what information you have to the attorney for the Committee, in order that these cases might be investigated?—A. We had a Dodge sedan about two months ago—two or three months ago. That car had been stolen during the year 1925. I have not got the proper date in front of me. It belongs to a fellow by the name of Doran. That car was built in Oshawa, Ontario, a Dodge car, equipped with Canadian tires, Canadian all over. That car had been sold by auction. After the car had been sold by auction, and it came into our hands, it had a secret number on it, and we found out that the car belonged to Doran.

Q. You say it was sold by auction? By whom?—A. By the Customs.

Q. An American smuggled car?—A. Yes.

Q. Do you know who had any advantage to sell that car, who derived any benefit from the sale of it?—A. I could not tell exactly.

Q. You could not tell exactly. You, of course, did not see the seizure form?—A. No.

Q. And you say you have another case?—A. A case by the name of Scott and something else.

Q. You will give that information to the attorney for the Committee, privately, in order that he may investigate these cases?—A. Sure.

By Mr. Calder, K.C.:

Q. Was there any objection on the part of the police to holding these cars for the Customs in the police garage?—A. No, sir.

Q. Did you offer to do that?—A. Yes.

Q. Without charge to the department, whatever?—A. Yes.

Q. And they preferred to take the cars away?—A. Yes, sir.

By Mr. Gagnon:

Q. Whose car do you refer to, and when was that, relatively?—A. That was early in 1925.

[Emile Bilodeau.]

Q. But when did you locate the car?—A. I located that car about three months ago.

Q. You could not tell us the date?—A. No.

By Mr. Calder, K.C.:

Q. Had the number been changed?—A. Yes.

By Mr. Gagnon:

Q. You cannot say whether it was before the 10th of December or not?—
A. No.

Mr. CALDER, K.C.: That is all I have to ask.

The CHAIRMAN: You have no objection to this witness being discharged, Mr. Calder?

Mr. CALDER, K.C.: No, Mr. Chairman.

Witness discharged.

IRÉNÉE BRUNELLE est appelé et assermenté.

Le président:

Q. Quel est votre nom?—R. Irénée Brunelle.

Q. Où demeurez-vous?—R. A Saint-Eustache.

M. Calder, C.R.:

Q. Etes-vous propriétaire d'un garage à Saint-Eustache?—R. Oui, monsieur.

Q. Faites-vous le commerce de chars?—R. Oui, monsieur.

Q. Vous souvenez-vous d'avoir vendu un Dodge Sedan au curé de Saint-Eustache?—R. Oui, monsieur.

Q. Quel modèle était-ce?—R. Un coupé de 1922-1922 ou 1923.

Q. A quelle date l'avez-vous vendu?—R. Je l'ai vendu. . . ; je ne me rappelle pas au juste la date à laquelle je l'ai vendu.

Q. Avez-vous le subpoena qu'on vous a donné?—R. Je n'ai pas eu de subpoena.

Q. Vous n'avez pas eu de subpoena?—R. Non, monsieur, on m'a téléphoné.

Q. Avez-vous été payé par chèque?—R. Par chèque? C'est-à-dire que le char m'a été payé partie par chèque et partie en argent.

Q. Est-ce que le chèque était daté du jour de la vente?—R. Non, monsieur; le règlement a été fait par versements mensuels.

Q. Ce Dodge coupé, de qui l'aviez-vous acheté?—R. Je l'avais acheté de M. G. Martin.

Q. Comment êtes-vous entré en pourparlers avec M. Martin?—R. C'est-à-dire que M. Martin est venu au garage.

Q. Le connaissiez-vous auparavant?—R. C'est-à-dire que je l'avais rencontré quelquefois, déjà, au garage; il venait me voir quelquefois au garage.

Q. L'avez-vous vu depuis cete transaction-là?—R. Je l'ai rencontré une couple de fois.

Q. Récemment? L'avez-vous rencontré récemment? Quand l'avez-vous vu, la dernière fois?—R. Je l'ai vu, la dernière fois, le printemps dernier.

Q. Savez-vous où il demeurerait?—R. Non, monsieur.

Q. Il entrait dans votre garage de passage seulement?—R. Oui, monsieur.

Q. A quelle date avez-vous acheté le char?—R. J'ai acheté le char le 28 octobre 1924.

Q. Et vous l'avez payé par chèque?—R. C'est-à-dire que j'ai donné une partie en argent: cent cinquante piastres (\$150), et la balance par chèque.

Q. Voulez-vous produire, comme pièce 76, le chèque avec lequel vous avez payé le char?—R. Oui, monsieur.

- Q. Quel est le montant du chèque?—R. Six cent cinquante piastres (\$650).
- Q. Vous avez payé la balance en argent?—R. C'est-à-dire que j'ai donné du "cash" l'avant-midi, sur le char, et le soir, quand on est venu m'amener le char au garage, j'ai donné la balance.
- Q. Aviez-vous vu le char avant?—R. Je l'avais vu le matin.
- Q. A Saint-Eustache?—R. Oui, monsieur.
- Q. Était-il seul quand il est venu à votre garage?—R. Il était avec une dame.
- Q. Quel est son nom?—R. Une dame Gélinas, je crois.
- Q. Connaissiez-vous madame Gélinas auparavant?—R. Non, monsieur.
- Q. Vous remarquez que le chèque est endossé "G. Martin et Bertha Gélinas"?—R. Oui, monsieur.
- Q. Vous ne savez pas l'adresse de Madame Gélinas?—R. Non, monsieur.
- Q. Ni celle de M. Martin?—R. Non, monsieur.
- Q. Avez-vous examiné les numéros du char?—R. Oui, monsieur, je les ai examinés.
- Q. Ces numéros étaient-ils des numéros changés?—R. Sur le coup, je ne m'en suis pas aperçu.
- Q. Est-ce qu'on vous a remis un acte de vente quelconque?—R. Non, monsieur.
- Q. Est-ce qu'on vous a remis aucun document quelconque pour établir que M. Martin avait le droit de vendre ce char?—R. C'est-à-dire qu'on m'a donné le reçu de la douane.
- Q. La formule K 9½, n'est-ce pas?—R. Je ne me rappelle pas au juste.
- Q. L'avez-vous encore?—R. C'est-à-dire que je l'ai laissé entre les mains de M. Knox.
- Q. Voulez-vous regarder un document qui vous est maintenant montré et dire si c'est un duplicata du document que vous avez reçu?—R. Oui, monsieur.
- Q. C'est la même signature, n'est-ce pas?—R. Oui, monsieur, la même chose.
- Q. La même écriture?—R. La même chose.
- Q. Vous avez reçu la visite de l'officier Knox, plus tard?—R. Oui, monsieur.
- Q. Après avoir reçu cette visite, avez-vous été inquiet?—R. Pas depuis.
- Q. Avez-vous été voir M. Bisailon à propos de cette transaction?—R. Non, monsieur.
- Q. Avez-vous vu M. Bisailon depuis que vous avez acheté le char?—R. C'est-à-dire que je l'ai vu depuis que je l'ai acheté, oui, monsieur.
- Q. Lui avez-vous parlé de l'achat de ce char-là?—R. Non, monsieur.
- Q. Lui avez-vous demandé si c'était correct, cette transaction?—R. C'est-à-dire non.
- Q. Vous n'avez jamais discuté cette transaction-là avec M. Bisailon?—R. Non, monsieur.
- Q. Pas même après avoir reçu la visite de l'officier préventif?—R. Non, monsieur.
- Q. Combien avez-vous payé le char?—R. Je l'ai payé huit cents piastres (\$800).
- Q. Et vous l'avez revendu mille piastres (\$1,000)?—R. C'est-à-dire que c'est un échange que j'ai fait; à peu près mille piastres (\$1,000), oui, monsieur.

IRÉNÉE BRUNEL called and sworn.

(Translation of previous evidence given in French.)

Examination conducted in French and interpreted by Mr. Beauchamp, official interpreter, sworn to act as such.

By Mr. Calder:

Q. Where do you live?—A. I live in St. Eustache.

Q. Are you the owner of a garage at St. Eustache?—A. Yes.

[Irénée Brunelle.]

Q. Do you deal in cars?—A. Yes.

Q. Do you recollect having sold a Dodge Sedan car to the Parish Priest in St. Eustache?—A. Yes.

Q. What model of car was it?—A. A Coupe 1922 or 1923.

Q. On what date did you sell that car?—A. I cannot recall exactly upon what date it was.

Q. Have you the summons ordering you to appear here?—A. I have no summons. I was only requested to appear by telephone. I was paid for the car, partly in cash and partly by cheque.

Q. Was the cheque made out on the date of the sale?—A. No, there was a monthly settlement, monthly payments.

Q. From whom had you purchased that Dodge Coupe?—A. From a Mr. J. Martin.

Q. In what manner did you get into communication with Mr. Martin?—A. Mr. Martin came to my garage.

Q. Had you known him previously?—A. Well, I had met him a few times at my garage, he used to come to the garage.

Q. Have you seen him since that transaction?—A. I have met him a couple of times.

Q. When did you see him the last time?—A. I saw him last spring.

Q. Did you know where he lived?—A. I did not.

Q. He entered your garage as he went through only?—A. Yes, sir.

Q. On what date did you purchase the car?—A. I purchased the car on the 28th of October, 1924.

Q. You paid for the car with a cheque?—A. That is to say, I paid \$150 in cash, and the balance with a cheque.

Q. Will you please produce the cheque with which you paid for the car, as Exhibit No. 77?—A. Yes.

Q. The cheque is for \$650?—A. Yes.

Q. Had you seen the car previously?—A. I saw the car in the morning.

Q. In St. Eustache?—A. In St. Eustache.

Q. In Martin's possession?—A. Yes, in his possession.

Q. Was he alone when he came to your garage?—A. He was with a lady.

Q. What was her name?—A. Mrs. Gelinas.

Q. Did you know Mrs. Gelinas previously?—A. I did not know her previously.

Q. You will note that the cheque is endorsed J. Martin and Bertha Gelinas?—A. Yes, sir.

Q. You do not know Mme. Gelinas' address?—A. I do not.

Q. Nor that of Martin?—A. No.

Q. Did you examine the numbers on the car?—A. Yes, I examined the numbers.

Q. Were the numbers on the car altered?—A. At the outset I did not notice whether they were altered, but I noticed alterations when I examined the car at night.

Q. Were you given a deed of sale?—A. No.

Q. Were you given any document to show that Martin had the right to sell that car?—A. I was given a document, the customs receipt.

Q. Was the document K-9½?—A. I left it in the hands of a gentleman who is present here, I left it in the hands of Mr. Knox.

Q. Will you look at this document and say whether it is a duplicate of a document which you received? (Shows document to witness).—A. The signature on this document is similar.

Q. You received a visit from officer Knox later on?—A. Yes, I did.

Q. After you received that visit, were you worried since?—A. Not since.

Q. Did you go and see Mr. Bisailon subsequently, about this transaction?

—A. I did not.

Q. Did you see Mr. Bisailon since purchasing the car?—A. Yes, I saw him.

Q. Did you speak to him about the purchase of that car?—A. I did not.

Q. Did you ask him if that was a proper transaction?—A. I did not ask him.

Q. You never discussed that transaction with Mr. Bisailon?—A. I did not.

Q. Not even after having received a visit from the preventive officer?—
A. No.

Q. How much did you pay for the car?—A. \$800.

Q. You resold it for a thousand dollars?—A. That is to say, I made an exchange, I got about a thousand dollars.

Mr. CALDER, K.C.: That is all, I think.

The CHAIRMAN: You understand that the witness is discharged, Mr. Calder?

Mr. CALDER, K.C.: Yes.

Mr. GAGNON: He might wait here a little while. I do not know that I will need him now, but later on I might. He should remain in the room to-night, because I might want him in a few minutes.

The CHAIRMAN: He can wait around here.

The witness retired.

JAMES EDWARD KNOX recalled.

The CHAIRMAN: You are under the same oath, Mr. Knox.

By Mr. Calder, K.C.:

Q. Mr. Knox, did you go to the parish priest of St. Eustache to examine a car that was there?—A. I did.

Q. Will you look at a triplicate of K-9½ special, and state whether you checked that car by the numbers that appear on K-9½?—A. I did.

Q. Did you look at these numbers?—A. Yes, sir.

Q. Were they altered or original?—A. All altered.

By Hon. Mr. Stevens:

Q. That is, on the car?—A. On the car.

By Mr. Calder, K.C.:

Q. Obviously so?—A. Quite.

Witness retired.

JOSEPH A. E. BISAILLON, examination continued.

The CHAIRMAN: You are still under the same oath, Mr. Bisailon.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, in order that we may connect up properly, will you allow me to say whether I understood your main statements this afternoon clearly. You seized the Dodge sedan, 1922 model, covered by seizure No. 4996, on July 8. You might take this file and check up with me.—A. Thank you.

Q. And you delivered your report on the same date, July 8?—A. Yes.

Q. You stated that you took this car, not because it was smuggled, but because an offence had been committed which you called selling an American car in Canada.—A. Yes.

Q. And that you changed it to smuggling after investigation?—A. Yes.

Q. What investigation did you make between the 8th, the day of the seizure, and the 8th, the day of your report on it? Don't look at the letter of the 9th; look at the report of the 8th.—A. Yes.

Q. What investigation had you made between your seizure of the 8th and your report of the 8th?—A. Went to the Queens Hotel and saw my informer to get further information.

Q. What further information did you have which changed the offence from selling an American car in Canada—if that be an offence under the Customs Act—to smuggling?—A. According to the report he is charged with both of them.

Q. Where do you find that?—A. According to the charge that I have laid, as offering an American car—.

Q. Turn over on page two and state whether smuggling is not the offence charged.—A. Yes, he is charged with smuggling. Right.

Q. Where do you mention in your report that he was charged with selling an American car in Canada?—A. The report, as I have told you—.

Q. No, in your report K-9.—A. In my report—I did not fill the report; it was filled by the officer in the department; by the clerks.

Q. Your report ended at the bottom of page two, didn't it?—A. Yes. It was prepared by—I don't know who did prepare the report, but it was prepared in the Customs Department.

Q. On information given by you?—A. Not exactly, I think.

Q. Well, on whose information?—A. Wait a moment. Yes, it must have been under my information.

Q. Where on either of these two pages have you mentioned the offence which you call selling an American car in Canada?—A. The offence is doing smuggling.

Q. That was the offence at all times?—A. Not at all times.

Q. In your mind?—A. No, not at all times.

Q. What section were you referring to when you mentioned the offence of selling an American car in Canada?—A. Without reporting to the Customs.

Q. That would be smuggling, wouldn't it? Is it a separate offence?—A. If a man enters Canada with a permit, as it is done on many occasions, it is not necessarily smuggling, if it is reported at the border and offering for sale.

Q. When you delivered your report, however, you had made up your mind it was smuggling?—A. At first; when the report was made.

Q. At first?—A. When this report was made. I go by my report.

Q. And that was your first notion?—A. It was not my first notion. It was my first information, that it was offering an American car for sale.

Q. And that is an offence?—A. It is an offence.

Q. Punishable?—A. No.

Q. No? Are there any unpunishable offences?—A. The punishable offence is to seize the car, and double duty and a report brought to the department.

Q. That was why you allowed Mr. Fisher to go?—A. Yes.

Q. Was it the same reason why you allowed Mr. Fisher to go on a prior occasion, the occasion I mentioned to you before?

Mr. GAGNON: There is no proof it is the same man.

Mr. BELL: The witness did not dispute it.

Mr. GAGNON: It is still disputed.

Mr. CALDER, K.C.: Counsel disputes it.

The WITNESS: I can't see on what other occasion.

By Mr. Calder, K.C.:

Q. Didn't we have mention of another car, in a letter which you read?—A. Yes, but that didn't apply to this car at all.

[Mr. J. A. Bisailon.]

Q. No, but it applied to Fisher?—A. Yes, it applied to Fisher.

Q. The same Fisher?—A. I won't say it is the same.

Q. Will you say it is not?—A. No, I can't say.

Q. You saw the man on each occasion?—A. On each occasion?

Q. Yes.—A. Most decidedly.

Q. You saw and talked to the man on each occasion you seized a car from him, and you cannot say whether or not it is the same man.—A. I don't believe it is the same man, in this particular case.

Q. So you tell us that on each occasion, once in the case of a Packard sedan and the other time in the case of a Dodge sedan, you seized a car from a man called Fisher and on each occasion you saw Fisher and talked to him. Now I want you to choose whether or not it is the same man.—A. I don't remember whether it is the same man or not.

Q. You don't remember?—A. I don't remember, no.

Q. And one seizure was in June, 1924?—A. Yes, sir.

Q. And the other seizure was in August, 1924?—A. Yes.

Q. After seizing the car and delivering K-9 did you have any knowledge that a notice of seizure had been sent?—A. No.

Q. Under the routine of the department you are not advised if notice is sent or not?—A. No, it is sent direct to the man.

Q. And if the department draws a blank you are not aware of it?—A. No, sir.

Q. That should be corrected at any rate, shouldn't it?—A. That should be.

Q. So the department at Ottawa kept you in ignorance of the fact that the notice to Morris Delage, Holyoke, had been returned with a notation on the envelope "Can't be found"?—A. I am not aware of that.

Q. You are aware of that now?—A. Yes.

Q. But they didn't make you aware of it?—A. No, not that I know of.

Q. Will you tell me whether or not it is the custom to notify you?—A. I have no recollection.

Q. Of the custom?—A. I have no recollection of it being done or it not being done.

Q. Do you mean to say you don't remember whether it was the practice of the department to notify you of the result of sending a notice?—A. No, sir.

Q. I want to be fair to you, Mr. Bisailon. When a claim is put in you are advised of it. Is that it? Supposing the notice is sent out?—A. Yes, sir.

Q. And somebody, in consequence of that notice, claims the car; you are advised of that?—A. Yes, sir.

Q. And the car is held for further investigation. But if a notice is sent by registered mail to a certain address and it comes back with the notation "Can't be found" you are not notified?—A. I have no recollection of ever being notified.

Q. So you don't know whether or not Morris Delage had an existence at all, until a person turned up calling himself Morris Delage?—A. A fact I never investigated, as I have told you.

Q. Never investigated?—A. In Holyoke, Mass.

Q. You didn't investigate, and you didn't know?—A. I didn't investigate in Holyoke, Mass.

Q. And you didn't know that there was any such person in fact?—A. No, I am not prepared to say that.

Q. Then you knew there was such a person?—A. He must have been in existence, providing that he called.

Q. Now, Mr. Bisailon, haven't you ever heard of fictitious names being used in the stolen car business?—A. Yes, sir.

Q. Then if you get a name, until a person is attached to that name, it may be a fake name and it may be a non-existent person?—A. It often happens.

Q. And until Morris Delage turned up, you didn't know whether he was fictitious or was travelling under an alias?—A. It never entered my mind that it was a fictitious name, at the time.

Q. So you didn't know it was a fictitious name?—A. I didn't know that it was, and I don't know if it is.

Q. And then Morris Delage turned up?—A. Yes.

Q. And Morris Delage said, "I am Morris Delage"?—A. Yes.

Q. And he produced a receipt—A. Yes, sir.

Q. And you glanced at that receipt, or registration certificate, rather; you glanced at that registration certificate so cursorily that you didn't notice it was "Marc Delage"?—A. I didn't.

Q. That is a rather peculiar way of examining a man's title, isn't it?—A. It was only a mistake in the first name, that is all.

Q. A mistake?—A. Yes. It might have been a clerical error from the department, and the license department as well.

Q. You forget that that is his signature?—A. Where?

Q. On the registration certificate?—A. Yes?

Q. This is the signature of the man. I beg your pardon; this is not his signature necessarily; it may be his name signed by some other person. It is my misapprehension. But at any rate you glanced at it so cursorily that you didn't notice there was a difference at all?—A. No, sir.

Q. And so upon the man's say-so—A. And presenting this—

Q. And presenting this, which you didn't examine sufficiently to note any differences, you concluded he was Morris Delage?—A. Yes, sir.

Q. Especially because he told you how the car had been seized?—A. Yes.

Q. And gave you information which the informer had given you?—A. Yes, sir.

Q. And if he had been a thief instead of the owner of the car, he would have had the same information in his possession?—A. Not necessarily.

Q. Supposing he had been a thief, and had brought the car up; supposing he had spoken to your informer; had offered the car for sale; had seen you doing your duty at Youville Square or St. Maurice St., and had run away, wouldn't he know these facts?—A. Know that he had been a thief?

Q. No, would have known that he came up and spoke to your informer, and you saw your duty and did it?—A. I don't believe my informer ever knew him.

Q. Your informer had heard from some other person?—A. I believe so.

Q. Who is that person?—A. I cannot tell you.

Q. You did not find out?—A. I did not find out. I got the information that an American car was being offered for sale, and upon that information I seized the car.

Mr. CALDER, K.C.: Here is a point, Mr. Chairman, where it becomes difficult to proceed without the informer's name. I want to test out this fact, and the only way I can test it out is to find out the person to whom the car was offered for sale. Mr. Bisillon did not think it was necessary to investigate that.

Mr. GAGNON: Then, we will have to break the rules of the Customs Act to do that, because the law distinctly says that an informer's name shall not be disclosed.

Mr. CALDER, K.C.: Before a court of law?

Mr. GAGNON: Yes.

Mr. BELL: I do not think we can sit under any such regulation as that, here.

Hon. Mr. BOIVIN: Mr. Chairman, speaking on behalf of the Department, I think if the name of the informer is to be given publicly in this Committee

[Mr. J. A. Bisillon.]

or in any court of justice in the land, you will do away with the efficacy of the Customs Law in Canada. The position of the informer is not a very agreeable one; it is true he receives a moiety, receives part of the fine, but once a man is known to be an informer he is branded, held under constant suspicion by smugglers and thieves, and while it may not be dishonourable in the eyes of the public, it certainly removes his efficacy for all time as an assistant in the operation of the Customs Law. It was not without a great deal of thought that the regulation was passed to form part of the law, that an informer's name should not be disclosed. I have been told of a case where a man lost his position under a former minister, many, many years ago, for having refused to divulge, even to the minister, the name of an informer. However, I leave it in the hands of the Committee; I am not protesting at all; it does not make any difference to me. I am merely pointing out the reason why the law is made in that way. There is one officer who knows, and that is the Chief of the Preventive Service, and if Mr. Calder desires to ask him, I do not think he is bound by oath not to tell. I think this man (the witness) is.

Hon. Mr. STEVENS: There is this, Mr. Boivin; we find—and I think you will agree with me—that an examination of the files discloses this—I would not say “fact”—but certainly grounds for the gravest of suspicions that in many cases the informer is the thief; that is, the thief who brings the car across the boundary, and he denounces or informs regarding his car, and thus carries on his business.

Hon. Mr. BOIVIN: I think that has happened on several occasions.

Hon. Mr. STEVENS: What we are trying to do in this particular part of this investigation is to put our finger upon the practice of that nefarious business, and I want to say, under these circumstances, we are justified where it becomes necessary, in the opinion of our counsel, that an informer's name shall be given, in securing it, but I do agree with you that under the ordinary processes of business from day to day and from time to time, as far as possible the informer's name should be kept out of it.

Mr. CALDER, K.C.: It is not very, very essential in this case, I admit, but when the time comes when we will go into that particular phase of the activities of the Customs, where the Customs are used as a clearing to give title to stolen cars, I shall certainly insist further. I will not insist in this instance because I do not believe in putting up a battle where only a skirmish will do, and I will withdraw the question for the time being.

Hon. Mr. BENNETT: I think before you leave that, if Mr. Calder, our counsel, will go over the matter with the Chief Preventive Officer and deal only with those cases about which there are grounds for real suspicion—to use no stronger word—justice will be well served, for what the Minister has said is true, and even Parliament itself has declined to bring down correspondence in connection with tickets-of-leave and matters of that kind, and I think if our counsel will go with Mr. Wilson into the matter, that difficulty will be avoided.

Mr. CALDER, K.C.: In this case, I have that suspicion.

By Mr. Calder, K.C.:

Q. At any rate, this much is true, Mr. Bisailon, that your informer did not tell you the name of the person to whom the possessor was trying to sell the Dodge sedan?—A. He told me that Morris Delage was offering a car for sale—that he had information that Delage was offering an American car for sale.

Q. But he did not tell you to whom it had been offered, or where it had been offered?—A. We had suspicions it had been offered in different garages, and so on.

Q. Name some of those garages?—A. I cannot tell you, because it would be only hearsay.

[Mr. J. A. Bisailon,]

Q. It is hearsay that I want to get at, in order to get the primary evidence later on.—A. But I am not in a position to give it to you.

Q. Why?—A. Because I do not know for sure.

Q. Suppose you take a chance and tell me your present recollection of these names?—A. I have no recollection of these names.

Q. No recollection at all?—A. No.

Q. Do you know if you were told by your informer where the car spent the nights?—A. No, because we would have seized it right away on the nights we were looking for it.

Q. You are quite sure you did not seize this car in the Ritz Garage?—A. No, sir, positively.

Q. Or trail it coming out of it?—A. No, sir.

Q. Now, we will come to the Martin car. Was it by your orders that the Martin car—I may say I have not the departmental files here, but I have the Preventive file copies. You are willing to go by those?—A. Yes, sir.

Q. I now show you a duplicate of a report dated the 4th day of August, 1924—I am sorry, it is not dated on this form; it is undated—but recites a seizure which took place on the 4th of August. State whether that is a duplicate of your report? (Handing paper to witness).—A. That is my signature, yes, sir.

Q. Did you seize this car of your own motion, or under direction from somebody above you?—A. I cannot tell you.

Q. Because you do not recollect?—A. Yes, sir.

Q. Do you recollect seizing it yourself?—A. I have no knowledge of it, sir; I do not recollect anything about it.

Q. You have no knowledge of it?—A. No, sir.

Q. No recollection whatever?—A. No recollection whatever.

Q. Look at your report and tell me whether it is a truthful report or not?—A. As far as the report is concerned, I will go by my report.

Q. Then, when you say "On the 4th day of August, 1924, I, J. E. Bisailon, Preventive Officer in His Majesty's Customs, duly appointed and sworn as such, did seize the following described good," is that true or not?—A. It must be true; it is on the report, sir.

Q. I know it is on the report. I am asking you whether it is true or not?—A. It must be true as long as it is on the report and signed by myself.

Q. You personally seized this car?—A. I must have.

Q. Went to the garage and seized it?—A. I do not know what garage you are talking about; this is over a year-and-a-half ago.

Q. Well, take your report now and hang onto it. Correct me if I am wrong. "I, J. B. Bisailon did seize the car"—did you personally seize the car?—A. I must have some connection with, because the name of Officer Heavers and myself are the seizing officers, according to this report.

Q. Cannot you tell us, with your report in your hands, whether you actually effected the seizure?—A. I must have effected the seizure.

Q. At the police garage? Look at your report?—A. When this car was at the police garage it was not seized.

Q. No, you seized it there?—A. Yes.

Q. You went, yourself, to the police garage?—A. I am not in a position to say that—no, I have never been to the police garage myself.

Q. Then, if you did not go to the police garage, you did not seize the car?—A. Yes, sir; it was on information.

Q. Let me see now. This K-9 contains a recital of a seizure as it was made, or is it dressed up?—A. No, it is not dressed up.

Q. When J. E. Bisailon says "I seized the car" he did, in fact, seize it?—A. Yes, sir.

Q. At the place where it was seized?—A. It was not seized; it was under detention at the police garage.

[Mr. J. A. Bisailon.]

Q. But you seized it?—A. Yes.

Q. Then you went to the police garage?—A. No. I did not have to go to the police garage myself. If the information came in by 'phone, I would send an officer to get it.

Q. Then you would put down, "I, J. E. Bisailon, seized the car?—A. Yes.

Q. Why did you not have the seizure signed by the officer who did seize it?—A. He did not belong to the Preventive Service; he belonged to the port of Montreal.

Q. Who is that?—A. Officer Heavers.

Q. Could not the officer of the port of Montreal make out the record K-9?—A. Yes, for the port of Montreal.

Q. But not for a car?—A. Yes, for a car in the port of Montreal, but not for the Preventive Service.

Q. So it was because Heavers could not make that report, that you made it?—A. No, because I wanted to put it through my department.

Q. You wanted to put it through your department?—A. Yes.

Q. Now, tell me; did you have the information that this car had been seized, suspected of being a stolen car?—A. No, sir.

Q. Were you told that by the police?—A. They told me it was not a stolen car; that was the reason it was handed over to us.

Q. Your statement is that that car was voluntarily handed over to you because it was not a stolen car; in the face of Captain Bilodeau's statement that he handed it over to you before his investigation was complete?—A. Captain Bilodeau did not hand us the car.

Q. That was his report?—A. No, but Captain Forget did, and we acted upon Captain Forget's instructions.

Q. Captain Forget informed you that the car was not a stolen car?—A. Yes, sir.

Q. And to come over and get it?—A. Yes.

Q. And Captain Forget told you that although the fake numbers had not been treated to cause the true numbers to appear?—A. As far as the fake numbers are concerned, I do not know anything about them.

Q. And at the most, six or seven days had elapsed since the seizure, and although it was plainly a fake-numbered car?—A. I cannot tell you whether it was faked or not, because I did not examine the car.

Q. Did you speak to Captain Forget himself?—A. Over the 'phone.

Q. You are sure it was Captain Forget?—A. Well, he said he was Captain Forget.

Q. He called you up?—A. Yes.

Q. And he did not tell you at that time that there were two people in connection with the car?—A. No, sir.

Q. Do you know whether Captain Forget is still in Montreal?—A. Yes, he is still in Montreal.

Q. He has left the Police force?—A. Has he? I did not know it.

Q. If he has, it is just retribution, is it not?—A. (No audible answer.)

Q. What have you to say of Captain Bilodeau's statement that whatever was done in this case it was the general practice of the Customs Department, at that time, 1924, to take cars away from the police department before they could be identified, and then to refuse permission for anybody to view them, even the Montreal police department; is that statement true or false?—A. That statement is right.

Q. So that it was the practice of the department, when a car was taken by the municipal police, under suspicion of being a stolen car, as soon as you heard of it, to seize it?—A. Well—

Q. Let me finish the question: And take it away, and put it in the King's warehouse, and refuse the police at Montreal the right to see it? Can you answer the question, or do you want me to break it up?—A. Break it up.

[Mr. J. A. Bisailon.]

Q. All right. If it is true that upon hearing that a car was in the municipal garage, which might be both smuggled and stolen—I am putting the question as favourably to you as I can, Mr. Bisailon—on suspicion of it being both smuggled and stolen, you used to seize the car for the Customs?—A. It was not a question of being stolen with the department in those days. It was the question of being an American car, and according to the Customs Act, I believe, I cannot really relate the section, but the police used to turn over the car to the department, within thirty-six hours to forty-eight hours.

Q. Within forty-eight hours?—A. Yes, somewhere around there. I cannot

Q. Even if it is a court exhibit?

Mr. GAGNON, K.C.: That is the law, Mr. Calder.

By Mr. Calder, K.C.:

Q. Wait a minute. Even if it is a court exhibit?—A. I am not a legal man. I was only guided by the Customs Act.

Q. All right. We will suppose that was the law for the time being. That would justify your taking the car away?—A. Yes.

Q. What justified you preventing the police of Montreal looking at it afterwards?—A. Mr. Calder, I had instructions from the department.

Q. From whom in the department?—A. It must have been from the Minister of Customs, that no one was to be allowed in the King's warehouse to examine cars.

Q. Not even the police of Montreal?—A. Nobody.

Q. Not even the police of Montreal, to see them, when they believed them to be stolen?—A. That was our instructions.

Q. Not even to look at cars, in order to see whether they could be traced through their secret revived serial numbers?—A. Yes.

Q. Those were the orders of the Minister of Customs?—A. Yes.

Q. Personally?—A. Personally, yes.

Q. By what communication?—A. I could not say.

Q. By letter?—A. I do not remember, exactly. I do not remember if it was verbal.

Q. Mr. Bisailon, try and remember something occasionally.—A. Mr. Calder, I cannot tell you anything that I do not know. I am willing to help you and do what I can.

Q. Did Mr. Bureau tell you that over the 'phone?—A. No, it was not over the 'phone; either personally or by writing. I do not know exactly now.

Q. Before those cars were released. When your own investigation was completed, before selling the cars by auction, did you afford the police in Montreal an opportunity of looking at the cars?—A. I did not have any right to offer the same to the police. It was out of my jurisdiction.

Q. There was considerable complaint about that, was there not?—A. Not that I have heard.

Q. You did not hear many complaints?—A. I heard you complain once.

Q. Once?—A. Yes, to my knowledge.

Q. You must have been deaf upon a thousand other occasions?—A. I know, but I am only speaking about what I do know. I am only telling you what I heard.

Q. Tell me, do you remember an occasion where you took a car away from the Municipal Garage, and the police went and got it back again?—A. On your orders.

Q. Did you report that to the Minister?—A. Yes, sir.

Q. And I was not arrested for any violation?—A. Not that I know of.

Q. You will take my word for it that I have not been arrested?—A. Yes.

Mr. GAGNON, K.C.: It was not published in the papers.

WITNESS: That would be some notoriety.

By Mr. Calder, K.C.:

Q. So that was an order from the Minister?—A. Yes.

Q. You do not know whether it was verbally communicated, or communicated in writing?—A. I could not tell you.

Q. To come back to the Martin car, would you look at the duplicate file in the Preventive Service Department, and tell me what the decision was on that car?—A. Is that the complete file?

Q. I think it contains the decision at any rate, because the decision is on form K-9, is it not? Oh, no, it is not; it is a separate sheet.—A. The car was forfeited here.

Q. The car was forfeited?—A. On the 22nd October, 1924.

Q. All right. Produce the decision, the duplicate decision. That is the communication of the decision to you, but the decision was before that, was it not. This is the decision, is it not? (exhibiting document to witness)—A. Yes, sir.

Q. Or a duplicate of it?—A. Yes, sir.

Q. All right. Produce the notice of decision, dated Ottawa, September 15, 1924.

“DEPARTMENT OF CUSTOMS AND EXCISE

“W. F. WILSON, Esq.,

“Chief, Customs and Excise Preventive Service,

“Re Seizure No. 34519-5072; Dodge Coupe, G. Martin.

“The Honourable Minister of Customs and Excise has rendered his decision in this matter, in effect as follows: That the automobile be and remain forfeited and be dealt with accordingly.

“(Sgd.) CHAS. BLAIR,

“General Executive Assistant.”

Hon. Mr. BENNETT: “Dealt with accordingly.”

Mr. CALDER, K.C.: “Dealt with accordingly.”

By Mr. Calder, K.C.:

Q. Whether you understand, under the routine, by dealing accordingly with a car which has been declared to be forfeited?—A. We return it to its owner on double duty.

Q. Return it to its owner?—A. That was the practice then, to return it then on double the duty.

Q. To return it on double duty?—A. Yes, and expenses; seizure expenses.

Q. But if the owner did not turn up?—A. It was to be sold by auction.

Q. Within what delay?—A. Oh, I do not know.

Q. What was the usual delay?—A. Sometimes three months, four months, or six months; sometimes a year; sometimes eighteen months we would have some.

Q. Prior to that decision, had you received any instructions not to deliver to the owner on payment of double duty, without first referring to the Department?—A. The moment a car was seized, we had the right—

Q. Do not go off on a tangent. The car has been seized, the Minister has decided that the car has been forfeited. This is the decision rendered on September 15, 1924. At that time, had you received any instructions not to remit the car on payment of double duty, after forfeiture?—A. I do not remember.

Q. You do not remember?—A. No.

Q. According to K-9½ which I asked the witness to look at some time ago, and which I now produce and file, as Exhibit 78.

The CHAIRMAN: Put the number on it.

By Mr. Calder, K.C.:

Q. According to K-9½ on file, you gave that back to the owner, G. Martin, on October 20?—A. Yes, according to this.

Q. According to K-9½?—A. Yes.

Q. Were you there, when this K-9½ was executed?—A. I do not remember, because a lot of those K-9's I never saw.

Q. Did you see this one?—A. I have no recollection of ever seeing it.

Q. Do you not remember this, that you sent it without any signature on the part of the Customs and Excise officer, and that it was sent back to you for correction?—A. No, I do not remember that.

Q. Do you know this signature of G. Martin?—A. Well, no I would not.

Q. Do you know the signature of Martin alias Fisher, alias Carpenter?—A. No, I would not know it.

Q. But you know his handwriting?—A. Well, no, not necessarily.

Q. Well, you got a letter from him, and you know his handwriting, when you see that letter?—A. It does not mean that because I receive a letter from him I am familiar with his writing, and his actions.

Q. I am asking you now whether in your opinion, making allowance for pencil and pen differences, whether that is not the signature of the man who wrote the letter, Exhibit 75?—A. I cannot say whose signature it is, and I cannot swear that this is Martin's handwriting either.

Q. You cannot swear that it is Martin's writing either?—A. No, sir; that is the first correspondence I ever had from him.

Q. I see. Now, you told us that you had met Martin upon one occasion?—A. Yes.

Q. What is his first name?—A. I do not know.

Q. What does he do?—A. Well, what does he do? I do not know; I could not tell you.

Q. What is his avowed profession?—A. I could not tell you.

Q. Where did you meet him?—A. I was told, once upon a time, that he was an insurance adjuster.

Q. Would that be why he said "The letter states my previous insurance connections?—A. It must be so.

Q. Where did you meet him?—A. In Montreal, we seized a car.

Q. You seized a car on Martin?—A. Yes,

Q. What car was it?—A. I cannot recollect exactly which one, because we had so many seizures.

Q. But not so many from Martin?—A. I know, but there is not only one Martin. There are quite a few Martins.

Q. You met him only while effecting the seizure?—A. Yes.

Q. Was it while effecting the seizure that he told you he was connected with insurance companies?—A. I heard it outside.

Q. From whom did you hear it?—A. In a general way.

Q. Try and help us, Mr. Bisailon. I want to trace this man if I can. It is to your advantage if I trace him, and he bears out this file?—A. Mr. Calder, you know where he is now.

Q. I know where he is now, but I want to trace out some of the people who know him?—A. Well, I do not know of any of his connections.

Q. Will you look at a copy of a letter dated October 22, 1924, shown on the duplicate file, addressed to you and now marked as Exhibit No. 79, and state whether, after reading that letter, you think you had the right to sell that car even to Martin, the alleged owner, on payment of double duty? (Hands letter to witness.)—A. Not according to this letter, sir.

Q. Not according to that letter?—A. Yes.

Q. This letter reads as follows:

EXHIBIT No. 79

22nd October, 1924.

J. A. BISAILLON, Esq.,
Acting Officer in Charge,
Customs Excise Preventive Officers,
Preventive Service, Custom House, Montreal, P.Q.

SIR,—Preventive Service Customs Seizure 5072.

I have received your report of the 20th inst., with enclosed bank draft for \$544 and receipt Form K—9½ Special, respecting the deposit received from Mr. G. Martin, Montreal, for the release of the automobile covered by the above numbered seizure.

Your attention is drawn to the fact that this car has been forfeited, under the decision of the Hon. the Minister, and disposal of the same should not have been made in this manner without Departmental instructions.

I am mentioning this phase of the matter for your future guidance. I have the honour to be, Sir,

Your obedient servant,
Chief Customs Excise Preventive Service.

A. I can give you an explanation of that.

Q. Go ahead?—A. I was just organizing the Department, and the only way I can account for this clerical error was that I was overworked, and allowed this thing to go through, without any intention of misleading the Department in any way.

Q. You released the car to Martin because he was the owner?—A. Yes.

Q. Is there anybody else in your department who has the power of ordering a car released in this way?—A. Not unless it comes on order from the Department.

Q. I meant in your sub-department?—A. Outside of me?

Q. Yes?—A. No, sir.

Q. Consequently you decided that release?—A. Yes.

Q. To Martin?—A. Yes.

Q. Because he was the owner?—A. I noticed my mistake after that.

Q. But it was because he was the owner?—A. Yes.

Q. How did you know he was the owner?—A. The car had been seized in his hands.

Q. Martin's hands?—A. Pardon me, through the information I had.

Q. You knew it had been seized in Martin's hands; who told you that?—A. Captain Forget, I presume.

Q. Why did he seize the car, when he was not a Customs officer?—A. He did not seize the car.

Q. Why was the car seized by the Montreal Police Department?—A. I do not know.

Q. Did they not tell you?—A. They told me to go and get the car.

Q. They did not tell you why they seized it?—A. No.

Q. You heard Captain Biledeau say here that in connection with this car two men arrested?—A. Yes.

Q. One of them being Martin?—A. Yes.

Q. Captain Forget did not give you that information?—A. No.

Q. He did not tell you the circumstances under which he seized the car at all?—A. Just to send a man to get that car, and that was all I did.

Q. You did not know Martin at that time?—A. I have no recollection of knowing him.

Q. So that when a man turns up and says he wants a car and produces some paper you say to take the car?—A. No, not without proof.

[Mr. J. A. Bisailon,]

Q. What kind of proof did he bring?—A. He had all kinds of proof there.

Q. What kind of proof?—A. Letters.

Q. What kind of letters?—A. Personal letters.

Q. So that when a man turns up with personal letters and claims to be the owner of a car, you tell him to go and get the car; at least you told Martin to get that car?—A. Yes.

Q. If he had stolen the letters, he would have been in a favourable position with the Department?—A. At that time it was the practice to release a car on double duty.

Q. To the owner?—A. To the owner.

Q. But he had to prove his ownership?—A. He did prove it.

Q. In what way?—A. By the production of the documents.

Q. Did he show you any registration cards?—A. I do not remember.

Q. Was it a Quebec car or a United States car?—A. It was a United States car.

Q. What State, do you remember?—A. I do not remember.

Q. So that when he showed you personal letters, they proved to your abundant satisfaction that he was the owner? That is all.

Mr. BELL: Is Mr. Gagnon examining?

Mr. CALDER, K.C.: I stopped now because some of the members of the committee intimated that they would like to adjourn at 10 o'clock.

By Mr. Gagnon:

Q. I want to ask one question. About the Garceau matter, did you ever ask Mr. Garceau to sign the name of Morris Delage?—A. Never.

Q. Did you ask him to prepare the receipt?—A. I do not remember. Whoever I handed the money to.

• Mr. BELL: If Mr. Gagnon is finished, arising out of what has just been said, I would like to ask a question of the witness.

By Mr. Bell:

Q. Did you hear Garceau swear that he was in your office on the 12th of September, 1924?—A. Yes.

Q. You heard that, did you?—A. Yes.

Q. And that present there were you, Garceau and Hicklin; you heard him swear that, did you?—A. Yes.

Q. And that he, Garceau, under instructions wrote the signature "Morris Delage"; you heard him swear that?—A. Yes.

Q. From whom other than yourself could he have got the name or the information to write that false signature to that document?—A. Through the files.

Q. What files?—A. The Customs files of seizures.

Q. Was it the practice in your office for one of your subordinates to take it upon himself to write a false signature to a document, by going to the files for it, instead of coming to you for it?—A. No, sir, there was no reason for doing that.

Q. At what time did you discover it?—A. Only in this instance, during this incident now.

Q. During when?—A. During this investigation.

Q. So that it comes to this, that Garceau, according to you having at his own instance written a false and forged signature, you had no means of knowing, and did not know of it until you heard it here to-day?—A. It never was drawn to my attention.

[Mr. J. A. Bisailon.]

Q. Is it true, or false, that Garceau had any suggestion from you as to what signature was to be put upon that document?—A. Never from me.

Q. So that he perjured himself if he said that?—A. If he made that statement.

Q. You heard it?—A. I heard it.

Q. You say now that he perjured himself if he swore to it?—A. I say I never gave instructions to Garceau, or anyone in my department, to forge anyone's signature.

Q. So that what you say is he swore to lies when he told us here that you told him to do that?—A. He must have sworn to a lie.

The witness retires.

The committee adjourned until Tuesday March 2, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 14—TUESDAY, MARCH 2, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES

- Mr. Andrew Pollock, Federal Distillery Limited, Montreal, Que.
Mr. J. A. E. Bisailon, Montreal, Que.
Captain Emile Bilodeau, Montreal Police, Montreal, Que.
Mr. Willie Duval, Ex-Customs Officer, Montreal, Que.
Mr. Guy Clerk, Assistant to Treasurer of the Customs, Montreal, Que.
Mr. Joseph McDonald, Mechanic, Montreal, Que.

OTTAWA

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1926

EXHIBITS FILED.

- No. 80—Customs, Canada—Entry for Home Consumption (Form B-1 Amended 1922). Port of Hemmingford, October 6th, 1925. Importation by Z. Legault of second hand Jewett 5 passenger sedan body. Entry No. 73.
- No. 81—Customs, Canada—Entry for Home Consumption (Form B-1 Amended 1922). Port of Montreal 18/5/25. Importation by Z. Legault of Jewett chassis, 1924. Entry No. 6940a.
- No. 82—Appraisal Note for Small Collections, Etc. (Customs Form E. 46) re Jewett chassis, 1924, consigned to Z. Legault from Glensfall, N.Y. per C.P.R. 97824.

MINUTES OF PROCEEDINGS

TUESDAY, 2nd March, 1926.

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

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

The minutes of the last meeting were read and approved.

Files were received from Mr. Farrow respecting:

- (1) Seizure of the schooner "Margaret Kennedy";
- (2) Seizure of intoxicating liquors at or near Yarmouth;
- (3) Record of Mortimer Heinhardt, Collector of Customs, LaHave, N.S.

Manifests issued at Beebe Junction, Que. for the years 1924 and 1925 were received from the Acting Collector of Customs and Excise at that place.

Files were received from the Department of Health respecting Sam Miller, alias "Red" Miller, and Jack Miller, in connection with infringements of the Opium and Narcotic Drug Act.

A package of papers was received from the John Gaunt Co., Limited, Montreal.

A letter from the Deputy Minister of Justice was tabled in reference to Mr. Doucet's motion of the 26th ult. respecting violation of law in regard to intoxicating liquors at bonded warehouses in Halifax, N.S., stating that no departmental file existed.

Moved by Hon. Mr. Stevens,—That the calling of the following witnesses required by Mr. Calder, K.C., for Tuesday morning, March 2, 1926, viz:—J. Macdonald, 2137 Bleury street in rear, Montreal; Police Captain Bilodeau, Montreal; W. A. Orr, Collector, Hemmingford, P.Q.; J. E. Knox, W. L. Hicklin, Willie Duval and Guy Clerk, Customs officers, Montreal, is approved.

Motion agreed to.

Hon. Mr. Stevens moved,—For a copy of the file of the Preventive Service regarding the seizure of the barge "Tremblay".

Motion agreed to.

Hon. Mr. Stevens moved,—For the production of the file of Montreal seizures, Nos. 6141, 3436 and 3437 and the corresponding files in the Customs and Preventive Departments at Ottawa, together with all correspondence and particulars pertaining thereto.

Motion agreed to.

Hon. Mr. Stevens moved,—For the production of Customs and Preventive files dealing with and showing a list of all cars handled by Auctioneer Dandurand or sold by him for the Customs authorities during the years 1922, 1923, 1924, 1925 and to date in 1926.

Motion agreed to.

Mr. Donaghy moved,—For the production of a statement giving the names of all persons who have occupied the following positions at the Port of Montreal, from January 1st, 1912, to the present date:

- (a) Collectors
- (b) Surveyors
- (c) Inspectors
- (d) Gaugers

and giving also in each case, details as to how and when appointed, the names of the person or persons by whom they were recommended, the date and causes of their transfer, removal, resignation or dismissal from the said positions.

Motion agreed to.

Hon. Mr. Stevens moved,—For the production of all papers, letters, telegrams and documents regarding the entry into the King's bond at Victoria, B.C. of some 7,000 cases of scotch whiskey landed from the S.S. "Ardenza" about January, 1924, together with application of the Customs brokers for an extension of time at the end of the six months period. Also the application of the said Customs brokers to the local Customs authorities to remove the said liquor from the King's public bond to a private bond. Also the consent of the Attorney General of B.C. to the said removal. Also a full list and description of the different brands of liquor included in this shipment. Also a statement showing the full amount of Excise or Customs duty paid on the said liquor, and all the correspondence relating to the case.

Motion agreed to.

Hon. Mr. Stevens moved,—For the production of all Mexican certificates as required by law indicating the delivery of liquor exported from Canada to Mexico for the years 1924, 1925 and 1926 up to date.

Motion agreed to.

Hon. Mr. Stevens moved,—For the production of the report made by Inspector Busby about the year 1922, on his withdrawal from the Inspection District of Quebec.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the attendance before the Committee of J. E. Hunter, Officer in charge of the Preventive Service, Montreal, and to produce to the Committee the files of correspondence in his office for the years 1924, 1925 and to date in 1926. Said files to include all reports to superior officers, at Ottawa or at Montreal, regarding Customs and Excise matters.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the attendance before the Committee of Officer Liley, in charge of the bond at the Dominion Distillers Products Co., Ltd., and to produce all his books of record since the operation of this distillery.

Motion agreed to.

Hon. Mr. Stevens moved,—For all correspondence passing between the Minister of Customs and Excise and any and all Distilleries since December, 1920, and having regard to the entry for consumption of spirits manufactured during a period of less than two years under provision of Section 171,

Sub-section 4 of the Inland Revenue Act as amended by 10 and 11, Geo. V, Chapter 52, Section 4, together with a complete certified list of all the Distilleries to whom permits have been granted under the said Order in Council of December 30, 1920. Also copy of Order in Council P.C. 3233.

Motion agreed to.

Ordered.—That Mr. George, Dominion Distillery Products Company, Limited, Montreal, Que. and Mr. W. J. Hushion, 1195 St. James Street, Montreal, Que. be summoned to appear to-morrow and produce books and papers previously ordered, and not yet produced, and also the minute books.

The representatives of distilleries, summoned as witnesses for this day, *duces tecum*, being called as follows, viz:

- (a) Distillers Corporation Limited, Montreal, Que.
- (b) Joseph E. Seagram & Sons Limited, Waterloo, Ont.
- (c) Gooderham & Worts, Toronto, Ont.
- (d) Consolidated Distilleries Limited, Montreal, Que.
- (e) Hiram Walker & Sons Limited, Walkerville, Ont.
- (f) Federal Distillery Limited, Montreal, Que.,

the Chairman read letters from the first five, representing the difficulty in the way of bringing the books and documents called for, and asking if the Committee could not send auditors to examine the books instead of having them brought to Ottawa, which would be a great convenience to the different companies. Mr. Harold Daly, Barrister, Ottawa, Ont., appeared as representing the said five companies. After discussion, Mr. Donaghy moved,—That the Manager, Acting Manager, or Secretary of Hiram Walker & Sons, Limited; Distillers Corporation Limited, Montreal; Consolidated Distilleries Limited, Montreal; Joseph E. Seagram & Sons, Limited, and Gooderham & Worts, Limited, be summoned to appear before this Committee and produce a list of the names of all officers, directors, shareholders and principal office employees of the company, and that the witness be examined on oath by the Committee. The date for their attendance to be arranged by counsel and the Clerk of the Committee.

Motion agreed to.

The Federal Distillery Limited, Montreal, being called, Mr. Andrew Pollock responded as their representative. He was sworn and produced all books and documents called for by his subpoena. The Chairman also read a letter forwarded by the company. Mr. Pollock to produce the minute book of the company. Witness retired.

Moved by Mr. Elliott,—That Mr. M. Green, of Ford City, be summoned to appear before this Committee and to produce all books, papers and documents, bank books, cheques and all other papers and documents relating to the purchase by him of liquor from Distilleries Corporation, Limited, Montreal, or any other distillery company.

Motion agreed to.

Mr. J. A. E. Bisailon, of Montreal, Que., was called and further examined respecting his activities as an officer of the Department of Customs and Excise. Witness retired.

Hon. Mr. Boivin produced a copy of a letter asked for earlier in the sitting by Mr. Doucet, being dated November 24, 1923, from Hon. E. M. Macdonald to Hon. Jacques Bureau, also appraisers' Bulletins Nos. 2990, 3013 and 3016, showing names of firms handling prison-labour goods.

The Committee rose at 1 p.m.

AFTERNOON SITTING

The Committee reassembled at 3.45 p.m.

Mr. J. A. E. Bisailon was called and further examined. Witness retired.

Captain Emile Bilodeau, Montreal Police, was re-called and further examined respecting seized automobiles in Montreal. Witness discharged.

Mr. Willie Duval, ex-Customs Officer, Montreal, Que., was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, respecting seizure of an automobile. In the course of the examination, Mr. Calder, counsel for the Committee, filed,—

Exhibit No. 80.—Customs, Canada—Entry for Home Consumption (Form B-1 Amended 1922). Port of Hemmingford, October 6th, 1925. Importation by Z. Legault of second hand Jewett 5 passenger sedan body. Entry No. 73.

Exhibit No. 81.—Customs, Canada—Entry for Home Consumption (Form B-1 Amended 1922). Port of Montreal 18/5/25. Importation by Z. Legault of Jewett chassis, 1924. Entry No. 6940a.

Witness discharged.

Mr. Guy Clerk, Assistant to Treasurer of the Customs, Montreal, Que., was called and sworn. He was examined by Mr. Calder regarding Customs entry of a Jewett chassis. Mr. Calder filed,—

Exhibit No. 82.—Appraisal Note for Small Collections, Etc. (Customs Form E. 46) re Jewett chassis, 1924, consigned to Z. Legault from Glensfall, N.Y. per C.P.R. 97824.

Witness discharged.

Mr. Joseph McDonald, Mechanic, Montreal, Que., was called and sworn, and examined respecting Jewett sedan automobile which bore motor number 93-239. Witness discharged.

The question having arisen earlier in the sitting, Hon. Mr. Boivin informed the Committee that Canadian Customs Officers have no legal right to examine the books of United States firms who import good into Canada, and can do so only by consent of these importers.

The Committee adjourned until to-morrow at 11 a.m.

MINUTES OF EVIDENCE

TUESDAY, March 2, 1926.

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

The CHAIRMAN: I understand that the Federal Distilleries Limited have a representative here.

Mr. POLLOCK: Yes, sir.

The CHAIRMAN: They send this letter:

(Letter read.)

The CHAIRMAN: Do I understand your company is ready to give all information asked for by this summons?

Mr. POLLOCK: Yes, sir. I produce its books and documents.

The CHAIRMAN: When can you produce them?

Mr. POLLOCK: I have them here now.

The CHAIRMAN: They are all here?

Mr. POLLOCK: Yes, sir.

Mr. DONAGHY: These books are now in the hands of the Committee?

Mr. POLLOCK: Yes. How long will they be here? Their being here is somewhat obstructing our business.

Mr. DONAGHY: We will finish with them as quickly as possible.

Mr. DOUCET: I might remind the Committee that for the purpose of doing efficient work, we should have complete files from the department. I have one before me now—

Mr. DONAGHY: Just a minute. We are not through with this witness. If you don't mind, Mr. Doucet—

Mr. BELL: He has put his books in; what more can he do?

Mr. ELLIOTT: Mr. Pollock, what is the name of your company?

Mr. POLLOCK: The Federal Distilleries.

Mr. ELLIOTT: When were you incorporated?

Mr. POLLOCK: August, 1924.

Mr. ELLIOTT: Did it take over any business?

Mr. POLLOCK: Not that I know of, sir.

Mr. ELLIOTT: They started at that time?

Mr. POLLOCK: Yes.

Mr. ELLIOTT: Has this witness been sworn?

The CHAIRMAN: No.

Mr. ELLIOTT: I think he should be.

ANDREW POLLOCK, called and sworn.

By Mr. Elliott:

Q. Now, you have your charter?—A. Yes, sir.

Q. The charter of the company?—A. Yes.

Q. Have you it with you?—A. Yes, sir.

Q. Will you produce it, please? (Witness hands document to Committee.)

[Mr. Andrew Pollock.]

Q. I see you have letters patent and supplementary letters patent?—A. Yes, sir.

Q. When did you start your business?—A. April, 1925.

Q. Under the name of— —A. Federal Alcohol Distilleries Limited.

Q. And your powers are to carry on the business of distillers, brewers, refiners, and so on, as set out in your charter?—A. Yes, sir.

Q. Then on the 26th of November, 1925, you received supplementary letters patent?—A. Yes, sir.

Q. And they just dealt with the change in the name?—A. That is all.

Q. No change in your powers?—A. No.

Q. Have you your minute book?—A. I did not produce the minute book.

Q. But you have one?—A. Yes. We were not asked to produce it.

Q. I would like to have it; it is not large, if you have only been going a couple of years?—A. That is right.

Q. It is only a small book?—A. Yes.

Q. It would be convenient for you to produce it?—A. Yes.

Q. And a list of your officers?—A. Yes.

Q. Now, will you leave with the Committee a list of your officers and a list of your shareholders?—A. Yes, sir. (Witness hands documents to Committee.)

Q. Now, generally, what is the business which you carry on?—A. Manufacture and sale of denatured alcohol.

Q. Do you do blending?—A. Yes, sir.

Q. What do you blend—A. Scotch whiskey.

Q. Received from where?—A. Scotland.

Q. Shipped in how?—A. In barrels and kegs.

Q. To— —A. Montreal.

Q. For blending purposes—A. Yes.

Q. And you have something that will show all the liquors which you have received for blending?—A. Yes, sir.

Q. In that time?—A. Yes, sir.

Q. And all the output of your distillery in that time?—A. Yes.

Q. What you sold?—A. Yes.

Q. And to whom?—A. Yes.

Q. Copies of your invoices?—A. Yes, sir.

Q. And the routings? Where they have been shipped?—A. Yes.

Q. What money you have received?—A. Yes.

Q. And the customs and excise you have paid?—A. Yes.

Q. You have had no business relations with M. Green, as far as your books show?—A. As far as I know, I have not.

Mr. ELLIOTT: That is all.

Hon. Mr. BOIVIN: Mr. Green does not deal with him; he deals with the people who have not sold any liquor yet.

By the Chairman:

Q. Do you need any of these books to continue your business?—A. Yes, the ledger and cash book and journal and cheque book; there have to be cheques issued for wages on Friday.

Hon. Mr. BOIVIN: He might arrange with the auditors to take home what is absolutely required, and then bring them back.

By Mr. Elliott:

Q. What set of books do you keep? Or are you familiar with the books?—A. I am familiar with the books in the office, the ledger, cash book, journal, bill-book, receipts, cheque book and sales.

[Mr. Andrew Pollock.]

- Q. What books do you keep?—A. These are kept in the plant.
- Q. Are you familiar with them?—A. No.
- Q. Who is?—A. Mr. G. Kalfas is the Manager there.
- Q. What is his first name?—A. George.
- Q. Have you produced all these books?—A. Yes, sir.
- Q. The books are here?—A. Yes.
- Q. Shipping books?—A. Yes.
- Q. Cash books?—A. Well, the cash book is here, yes.
- Q. Journals?—A. Yes.
- Q. Ledgers?—A. Yes.
- Q. Your bank books?—A. Yes.
- Q. What bank do you deal with?—A. The Banque Provinciale.
- Q. And you furnish a statement to it?—A. We have a bank book—. Well, we have no bank book for that bank; the bank was changed lately—
- Q. But you have copies of the statements you furnished to whatever bank you started in business with?—A. Yes, I have them here.
- Q. And have you the bank book of the first bank with whom you did business?—A. Yes.
- Q. And the cancelled cheques?—A. Yes.
- Q. And the deposit slips?—A. Yes.
- Q. You have slips showing all the deposits made?—A. Yes.
- Q. Showing the cancelled cheques by which the money was chequed out?—
A. Yes.
- Q. Then you show the closing of the account in the bank?—A. Yes.
- Q. Transferred to another bank?—A. Yes.
- Q. What is the second bank?—A. The Royal Bank, Green avenue, Westmount; the Bank of Toronto, Montreal, and now the Provincial Bank.
- Q. The second bank was the Royal Bank, was it?—A. We kept the account running concurrently.
- Q. In two banks?—A. Yes.
- Q. What two banks?—A. The Royal Bank, Bank of Toronto, and now the Provincial Bank.
- Q. Well then—.—A. There is only a small balance left in the Royal. It is really the Bank of Toronto and the Provincial we do business with.
- Q. Will you let us have the deposit slips, cancelled cheques and bank books of the Provincial Bank?—A. I have them here.
- Q. Up to the present time?—A. Yes.
- Q. You have copies of all of them?—A. I did not particularly produce the invoices for the denatured alcohol.
- Q. Will you produce these?—A. Yes, along with the minute book.
- Q. These books that you produce will show all the moneys you have paid out for Scotch whiskey or for alcohol in any form and in every way paid out in connection with your business?—A. Yes.
- Q. They will show what you paid out for excise and for customs?—A. Yes.
- Q. They will show also all moneys that you have received from various sources?—A. Yes.
- Q. During the time you have been in business?—A. Yes.
- Q. Your stock book will show who the original stockholders were, and what changes, if any, have taken place in the holdings of stock, and who are the present shareholders?—A. Yes.

By Hon. Mr. Bennett:

- Q. You are a transfer agent?—A. Yes.
- Q. The transfer agents furnish a list of the shareholders?—A. Yes.
- Q. Not you. You made the transfer and the book is made up by the agent?—A. Yes.

By Mr. Elliott:

Q. You will give us invoices of goods inwards and outwards, waybills and freight bills?—A. Yes.

Q. Shipping receipts?—A. Yes.

Q. Warehouse receipts?—A. Yes.

Q. Original order books?—A. Yes.

Q. How do you obtain your orders?—A. How do we obtain them?

Q. Yes.—A. I am not familiar with that.

Q. Who is?—A. Some one in the plant.

Q. Can you tell who?—A. Perhaps Mr. Kalfas.

Q. That is the gentleman at the warehouse?—A. Yes.

Q. Will you ascertain and let us have the name of the person who will be familiar with the way in which orders will be obtained?—A. Yes.

Q. And let us have all your customs entries, sales books, etc?—A. I have them here.

Q. And the sales tax receipts?—A. Yes. They will be along with the purchase invoices.

Q. You have them here?—A. No, they will be produced.

Q. And all bills of all descriptions?—A. Yes.

Q. Have you any other books or papers I have not referred to which you use in your business?—A. No, I think you have covered the list.

Q. Will you indicate where most of the shipments take place to?—A. Montreal.

Q. From Montreal?—A. Yes.

Q. To?—A. Montreal.

Q. To Montreal?—A. Yes.

Q. For export?—A. That is denatured alcohol for manufacturing purposes.

Q. Your invoices will show all that?—A. Yes.

The CHAIRMAN: You are released for to-day. When the committee needs you again we will wire you to come back.

By Mr. Elliott:

Q. For the information of the committee, as a general rule where is your Scotch shipped to?—A. There has only been one sale of Scotch whiskey.

Q. Where was that to?—A. It was a cash sale, I don't know.

Q. Who will know?—A. Mr. Kalfas.

Q. The same gentleman?—A. Yes.

Q. Will you ask him to furnish us with that information?—A. Yes.

Hon. Mr. BENNETT: There is an invoice for it.

The WITNESS: Have I to ask him to come or will he be summoned?

Mr. ELLIOTT: Yes.

By Hon. Mr. Bennett:

Q. Was there an invoice?—A. No.

By Mr. Elliott:

Q. Private sale?—A. Cash sale.

Q. How much liquor?—A. \$1,800.

Q. No invoice?—A. No invoice.

Q. Why?—A. A cash sale.

Q. Are no invoices issued?—A. There is only one.

Q. Or sale bill or anything of that kind for a cash sale?—A. No, there is only the one.

Q. Where was it for delivery?—A. I couldn't say. All I was concerned with was the receipt of the money.

Q. That seems to be important.—A. Yes, very.

Witness retired.

[Mr. Andrew Pollock.]

J. A. E. BISAILLON'S examination continued.

By the Chairman:

Q. You are under the same oath?—A. Yes.

By Mr. Bell:

Q. Mr. Bisailon, just one thing. Before we adjourned Friday night I was asking you about the Delage document, which you told me Garceau had signed without any knowledge on your part?—A. Yes.

Q. Is that correct?—A. Yes.

Q. The right name was Morris Delage?—A. Yes, supposed to be.

Q. You told me on Friday night that Garceau, in order to get his name, did not get it from you?—A. No, sir.

Q. He must have got it from the file?—A. From the file.

Q. And you still say that. Is that correct?—A. Yes.

Q. And with the fact in mind that the files contained the wrong name, and you knew the right name. Would you explain to the Committee how it was that your clerk who referred to the files only got the right name?

Mr. GAGNON, K.C.: Let me point out Mr. Bell, that the file mentions Morris Delage.

Mr. BELL: Let him answer it. The file must be there. Will you answer? What is the question?

(Question read as follows):

“Q. And with the fact in mind that the files contained the wrong name, and you knew the right name. Would you explain to the Committee how it was that your clerk who referred to the files only got the right name?”—

A. I do not believe that the file had the wrong name.

Q. You do not believe that the file had the wrong name, after hearing what Mr. Gagnon said just now?

Mr. GAGNON, K.C.: I think if the file was before Mr. Bisailon we would save all this trouble. There would be no interruptions necessary.

Mr. BELL: Yes.

By Mr. Bell:

Q. Mr. Calder exhibited to you the file last Friday, did he not?—A. Yes.

Q. And he showed you the only place on the file where Delage's name appeared and showed you it was “Marc” Delage and not “Morris”?—A. That was not on the file, that was on the registration card.

Q. That was on the registration card?—A. Yes.

Q. He told you that Delage's name appeared on the file, and not on the registration card?—A. On the form K-9, the name of “Morris Delage” or “Morris” or “M. Delage.”

Q. It appeared on the file as “Delage,” and “Marc” I think perhaps, on the registration card?—A. There are two different names, Mr. Bell.

Q. Your impression is that your clerk, finding a right name and a wrong name, went unerringly to the right name?—A. If he took it from the files, he would have the name that was mentioned on the files.

Q. That is not an answer to my question. If there was a right name there, and if there was a wrong name on the card, he went unerringly to the right name?—A. If there was a right name on the card, and a wrong name, it was an oversight on my part, on the registration card.

Q. I think it was an oversight on your part to say what you did to me?—A. Well, I am—

By Hon. Mr. Stevens:

Q. Well now, Mr. Bisailon—?—A. Yes, sir.

Q. I want to take you through some of your files. I hope your counsel will not object every time I refer to the files. These are the files that came from your own office.

Mr. GAGNON, K.C.: It will all depend when—

By Hon. Mr. Stevens:

Q. All right. We will proceed in any case. Now, you were appointed Chief of the Preventive staff in the province of Quebec?—A. No, sir.

Q. In the district of Montreal?—A. Acting officer in charge, first.

Q. When were you appointed?—A. I took charge of that branch in the beginning of May.

By Hon. Mr. Bennett:

Q. What year?—A. 1924, sir.

By Hon. Mr. Stevens:

Q. In the month of February you wrote to Mr. Bureau, the Minister, on the 12th of February, 1924. In your letter you say: (Reads).

“I am ready to accept a position in the Secret Service providing I become Chief of that Department for the province of Quebec.”

Mr. GAGNON, K.C.: Mr. Chairman, might I know from what record Mr. Stevens is now quoting?

Hon. Mr. STEVENS: I am quoting from the records of Bisailon's office, a letter that he himself will not deny, I am sure. Take a look at it.

Mr. GAGNON, K.C.: May I know how this letter, which is a personal letter of Bisailon, is in Mr. Stevens' hands.

Hon. Mr. STEVENS: They are in the hands of the Committee. They are not in my hands at all.

Mr. GAGNON, K.C.: I would like to know how that was produced before the Committee?

The CHAIRMAN: They were produced through Mr. Hicklin.

Mr. CALDER, K.C.: They were produced, to be left in the hands of Mr. Hicklin, when Bisailon's desk was seized.

Mr. GAGNON, K.C.: Was there a list of the documents made?

The CHAIRMAN: They were filed in bunches.

Hon. Mr. STEVENS: It is obvious that these letters refer to the departmental service, and have no right to be a personal file. I do not want to be interrupted unless there is something of importance.

Mr. GAGNON, K.C.: It may be a matter of importance, Mr. Stevens.

Hon. Mr. STEVENS: Yes.

Mr. GAGNON, K.C.: I understand, when Mr. Duncan came to Montreal, he seized some documents, he had some books, and he produced with his report some documents, and these documents must have been before the Committee with Mr. Duncan's report, as exhibits.

Hon. Mr. STEVENS: Let me say that these have nothing to do with Duncan at all. These are documents filed here by an officer of the Customs Department, under orders of this Committee, and Mr. Chairman, I submit that I have a right to examine the files to find these documents.

Mr. CALDER, K.C.: Mr. Duncan's production was limited to those mentioned by him in his report, mentioned by the witness under oath.

Mr. GAGNON, K.C.: Mr. Hicklin was asked to produce a number of letters which were quoted in the summons.

Hon. Mr. BENNETT: If you would not mind my interrupting you, there are two matters which I have in mind. The Duncan report contained a number of exhibits.

Mr. GAGNON, K.C.: Yes.

Hon. Mr. BENNETT: Those exhibits are in a separate file from the report itself.

Mr. GAGNON, K.C.: Yes.

Hon. Mr. BENNETT: There were a number of documents mentioned by the witnesses who gave testimony under oath, in the Duncan investigation, from the files of the port of Montreal.

Mr. GAGNON, K.C.: Yes.

Hon. Mr. BENNETT: There were a number of documents placed in the files of Bisailon, your client.

Mr. GAGNON, K.C.: Yes.

Hon. Mr. BENNETT: Those papers and documents are now before this Committee, and Mr. Stevens is examining on those documents.

Mr. GAGNON, K.C.: Yes.

Hon. Mr. BENNETT: You are well within your rights, as I conceive it, to listen to what Mr. Stevens is asking. If you conceive that it is a letter that is purely personal you were assured that he would not use a personal letter. But do you not think it would serve the interests of everybody if you would wait until you see if the letters that Mr. Stevens is using entrench on personal matters.

Mr. GAGNON, K.C.: Mr. Hicklin was examined and produced twelve letters that were mentioned.

Hon. Mr. BENNETT: They were found in the office occupied by your client in Montreal, and they are before this Committee in that way. I should like you to know that. Perhaps you know that.

By Hon. Mr. Stevens:

Q. Mr. Bisailon, you wrote a letter to the Minister on February 12th, in which you say that you are ready to accept a position in the Secret Service "provided I become chief of that department, for the province of Quebec." Is that right?—A. If you have the letter, that would be so.

Q. Have you a good memory?—A. I must have a wonderful memory to answer all those questions.

Q. Do you remember that letter?—A. If you have the letter there it must be so, because I stand by my letter.

Q. The best way for you is to come here and tell me if that is your signature. Is that your letter? (Shown document.)—A. That is alright. That is my letter. What is this letter here? (indicating). I.

Q. It is a translation?—A. Yes.

Q. Yes. You received this letter?—A. Yes.

Q. Of course, if we have to go over every item of examination in this way, it is going to take a long time?—A. That is right.

Q. You admit that you asked the Minister to appoint you as chief of the staff, in full charge?—A. Through the Civil Service Commission.

Q. Never mind that. You asked to be appointed in full charge?—A. There is no harm in that.

Q. None whatever, do not be too suspicious. The Minister answers: "I will try to do what I can. When I have something new, I will communicate with you." Is that correct?—A. Yes.

Q. What I want to make plain is that you were made Chief Preventive Officer in the Montreal District?—A. Yes.

Q. And you asked for the responsibility?—A. Certainly. If a man is in charge of a position, he generally assumes the responsibility, to a certain extent.

Q. You asked for the responsibility?—A. I did not ask for the responsibility, but I admit that when a man takes a position, he assumes the responsibility.

Q. You said you would accept the responsibility, "provided I become Chief"?—A. Yes.

Q. And the Minister made you chief, subsequently?—A. Acting officer in charge.

Q. He made you chief of that department, and you were in charge?—A. Yes.

Q. And you so continued until you were dismissed last Fall? That is correct, is it not?—A. Yes.

Q. Very good. Now then, I want to take you up to April 14th. On April 14th you wrote to the Minister, making a suggestion for the reorganization of the Department, in order to allay your suspicions. I am not complaining about that. I just want to take you through it very briefly. In that you said this: (Reads).

"The greatest need of the present staff is the creation of a bureau for Montreal and the Province of Quebec generally, where the Preventive Service can be centralized as a whole."

Q. Then you asked for the centralization of the Preventive Service under you?—A. Yes.

Q. Later on, you say "The work of the Preventive Service is such as necessitates almost regular absence from the office of all officers, and with someone placed in charge, through whom all reports would be made to Ottawa, the greatest convenience to the public would be done." You ask there that reports shall be made through someone, namely yourself?—A. Yes.

Q. That is correct?—A. Yes.

Q. Then further on you refer to the question of police. You referred to the Mounted Police at first; later to the city police, and this is what you say: (Reads).

"The police should be in direct touch with and under direct supervision of a Customs and Excise Officer in charge of Montreal."

Do you recall that?—A. I suppose so.

Q. Yes?—A. Yes.

Q. You recommend to the Minister that the Mounted Police should be placed under the direct charge of yourself, at the head of the Preventive Service in Montreal?—A. Referring to infractions of the Customs Act.

Q. Oh, certainly, and that they should report through you?—A. Yes, sir.

Q. Right. Then you say, in regard to the local police: (Reads).

"Also, as information that automobiles are seized by the local police authorities as stolen, in cases where such automobiles are exported out of Canada, without the proper Federal authorities being informed, this matter should also be attended to by the Officer in charge of the Preventive Service at Montreal."

A. Yes.

Q. You wrote again to the Minister, urging him to put that under your charge. That is correct?—A. Yes.

Q. I just pause there for a moment. Then you will admit, frankly, I presume, after reading these things, first, that you sought the responsibility; you received it from the Minister; then you recommended to the Minister that these particular responsible duties should be placed under your control?—A. To a certain extent.

Q. That is correct, is it not? Very good.
Now then, in this letter, you also say (Reads)

“From absolute information in my possession, a considerable amount of smuggling of automobiles, alcohol, silk goods and also cigarettes is done through the “Megantic” and Beauceville districts. The liquor and automobiles being distributed through Lake St. John, Abitibi, Shawinigan, La Tuque, Laurentian Company, St. Agathe, Mont Laurier districts. At present I have the name of a party, which I am prepared to furnish, if called upon to do so, who is boasting around the city that he cleared a profit of \$25,000 in this automobile and alcohol business, and that he has salesmen throughout the district. This profit was for last year. I, myself, have seized two automobiles from this party.”

You say you have absolute information, and that you are prepared to give the name? Who was that?—A. I do not remember just now. I do not recollect it. If you will let me see the file—there are quite a few of them, Mr. Stevens.

Q. I know there are. We will examine them one by one.

The CHAIRMAN: What is the date of this letter?

Hon. Mr. STEVENS: April 14th, 1924.

The CHAIRMAN: 1924.

Q. I am asking you the name?—A. There are several of them that I have not got.

By Hon. Mr. Stevens:

Q. Sit down, Mr. Bisailon. You say in this report to the Minister that you have absolute information in your possession that there is wholesale smuggling. We will stop there. You knew that?—A. Everybody knew it.

By the Chairman:

Q. It was a national problem?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Then you say:

“At the present time I have the name of a party which I am prepared to furnish if called upon to do so, who was boasting around the city that he cleared a profit of \$25,000.”

That is a very large sum of money, and he must have been a very important individual in this business. I want you to tell us whom you have in mind?—A. There were quite a few of them that made a lot of money in bootlegging, and one thing and another.

Q. All right, name some of them?—A. That is a pretty hard proposition.

Q. Name some?—A. It is all hearsay.

Q. Do you mean to tell me that you wrote this clause to the Minister on hearsay?—A. Yes, like a lot of information we get.

Q. You have absolute information in your possession, you say?—A. That is right.

Q. Are you prepared to produce the name now that you produced then?—

A. I must have produced it at the time, but I have not got it now.

Q. You told me there were a number of men; now tell me a few of them?—

A. I am not in a position to do so, because it was all hearsay.

Q. I will help you in a minute?—A. All right.

“—in this automobile and alcohol business, and that he has salesmen through these districts. This profit was for last year. I may have seized two automobiles from this party.

From the above facts it will be seen that the task of successfully coping with the smuggling business in the Province of Quebec is a very large one, that the territory covered by such activities is very wide, and only by the establishment of a larger force of preventive officers under the most direct supervision of an officer in charge at Montreal can the situation be met with sufficient degree of satisfaction to the Department.”

Q. You received that letter addressed to you?—A. Yes.

Q. You received from the Minister that trust?—A. Yes, sir.

Q. You carried on for a year and a half?—A. Yes.

Q. Did you hear the Deputy Minister state the other day that conditions were worse now than when you started?—A. No, I do not remember that.

Q. It is in the evidence?—A. I will take his evidence for it. But in the meantime the work that was done after May 1924 will show the results received, as compared with previous years, in the preventive service.

Q. You still refuse to give information as to the man or men?—A. I am not here on hearsay stuff, I am here on oath, and I am here to tell the truth.

Q. We are not asking for hearsay. You said that these men had salesmen out all over the district?—A. They all had salesmen, all the distilleries, of one kind and another.

Q. Name some of them?—A. I do not recollect any of the names of them just now.

By Mr. Calder, K.C.:

Q. Did you have a case before me?—A. I believe I had, while you were Crown Prosecutor.

By Hon. Mr. Stevens:

Q. You say “I myself have seized two automobiles from this party.”—A. I have seized very many automobiles in the Montreal district, that I do not even remember the name of those from whom I seized them.

Q. I am asking you about these?—A. I have no knowledge of that present incident.

Q. That is from the report you made to the Minister, anyway?—A. I stand by that report. At the time I must have given him the information.

Q. We will come back to that later, I think. These wholesale smugglers and thieves who steal cars and deal in cars work in gangs, do they not?—A. Not necessarily.

Q. Are there not gangs in Montreal engaged, for instance, in disposing of stolen cars?—A. Yes, quite a few of them, a lot of Americans who have been doing bootlegging in the Montreal district.

Q. You know some of these gangs?—A. They are known to the public as hearsay.

Q. As chief preventive officer, and responsible to the Minister, you knew how to deal with those gangs?—A. We knew they were in existence.

Q. What have you done to break up all those gangs?—A. We made all the seizures we possibly could make in the district of Montreal. Mr. Stevens, I would like to say one thing; during all the arrests, every one of these men that were arrested, I would like to know how many convictions were made, and how many of these automobile thieves have been sent down.

Mr. CALDER, K.C.: Do not say that.

The WITNESS: I am talking to Mr. Stevens.

By Hon. Mr. Stevens:

Q. If you will exercise your mind upon remembering these things, we will get along better. Apparently from your letters you desired to clean up this situation?—A. To do my utmost. I did not expect to clear it right up, but to help the situation, and I have done it.

Q. You did your best to clear up the situation?—A. With the assistance I had, I did my utmost.

Q. On January 19th, 1925, you received from your chief officer, Mr. Wilson, definite instructions:

“Hereafter when you or any of the officers under your control effect a seizure under the Customs Act for smuggling, do not accept a deposit in lieu of prosecution.”

A. Yes.

Q. Do you recollect that?—A. Yes.

Q. How did you treat it?—A. According to the instructions I had.

Q. You treated it with consideration?—A. Yes, because we never delivered any cars until after I had a contrary order to do otherwise.

Q. From whom?—A. The Ministers, the Deputy Ministers, or the Chief of the Preventive Service.

Q. You received from the chief preventive officer a very serious and important instruction?—A. Yes.

Q. But you departed from that instruction?—A. The Chief of the Preventive Service in Ottawa, Mr. Wilson, was getting his orders from the same chief as I was getting mine.

Q. He was your chief?—A. Yes, and I always had due respect to him.

Q. If the public service in Canada is to run properly, there must be an observance of the regulations?—A. There has been.

Q. And your chief gave you this instruction very seriously?—A. Yes.

Q. He says this:

“Hereafter when you effect a seizure under the Customs Act for smuggling, do not accept a deposit in lieu of prosecution. In the event of seizure of liquors, silk, cigarettes, jewellery, clothing or narcotic drugs, immediately telegraph stating particulars and await instructions with regard to prosecutions.”

Q. You were aware of that?—A. Yes.

Q. You departed from it frequently, under whose instructions?—A. I would like you to cite the cases in which I departed from it.

Q. You volunteered the information that you did depart from those instructions. Now I would like to know, upon whose instructions?—A. It must have been from the minister, if there was any.

Q. The minister was the only one other than Mr. Wilson who could instruct you to depart from it? Is that not so?—A. I presume so.

Q. You knew that, and you did depart from it?—A. I do not know what you are referring to, I do not know what you are getting at.

Q. You may not know what I am getting at?—A. It is very important for me to know what you are getting at.

Q. I am going to ask the question. On March 2nd of the same year you received a letter from Mr. Wilson, which I have before me, officially signed by him and addressed to you as special inspector of Customs and Excise, Montreal, in which he says:—

"It has been represented to the Department that you have seized automobiles that were stolen in the United States and brought into Canada and sold here, and that the information that led to the seizure was given by the persons who smuggled the cars or someone connected with the theft or by one of their associates."

Had you ever heard of that practice?—A. I recollect mentioning such a report.

Q. Is that not a common practice?—A. It is not a common practice.

Q. In the city of Montreal and district, and other sections of Canada?—A. Not to my knowledge. I had one or two cases, if I recollect right, and we put a stop to it, to all that, when we came to find out about it. According to the information I had, they were connected with the theft or the smuggling, I would not say the theft but the smuggling of automobiles. I always tried to enlighten myself as to it, and to the best of my ability I tried to prevent it.

Q. Mr. Wilson goes on:

"In all such instances, where there is any ground for suspicion that such may be the case, I have to ask you to merely place the car under detention until you ascertain from the person in possession of it from whom it was purchased, and also report if the seller is in any way connected with the informer."

Did you follow out those instructions?—A. To the best of my knowledge, I always did.

Q. With some exceptions?—A. I cannot swear to some exceptions. I do not know what you are getting at.

Q. You were told that you were not to release without instructions from here. Did you follow those instructions?—A. No, because I think I had some verbal instructions with regard to conducting investigations in my district, through the order of the Minister, I believe.

Q. You had verbal instructions from the Minister?—A. I presume so.

Q. In contravention of those general instructions from your chief in Ottawa?—A. I am not ready to say whether they were verbal or written.

Q. Anyway, you had instructions?—A. Yes.

Q. From the Minister?—A. I presume it was from the Minister.

Q. You do not need to presume, you know?—A. You must have all the files there.

Q. I certainly have many of them?—A. If you have the file that shows that the Minister ordered me to do it, I am not responsible.

Q. Did you receive instructions from the Minister contrary to the instructions from your chief, Mr. Wilson?—A. I must have had if I released the car.

Q. Will you answer Yes or No, and stop your evasions. Did you receive such instructions?—A. I presume so.

Q. Cut out the presume and say Yes?—A. I will not say Yes. I still hold to the contention that I was right and justified in doing it.

Q. You have already admitted it, but in an evasive manner. Did you not receive instructions from the Minister of Customs regarding the release of and dealing with cars contrary to the instructions given by Mr. Wilson, your chief?—A. I presume I did.

Q. We will accept that as an answer in the affirmative?—A. You can take it as you please, I cannot help it.

Q. I think we will prove it before we get through, from other sources.—A. All right.

Q. You say you had great respect for Mr. Wilson?—A. I always had.

Q. He was a good officer and a good chief?—A. It is not up to me to say that; it is the head of the department who can praise and give you the value of Mr. Wilson.

[Mr. J. A. E. Bisillon.]

Q. Did you receive these instructions on March 2nd?—A. Yes, about that date.

Q. On March 5th you wrote a letter to the Minister, in which you said:

“Enclosed you will find copies of letters which I have just received from Mr. Wilson, of Ottawa. As you will see, I have no more power. I have not yet answered his letters, and what would you advise me to do in such circumstances?”

Why did you write that letter to the Minister?—A. Because I thought it was in the interests of the Department and the public.

Q. What?—A. Yes.

Q. You thought it was to the interest of the Department?—A. Yes.

Q. After receiving a letter such as I have mentioned from your chief?—A. Yes.

Q. Which you admit was based upon sound grounds, in the suppression of smuggling, and after having admitted that the Minister gave you instructions contrary to these general department instructions, you wrote privately to the Minister before answering your chief, complaining to him that your chief had deprived you of power. You said you had no more power, and asked the Minister what answer you were going to give your chief under the circumstances. Did you consider that a proper procedure?—A. I do not see any reason why it was not.

Q. Now will you admit to me that you had private instructions from the Minister regarding the treatment of cars?—A. Not the treatment of cars.

Q. The disposal of cars?—A. The power that was taken away from me.

Q. Will you now admit to me that the Minister gave you instructions to deal with the seized cars in the district of Quebec or Montreal contrary to the instructions given by Mr. Wilson?—A. I am not in a position to do that, unless I see the letter.

Q. We will go a little further. On October 6th, 1925, you received another letter from Mr. Wilson?—A. Yes.

Q. He quoted the letter I wrote a moment ago, and went on:

“I am now in receipt of a letter from the Department stating that attention has been drawn to the fact that you have been offering to release an automobile upon terms fixed by yourself, and I am directed to definitely instruct you that seized automobiles are not to be offered for release except on instructions from the Department.”

A. I never offered it, after the instructions I received personally.

Q. You never did?—A. I never did after that.

Q. This is October 6th, 1925?—A. Yes.

Q. You never offered automobiles after you received those instructions?—

A. No, sir.

Q. On October 8th you wrote Mr. Wilson explaining, and that we were entitled to a copy of the correspondence?—A. Yes.

Q. Before these complaints were made?—A. Yes, sir.

Q. You said to Mr. Wilson:—

“File No. 13665. Referring to your letter of the 6th, of October, on the 2nd of March last I wrote you as follows:

“I am also directed that no car is to be released on deposit without instructions from here. Before release will be authorized, it will be necessary to have a full report of the seizure, together with satisfactory information that the informer is in no way connected with the theft of the car or with its illegal importation into Canada or with anyone

concerned therein. I am now in receipt of a letter from the department stating that attention has been drawn to the fact that you have been offering to release an automobile upon terms fixed by yourself, and I am directed to definitely instruct you that seized automobiles are not to be released or offered for release except upon instructions from the Department."

You declared you did that regularly, did you?—A. In every case. In seized automobiles, you mean

Q. Yes?—A. Yes, sir.

Q. Did you on October 13th write along the same lines? This was in relation to seizure No. 6241, in which Mr. Champagne figured. On the 17th of January last you were instructed by letter as follows; and he again cites this letter of January 19th, the first one; then he asks you to forward the report immediately. Will you explain why you violated the instructions contained in both paragraphs of the letter of January the 17th?—A. What was the nature of the seizure?

Q. This seizure covers 138 quarts of whiskey and 9 flasks of Scotch seized on October 1st by officer Masson from J. P. Champagne, of 588 Desjardins Street, Montreal?—A. I know what it is, and I can answer you. There is a covering letter explaining to Mr. Wilson the full particulars of this action. Later, on instructions from the Department, action was taken in Montreal with the Crown Prosecutor, Mr. Brais. I admit that it was an error, an oversight, an error on my part.

Q. But you admit—A. I admit it was an error; it was an oversight and error on my part.

Q. I note you say in this letter that you accepted a deposit of \$400 in this case, and later you realized you should not have done so?—A. Yes; it was a mistake. I admit that. I am human and am liable to mistakes.

Q. But that indicates that you did not follow very closely Mr. Wilson's instructions?—A. Oh, yes, I did.

Q. Now, I want to take up some other cases. I have a letter here which is rather interesting, and has to do, in my estimation, with this question of stolen cars and the disposal of stolen cars. I want you to bear that in mind, so you will know what I am driving at and cannot plead innocence to the fact to which I am now directing your attention. On July 8th, 1924, you wrote a letter to your Minister confirming a conversation over the telephone on the 3rd: "I have the honour to inform you that I have chosen an automobile, as you have advised me to do, and which you were good enough to put at my disposal. The car is a Cadillac sedan, four-passenger, bearing seizure number 32700-3568, and in which a decision was rendered on the 14th of January last. This car is in very good condition and does not bear any number, so we shall not be annoyed by the insurance agents"?—A. Yes, I quite remember that—

Q. What did you, the Chief of the Preventive Staff for the District of Montreal, having reported to the Minister shortly before this that there was wholesale smuggling and dealing in stolen cars in Montreal, mean by wiring to the Minister saying "This car is in good condition, and does not bear any number, so we will not be annoyed by the insurance agents"?—A. I meant to say by that, Mr. Stevens, that the car was needed for departmental work in the Department, and after having the car inspected by one of the officers of the Department who does this work, and who reported to me that there was no secret number that could be identified, I felt that we were not depriving the insurance company of getting what belonged to it.

Q. Mr. Bisailon, is it not the practice of crooks in Montreal when they steal a car in the States and bring it to Canada, to destroy all possible figures for identification purposes?—A. Oh, yes, it is common practice.

[Mr. J. A. E. Bisailon.]

Q. By crooks?—A. By crooks.

Q. No honest man would do that?—A. I do not believe an honest man would do it.

Q. Why did you, Chief of the Preventive Service, prefer to get a car for Government use that had obviously been in the hands of crooks, than to get one in any one of a number of other ways which might have been used?

—A. Because others might have gone back to the insurance companies, and I did not want to deprive them of their rights.

Q. You say you did not want to be annoyed by the insurance agents—
—A. Because there was no way of tracing it.

Q. Did you at any time, during your term of office, give to insurance companies or recovery companies your co-operation and assistance?—A. I did.

Q. I have seen nothing so far that would indicate that.—A. You might, if you examined Captain Carter and several others.

Q. The point is that you chose this particular car—obviously a stolen car?—A. I am not in a position to say that it was a stolen car.

Q. Obviously it was a stolen car?—A. No, I am not prepared to say that.

Q. The marks of identification had been destroyed, which you admit is the common practice of these crooks?—A. Yes.

Q. And you, as Chief Preventive Officer, identified yourself with that business?—A. In a case of that kind where no identification can be made, the car is sold at auction, so there was no wrong-doing on my part.

Q. Was this car sold at auction?—A. No; it was still in the Department. I do not know what they have done with it since my departure.

Q. Did you not, as Chief Officer, pick over and choose these cars yourself?—A. No, sir.

Q. Why do you say here "I have the honour to inform you that I have chosen an automobile?"—A. I was informed there was such a car there, and there was a decision rendered in connection with it. This car was not seized by me, but we needed a car for preventive work, and in those days it was common practice for seized cars to be placed at the disposal of the Government officials for Government work.

Q. Why did you not get your Government car through the Department in an ordinary way? Why did you write private letters to the Minister?—A. It came through the ordinary way; he was the only one who could sanction placing a stolen car at the disposal of the Department.

Q. But why write confidential letters to the Minister about it?—A. There was no harm in it; it was not confidential.

Q. Why a confidential letter?—A. It was not necessarily confidential; there was no harm in it.

Q. What is the reason why you should write confidential letters to the Minister about departmental matters?—A. Because it would have taken us six months if I had gone about it in the regular way. I think the Chief was away at the time.

Q. When did you get the use of this car?—A. I believe I got the use of this car some time in July.

Q. When was it given to you officially by the Department?—A. In October; some time in October.

Q. So you used it two months, without any permission at all?—A. I beg your pardon. I had verbal permission.

Q. From whom?—A. From the Minister of Customs.

Q. From the Minister of Customs again?—A. Yes, from the Minister of Customs, and at that time I think the Deputy Minister was present, and it must have been an oversight, because they decided to confirm their verbal instructions.

Q. It was personal authority from the Minister?—A. Not to me—I mean to say, personally? Yes. Verbally? Yes, but in the presence of the Deputy Minister.

Q. Here is another letter of May 2nd, 1925, which you wrote to the Minister, in which you say “I enclose herewith a list of cars which will be sold next week.” What was the object of sending that to the Minister?—A. There was a copy of all documents going to the Minister, as well as to the Department, because he wanted to be kept posted.

Q. I see no harm in this—A. There is no harm in all that correspondence, when you come to shift it out.

Q. —but it simply indicates the magnitude of the correspondence you had with the Minister. Now, I come to a more specific case. You have a letter from Mr. Bureau, saying “I understand that Mr. Ouimet”—this is dated at Three Rivers, October 6th, 1924—A. You mean Ouilette.

Q. O-u-i-m-e-t, or O-u-i-l-e-t-t-e? Is that the same man (Exhibiting document to witness)? Is that Ouimet, the Deputy?—A. Oh, yes, that is a different one.

Q. Now I understand Mr. Bureau says to you on October 6th, 1924, that “Mr. Ouimet has a case for a man named Lebirou against a man named Besner, and this is to be settled for \$200. Could you settle this matter as soon as possible, to the best of your judgment? These people are busy,” etc. Did you make the settlement?—A. I did, sir.

Q. Under the instructions of the Minister?—A. I presume I did.

Q. Did you, you said you did?—A. I think I did.

Q. You did not report the case to the Department?—A. All the correspondence I had with Mr. Bureau.

Q. You did not report the case to the Department?—A. Yes, that case was reported, and the money turned in.

Q. That case was reported?—A. Yes.

Q. You made this private settlement with Ouimet, didn't you?—A. Yes.

Q. Without making a proper report to the Department. You made no proper report, did you?—A. This is after the settlement was made.

Q. You made the settlement under private instructions direct from the Minister?—A. I must.

Q. You did.—A. I must. Isn't there any other correspondence referring to this?

Q. You made the settlement?—A. So far as I remember.

Q. Now let me turn to one of May 19th, 1925, regarding three seizures, Nos. 5708—these are Montreal numbers—5709 and 5723. This is written to Mr. Wilson:

“Referring to your letter of 15th instant, file 13459, 13460 and 13526 respecting deposits made in connection with automobiles covered by above numbered seizures as submitted to you. The Hon. Jacques Bureau instructed me to release the cars in question, and has instructed me to use my own discretion in making settlements in connection with seizures of automobiles in the vicinity of Three Rivers and Quebec City.”

A. In Quebec City?

Q. And Quebec City.—A. I could answer if you could give me the name,—if it is possible to give the name.

Q. The name of what?—A. The names of the parties whose cars were seized.

Q. I think I could find it. There are three seizures.—A. I could answer more precise anyway, and I think that is what you want.

Q. 5079 is a Hupmobile coupe covered by the above-numbered seizure, and it was settled with a draft for \$642.97; do you recall that?—A. Was that in Quebec, or Three Rivers, or where? I have no recollection.

[Mr. J. A. E. Bisailon.]

Q. This refers to the three seizures, and this was in your letter. A. Yes.

Mr. GAGNON: May I suggest when you are giving the numbers that you give the names?

Hon. Mr. STEVENS: The name is not always here; the references are by number.

Mr. GAGNON: We could not remember all these numbers.

Hon. Mr. STEVENS: I am not asking him to remember these particular seizures, I merely number these for identification. He writes:

The Hon. Jacques Bureau instructed me to release the cars in question, and further instructed me to use my own discretion and make a settlement of seizures of automobiles in Three Rivers and Quebec City.

By Hon. Mr. Stevens:

Q. This is simply a case where three cars were released by you under the direct authority of the Minister?—A. The Minister informed, if I am right, Mr. Wilson, right away, of the action taken in the return of these cars.

Q. You don't know that.—A. No, I don't know, only by Mr. Bureau, and he was going to report the matter immediately.

Q. The point I am getting at is, you did under the direct instructions of the Minister, deal with these three cars, or rather, dealt with cars generally in Three Rivers and Quebec City, using your own discretion. That is true, is it not?—A. Yes, sir. It was not bad judgment, was it?

The CHAIRMAN: I would like to know personally what is the amount of money which was returned to the Department in connection with these seizures?

Hon. Mr. STEVENS: My point is not whether the case was good or bad. We will come to some in a moment. My point is this. In this and in other cases settlements were made by the Chief Preventive Officer under the authorization of the Minister outside of the authority of his chiefs in the Department.

By Hon. Mr. Stevens:

Q. Here is a case now, seizure 5759, and it is a letter dated June 5th, 1925, written by yourself to Mr. Wilson in which you say this:

“Referring to Patheo, referring to Three Rivers seizure 5759, I beg to enclose form with draft for \$454.90, covering release of this car. I may state this automobile was released upon the instructions of the honourable, the Minister.”

Do you recall that?—A. Yes, that is right.

Q. Another case where the Minister instructed you to make a settlement outside of the authorization of the Department altogether, and independent of the famous letter of January 17th, 1925, is that right?—A. Yes.

Q. Your statement to me a few moments ago that you never made any settlement except in accordance with the letter of Mr. Wilson is not correct?—A. I have made them under the authorization from the Department.

Q. From the Minister?—A. He is the Minister, isn't he at the head? He is the man we were taking orders from.

Q. No, your statement a while ago that you stood by the instructions of Mr. Wilson is not true?—A. I did stand by Mr. Wilson's instructions.

Q. In the face of these repeated cases where you admit you took instructions of the Minister, and ignored Mr. Wilson?—A. I took instructions from my superior officer.

Q. You took instructions from the Minister direct?—A. I must have. There is no harm in doing that. I would like to see an officer that would not take orders from the Minister of Customs, when any orders are made, regardless of the chief of the Department.

Q. It would be a sorry state of affairs if all officers of the Department carried on a voluminous private correspondence with the Minister.—A. There is nothing improper in that correspondence.

Q. Now then, we will come to some other classes of cases. Do you remember a chap called Picher, however, you like to pronounce it. What would be—who was he? Was he an ex-customs' officer?—A. Yes, sir.

Q. He made an application for an appointment?—A. Yes, sir.

Q. And you blocked his appointment?—A. Yes, with all the reason in the world, I want to say.

Q. That may be. I am not going to question that for the moment, but this man was a returned soldier, a wounded returned soldier, and he was appointed temporarily to the Service, as Customs examiner, in Lacolle, Que., in May 1920. Is that correct?—A. Yes.

Q. Then he was employed in a similar capacity in 1921, was he not? And a similar request was received and approved for 1922. That is correct?—A. Yes.

Q. And in 1922 Picher passed the necessary examination for employment as a Postal Clerk, and lost his job through the Montreal strike. In June 1924 he passed his examination as a Customs Excise Clerk, and on January 25th, he obtained first place in the special examination for Special Customs Officer, Grade 1, the oral examination being given by Inspector Clerk, and Picher was graded 84 per cent. That is right, is it not?—A. Yes.

Q. And you objected to this man, did you not?—A. Yes.

Q. After he was appointed and notified by the Civil Service Commission, through your efforts he was rejected?—A. That is correct. I might say an investigation had been made in that particular case, without going into the details, to ruin a man's reputation.

Q. You rejected his—It is all here—you took a great interest in it. Just a moment, we will see—We have here some very interesting correspondence. In regard to this case you wrote the Minister again, on February 24th. This letter is dated February 24th, 1925. You say: (Reads)

“Enclosed you will find a report which I have just made to my chief, Mr. Wilson, concerning the nomination made by the Civil Service Commission of Clarence O. Picher. This man is a high-road smuggler.”

Is that right?—A. Yes.

Q. “He was an acolyte of O. Falcon”?—A. Yes.

Q. By the way, do you know Falcon?—A. Yes.

Q. Do you know him well?—A. I know him as a smuggler.

Q. He is one of the most notorious smugglers, handler of stolen cars in Montreal?—A. I think he is the king-pin.

Q. The king-pin of the whole bunch? you know him well for that?—A. Not in a businesslike way. In connection with smuggling, not in a friendly way.

Q. I would not expect the Chief of the Preventive Service to know him in a businesslike way.

Mr. BELL: In a social way.

By Hon. Mr. Stevens:

Q. Do you know him in the capacity of a Customs official?—A. I might use the word that Mr. Bell put into my mouth.

Mr. BELL: Social, I said.

Hon. Mr. STEVENS: He was a highroad smuggler. He was an acolyte of O. Falcon and of Oscar Gagnon, the lawyer.

Mr. GAGNON, K.C.: Is that Bisailon's letter.

Hon. Mr. STEVENS: This is your client's letter.

[Mr. J. A. E. Bisailon.]

Mr. GAGNON, K.C.: Do you mean personal relations, Mr. Stevens?

Hon. Mr. STEVENS: You will have to take your client aside and ask him. Here is what he says:

“This man is a highroad smuggler. He was an acolyte of O. Falcon and Oscar Gagnon, the lawyer taking advantage of his temporary position as Customs officer to facilitate the trading of stolen cars from the United States, as well as that of silk and drugs smuggled into Canada.”

That is your charge against Picher?—A. That is against Picher.

Q. And your charge is resting upon the fact that he was associate of Mr. Gagnon and Falcon?—A. Not in smuggling. No, I never did.

Mr. GAGNON, K.C.: Mr. Stevens, I am not protesting for myself, because I know that Mr. Stevens will certainly not try to put before the press or before those people here an inference that I was an acolyte of those crooks, but Mr. Stevens must remember that for the moment, whether Bisailon knew him himself, and he puts my name in a letter as an acolyte, I hope that Mr. Stevens will not believe that himself. I am practising before the criminal courts in Montreal, and if anybody puts my name as an acolyte to any smuggler, I suppose Mr. Stevens will be fair enough to tell these people that whatever my connection might be it would be in my capacity as lawyer.

Hon. Mr. STEVENS: He does not say that you are an acolyte.

Mr. GAGNON, K.C.: If you want to make a charge against me, you are welcome to it.

The CHAIRMAN: That is the trouble of reading letters without filing them in advance. Sometimes you see something in a letter and it is not fully explained. Mr. Gagnon was the lawyer of Falcon at the time. There is a comma that comes in there.

By Hon. Mr. Stevens:

Q. My point was this. The reason why you knifed Picher was because he was associated with Falcon; that is what it is, according to your statement?—A. Yes.

Q. And you do not make any differentiation between Mr. Gagnon and Falcon in this letter?—A. I always do. I always did.

The CHAIRMAN: You had better fix that up with Mr. Gagnon. It is better to fix it right here.

By Mr. St. Pere:

Q. What is the meaning of “knifing” a man? So far as we know, you have no reason?—A. Let him investigate, and I will give him the reason.

Q. “Knifing” usually leaves a wrong impression.—A. Who was knifed? I was knifed.

Mr. ELLIOTT: There is no reflection because some lawyer is told that a certain man is his client.

Hon. Mr. BENNETT: Do I understand that Mr. Bisailon said that Mr. Gagnon was the advocate of smugglers?

WITNESS: He was the lawyer for Falcon. That was what I meant. That was my contention.

By Hon. Mr. Bennett:

Q. You did not mean any reflection on him?—A. Not on Mr. Gagnon at all.

Q. In no way?—A. In no manner.

By the Chairman:

Q. You meant by Mr. Gagnon winning his cases in court, that it was against your work?—A. Winning his cases, being the legal adviser. There never was any contention of that kind.

By Hon. Mr. Stevens:

Q. Let us get on: I think that you will admit that so far you were on very intimate terms with the Minister?—A. Just to the interest of the Department, yes.

Q. Well, you are, in any case, a very warm personal friend of the Minister's?—A. No, sir.

Q. You are not?—A. No, I am on friendly terms, as he with everybody else.

Q. You are not intimately associated with him?—A. No, sir.

Q. Well, still, you were rather fond of the Minister, and kept in intimate touch with him during your period of employment?—A. I am always fond of good men.

Q. He is a good man, in your estimation, and you are fond of him?—A. Well, you know him. I always found him a good man.

Q. If you were so fond of the Minister, why did you photograph a couple of cheques and put them on your file?—A. I did not photograph them.

Q. You photographed them?—A. I had them in my file.

Q. Is it the part of a man who is the friend of another one to get a little cheque and carefully photograph it, and put it on his file?—A. That was on the file, I think in the inspector's office.

Q. I want you to explain: I have here photographs of two cheques?—A. Yes sir.

Q. Signed by J. Gagnon to, I think, it is Adrien St. Onge?—A. Yes.

Q. Another one by J. Gagnon. That is for \$500; another one by the same signature, "J. O. Gagnon", \$572. One is dated June 24th, 1923, and the other is— I cannot see the date.

Q. Now, you know these cheques?—A. I know these cheques, and I can tell you how they came to be on this file. I will explain that to you.

Q. It is not a question of how they came to be on the file, the question is this, first, what were these cheques for?—A. I cannot recollect, but they were handed over to me. These cheques were not handed over to me they were handed over to Mr. Clerk, and I have made a report according to Inspector Clerk's version, because I had not seen the men at the time.

Q. What were they photographed for?—A. I do not recollect. It was not in one of my cases exactly. I do not remember exactly what it was.

Q. Is it customary to photograph matters in which you have no particular concern?—A. These cheques were not photographed at my request.

Q. By whom were they photographed?—A. They were photographed by Inspector Clerk.

Q. How did you get them?—A. He gave them to me to make a report.

Q. Why did he give them to you to make a report, and why did you put them on the file?—A. I had to, because they referred to departmental work.

Q. They bore upon departmental matters?—A. They must have.

Q. Tell us what you know?—A. I do not know anything about it.

Q. Why did you preserve them on the file, was it at the request of the Minister?—A. It was through Mr. Clerk.

Q. Mr. Clerk gave you those photographed cheques?—A. He must have given them to me.

Q. You put them on your file?—A. I believe Ottawa has them, if I recollect right.

Q. Ottawa has some others?—A. I presume so.

Q. Why do you say that?—A. It is long ago. I was not in the preventive service then.

Q. Tell me why you preserved these photographed cheques on your file?—A. I cannot account for them at all, I cannot remember.

Q. Did you put them on your file with the idea that they would serve as a club over somebody?—A. I had no file at the time. I was not connected with the preventive service at the time.

Q. How did you get the cheques?—A. I do not believe these cheques came from me at all.

Q. Probably you do not, although they exist, and here they are?—A. I know they are in existence. I know some copies were made.

The CHAIRMAN: They are made to the order of whom?

Hon. Mr. STEVENS: I have already read that, Mr. Chairman.

By Hon. Mr. Stevens:

Q. These cheques were kept by Mr. Bureau, for a return by Mr. Bureau for some purpose; you had them photographed, or secured a photograph?—A. A photograph was handed to me. I did not get them photographed.

Q. Why did Inspector Clerk have them photographed, whom you say had them photographed?—A. I do not know.

Q. You cannot tell me that, although it is so far away from the usual practice?—A. That must be in 1923 or 1922.

Q. 1923. The date may be later than that. I presume it was in June, 1923. You cannot tell the committee the reason this was done. Here is a letter or a receipt you wrote on March 17th, 1925 (shows to witness)?—A. Yes, this cheque was given back to me I presume by the Inspector. I do not remember who handed back that cheque to me, but I got a receipt from him.

Q. From whom?—A. Mr. St. Onge, because he was asking me for these cheques back.

Q. That is, for the vouchers?—A. No.

Q. For the cheques?—A. Yes.

Q. You preserved on your files a photograph of these two cheques?—A. I had no file that I recollect of. I do not recollect having any file in regard to this matter at all.

Q. You told me that you had virtually nothing to do with them, but we now see that you gave a receipt for them?—A. I got the cheques back, I believe, to the best of my knowledge, from Mr. Clerk, because I was asked for them on different occasions by Mr. St. Onge, for the return of that cheque, and I told him I would investigate it, and I believe I wrote to the department to get them back.

Q. You got them back?—A. Yes.

Q. What were they for?—A. I could not say; I do not recollect anything about it.

Q. Why would you return to Mr. St. Onge the two cheques signed by Mr. Garceau, one for \$572 and the other for \$500 and preserve a photograph on the file?—A. Mr. Garceau can answer that better than I can.

Q. Never mind Mr. Garceau?—A. I do not remember now. I cannot recall. There was an investigation conducted by Mr. Clerk.

Q. Into what?—A. Into certain matters in the Customs, in a general way.

Q. Just in a general way?—A. Yes.

Q. If there was an investigation by Mr. Clerk which warranted the handing of these back to Mr. St. Onge, there must have been more than you told us?—A. It was later.

Q. Tell us what that investigation was about?—A. I cannot tell you.

Q. Tell us what these cheques refer to?—A. I cannot tell you.

Mr. GAGNON: I can tell you.

By Hon. Mr. Stevens:

Q. Never mind Mr. Gagnon?—A. I cannot remember.

Q. You cannot remember?—A. Not very well.

Q. Did you have anything to do with it?—A. By the return of the cheques to Mr. St. Onge, yes.

Q. You got a receipt?—A. Yes.

Q. You do not know what you did that for?—A. He wanted the cheques back. I did not go into any details.

Q. It is your practice to give back cheques amounting to over \$1,000 and take a receipt, without knowing what it is for?—A. As long as I have a receipt for it. It did not appertain to any Customs matters, to the best of my knowledge.

Q. There is something more than that in it?—A. Is there?

Q. That is clear. You are not as stupid as that, that you would hand out \$1,000 and merely take a receipt, and not know what it was for?—A. As long as I had a receipt that showed that the cheque was going to its right owners, that is all I was interested in.

Mr. GAGNON: I would like to have permission, Mr. Chairman, to be heard immediately, or at the resume of the sittings, upon the very question that Mr. Stevens has brought up.

Hon. Mr. STEVENS: I am not through with my examination of Mr. Bisailon yet.

Mr. GAGNON: You can go as far as you can towards trying to prove anything against my client, but what you have tried to do this morning is to associate me personally.

Hon. Mr. STEVENS: With your client?

Mr. GAGNON: Yes. I think I should be given the privilege of being heard upon that, and giving my explanation of it.

Hon. Mr. BENNETT: I have a very strong opinion that any member of the Bar who by a letter which is produced is placed in an invidious position, should have the earliest opportunity of being heard. I consider that a duty I owe to my profession, in making this statement.

Mr. DONAGHY: I think he should be granted the privilege of being heard.

The CHAIRMAN: Granted.

Mr. GAGNON: These cheques, Mr. Chairman, are cheques that I gave to Mr. Andre St. Onge for the return of certain amounts of money which had been deposited in my hands in trying to secure the release of a Lincoln car, which was released from the Department, for a man by the name of Kline. The release was obtained at the time for \$200 and I think it was obtained from Mr. Merong of Valleyfield on proof of ownership of the car, and the car was sent back to the States. The money had been deposited in my hands in order to try to have this man pay the duty on these cars in Canada. The decision of the Department was that the car would be exported to the States. After that this fellow Kline came to my office through Mr. St. Onge, because there was a fellow from the States who paid my bill, and I asked Mr. St. Onge to deduct what amount I was remitting to him or to Mr. Kline, the amount of my fees, and there was some discussion between Mr. St. Onge and myself, and I gave the cheques to Mr. St. Onge. I said "Here is the money I got, but I want my bill paid," and until that was adjusted I refused to pay these cheques to Mr. St. Onge, in order to protect my bill.

Hon. Mr. BENNETT: I suppose you asked the bank not to honour the cheques?

Mr. GAGNON: I asked the bank not to pay the cheques. The money had been deposited in my hands, and that was the reason why I stopped payment

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of the cheques, to protect my bill. At the time I came to see Mr. Bureau myself, and told that to Mr. Bureau that I had given a cheque to Mr. St. Onge, but I was refusing to pay the amount to Mr. St. Onge, to protect my own bill.

Hon. Mr. STEVENS: The point I made with your client, who is now under examination, was this; what motive he had to photograph and preserve a photographed cheque, which you say now was an ordinary transaction. It is not usually done.

Mr. GAGNON: I will explain. I had some trouble with Mr. Clerk regarding a car which I seized for a man Zito in the United States—a stolen car, which Mr. Clerk was using on the streets of Montreal, and Mr. Zito could not get his car back. I took a replevin on the car, and Mr. Clerk was very sore. He refused the bailiff to seize the car, and I had to go to court and get a judgment permitting the car to be seized so that Mr. Zito could get his car back. He was carrying no insurance. You say that sometimes I have acted for crooks, but sometimes I act for people who have legal rights, and at that time I was acting for Mr. Zito. Mr. Clerk felt he had been done an injury because the fact that I replevined the car was published in the papers, and that is the reason why he had the cheques photographed, in order to try to make a case against me. He always impressed upon the Minister that I was protecting the smugglers, and created that impression in Mr. Bureau's mind. When Mr. Bureau is called before this Committee, he can tell you what was done.

The CHAIRMAN: I understand you were the lawyer for the Department up till 1921?

Mr. GAGNON: I acted as lawyer for the Department from 1910 till 1920. I have been practising before the criminal courts in Montreal and have been concerned with a number of these cases.

The CHAIRMAN: The sitting of this Committee is adjourned until 3.45 this afternoon.

The witness retired.

The Committee resumed at 3.45 p.m., Mr. Mercier in the Chair.

J. A. E. BISAILLON'S examination continued.

By Hon. Mr. Stevens:

Q. On the committee rising, you heard Mr. Gagnon make his statement?—A. Yes, sir.

Q. Have you anything now to add to what you said before regarding the transaction?—A. What I meant was when his name was mentioned it was never intended for Mr. Gagnon to be a partner for Picher or Falcon.

Q. I was asking you regarding the transaction that was referred to in these cheques.—A. I have nothing to say.

Q. Can you now tell us why you photographed these cheques?—A. I did not photograph them.

Q. You did not order them to be photographed?—A. I have no recollection of ever having these cheques photographed.

Q. If you did not photograph the cheques, or order them to be photographed, why was the bill rendered to you and why was it put in your expense account? I am showing you account J. A. E. Bisailon, Canadian Customs Officer, to Edward Sidney Austelle, two negatives of cheque eight by ten, one negative of receipt five by eight, nine prints in all, *re* Gagnon matter \$7.00, July 20th, 1924.—A. I cannot go behind that.

Q. You did know something about these cheques?—A. I knew something about them, I could not recollect anything.

Q. You did not arrange for their being photographed?—A. I must.

Q. Why did you arrange for them being photographed, and why did you put them on file if the transaction was an innocent transaction?—A. It was at the request—the investigation had been made and the request was made by Inspector Clerk to the best of my knowledge concerning some matters that I cannot account for, and I was requested to do it.

Q. Did you not preserve these cheques on this file, these photographs, for the purpose of having some control or hold over the parties who were involved?—A. No, sir, no intention whatever.

Q. There is no explanation you can give?—A. No other explanation.

By Mr. Bell:

Q. Did you not tell us this morning you had nothing to do with their being photographed?—A. I don't remember anything of the kind.

By Hon. Mr. Stevens:

Q. Do you recall putting them in your expense account?—A. I can see that.

Q. And sending the expense account to your chief, Mr. Wilson, in Ottawa?—A. I can see that.

Q. Before lunch, you said you had nothing to do with it at all.—A. If I had been in possession of the file I would have told you right away. From memory, I could not.

Q. I am going to ask you about something your memory is good on. You yourself cited it this morning, the Ouellette matter—you volunteered the information, do you recall that?—A. Yes.

Q. You bought that car for Mr. Ouellette?—A. No, I did not. This car was sold at auction by Hugh H. Dandurand.

Q. You did not buy it for Ouellette?—A. I did not buy it.

Q. You say you did not buy it for Mr. Ouellette?—A. I did not buy it. I was not present at the sale when it took place.

Q. Why did you write to Mr. Bureau on May 2nd as follows:

“*Re Ouellette*”—

who was a messenger for Mr. Bureau—

“—I took him to Mr. Dandurand where he examined the automobiles.”

A. Yes, sir.

Q. “I bought one Dodge sedan. I paid for the car \$455.00 plus government tax which amounts to \$4.55, making a total of \$459.55.”

A. That car was bought at the auction at Dandurand's. I did not pay for it.

Q. You took Mr. Ouellette down there and engineered the purchase and helped to take the car?—A. I showed the car as any common person would do.

Q. What became of the car?—A. The car was resold at auction.

Q. Ouellette did not take the car?—A. No, he did not take the car as it was not good enough.

Q. What became of the car?—A. It was sold by auction.

Q. Why didn't you report it to Ottawa?—A. I was not interested.

Q. Do you mean to say when the government seized a car, presumably disposed of one and it was turned back— —A. It was not turned back.

Q. And it is not reported— —A. It was not turned back.

Q. Who sold it?—A. It was sold at auction for the account of Ouellette.

Q. For how much?—A. \$600 or \$500 and something, I don't know what it is.

Q. The car was resold?—A. Yes.

Q. At an advanced price by the auctioneer?—A. Yes.

Q. I will finish the letter to Mr. Bureau:

“If he is not satisfied kindly tell me so far I can sell it again at a good profit; moreover, I will remit the difference which will be worth while.”

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A. Yes.

Q. What did you mean by that?—A. The difference in the money remitted to him.

Q. Which you never remitted to the government?—A. I couldn't remit it to the government.

Q. Whatever the difference was, it was the property of the government.—A. No, the car had been sold for the government and it was resold on account of Ouellette.

Q. You said Ouellette did not take the car.—A. He did not take it for, as a matter of fact, he did not want it. I believe the car was bought by Ouellette. I did not buy it nor use my influence in the purchase of the car.

Q. After writing Mr. Bureau and telling him you would resell the car at a good profit you did not remit the difference?—A. It was a cheque from Dandurand and I did not touch any of the money.

Q. Whom did you remit it to?—A. Direct to Ouellette.

Q. According to your own statement you bought this car for Ouellette and then resold it, or had it resold, and Ouellette never took possession of the car, and the difference was remitted to Ouellette, who is messenger or employee of the Minister of Customs.—A. It was sold for the account of Ouellette.

Q. You received a telegram from Mr. Bureau, May 4th, 1925, J. E. Bisailon, Customs Inspector:

This telegram states that Ouellette had the car but cannot take it, and asks that the Hudson be added to the list transmitted to the Minister.

Do you remember that?—A. Yes, sir.

Q. What does the Minister mean by suggesting to you that you add to the list a certain car?—A. I do not remember exactly. I know it was done. It was one of the Government's cars. I do not exactly remember the seizure number, but I know it was added to the list. I think it is in reference to a Hudson. I could not tell you exactly what it is.

Q. Did you write back to Mr. Bureau, asking for further instructions?—A. I do not remember now.

Q. But you carried on this private correspondence with the Minister, behind the back of your chief, Mr. Wilson, and you arranged for certain sales of certain cars on certain days, to suit certain friends. First, you had Ouellette; you make him a profit, according to your own figures, of a couple of hundred dollars, although he never took the car, and never touched it. That is right, is it not?—A. Yes.

Q. How long between these two sales, Mr. Kennedy asks?—A. A few days.

Q. Then, the next week, at the request of the Minister, you add a Hudson car, a touring car, to the list. Is that the Hudson touring which you mentioned a moment ago, that you arranged for Ouellette?—A. No, not the Hudson. That was a Dodge, I presume, for Ouellette.

Q. That was the first one, but a moment ago you said Ouellette would not take the Dodge, and then you said you arranged for him to get the Hudson. Is this the Hudson touring car?—A. No, he never got a Hudson from us.

Q. Did you add this Hudson touring car to the list?—A. Yes, if you give us the number, I can tell you.

Q. You added it to the list?—A. Yes.

Q. You replied to Mr. Bureau on the same day, the 4th:

“I have the honour to inform you that the Hudson touring car has been placed on the list of the cars which will be sold this week. As for Ouellette's car, I will see Dandurand on this subject, and as soon as this machine will be sold, I will remit the difference which I agreed in my last letter, which I was writing to you on the 2nd May last.”

This is dated May 4th, 1925. In other words, you remitted that difference to Mr. Bureau?—A. No, it went to Ouellette.

Q. Did you remit it to Ouellette?—A. I do not remember if—I do not know. I am not sure. I am not positive of that.

Q. To one or the other?—A. Yes.

Q. You remitted the difference, the profit to Ouellette or to the Minister?—A. This car had been sold for the account of Ouellette.

Q. Why did you not report to Mr. Wilson or to the Department. Mr. Wilson being your chief—why did you not report that this car was not sold to Ouellette, as at first?—A. It was sold to Ouellette.

Q. Why did you not report the transaction to Mr. Wilson?—A. It was an oversight on my part.

Q. You carried on this private deal, without reference to Mr. Wilson at all. Is that right?—A. I must have.

Q. Right. Now, do you know Dr. Sproule?—A. I know of him. I have never met him personally.

Q. You know of him?—A. I know of him, yes.

Q. Quite a character?—A. Yes, from hearsay.

Q. Where does he live?—A. Well, he lives sometimes in Montreal, sometimes in New Brunswick, and sometimes—

Q. I see.—A. I do not know where he lives.

Q. What does he do?—A. Well, he is noted, according to reports and information, to be an automobile smuggler, narcotic, liquor; interested in mostly anything. I never met the man.

Q. He is a noted handler of stolen cars, is he not?—A. Yes, to my knowledge; to the best of my knowledge.

Q. Now, do you remember on June 16th, 1925, receiving a telegram from Mr. Bureau, addressed to yourself to Three Rivers:

“Adam Lapouille of Grand’ Mere, who bought a car from Lesage, is in my office, saying that all the others have had their cars, and he complains that Beland has had his car for \$492. Please tell me about it.”

A. Yes, sir.

Q. “Are people all treated alike?” Do you remember that?—A. Yes.

Q. What does the Minister mean by inquiring from you “that all others have had had their cars”?—A. The Beland car was released by the Department. One car was released to Mr. Baptist, of Three Rivers; one was released to—now, if you could help me with the names, I would be very thankful to you.

Q. Probably I can. There were two cars brought up there by Sproule?—A. Yes.

Q. Were there not?—A. Yes, several.

Q. By Sproule, Brien, Martin, those three?—A. Yes.

Q. They are quite a combination, are they not?—A. Yes.

Q. Martin is the man whom you call “Fisher” and “Carpenter” sometimes?—A. Yes, he had all kinds of aliases.

Q. They brought two cars to Three Rivers?—A. Yes.

Q. And they got a man called Trepanier to secure them a buyer?—A. I presume so, according to my information, yes.

Q. And Mr. Beland was an innocent purchaser of this car?—A. Well, I do not know that he was an innocent purchaser at the time.

Q. Well, he purchased one of the cars at the time for \$1,600 plus \$492?—A. Yes.

Q. He paid \$1,600 and \$492 on the seizure?—A. Yes.

Q. You handled those cars as the officer in charge?—A. The Beland car, no sir.

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Q. Who handled them?—A. It was through instructions from the Department.

Q. Yes, but you had absolute instructions from the Minister that you could handle that car at Three Rivers according to your own discretion?—A. Yes.

Q. Now then, the other car was sold to Lesage, was it not?—A. The Lesage car was previous to that. It was in May sometime, 1924, if I recollect rightly.

Q. Regarding Sproule, Brien and Martin— —A. And the others were in 1925.

Q. There was a good deal of trouble—I am not going into the details now, but there was a good deal of trouble about this car sold to Beland?—A. To Beland?

Q. Yes.—A. I presume there was.

Q. To come back to this question of Mr. Bureau's "are all people treated alike," and on the other point, "all others have had their cars," what does he mean by that?—A. Well, all others had their cars. Mr. Baptist of Three Rivers, who was allowed to have his car on double the duty and expense of seizure, and Mr. Pothier, I presume; there were a couple of other gentlemen.

Q. You told me a moment ago, Mr. Bisailon, that Beland paid \$492 to the Customs, on account of this seizure?—A. That was an order from the Department. I have not got quite a clear recollection.

Q. You told me a moment ago that he had?—A. I know he paid, but the exact amount I could not tell you.

Q. Well, it was \$492 according to the record?—A. Did that apply to double duty or single duty, Mr. Stevens?

Q. That was the amount that was paid, he paid \$492.—A. I could not tell you.

Q. What I am going to ask you is this: That is the amount he paid. He paid previously, however, \$1,600 for this car to Dr. Sproule, or to Trepanier, who acted for Dr. Sproule. How do you figure out double duty on \$1,600 to be \$492?—A. The appraised value of the car was not made by myself.

Q. I see. You have an appraiser?—A. It goes by the year and the depreciation of the goods at the time.

Q. This car sold for \$1,600? You knew that?—A. No. I always disputed the price paid for that car, and I think my letters will verify that I am right.

Q. Take these smugglers, handlers of stolen goods, like Dr. Sproule, Brien and Martin, you have more or less of an impression, or are familiar with the fact that they can only manipulate the sale of these cars, with the assistance of Customs officers? Is that right?—A. No, sir. Not to my knowledge, never.

Q. Not to your knowledge?—A. No, sir, not to my knowledge.

Q. Although you told us this morning in your examination that you knew all about the handling of this car, and I read the report to the Minister at some length?—A. Yes, but it was a question of getting a conviction of these men, and to get the car at an opportune time.

Q. But you tried to secure the right to make this settlement at your own discretion, in Three Rivers?—A. Some of these people that are mentioned there were innocent purchasers, to the best of my knowledge.

The CHAIRMAN: They were in good faith.

WITNESS: They were in good faith when they bought the car.

By Hon. Mr. Stevens:

Q. Who were in good faith? Sproule, Brien and Martin?—A. No. I never would say those people were in good faith.

Q. I see. I want to take you to another case, because I do not want to be too long on this car business. Here is another one. Here is a letter from Mr. Bureau to yourself, in the matter of the seizure of the Dube car, from

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Halliday-Dube Lumber Company, authorizing the payment of double duty, and the release of the car, on April 29th, 1925, at Three Rivers.

"I have gone into the matter very carefully, and I know the parties, and it was never their intention to defraud the Department; they were victims of their own good faith."

That was signed by the Minister. Why did you never report that seizure to Ottawa?—A. This seizure was reported, with the bank draft, to the Department.

Q. Can you tell me the number of the seizure?—A. Either by the bank draft, or the entry; I could not say.

Q. Do you mean the seizure was made in the usual way, or did you make settlement, and remit the draft?

MR. CALDER, K.C.: Is that Three Rivers?

HON. MR. STEVENS: Three Rivers.

WITNESS: I have no recollection. I do not know if the duty was paid on this car. I followed the instructions of this letter, and the money was turned in to the Department.

By Hon. Mr. Stevens:

Q. You wrote Mr. Wilson. There was no seizure, however?—A. There was no seizure.

Q. No seizure made—A. No seizure made.

Q. You wrote about the settlement?—A. Yes.

Q. On September 1st, 1925, you have a report in reference to certain expenses, and then you say:

"For your information I might state that this automobile was released on instructions from the Hon. the Minister."

—A. Yes.

Q. In other words, that was another case where you made a settlement. After making the settlement you wrote the chief preventive officer at Ottawa and told him about it—A. No.

Q. Under instructions from the Minister?—A. Instructions, yes.

Q. And in contradiction of the instructions from the Department; that is right?—A. That is not my lookout. I had instructions to carry out the orders, and I did it.

Q. You were instructed by Mr. Wilson; you remember the instructions I read?—A. Yes.

Q. All of which you admitted?—A. Yes.

Q. All of these settlements were made by direct arrangement with the Minister—that is correct, is it not?—A. What do you mean?

Q. These settlements I have been quoting to you; those were made through or at the dictation of or by the authority of the Minister?—A. Yes.

Q. Before I leave this car business, the other day, when we were discussing this Delage car, there were five in the office, were there not, five persons?—A. Yes.

Q. Garceau, Hicklin, Levut, Martin and yourself?—A. Yes.

Q. That is correct?—A. Yes.

Q. You spoke about Garceau signing K-9 $\frac{1}{2}$, and you swore the other day that you did not instruct Garceau to sign it?—A. I did not instruct Mr. Garceau so to do at the time, and I still stick to it.

Q. You were the head of this office, as having administered it, and you admitted it?—A. Yes.

Q. You accepted and sought responsibility?—A. Yes.

Q. You had this young man under your control?—A. Yes.

Q. In the face of his sworn testimony the other day, do you still persist in saying that you did not instruct him to sign K-9½?—A. No, sir, I did not.

Q. Who was the informer in that case?—A. I decline to give the name of the informer.

Q. Was it not Mr. K. Jonas of the Ritz Garage?—A. It is up to the Department to supply that information, not me.

Q. Did he not receive, I think, \$157 for his informing?—A. I decline to give any answer in regard to the informer's name or his address.

Q. I would like to suggest and ask this, that in a case of this kind, where there can be no possible harm whatsoever come to the informer, that the informer's name should be given to the committee?—A. I have no objection, so far as that is concerned.

The CHAIRMAN: The other day we discussed this very point, and Mr. Calder said he did not intend to insist upon getting the name of the informer, but for the future we would confer with the Minister of Customs, and decide if the name of the informer should be brought before the committee or not. If I recollect right, it was brought up then.

Mr. CALDER, K.C.: My recollection is that that was your or my action, as suspending my own action.

Hon. Mr. STEVENS: The records themselves show it.

The CHAIRMAN: Each case will be dealt with on its own merits. If there is any disagreement, it will rest with the committee to decide. We must be sure of that.

By Hon. Mr. Stevens:

Q. Do you know an officer by the name of Cadotte?—A. Yes.

Q. At Ste. Hyacinthe?—A. Yes.

Q. He is still there?—A. Yes.

Q. As far as you know?—A. Yes.

Q. Is he a good officer?—A. I have no reason to think otherwise.

Q. On June 17th, 1924, you received a letter from the Minister again, reading as follows, addressed to yourself as preventive officer, Customs House, Montreal.

"Messrs. Loranger and Richard went to St. Dominique, County of Bagot and entered into the house of a Mr. Cote and of a Mr. Rene Belanger. These two men were making wine for their own personal use as all our people of the Province of Quebec are wont to do. Right or wrong, the impression exists that those people have a right to make themselves some wine, and that the law allows them to do so, as it allows to make beer, provided the collector of Customs be warned.

Please have inquiry made and tell your men to be more discreet. Those who are not able to use their judgment, I have the intention to put them aside, what may be the reasons they invoke to remain in the service. I have some complaints against Mr. Cadotte, of Ste. Hyacinthe. I have had occasion to see him in my office and tell him that he would have to cease or else I would. . . it would be good that you warn him that if he goes on persecuting people in the district of Ste. Hyacinthe, I will fire him without other notice."

What was Cadotte guilty of, that prompted that letter?—A. I could not tell you.

Q. You remember Cadotte and remember that letter, do you not?—A. I do.

Q. You referred to that on the 20th of June, when you said:

"I will communicate immediately with the gentlemen mentioned in your letter, in order to settle these matters."

I have here a report on Belanger and Cadotte, made by Loranger and Lalande; the date of it is June 23, 1924, and I will read just a paragraph or two from it. They wrote to you after you asked for an explanation of why they were seizing these stills. That is correct, is it not?—A. Well, I do not know, I must have asked for a report.

Q. This is their report:—

“Believe us, sir, that if we have taken a sample and have made our reports in consequence, it is not with the intention of making zeal or persecution, far from it, for we thought it was our duty to do so and to explain to the Department the details of the cases, and this we have done, basing ourselves upon the law, and moreover to show you our good faith, allow us to inform you that on the Sunday the 15th of June, Mr. Rene Belanger telephoned officer G. A. Loranger asking him if he would settle his case, and that he was ready to pay. Upon this officer Loranger answered that he could not do it without the authorization of the Department, and to await more information from him. May we say in ending this report that when we went to Mr. Cote’s he ran away and ran to the place of Mr. Belanger, in order to warn him, and from there he passed by the shed. The report which we had was that the two made whiskey together, that Mr. Cote almost never worked.”

Then I turn over to June 30, and I find a letter from yourself to Mr. Bureau, on this same case, reporting upon this report I have just mentioned. Then I go on to a later letter. You received then a letter from the Minister, addressed to yourself, of September 25, in which he says:

“I have forbidden Cadotte to act in Ste. Hyacinthe district, I told you so, and you had said that he would not go any more.”

You have already stated that Cadotte was a good officer, and that he did his duty. That is correct, is it not?—A. Yes.

Q. This is a case where the Minister instructs you to pull that officer out of that district; is that right?—A. I do not know what was the Minister’s information. He must have had some reason for writing that way to me.

Q. I will come to the reasons, in a moment?—A. All right.

Q. That is the fact, is it not? Mr. Bureau wrote you on September 25:

“I have forbidden Cadotte to act in Ste. Hyacinthe district, I told you so, and you had said that he would not go any more.”

Let me remind you of the first letter, in which Mr. Bureau said he had received this complaint and that he had had Cadotte in his office and warned him.

Then on September 30 you wrote Cadotte, asking him why he had assisted there?—A. Yes.

Q. And you found out later that it was in Ste. Hyacinthe district, and you confessed that you had forgotten your geography and that it was a little difficult to go back on your word, that it was unfortunate that it should happen but that it was with no ill intention on your part.

In other words, you were assuring or reassuring the Minister that this officer would not be allowed to carry on his duty in that district; isn’t that right, Mr. Bisailon?—A. Yes.

The CHAIRMAN: The letter will speak for itself.

By Hon. Mr. Stevens:

Q. On November 18, 1924, you submitted to Mr. Bureau a list of stills that were operating in the Upper Yamaska River West. This is dated May 26, 1924, as a matter of fact: (Reading) “Information regarding stills and illicit

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whiskey in the concession of the Upper Yamaska River West," and you submitted the list to the Minister, which I can read and will just hand the list in. I will read it out, so that it can go properly on the record. (Reading):

"Rock St. Germain, still and whiskey; George Salvas, still and whiskey; Jos. Salvas, still and whiskey; Jos. Desrosiers, still and whiskey; Alderic Salvas, still and whiskey; Emile Lambert, still and whiskey; Arthur Hebert, still and whiskey; Maurice Hebert, still and whiskey; Omer Theroux, still and whiskey; Philius Theroux (his son), still and whiskey; in the Concession of Yamaska and St. Aime, Elzeard Nadeau, still."

And from Yamaska Village West. (Reading):

"Arsene Theroux, still and whiskey; Edouard Lefebvre, still and whiskey; Sifois Laucier, still and whiskey; Isaac St. Germain, still and whiskey; Francois Riendeau, still and whiskey; Narcis Labonte, still and whiskey; J. B. Salvas, still and whiskey; Dorilla Villard, still at his place or on his farm up the river; Ernest Cartier, still and whiskey."

You sent that list to the Minister, did you not?—A. Yes, sir.

Q. And asked the Minister to indicate how he wanted these stills dealt with. That is correct, is it not?—A. According to that.

Q. Then he wrote you on November the 18th, returning you the list which you sent in the month of May last. You will see the word No inscribed before each name. Before each name is written the word Non or No. That is correct, is it not?—A. Does that appear on the file?

Q. Yes.—A. It is all right, I am satisfied.

Q. What does the word No indicate?—A. I don't know what it meant.

Q. You asked Mr. Bureau to indicate the word Yes or No, as to which on this list or who on this list action should be taken against, and in every case there is a No. What does this No indicate?—A. I suppose it means no action.

Q. He intimated to you on the authority of the Minister that no action should be taken against these persons operating an illicit still; that is correct, is it not?—A. Well, that report was made through information. I did not know that they were all operating stills or not.

Q. Never mind that. That was the indication given to you?—A. Yes.

Q. The instructions?—A. Yes.

Q. Having that in mind, this Cadotte affair has some significance. Cadotte was censured for attending to his duty. Was that because of the action of the Minister in instructing you that there should be no prosecutions for these illicit stills?—A. Mr. Cadotte is in a position to answer these questions.

Q. But he was an employee of yours?—A. Mr. Cadotte was placed upon my staff, and I found him a very good officer, a very honest and earnest man, he did what he was told, and there was no restriction in the work I had given him.

Q. You wrote to the Minister on the 30th of September, 1924, and apologized for Cadotte having inadvertently done his duty in that district. That is correct, is it not, or shall I read it to you again?—A. That is not necessary. I followed instructions.

Mr. DOUCET: You were told to restrict him?

The CHAIRMAN: May I say a word about this? I have been through the files myself, and have read these things and am well aware of what the files contain, and I notice that one man was sent to the penitentiary by the Court of King's Bench at Montreal a year and a half ago. That will indicate why he was put there. If you take from here and from there a few sheets of paper, that is not proving anything. I have seen that in the records somewhere.

Hon. Mr. STEVENS: I have taken this from the files, Mr. Chairman.

[Mr. J. A. E. Bisailon.]

Mr. BELL: I personally am grateful to you, Mr. Chairman, for the suggestion you have made, and I would like if possible, before Mr. Stevens leaves this branch he is examining upon, to know whether or not the people who were operating stills illicitly were to stop it or not. It seems to me that that is the point in the inquiry, and if that can be brought out, I will be grateful to whoever does it.

The CHAIRMAN: I do not think it has been proved that these people were operating stills, and I have looked through the files and letters.

Mr. DONAGHY: Mr. Stevens is attempting to lay before the committee the full effect of the documents on the files, and I am quite sure he does not desire to suppress anything that is in them.

Hon. Mr. STEVENS: Surely.

The WITNESS: There is a report to the Department of the investigation.

Hon. Mr. STEVENS: This is all I can say at the moment. There is another letter—I cannot lay my hands on it at the moment—but here is a letter from the Minister of Customs dated November 18th, 1924. It is marked "Private", it is addressed to J. E. Bisailon, Preventive Service, Customs and Excise, Montreal, and attached to a letter is a list. This list is marked in his own handwriting. This letter reads:

"Dear Mr. BISAILLON: "I am returning herewith a list which you had sent me in the month of May. You will see by the yes's and no's inscribed before each name what is to be done."

and inscribed before each name is the word "non"—"no", in every case. I simply submit that for what it is worth and Mr. Bisailon has already told us that he refers to the prosecution of illicit stills.

Mr. DONAGHY: I never like to drop a point without clearing it up, and as I said, I do not think Mr. Stevens would endeavour to suppress anything that would throw light on this point. I take it that, if he is going to throw any light on this, he will do it now before we forget it. If there is any such document as the Chairman referred to, I would like to see it.

Mr. BELL: I fail to see what that has to do with somebody who was sent to the penitentiary for something else.

The CHAIRMAN: The information was given that certain people were operating stills or manufacturing liquor—

Mr. DOUCET: Nobody has contradicted that.

The CHAIRMAN: That letter (indicating) should be attached.

Mr. DOUCET: There is no contradiction to that point, Mr. Chairman.

The CHAIRMAN: It was only on information given to Mr. Bisailon by a citizen, not from a Customs Official.

By Hon. Mr. Stevens:

Q. Mr. Bisailon, I will go through again this Cadotte correspondence, to which I have already referred—

Mr. DONAGHY: Wait a minute—

Hon. Mr. STEVENS: Just a minute, Mr. Donaghy. If I might explain; the point I am making is this: Here is a letter filed for what it is worth. Mr. Bisailon acknowledges under oath that he recalls the letter and received it. I proceed to show from this file of Cadotte certain specific cases, my point being that the Minister did order this man, for instance, to keep out of his district, and I want this man—

The CHAIRMAN: The St. Dominique district only, by the letter you have cited.

[Mr. J. A. E. Bisailon.]

Hon. Mr. STEVENS:—this man rebuked the two officers who made the investigation, Messrs. Loranger and Lalande.

Mr. DONAGHY: That is quite all right, as long as we get it all in.

The WITNESS: Mr. Stevens, there is a covering letter, reporting, I believe, to the Department, and you will find that the officers were justified in doing their duty. That was my report.

Hon. Mr. STEVENS: Here is a letter dated June 30th, 1924, to Mr. Bureau, Minister of Customs and Excise, Ottawa: (Reads)

“Dear Mr. BUREAU: Further to my letter of the 20th inst., I have the honour to inform you that in the month of May in two different occasions, towards the 10th and the 28th, I believe, I received two telephones from the parish Priest of St. Dominique, Mr. Desnoyer, passing through Montreal, telling that whiskey was made at the place of Mr. Rene Belanger and of Henri Cote and even that the latter persons intoxicated the young men of his village, that they should be arrested, and that, if I did not get busy with the matter, he would go to higher authorities.

To inquire about the facts, I sent on the premises Officers Loranger and Lalande and, after the report of those officers, I have reason to believe that those gentlemen have acted in good faith and without zeal, for some time ago, I had an important work done and even confidential, by Officer Lalande and the latter corroborated certain informations already received; that is why I have reason to believe that those two officers are conscientious enough and have done only their duty.”

By Hon. Mr. Stevens:

Q. That was your report to the Minister?—A. Yes.

Q. Justifying the action taken by Lalande and Loranger?—A. That is a telephone message supposed to be from the parish priest.

Hon. Mr. STEVENS: The point I am making, Mr. Chairman, is that here was a complaint from the parish priest that these illicit stills were corrupting his neighbourhood, and the Preventive Officer sent in men to investigate, and the Minister rebuked the Preventive Officer and orders him to keep these men out. That is my point. Now, I will pass on—

The CHAIRMAN: You are passing judgment on that, and saying “This is my opinion of this and that”. Bring the facts before the Committee and we will appreciate them.

Hon. Mr. STEVENS: I must hasten on.

By Hon. Mr. Stevens:

Q. On February 25th, 1925, you wrote a letter to Mr. Noel Chasse, the lawyer in the Minister's office in Ottawa. Do you recall that?—A. In 1925?

Q. Yes.—A. May I see the file?

Q. Certainly (Handing document to witness)—A. What does this consist of Do you know the number or the nature of the seizure?

Q. On February 25th, 1925, you wrote as follows (Reading):

Confidential.

Mr. NOEL CHASSE,
Lawyer, Minister's Office,
Customs and Excise,
Ottawa.

“Dear Mr. CHASSE, Enclosed you will find copies of letters addressed to Mr. Wilson concerning seizures made in the month of October last. Would you be good enough to see that instructions are

[Mr. J. A. E. Bisailon.]

given for the sale of these goods, so that we may realize some profit, and the informers may be paid. For, you know, as I do, that these goods lose their value. Hoping that you will get busy with this matter which I would like to request to remain confidential,

Yours devotedly,

(Signed) J. E. BISAILLON."

Then, there is a letter in reply, dated March 9th (Reads):

"Dear Mr. BISAILLON: I received your letter of February 25th, enclosing copies of three letters which you had written Mr. Wilson the same date, concerning certain Customs seizures. The instructions for sale of goods seized on these matters will be given in the course of the present week.

Yours devotedly,

(Signed) NOEL CHASSE."

Is Mr. Noel Chasse still in the Department?—A. I understand he is.

Q. Are you sure?—A. I understand he is.

Q. I understand he is very ill, and I do not wish to bear on this matter unduly, but what I want to know is, why did you write Mr. Chasse a confidential letter regarding instructions for the sale of goods? This is not the first one, you will note. Why did you do that?—A. So that we might be able to pay the informers. They were regularly complaining, and we were accused of holding the money out at one time and another, and that is why I asked him to rush it.

Q. Is it necessary to write a confidential communication to the Solicitor of a Department, over the head of your Chief Officer?—A. It was not over the head of my Chief Officer, the Chief had his own letters.

Q. But the Officer in charge, Mr. Wilson, is the man who should deal with matters of this kind?—A. I did not see any harm in—

Q. Never mind whether you saw any harm in it or not. The point is that you did make it a practice to communicate confidentially with other officers about matters which you should have communicated directly to your Chief Officer. Is that correct?—A. According to the sense of the letter.

Mr. KENNEDY: Who was Chasse?

Hon. Mr. STEVENS: Chasse was the solicitor in the Department of the Minister.

Mr. KENNEDY: Does this confidential letter indicate that the confidential letters to the Minister had come to an end, or was it written to Chasse confidentially instead of the Minister?

Hon. Mr. STEVENS: No. He had written confidentially to Mr. Chasse instead of reporting directly to Mr. Wilson, his Chief.

Mr. KENNEDY: Oh yes, I see that point.

Hon. Mr. STEVENS: I have one other letter to refer to, and then I will cease. I told Mr. Calder I would be through by five o'clock.

By Hon. Mr. Stevens:

Q. I find a letter dated May 6th, written to Colonel Courtland Starnes, Commissioner of the Royal Canadian Mounted Police, Ottawa, which reads as follows: (Reading)

"DEAR SIR,—The Hon. the Minister of Customs and Excise has assigned J. E. Bisailon, Customs House, Montreal, as Acting Officer in Charge of Customs and Excise Preventive Officer in the Montreal district, whose duties are performed under the direction of the Chief, Customs

[Mr. J. A. E. Bisailon.]

and Excise Preventive Service. Hereafter, it will be necessary for all members of your force in Montreal district who are authorized officers under the Inland Revenue Act, or the Customs Act, or both Acts, to report to Mr. Bisailon and take orders locally from him as far as work under either or both acts is concerned. He may direct such officers and assign such work to them. Reports must be addressed to Mr. Bisailon, and he will be the medium of communication between you and your men and the Chief, Customs and Excise Preventive Service.

(Signed) W. J. WILSON,
Chief, Customs and Excise Preventive Service."

Now, I want to ask you one question. This was done at your request?—
A. No, sir.

Q. You reported to the Minister, did you not that you would have to have control over all these officers?—A. Yes.

Q. That is true?—A. Control of the District of Montreal.

Q. And the Minister gave you that control?—A. Yes, but there was no specification of the Royal Canadian Police or anything like that.

Q. Does not that letter specify them?—A. That is the letter from Mr. Wilson to me?

Q. No, that is to Colonel Starnes?—A. Yes.

Q. And that was done at your suggestion, as in this report to the Minister?—A. For having full control of my district? Yes.

Q. For having everybody report through you?—A. That is right.

Q. Whatever is done in that district in connection with smuggling, upon you as the Chief Preventative head rested responsibility for conditions. Is that your deduction?—A. No, sir.

Q. How do you take any different position?—A. I take my own responsibility for conditions that were existing in the past and are still existing to-day.

By Mr. Bell:

Q. Speak a little louder, Mr. Bisailon. I did not hear whose responsibility it was, if it was not your own?—A. I was there to prevent, not to stop.

Q. Whose responsibility is it if it is not yours?—A. I was there to prevent, not to stop.

Q. Didn't you ask, as I have shown through this correspondence—didn't you request to be made?—A. I asked to be in charge of the district, yes, and did my utmost to prevent, but not to stop it, as it was impossible.

Mr. BELL: That does not answer the responsibility question.

By Hon. Mr. Stevens:

Q. The responsibility was yours and no one else's?—A. Well, you are the judge.

Q. When you asked the Minister for these various files and received them, didn't the responsibility for the administration of the work rest on your shoulders?—A. I am taking the responsibility of all my actions.

Q. You must take the responsibility for the administration of the office, isn't that right?—A. I did.

Mr. CALDER, K.C.: I would like to suspend any further examination of Mr. Bisailon in order to call certain Montreal witnesses.

Mr. GAGNON: I would like to examine Mr. Bisailon before any other witnesses are put in the box.

Mr. CALDER, K.C.: These points are very, very short, and I do not think that it will take more than a quarter of an hour.

[Mr. J. A. E. Bisailon.]

EMILE BILODEAU recalled.

By Mr. Calder, K.C.:

Q. I asked you to go over your files in connection with the Dodge sedan, of which we were speaking the other day. You have, I understand, gone over your files and you can tell us with some certainty who was arrested in connection with the Dodge sedan, which has been known in this enquiry, as the Martin car.—A. There was another car, a Buick coupe, we find was recorded. There was a Buick coupe which belonged to—

Q. Am I right in this, that there was a Dodge sedan seized at the same time as the Buick roadster?—A. Yes, exactly.

Q. On Addington avenue?—A. Yes, 222 Addington avenue.

Q. In the possession of a man named—A. Named Martin.

Q. Now, what was done to the cars? Were they both seized by the Customs after you had seized them?—A. No, the Buick was returned to the States and identified by the owner and the man arrested on a charge of having stolen that car.

Q. The sedan was detained by the police?—A. Yes.

Q. Was Martin extradited or deported in connection with the offence relating to the Buick roadster?—A. He was taken to Concord, New Hampshire, on a charge of having stolen the car. He was admitted on bail at Concord, New Hampshire, and jumped his bail and was re-arrested in Montreal in 1925 with another Buick sedan. It was then taken to the States and the State of New Hampshire took possession of the prisoner Martin, and he was then put on trial and was sentenced to four years indeterminate sentence, where he is still now.

Q. So between the date of his jumping his bail at Concord, New Hampshire, and the year 1925, he was at liberty?—A. Yes.

Q. When he was re-arrested it was in Montreal?—A. Yes, around October, 1925.

Q. Have you found out at my request, have you discovered the identity of the prisoner named as Madame Bertha Gelinias?—A. In our office it was sometimes the name of Camille Deur.

Q. Is Camille Deur the person under arrest in Montreal?—A. Yes.

Q. For what?—A. For conspiracy for stealing about \$50,000 worth of cars.

Q. Tell us under what other names Deur goes?—A. She was known by the police as Kline and Edward.

Q. While we are at it, will you tell us according to your knowledge as an officer specially charged with the investigation of stolen cars, the names of the principal operators in stolen cars in the district of Montreal, in order that we may know to whom we are referring?—A. You mean, the person who is dealing in stolen cars?

Q. Information to you, by direct information or by report, as being car thieves or operators in stolen cars, and dealers in stolen cars. Shall I help you along?—A. I will tell you I know all about it. I would like to have the protection of the committee. It is possible if I tell this now it will possibly be information to some people who have not been under arrest yet.

Q. Some have been under arrest and have been acquitted?—A. Yes.

Mr. CALDER, K.C.: It is a privileged occasion and if this witness mentions any of these names he mentions them for the information of the committee.

Hon. Mr. BENNETT: If this witness is a police officer and makes the statement,—he has the names of a number of these people,—they should be locked up. If it is hearsay evidence he should not give it.

Mr. CALDER, K.C.: I may say he is making a very gallant effort.

Hon. Mr. BENNETT: The evidence he gives from hearsay should not be on record. If he knows they are in the business he should have them in jail.

Mr. BELL: He may have had some of them.

Hon. Mr. BENNETT: He does not say so.

Mr. CALDER, K.C.: I will withdraw the question.

By Mr. Calder, K.C.:

Q. Did you in the course of the year 1925 seize a Jewett car in the possession of a man named Wilfrid Lalonde at 895 Lacordaire Street?—A. Lacordaire Street, 593.

Q. Was this seizure made upon your orders?—A. Upon information, sir.

Q. You ordered the seizure?—A. Yes.

Q. What was done with the car?—A. The car was taken to the police garage for investigation. After the investigation we found out the number on the car was a number belonging to a car which had been manufactured in 1924, and the car which we had in our possession was a 1925 model, a Buick sedan which is completely different from the 1924 record, the length of the car, the size of the wheel, the model of the engine, so there was no doubt the car we had in our possession was a 1925 model.

Q. Bearing 1924 serial numbers?—A. Yes, and motor numbers.

Mr. GAGNON: There is a case pending in the Montreal courts over the car.

Mr. CALDER, K.C.: I am very sorry we are not concerned with that.

Mr. GAGNON: It might be well to point out there is a case still pending.

The CHAIRMAN: Before what Court?

Mr. GAGNON: Criminal Courts, and the case is still pending.

Mr. CALDER, K.C.: We are not trying the case of Mr. Legault here. We are trying whether this car came into Canada with the assistance or with the knowledge of the Customs officials.

By Mr. Calder, K.C.:

Q. Did that car remain in the possession of the city garage?—A. The car was returned to Mr. Lalonde after a few days which it had been detained in our garage.

Q. Was it ever under Customs detention?—A. Yes.

Q. What office detained it?—A. Officer Willie Duval on the 16th November, 1925, three days after we put the seizure on the car.

Q. Was the car released from the detention and ordered delivered to Mr. Lalonde?—A. Yes, I got an order to detain the car signed by Mr. Duval. And I have an order signed by Mr. Duval to release the car.

By Mr. St. Pere:

Q. Where was this fellow Lalonde?—A. Montreal.

Q. Have you got his address?—A. 593 or 599. There is a copy in English.

“Montreal, 16th November, 1925:

I, the undersigned, W. Duval, Officer of Customs, put under detention a Jewett sedan auto bearing motor number 93-239 and this until the Department's decision.

WILLIE DUVAL,
Officer of Customs.”

[Captain Emile Bilodeau.]

The release order reads as follows:

"Montreal, 20th November, 1925.

I, the undersigned, Willie Duval, Customs Officer, withdraw, upon order of my superior, the detention which I have placed on Jewett automobile sedan, bearing engine number 93-239 in the Municipal Garage.

WILLIE DUVAL,
Officer of Customs."

By Mr. Calder, K.C.:

Q. That car was subsequently seized again, but not by your Department?—A. The car went out of the garage 21st November upon the decision of the Court. I would like to keep that car there if possible, and the car went out anyway, but by luck one of my men met the car on the street and arrested the driver and it was in the hands of Mr. Lalonde and he brought the car back to the garage on a charge under the Motor Vehicle Act for driving a car without a number.

Q. Was not the owner subsequently discovered?—A. He was acquitted. We had to bring the man back a number of times.

Mr. CALDER, K.C.: There was a very peculiar decision in the Court.

Mr. GAGNON: The law has been amended since.

Mr. CALDER, K.C.: The Court went so far as to hold—the Provincial Department went so far as to rule if a car bore the license numbers it was all right. That is a case of a ruling which defeats the Statute.

Mr. GAGNON: The Statute is not amended yet. There is going to be a fairly sweeping amendment.

Hon. Mr. STEVENS: Who discovered that way out?

Mr. GAGNON: Three Judges rendered the same decision.

Mr. CALDER, K.C.: It is a departmental ruling, provincial.

Mr. GAGNON: It was a judgment.

Mr. GAGNON, K.C.: They have no right to arrest him?

Mr. CALDER, K.C.: All right. We will bring up these decisions later on.

By Hon. Mr. Stevens:

Q. Did the Customs again seize that car?—A. No. Well, I might state that after the discharge of Mr. Bisailon from the Customs, the car was seized again.

Q. After the discharge of Bisailon from the Customs, the car was seized again?—A. By Knox, an officer of the Customs.

Q. All right. That is all.

By Mr. Gagnon, K.C.:

Q. Mr. Bilodeau, I understand that there is a man by the name of Verrault, representing an American automobile bureau, who made some representations to you regarding this car?—A. He was the informer in that case.

Q. He was the informer in the case?—A. Yes.

Q. He had an office at Montreal also for the purpose of recovering stolen cars from the States?—A. Yes, sir.

Q. What did Mr. Verrault have to do regarding the releasing of this car, before it was released to the Customs?—A. Mr. Verrault had nothing to do, as far as I know.

Q. Mr. Bilodeau, you remember that there was a replevin taken by Mr. Lalande, in the hands of the city of Montreal, regarding that car?—A. Yes.

Q. You remember that Mr. Damphouse, the city attorney, told you not to contest the action, in view of the fact that Mr. Verrault who had claimed the car was not interested?—A. No.

Q. Did you have a 'phone call from Mr. Verrault, about that car?—A. When the Customs released the car, we did not try to hold the car any longer.

Q. I mean, before the release to the Customs, when it was in your possession, before it was released to the Customs?—A. Well, the car was still there, in the Municipal garage. The car was always in detention by the Customs, that is, before the seizure was taken. The car was taken to the garage, on the 13th of November.

Q. On the 13th?—A. Yes, and three days after it was detained by the Customs.

Mr. BELL: Mr. Gagnon, may I interrupt you just a moment, please. Is there a suggestion that your client, Bisailon, is connected with this case.

Mr. GAGNON, K.C.: Eh?

Mr. BELL: Is there a suggestion that your client, Mr. Bisailon, is connected with this case?

Mr. GAGNON, K.C.: There is more than a suggestion, because Mr. Bilodeau said that the car had been returned on the instructions of Bisailon.

Mr. BELL: I did not get that. Thank you. That is what I want to know. I just wanted to find that out.

By Mr. Bell:

Q. That car was seized on the 13th of November?—A. Yes.

By Hon. Mr. Stevens:

Q. What year?

Mr. GAGNON, K.C.: 1925.

By the Chairman:

Q. Before you proceed further, what happened to the case brought before the Superior Court against the city of Montreal, for the car?

Mr. GAGNON, K.C.: I am coming to that. They did not contest the action. They allowed the car to go.

Mr. CALDER, K.C.: The city of Montreal, to avoid costs, unless somebody objects to releasing the car, releases it.

By Mr. Gagnon, K.C.:

Q. On the 13th of November, is it not a fact that this car was seized by Detective Pelletier, one of your men, and Verrault himself. Verrault was there?—A. Yes.

Q. He was the informer?—A. Yes.

Q. He took the car there without any search warrant?—A. Yes.

Q. They took the car to the police garage?—A. Yes.

Q. There was no Customs officer on the scene, yet?—A. No, what I told you—I told you that on the 16th of November this car was seized.

Q. But we are on the 13th now?—A. Yes.

Q. On the 13th day of November this car was seized by one of your men in Lalande's garage?—A. Yes.

Q. Mr. Pelletier was there, and Verrault, the informer was with him?—A. Yes.

Q. Also acting for the Customs?—A. Also acting for the Customs, yes.

Q. There was no question of the Customs when Verrault came in?—A. No.

Q. What was Verrault's occupation, or what did he have to do regarding that car on the 13th of November?—A. Well, the information was that at such

a place, Lalande had a car, which we verified with our lists, and they said the car had never been sold by the representative of the Jewett Manufacturing Company, in Montreal, so that was reason enough to find out if there was something wrong with the car, so my men went there, and asked Lalande to let us have the car for examination. Lalande had no objection, and the car was taken to the police garage.

Q. Yes, and Mr. Verrault went there and took the car to the police garage, with your man, Mr. Pelletier and Mr. Beland?—A. Yes.

Q. When was there a replevin made by Lalande, regarding the car?—A. The seizure was taken on the 16th of November.

Q. On the 16th of November?—A. Yes.

Q. The replevin was directed against the city of Montreal?—A. Against the city of Montreal.

Q. Against the city of Montreal?—A. Yes.

Q. What instructions did you receive from the attorney of the city of Montreal regarding the release of that car?—A. To release it, leaving it as a question with the Customs for a moment. Well, the city's lawyer, the Law Department handed us a report, and asked me to make a report according to that fact, which I did.

Q. Have you that report now from the city?—A. Yes, here it is.

Q. That is on the 24th?—A. Yes. That is when I received the order from the lawyer to make my report.

Q. But the car had been seized on the 16th?—A. Yes.

Q. On the 16th?—A. Yes.

Q. And when did you get an order from the city to release that car?—A. I did not get any order from the city to release the car.

Q. The replevin was not contested?—A. It was not contested because the Customs took their detention off. I mentioned in my letter that we had nothing to do with the car, except as to the Customs detaining the car.

Q. What did Verrault have to do with the car at the time?—A. Nothing to do with the car.

Q. Did you communicate with Mr. Verrault?—A. Well, Mr. Verrault was supposed to find out who the owner of the car was.

Q. And he did not find out the owner?—A. Yes, sure.

Q. At the time?—A. Not at the time, but now.

Q. I am talking about at the time?—A. No.

Q. Verrault had not found the owner of the car?—A. No.

Q. What did he tell you about the car?—A. Well, he did not need to tell me.

Q. Did he tell you, Mr. Bilodeau, that he had no objection, as far as he was concerned, that the car was to be released, because he did not have the owner?—A. No, he did not have any objection. He wanted to avoid the costs, the same as the city of Montreal.

Q. And still he was the man who had seized it, with your officer, Pelletier?—A. Well, my officer did it.

Q. Your officer, with Verrault?—A. He was accompanied by Verrault.

Q. Verrault was also tracing cars for the insurance companies?—A. Yes.

Q. But he did not have sufficient information to detain the car?—A. No.

Q. That is the reason why the city released the car. Is that it—to Lalande?—A. The city released the car when the Customs officer gave us that receipt. We would not detain the car any longer.

Q. Without a seizure from the Customs officer, the car would have been released before?—A. Oh, yes, sure; if there had been no seizure on it, the car would have been released before, because we could not hold the car and pay all costs.

Q. Who asked the Customs' officer to put the seizure on the car? Who asked Duval to put the seizure on the car and detain the car?—A. I think Mr. Verrault did, I am not sure. I would not swear to that.

Q. So, Verrault having no claim on the car, reported to the Customs?—A. Yes.

Mr. CALDER, K.C.: This is hearsay now.

By Mr. Gagnon, K.C.:

Q. And it was detained by Duval?—A. Yes.

Q. On Duval's order?—A. Yes.

Q. You are sure that at the time you had the detention paper from Duval?—A. Yes.

Q. You swear that that is dated the 16th of November. This detention was signed on that very date, the 16th of November?—A. Yes.

Q. You are sure at the time you had the detention paper from Duval?

The CHAIRMAN: Is it dated, Mr. Gagnon?

Mr. GAGNON, K.C.: Yes, on the 16th of November.

By Mr. Gagnon, K.C.:

Q. Do you make any difference between detention and seizure?—A. No.

Q. You do not make any difference?—A. No.

Q. What happened after that?—A. Well, we had to give up the car because Duval released the car.

Q. Yes?—A. That is on the 20th of November.

Q. The 20th of November?—A. Yes.

Q. Do you know what caused the release of that car from the Customs authorities?

By Mr. Calder, K.C.:

Q. Of your own knowledge?—A. I do not know anything about it.

By Mr. Gagnon, K.C.:

Q. You know nothing about it?—A. No.

Q. Do you know if there were any Customs' papers shown to any of the officers?—A. They were shown to me.

Mr. CALDER, K.C.: I am coming to that.

Mr. GAGNON, K.C.: You told us you were through with Mr. Bilodeau.

Mr. CALDER, K.C.: I am coming to that. From the files he knows it. At first hand he does not know.

By Mr. Gagnon, K.C.:

Q. Do you know if there was a Customs' paper produced to the Department of Customs covering that car?—A. I do not know if they were produced at the Customs, but they were shown to me.

Q. They were shown to you?—A. Yes, and these papers did not cover the car.

By Mr. Calder, K.C.:

Q. Did not cover the car?—A. No.

By Mr. Gagnon, K.C.:

Q. Do you know if Mr. Kox, who made an investigation regarding that car, also had occasion to examine this car after it was released?—A. Yes, sir.

Q. After it was released?—A. Yes, sir.

Q. Do you know if Mr. Knox released the car also in the hands of Legault?—A. Well, I do not think he had taken it in detention. He just looked at it.

Q. He looked at it in Legault's place? He did not seize it?—A. I do not think so.

Q. Was Knox in possession of all the information you are giving us now, at the time he looked at the car?—A. I could not swear.

Q. Did you communicate with Knox after the car was released?—A. Yes.

Q. Was it at your request that Knox went and inspected that car?—A. Yes.

Q. Was the seizure made by Knox at the time?—A. No.

Q. And the car was in the possession of Legault, at his garage on Amherst Street, was it?—A. I think so. I think, to be sure, that Knox came and told us how I could see the car. I was not there when Knox went there.

Q. But you said that Knox inspected the car?—A. He went to that garage on my information, and I think, when he went over there, the car was not there. I am not sure. I will not swear that. I could not tell you about it, I was not there.

Q. And you say that the car had been released to the Customs, to the owner, and Knox came to make the seizure or verify the report of the officer who had released it?—A. Yes, I told him.

Q. Was there a seizure effected at the time by Knox?—A. I did not think so. I do not think the car was there.

Q. Do you know if a seizure had been made by Knox since?—A. Yes.

Q. But long after?—A. Well, I could not tell exactly.

Q. After Mr. Bisailon was dismissed?—A. I think so.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: Do you need this witness any more.

Mr. CALDER, K.C.: No. I think we are through for the time being. There may be other cases that will come up, but I will try and bunch them. He is discharged for the present.

Witness discharged.

WILLIE DUVAL called and sworn.

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

By Mr. Calder, K.C.:

Q. You are a Customs official, connected with the Preventive Service?—A. I was at one time. I am no longer.

Q. Since when have you ceased acting as a Customs officer?—A. Since about two months.

Q. While you were a Customs officer, did you have occasion to seize a Jewett Sedan or have that car placed under detention and have it located at the Municipal Garage?—A. Yes, sir.

Q. Will you please look at this notice which was placed on file, and see if it is the Customs notice that was presented at the Municipal Garage by you? (Hands to witness.)—A. Yes, sir.

Q. When you detained the car?—A. Yes, sir.

Q. Did you report its detention to your chief Mr. Bisailon?—A. I made a report in the regular manner.

Q. A regular seizure report?—A. A regular seizure report, on Form K-9.

Q. Was this report forwarded to Ottawa by your superior officer?—A. I do not know.

Q. Did you have any conversation with your superior officer in which he stated he would not forward this report to Ottawa?—A. I had conversations with him, and he stated to me that he had received the Customs entries, and was satisfied.

[Mr. Willie Duval.]

Q. Did you insist that the report should be made in any event?—A. I did not.

Q. Did Mr. Bisailon state to you that he did not want you to have anything to do with Mr. Legault's affairs under any circumstances?—A. No.

Q. Or at the time of the seizure?—A. No.

Q. Therefore you were satisfied to leave the seizure stand as it were without forwarding to Ottawa?—A. That is to say, I made my report.

Q. And the report was not forwarded?—A. I handed the report to Mr. Hicklin.

Q. In the presence of Mr. Bisailon?—A. No.

Q. Is it not a fact that Mr. Bisailon destroyed the report in your presence, telling you not to stick your nose in Mr. Legault's affairs?—A. He did not destroy the report in my presence.

Q. Was the report destroyed?—A. I heard it said that the report was destroyed.

Q. Who did you hear say that the report had been destroyed?—A. Mr. Hicklin.

Q. Were you satisfied with this state of thing?—A. Well, he was my chief, and he reported to me that the Customs entries had been made.

Q. Did you not report the seizure to Ottawa, over Mr. Bisailon's head?—A. I do not recall.

Q. Do you not recall having written to Mr. Wilson subsequently?—A. In the investigation conducted by Mr. Wilson, he asked me for a copy of the seizure made, and I handed him a copy.

Q. Therefore you kept a copy?—A. I always keep a copy.

Q. Even after a seizure is withdrawn?—A. Yes.

Q. Is it not a fact that you had written to Ottawa advising Mr. Wilson that you had placed this car under detention, and that the detention had later on been withdrawn, and that you were not satisfied with this state of things?—A. I do not recall.

Q. Do you not recall a letter Mr. Wilson wrote to you advising you to have the car examined by an expert?—A. Yes.

Q. Was that not as a result of a report made to Mr. Wilson over Mr. Bisailon's head?—A. Yes. I told him this car was a 1925 model.

Q. And this report did not go through Mr. Bisailon's hands?—A. I do not think so.

Q. Why then did you deal directly with Mr. Wilson?—A. Because the entry was for a 1924 model car.

Q. Therefore you saw the entries with which Mr. Bisailon declared himself satisfied?—A. I believe I did.

Q. You know that as a fact, I believe. Then you saw them before withdrawing the seizure or detention?—A. No.

Q. Is it not a fact that in this whole matter you did not want to withdraw the detention?—A. I did not intend to.

Q. And is it not a fact that you received a definite and positive order from Mr. Bisailon to withdraw the order to hold the car?—A. I got instructions from him.

Q. Is it not a fact that you asked Mr. Bisailon to give you a written order for the removal of the order to hold the car?—A. Yes.

Q. Did he refuse?—A. He told me to make out an order myself.

Q. He refused to give an order himself?—A. Yes.

Q. That he was satisfied with the entries?—A. He was satisfied with the entries.

Q. You expressed to Captain Bilodeau your hesitation to remove this order, this withdrawal order?—A. Yes, sir.

[Mr. Willie Duval.]

Q. Was that not the reason why you drafted the following order, dated Montreal, November 20th, 1925:

"I, the undersigned, Willie Duval, Customs officer withdraw, upon order of my superior, the detention which I have placed on Jewett automobile sedan, bearing engine number 93-239 in the Municipal Garage.

WILLIE DUVAL,
Officer of Customs."

The superior officer to whom you referred in the withdrawal order was Mr. Bisailon?—A. Yes, sir.

Q. Is it not a fact, Mr. Duval, that you relented, under a threat from Mr. Bisailon that you would lose your position?—A. No, sir.

Q. Was such a threat made to you by other parties?—A. No, sir.

Q. Did you state that to anybody?—A. No, sir.

Q. At any time?—A. Never.

Q. You are very sure about that?—A. Yes.

Q. Then you say you never stated at any time that you had been threatened with the loss of your position if you did not lift the order for the holding of the car?—A. No.

By Mr. Gagnon:

Q. Have you knowledge, Mr. Duval, whether another officer went to the Municipal Garage and sent a report to Mr. Bisailon before the order for the release of the car was given?—A. I saw a Mr. Kearney. I saw a Mr. Kearney, who showed me a written report that he had drafted.

Q. Therefore Mr. Kearney, before the car had been released from seizure, had prepared a report on the instructions of Mr. Bisailon?—A. That is what Mr. Kearney told me.

Q. Did Mr. Kearney show you a copy of a report he had made to Mr. Bisailon at that time?—A. He showed me a copy of a report.

Q. Is it not a fact that at the time Mr. Bisailon ordered the release of the car on which he had a report prepared by this officer—A. He showed me a report from Mr. Kearney.

Q. Have you knowledge that Mr. Bisailon and Mr. Kearney had a consultation with Mr. Weldon before the release of the car?—A. No, sir.

Q. Did you hear it said that such a consultation took place?—A. I heard it said.

Q. Did you have any consultation with Officer Knox, when he came to examine that car later on?—A. I did.

Q. Did you go to Mr. Legault's garage later on with Mr. Knox and again examine that car?—A. I did not.

Mr. GAGNON: That is all.

By Mr. Calder, K.C.:

Q. Mr. Duval, did you say to Captain Bilodeau at the municipal garage that you would lose your position if you did not sign the release order?—A. I do not recall whether I stated that.

Q. Did you not say the same thing to Mr. Hicklin before signing the release order?—A. I do not recall having made that statement.

Q. Would you look at these two certificates—

Mr. GAGNON: I have no objection to Mr. Duval being cross-examined, but these certificates are court exhibits in a case now pending, and I am surprised they are here.

Mr. CALDER, K.C.: It may diminish my learned friend's surprise if I say that they were given by the court into the custody of Mr. Knox, who is now here, bearing them still in his custody.

[Mr. Willie Duval.]

Mr. GAGNON: I am raising the objection because I am also interested in those exhibits, as I happen to be one of the attorneys in the case, and I am surprised to find these exhibits here.

Mr. BELL: It seems to be explained.

Mr. ELLIOTT: I suppose, Mr. Chairman, that is a concern of whoever is in charge of these documents. If they choose to deliver them to Mr. Knox to bring here, that is their own concern.

Mr. CALDER, K.C.: Where there are very important documents of that character, Revenue Officers and Mounted Police almost invariably receive from the courts permission to keep them in their hands, because they are sure to produce them. These are still in the custody of Officer Knox, and will be returned to him after this examination has been completed, and will continue in his custody. My learned friend need not be afraid that Mr. Legault will suffer prejudice by their not being there when wanted.

The CHAIRMAN: The only one responsible is Mr. Knox.

By Mr. Calder, K.C.:

Q. Would you look at these two certificates, one for a chassis for a Jewett car and one for a body of the car, and say whether these are the papers which you saw previous to signing the release order?—A. These certificates look like the papers that I saw.

Q. Have you the least doubt that these are the papers that you saw?—A. These seem to be the papers that I saw.

Mr. CALDER, K.C.: I now produce a copy, Mr. Chairman, which I would like you to compare as I read it (Reading):

EXHIBIT No. 80

"Form B-1 amended; 1922. Customs, Canada. Entry for home consumption; port of Hemmingford, Quebec; October 6th, 1925; imported by Z. Legault; arriving, per highway"—

The CHAIRMAN: That is not marked.

Mr. CALDER, K.C.: If that is blank, put it in there. This is the Hemmingford one you have?

"From U.S.; via; direct; report; 80 Entry No. 73.

One second-hand Jewett five-passenger sedan body, including hood and rear fenders; no numbers found, but body to be placed on chassis, serial No. 82402, motor No. 93-239; model 1925. No bulletin, but list price of body said to be \$500 less 30 per cent depreciation as per Bulletin 1244; entry taken subject to amendment."

Then there are certain evaluations which appear in the copy.

The CHAIRMAN: The total is \$169.76.

Mr. CALDER, K.C.: The duty is \$122.50; sales tax, \$23.53; Excise tax, \$23.53, a total of \$169.76. Initials "W.G.O." I propose to file this as Exhibit No. 80. Then another: (Reading):

EXHIBIT No. 81

"Form B-1 amended, J. D. Perreault; that is stamped at the top. Customs, Canada; Entry for home consumption, Port of Montreal, 18525; imported by Z. Legault; arriving by C.P.R.; goods exported from the U.S.A.; via—blank; Export No. 6940-A, and what appears to be "Bulletin No. 1824."

The CHAIRMAN: "Case; Number of packages; one, Jewett chassis"?

Mr. CALDER, K.C.: Jewett chassis, 1924.

The CHAIRMAN: "See invoice; \$24.85."

Mr. CALDER, K.C.: The amounts charged are \$24.85; \$4.78 and \$4.78, forming a total of \$34.41.

(English version precedes)

WILLIE DUVAL est appelé et assermenté.

Le président:

Q. Quel est votre nom?—R. Willie Duval.

Q. Quelle est votre occupation?—R. Officier des douanes.

Q. A Montréal?—R. A Montréal.

M. Calder, C.R.:

Q. Vous êtes officier de douane attaché au service préventif?—R. Je l'étais.

Q. Vous ne l'êtes plus?—R. Non, monsieur.

Q. Quand avez-vous cessé d'être officier préventif?—R. Depuis environ deux mois.

Q. Pendant que vous étiez officier préventif, avez-vous eu occasion de saisir une automobile Jewett Sédan ou de mettre une détention sur ce char?—R. Oui, monsieur.

Q. Alors qu'il était au garage municipal, à Montréal?—R. Oui, monsieur.

Q. Voulez-vous regarder le reçu qui a été lu ici, en traduction, et dire si c'est la notification de la douane que vous avez donnée au garage municipal?—R. Oui, monsieur.

Q. Lorsque vous avez fait la détention du char?—R. Oui, monsieur.

Q. Avez-vous rapporté cette détention à votre chef, M. Bisailon?—R. J'ai fait un rapport de saisie régulier.

Q. Vous avez fait un rapport de saisie régulier?—R. Oui, monsieur.

Q. Sous la forme K-9?—R. Oui, monsieur.

Q. Est-ce que ce rapport a été transmis à Ottawa par vos supérieurs?—R. Je ne le sais pas.

Q. Avez-vous eu une conversation avec votre supérieur, dans laquelle il vous disait qu'il ne transmettrait pas le rapport?—R. Il m'a dit qu'il avait reçu les entrées de douane et qu'il était satisfait.

Q. Est-ce que vous avez insisté pour que le rapport soit fait quand même?—R. Non, monsieur.

Q. M. Bisailon vous a dit qu'il ne voulait pas que vous vous occupiez des affaires de M. Legault?—R. Non, monsieur.

Q. En aucune circonstance?—R. Non, monsieur.

Q. Lors de cette saisie?—R. Non, monsieur.

Q. Alors, vous étiez satisfait, vous, de laisser la saisie en plan, comme cela, sans envoyer le rapport à Ottawa?—R. C'est-à-dire que j'ai donné mon rapport.

Q. Et le rapport n'a pas été transmis?—R. Je l'ai donné à M. Hickling.

Q. Devant M. Bisailon?—R. Non, monsieur.

Q. N'est-il pas vrai que M. Bisailon a détruit le rapport en votre présence?—R. Pas en ma présence.

Q. Attendez! En vous disant qu'il ne voulait pas que vous mettiez le nez dans les affaires de M. Legault?—R. Il n'a pas détruit le rapport en ma présence.

Q. A-t-il été détruit?—R. Je l'ai entendu dire.

Q. Par qui l'avez-vous entendu dire?—R. Par M. Hickling.

Q. Alors, vous étiez satisfait de cet état de choses?—R. J'étais satisfait. C'était mon chef. Du moment qu'il nous donnait un ordre... Il m'a dit qu'il était satisfait des entrées de douane qui couvraient le char.

Q. Avez-vous rapporté le saisie à Ottawa, par-dessus la tête de M. Bisailon?—R. Non, monsieur.

Q. Vous n'avez pas écrit à Ottawa, à propos de cette détention-là, à M. Wilson?—R. Je ne me rappelle pas.

Q. Vous ne vous rappelez pas si, M. Bisailon se déclarant satisfait des papiers produits, vous avez par la suite écrit à M. Wilson à propos de cela?—R. Dans l'enquête que M. Wilson a faite, il m'a demandé copie de la saisie que j'avais faite et je la lui ai donnée.

Q. Alors vous aviez conservé une copie?—R. J'en conserve toujours une.

Q. Même alors que la saisie est relâché?—R. Oui, monsieur.

Q. Et vous n'avez pas écrit à M. Wilson, à Ottawa, avant son enquête, pour lui déclarer que vous aviez mis une détention; que vous aviez eu ordre de la relâcher et que n'étiez pas satisfait de cet ordre-là?—R. Je ne me rappelle pas cela.

Q. Vous rappelez-vous une lettre que M. Wilson vous aurait adressée, dans laquelle il vous disait de faire examiner le char par un expert?—R. Oui, monsieur.

Q. N'est-ce pas en conséquence d'un rapport que vous aviez fait, cela par-dessus la tête de M. Bisailon?—R. Ah! oui, je lui ai fait un rapport que c'était un modèle de 1925.

Q. Et ce rapport-là n'a pas passé par les mains de M. Bisailon?—R. Je ne le crois pas.

Q. Pourquoi passiez-vous directement à M. Wilson, sur cette affaire-là?—R. C'est parce que l'entrée était faite pour un char de 1924.

Q. Alors, vous avez vu les entrées dont M. Bisailon se déclarait satisfait?—R. Je crois que oui.

Q. Vous savez que oui?—R. Je le crois, toujours.

Q. Et vous les avez vues avant d'avoir relâché la détention?—R. Non, monsieur.

Q. N'est-il pas vrai que pendant toute cette affaire-là vous ne vouliez pas relâcher la détention, vous?—R. Je n'avais pas dans l'idée de la relâcher.

Q. Est-ce que vous avez reçu de M. Bisailon un ordre positif de la relâcher?—R. C'est lui qui m'a donné ordre de relâcher le char.

Q. Lui avez-vous demandé, à M. Bisailon, un ordre par écrit pour relâcher la détention, un ordre écrit par M. Bisailon lui-même?—R. Oui, monsieur.

Q. Et il vous a refusé?—R. Il m'a dit d'en faire un moi-même.

Q. Il a refusé d'en donner un lui-même?—R. Oui, monsieur.

Q. Quoiqu'il fut satisfait des entrées?—R. Il était satisfait des entrées.

Q. Vous avez exprimé au capitaine Bilodeau votre hésitation à enlever la détention?—R. Oui, monsieur.

Q. Est-ce pour cela que vous avez dressé l'ordre de relâche avec les mots suivants:

"Montréal, 20 novembre 1925.

Je, soussigné, Willie Duval, officier des douanes, retire, sur les ordres de mes supérieurs, la détention que j'avais placée sur une automobile Jewett Sedan, portant le numéro d'engin 93239, au garage municipal."

R. Oui, monsieur.

Q. Votre supérieur, auquel vous faisiez allusion dans l'ordre de relâche, c'était M. Bisailon?—R. Oui, monsieur.

Q. M. Duval, n'est-il pas vrai que vous n'avez cédé à l'ordre de M. Bisailon que sur la menace de perdre votre place?—R. Non, monsieur.

Q. Cette menace vous a-t-elle été faite par d'autres personnes?—R. Non, monsieur.

Q. Avez-vous déclaré cela à quelqu'un?—R. Non, monsieur.

Q. Jamais?—R. Jamais.

Q. Vous êtes bien sûr?—R. Ah! oui.

Q. Vous êtes bien sûr de n'avoir jamais déclaré, à personne, que l'on vous avait menacé de vous faire perdre votre place si vous ne relâchiez pas la détention?—R. On ne m'a jamais menacé de me faire perdre ma place.

Q. Ce n'est pas la question que je vous demande. Je vous demande si vous avez dit cela?—R. Non, monsieur.

Q. Que quelqu'un vous avait menacé?—R. Non, monsieur.

M. Gagnon:

Q. Est-il à votre connaissance qu'un autre officier soit allé au garage municipal et ait fait un rapport à M. Bisailon avant que la main-levée du char soit ordonnée?—R. J'ai vu l'officier Kearney. J'ai vu M. Kearney qui m'a montré un rapport par écrit qu'il avait fait.

Q. Mr. Kearney, avant que le char soit relevé de saisie, avait donc, sur les instructions de M. Bisailon, été examiner le char, à son tour?—R. C'est ce qu'il m'a dit.

Q. M. Kearney vous a-t-il présenté une copie du rapport qu'il avait fait à M. Bisailon, dans ce temps-là?—R. Oui, monsieur, il m'a montré une copie du rapport.

Q. N'est-il pas vrai que lorsque M. Bisailon a ordonné que ce char-là soit relevé de saisie, il avait entre ses mains, dans le temps, un rapport d'un autre officier qui avait été, avec des papiers, examiner le char?—R. Il m'a montré un rapport de M. Kearney.

Q. Est-il à votre connaissance que M. Kearney et M. Bisailon soient allés consulter M. Weldon, le collecteur, avant de relever le char de saisie?—R. Non, monsieur.

Q. L'avez-vous entendu dire?—R. Je l'ai entendu dire.

Q. Avez-vous eu des conversations avec l'officier Knox, quand il est venu pour examiner ce char-là, par la suite?—R. Oui.

Q. Etes-vous allé avec M. Knox, au garage de M. Legault, pour examiner ce char-là de nouveau, après?—R. Non.

M. Calder, C.R.:

Q. Monsieur Duval, avez-vous déclaré au capitaine Bilodeau, au garage municipal, lorsque vous avez signé l'ordre de relâche, que si vous ne le faisiez pas vous perdriez votre place?—R. Non. Je ne me rappelle pas.

Q. Avez-vous déclaré la même chose à M. Hickling, avant de signer l'ordre de relâche?—R. Non. Je ne me rappelle pas cela.

Q. Voulez-vous regarder deux certificats d'entrée, l'un pour un châssis et l'autre pour une carrosserie de Jewett, et dire si ce sont les papiers que vous avez vus avant de signer votre ordre de relâche et dont M. Bisailon se déclarait satisfait? Sont-ce les entrées que vous avez vues, cela? (M. Calder montre au témoin deux documents qui sont ensuite produits comme pièces 80 et 81).—R. Ça y ressemble beaucoup.

Q. Avez-vous aucun doute quelconque que ce sont les papiers que vous avez vus?—R. D'après les papiers que j'ai vus, ce sont bien ceux-là.

GUY CLERK called and sworn.

By the Chairman:

Q. Will you speak English or French?—A. To save time I might as well go in English.

[Mr. Guy Clerk.]

Q. Your occupation?—A. Assistant to Treasurer of the Customs.

Q. Montreal?—A. Montreal.

By Mr. Calder, K.C.:

Q. Will you look at Customs entry form, copy of which has been filed as Exhibit 81, and tell me whether you identify that?—A. I would rather see the *pro forma* or invoice that you have on file.

Q. Is that the original?—A. This is the original copy of the B-1 form.

Q. Did you make that entry?—A. I couldn't tell you. If I had the *pro forma* I could tell you. I think so.

Q. I wish you would tell me what the *pro forma* is.—A. The invoice where the calculation is shown, where my name ought to be signed.

Q. The appraisal note?—A. Yes.

Q. If I thought the appraisal note was necessary—A. I am pretty sure—

Q. I will try and find the appraisal note so as to be fair to you.—A. You are working on the third copy.

Mr. CALDER, K.C.: I will suspend further questioning.

The CHAIRMAN: We will adjourn till to-morrow. Are there any other witnesses summoned?

Mr. CALDER, K.C.: Yes.

The WITNESS: I am pretty sure I did.

By Mr. Calder, K.C.:

Q. If you want to correct your statement you will have an opportunity.—A. That is satisfactory.

Q. You will note in the form and in the appraisal note of which I give you a copy, you did not enter any serial numbers at all.—A. That was brought to my knowledge when the case came up.

Q. Why didn't you?—A. I take this to be an involuntary omission.

Q. It is an involuntary omission?—A. Yes.

Q. Were there many such involuntary omissions in the course of these wrecked chasses?—A. No, sir.

Q. You are quite sure this is the only involuntary omission you can remember?—A. If you are going to show me any others I will tell you. My recollection is I did not.

Q. You are quite sure?—A. Quite sure.

Q. Quite sure it is the only case in which you, as the appraiser, have omitted to indicate the possession of the wrecked chasses, namely the serial numbers?—A. Yes, I think so.

Q. You will admit, Mr. Clerk, that any man could justify any Jewett chassis by means of the Customs entry?—A. Surely, on account of having no numbers.

Q. Will you file the appraisal note as Exhibit 82?—A. Yes.

The CHAIRMAN: Is that the official exhibit?

Mr. CALDER, K.C.: That is one of two duplicates that is on file. If you would bear with me just a moment, I have a witness who came down very reluctantly—and whose wife is ill. He speaks to the identification of the car as a Jewett expert. If you will allow me to call him, he will only take a minute.

The CHAIRMAN: You are discharged, Mr. Clerk.

Witness retired.

JOSEPH McDONALD called and sworn.

By the Chairman:

Q. Your occupation?—A. Mechanic.

Q. Montreal?—A. Yes.

By Mr. Calder, K.C.:

Q. Have you specialized in Jewett cars?—A. Yes, sir.

Q. Did you in consequence of a request from Officer Knox examine Jewett sedan which bore motor number 93-239?—A. Yes, sir.

Q. I think I have the notes you took on that occasion. Will you look, and by means of those notes tell us what you then say as to the model and make of the car?—A. Up to and including 1924 models, we have been having trouble with oil leaking on the base and timing gear case, on 1924 and previous to that. Then coming towards the end of the year and after 1924, and coming on in 1925 they changed the base and put it in a different place. There used to be gears in the 1924 and all gears were placed on the side of the engine, with the engine number on. There was a plate on the side of the engine and on this plate there was a crank, a cam, and there would be an S on, if it happened to be standard. It would be marked with a stamp. If otherwise, it would have U-4 or U-6 or whatever the number was. In 1925 it was not necessary to do this. In place of having timing gears on, they put these numbers on, and it was not necessary to have this plate.

Q. Speaking generally, was that car that you examined a 1925 model or 1924?—A. It was a 1925 model. The engine was altogether different from a 1924 model.

Q. What have you to say as to the body?—A. It was a different body. The dash on the 1924 model had all instruments placed individually on the dash. On the 1925, they put in a key specially for the ignition and for the timing.

Q. As to the condition of the car would you say that that car, the engine and chassis of the car that you examined, had been through a fire?—A. No, not at all.

Q. What was the condition of the car, new or old?—A. The engine was in perfect running order. The chassis had four-wheel hydraulic brakes, which only came out in 1925 models.

Q. What about the body?—A. In perfect condition, except for scratches.

Q. Would you say that was a brand-new 1925 model?—A. Yes.

Q. Would any brand-new 1925 model bear serial number 93-239.—A. I do not know exactly what number they started in 1925, but the Jewetts started building their first Jewett in 1921, and I think, in 1925, it started over the 100,000.

Q. It started over the 100,000?—A. Over the 100,000.

Q. Did you take that factor into consideration in determining whether this was a 1925 car?—A. I knew from the construction of the engine that it was a 1925 car. The distributor head is on the opposite side of the engine to what it was in 1924. The generator drive is different to the 1924. The carbureter attachment is different. All the attachments are different to the 1924.

Q. Summing it up, you are positive that was a 1925 model?—A. Absolutely.

By Mr. Gagnon, K.C.:

Q. When did the 1925 models come from the factory? What month?—A. They came out late in 1924. They always do bring automobiles out late in the year, for the following year.

Witness discharged.

The Committee adjourned till to-morrow morning at 11 o'clock.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 15—WEDNESDAY, MARCH 3, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

- Mr. William A. Orr, Sub-Collector of Customs, Hemmingford, Que.
- Mr. Gregory George, Vice-President and General Manager, Dominion Distillery Products Co., Ltd., Montreal, Que.
- Mr. W. L. Hicklin, Chief Clerk, Preventive Service Office, Montreal, Que.
- Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que.
- Mr. Walter Duncan, Special Investigator, Department of Finance.

EXHIBITS FILED:

- No. 83—Eight telegrams respecting a Jewett Sedan automobile.
- No. 84—Letter dated December 9, 1925, from W. S. MacMurray, Albany, N.Y., to American Auto Recovery Rdg'd, Montreal, Quebec, respecting insurance policy on a Jewett Sedan automobile, said automobile sold to C. P. Allen.
- No. 85—Automobile insurance policy issued by Aetna Casualty and Surety Company of Hartford, Conn., to Joseph R. Clarke on Jewett automobile.

MINUTES OF PROCEEDINGS

WEDNESDAY, March 3, 1926.

The Committee met at 11 a.m., Mr. Mercier, the Chairman, presiding.

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

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

Moved by Hon. Mr. Stevens.—That the Auditors be instructed to visit the following firms to examine their books and papers; and in the event of any such company not giving due assistance to the Auditors that a summons be issued for their appearance before this Committee, and that they be required to produce for the purpose of audit all their books and records, viz.:

- Globe Suspender Co., Rock Island, Que.
- Reliable Garment Co., Rock Island, Que.
- Rock Island Overall Co., Rock Island, Que.
- Stanstead Mfg. Co., Rock Island, Que.
- Telford Bros., Rock Island, Que.
- W. Pyke & Sons, Rock Island, Que.
- Telford & Chaplin, Rock Island, Que.
- R. & G. Overall Co., Rock Island, Que.
- Perfecto Overall Co., Rock Island, Que.
- B B Glove Co., Beebe, Que.
- European Silk Co., Toronto, Ont.
- A. Poyaner Co., Montreal, Que.

Motion agreed to.

Moved by Hon. Mr. Stevens.—That the week of April 12 to 16, inclusive, be set aside for the purpose of hearing the case *re* prison made goods, and representatives of the business interests affected by smuggling, including the Montreal Board of Trade, Toronto Board of Trade, Canadian Mfg. Association, Canadian Jewellers Association, Wholesale Drygoods Association, Canadian Association of Garment Manufacturers, and such associations and firms as may desire to be heard and that these associations are to have the privilege of naming the representatives who should appear and to submit the names to the Clerk of the Committee.

Motion agreed to.

Moved by Mr. Donaghy.—That whereas the Order of Reference empowers this Committee to adjourn from place to place.

And whereas it is desirable that witnesses and books and documents be examined at Vancouver and Victoria, British Columbia, especially regarding the matters of excise on liquors, smuggling of liquor, and the smuggling of narcotics.

Therefore, it is resolved.

That during the recess of Parliament this Committee proceed to hold sittings at Vancouver and such other British Columbia ports as may appear advisable.

The question being put, the Committee divided, Yeas 1, Nays 6. Motion passed in negative.

Moved by Mr. Donaghy.—That authority be given to the Clerk of the Committee to call any witnesses or other persons required by the Counsel or Auditors to the Committee during the adjournment of the Committee.

Motion agreed to.

Moved by Hon. Mr. Stevens.—That in pursuance of their duties as such the Auditors to the Committee be authorized by the Committee to examine the books of any person or company during the adjournment of the Committee, when deemed necessary.

Motion agreed to.

Moved by Mr. Donaghy.—That the various persons or corporations which have been required to produce their books be required to permit a full inspection in the meantime of all books and records by any auditor or auditors employed by this Committee, and by any member or members of this Committee. Hon. Mr. Bennett moved in amendment thereto that all the words after "Committee" be deleted. The question being put on the amendment, the Committee divided. Yeas, Messrs. Bell, Bennett, Doucet, St. Pere, Stevens, 5. Nays, Messrs. Donaghy, Elliott, Kennedy, 3. Amendment agreed to.

Motion as amended, agreed to.

Mr. William A. Orr, Sub-Collector of Customs, Hemmingford, Que., was called and sworn, and examined respecting entry of a Jewett automobile.

Witness discharged.

The Committee rose at 1 p.m.

AFTERNOON SITTING

The Committee resumed at 3 p.m.

Mr. Gregory George, Vice-President and General Manager, Dominion Distillery Products Co., Ltd., Montreal, Que. was recalled and sworn. He produced stock register, certificate book, minute books, cancelled certificates and leases.

Witness discharged.

Mr. W. J. Hushion, 1195 St. James Street, Montreal, Que., summoned to appear, was called, but did not respond. The Clerk of the Committee was instructed to send a written summons to Mr. Hushion to forward his books to the Auditors of the Committee, and to appear before the Committee on the 16th instant.

Mr. W. L. Hicklin, Chief Clerk, Preventive Service Office, Montreal, Que. was recalled and further examined.

Witness retired.

Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que. was further examined. During the examination, there were filed,—

Exhibit No. 83—Eight telegrams respecting a Jewett Sedan automobile.

Exhibit No. 84—Letter dated December 9, 1925, from W. S. MacMurray, Albany, N.Y. to American Auto Recovery Rdg'd, Montreal, Que. respecting insurance policy on a Jewett Sedan automobile, said automobile sold to C. P. Allen.

Exhibit No. 85—Automobile insurance policy issued by Aetna Casualty & Surety Company of Hartford, Conn. to Joseph R. Clarke on Jewett automobile.

Witness retired.

Mr. W. L. Hicklin was recalled and further examined.

Witness discharged.

Mr. Kennedy moved.—That the following witnesses be summoned for Tuesday, March 16, 1926, at 10.30 a.m., viz.:

W. J. Kearney, Officer Preventive Service, Custom House, Montreal.

Z. Legault, Mount Royal Motor Sales, Amherst Street, Montreal.

C. A. Verrault, American Automobile Recovery Bureau, 180 St. James Street, Montreal.

Willie Duval, Customs Officer, Montreal.

Motion agreed to.

The Chairman suggested that the Committee should not meet again until the 16th March so as to comply with a request made by the Auditors and Counsel.

A discussion arose as to the advisability of now calling Inspector Walter Duncan as a witness respecting the preparation and presentation of his report.

Hon. Mr. Stevens moved.—That Mr. Duncan be called to the stand to be examined as to the preparation of his report and to present his report, but not to be examined on the contents of the said report. Mr. Donaghy moved in amendment thereto that the following words be added: "after all the witnesses examined by Mr. Duncan have been examined by this Committee." Mr. Donaghy after discussion, consented to withdraw his amendment.

Motion agreed to.

Mr. Walter Duncan, Special Investigator, Department of Finance, was again called, and was examined as to preparation of his report.

Witness retired.

Mr. Kennedy moved.—That R. D. Tighe be appointed a Junior Counsel for the Committee in pursuance of leave granted by the House, and that he should have access to the files and documents produced and filed up to date and from time to time, and that he be given all help necessary by the Clerk and his assistants for the benefit of the Committee.

Motion Stands.

The Auditors to the Committee filed their First Interim Report.

A file was received from Mr. Farrow respecting export of liquor cargoes from Halifax, N.S. in response to a motion made by Mr. Doucet.

The Committee adjourned until the 16th instant at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, March 3, 1926.

The Special Committee appointed to investigate the administration of the Department of Customs and Excise and charges relating thereto, met at 11.00 o'clock A.M., the Chairman, Mr. Mercier, presiding.

WILLIAM ALEXANDER ORR called and sworn.

By the Chairman:

- Q. Your occupation?—A. Customs.
- Q. Collector?—A. Sub-collector.
- Q. Hemmingford, Que.?—A. Hemmingford, Que.

By Mr. Calder, K.C.:

- Q. Are you the only official in the sub-collectorship of Hemmingford?—
A. Yes.
- Q. Were you there throughout the year 1925?—A. No.
- Q. Were you there in November, 1925?—A. After the 8th.
- Q. After the 8th?—A. Yes.
- Q. Consequently you were there on November 23rd?—A. Yes.
- Q. Will you look at Customs entry report now shown you, which refers to one secondhand Jewett, five passenger sedan, body included, hood and rear fenders without number, and which appears to have been signed by you as Collector. Take the sworn affidavit of Legault, importer, and state whether you executed that entry?—A. I did.
- Q. You will notice from this entry form that you took no number on the sedan, the body, I mean.—A. There was none found.
- Q. Did you look for one?—A. I did.
- Q. Where? What part of the car?—A. We looked as we usually do over the doors, under the doors, and on the back.
- Q. There were no identification numbers?—A. No.
- Q. Did you place any identification mark on the body yourself, in order that the entry might not be switched later?—A. No, I did not.
- Q. Why not?—A. It would be useless to place a mark on the car and the importer there.
- Q. Why?—A. It could easily be erased.
- Q. Do you mean to say you could not devise any mark that could not be erased without leaving a trace?—A. Not that I know of.
- Q. Couldn't you put a number anywhere on the car; couldn't you punch one?—A. I might have, if I had something to do it with.
- Q. You admit that entry would cover any body of a Jewett sedan, wouldn't it?—A. Yes.
- Q. Where did you get the facts recited in the Customs entry?—A. From the importer.
- Q. Verbally?—A. Yes.
- Q. What was the purpose of entering that?—A. As a matter of preventing him from using a copy of this to pass off on another body. If he placed it on that car he could not use it for any other body.
- Q. Don't you realize, instead of preventing him passing it off on another body, it permitted him putting it on a car and justified the entering of the car?—A. No, I do not.

[Mr. William A. Orr.]

Q. If I told you that in this case that body was placed upon a chassis imported through another route, and that the very numbers you put down there on the verbal statement of the importer were used to deceive the Customs and to pass a brand-new 1925 Jewett sedan regularly imported, wouldn't you realize you had facilitated the smuggler in his work?—A. I would in that case. I do not see how the numbers could be used. That only clears the body.

Q. But it gives the appearance of clearing the chassis?—A. Not to my knowledge.

Q. The man has the sedan body and he fits it on a chassis you never saw, and the numbers you have no record of?—A. No.

Q. He says, "I imported the chassis through Montreal and I imported the body through Mr. Orr at Hemmingford. I told Mr. Orr this body was to be fitted on the chassis." He might put the numbers on the chassis when it was imported. Do you not see how you might co-operate unconsciously?—A. If I am to blame for anything, I did it innocently; I am innocent.

Q. How was this car imported along the highway, on a truck?—A. Yes.

Q. United States truck?—A. Canadian.

Q. Belonging to Mr. Legault?—A. Yes.

Q. How many bodies or chassis were imported through Hemmingford?—A. During the past year—you have reference to?

Q. By anybody? Were there a large number of chassis imported separately, or bodies imported separately?—A. There were no chassis imported separately.

Q. Bodies?—A. Yes.

Q. In each case did you require the importer to state to what car he was going to fit it on?—A. I did in some cases, others I did not.

Q. You are sure where they imported the body, in each case they did not give the numbers?—A. Not in each case, the numbers were not given.

Q. When you go back to Hemmingford, look over your records and produce all entry forms in your possession for either bodies or chassis or engine blocks, or any parts of cars imported by highway through Hemmingford?—A. Yes.

Q. And address them to me here by registered mail. I do not require the entry form; just give me a copy of it, which I can compare with the originals on file. Just a copy of this, reciting everything.—A. I might say I have already done that for Mr. Todd. No, I beg your pardon—

Q. For Mr. Knox?—A. No, Mr. Hunter.

Q. Mr. Hunter has already all entry forms covering parts of cars imported by highway?—A. Yes.

Q. Do you know a man called Allen in the United States, C. P. Allen?—A. No.

Q. Never heard of him?—A. Yes, I have.

Q. Is he a shipper in large quantities of burned or collision chassis?—A. Not to my knowledge, not through Hemmingford.

Q. Are you prepared to swear this car was not shipped by Allen?—A. No, I cannot say this car was not shipped by Allen; it would be reported to me by Allen.

By Hon. Mr. Boivin:

Q. Have you any remembrance of about how many bodies were imported through your port during the period you were there?—A. I think somewhere around fourteen.

Q. About fourteen bodies. What I want to get at, and I think it will be interesting to the committee—it will be interesting to me—how do you, as a Customs officer, value the body that comes into Canada from the United States, and which is not a complete car?—A. We have had great difficulty in that. We have no bulletins except on a few cars. It is not specified, the chassis and body

[Mr. William A. Orr.]

separately. The last time I was in Montreal, I asked Mr. Boudreau, who is chief appraiser, and he said the value is about 25 per cent of the total value of the car.

By Mr. Calder, K.C.:

Q. In this particular case?—A. In any case. That is what I took from him, that the value was about 25 per cent.

Q. The value of the body is supposed to be about 25 per cent of the value of the entire car?—A. That is what I took from him.

Q. When this car was imported by Legault on the 6th October, 1925, you put the value down as \$350; how did you arrive at the value? Did you take Mr. Legault's word for it?—A. To a certain extent I believe I did.

Q. That was not the full value of the car, it was the value of the body?—A. That had been appreciated.

Q. You say second-hand Jewett, five-passenger sedan body?—A. Yes.

Q. You say under the bulletin, the price is said to be \$500?—A. Said to be, yes.

Q. By whom?—A. Importers.

Q. So any man, who brings in a body through your port at Hemmingford, can say the list price of the body is so much and you take his word?—A. No, not altogether. I look at the bulletin if there is one, and if not, I have to go to Montreal.

Q. Have you any bulletin showing separately the price of the body of the car subject to depreciation?—A. No, only a few exceptional cases, like I would cite the instance of the Hudson. I think they have a separate chassis valuation on the bulletin.

Q. But, on the other hand, you have been in the habit of taking the statements made by the importers?—A. Yes, to a certain extent; but not all the time.

By Mr. Calder, K.C.:

Q. What is the Bulletin?—A. It is a statement set out by the department.

Q. Covering certain cars?—A. Yes, covering certain cars.

Q. This was not covered by any bulletin then in your possession?—A. No.

Q. Why did you put "subject to amendment"?—A. The reason for that was that I have never had an understanding when a car of the 1925 model becomes subject to depreciation. I have never received any official notice as to that, and I did not know whether I was right in taking 30 per cent off or not, so I gave them to understand they would have to amend it, if it was necessary.

Q. Are there many bodies found by you imported via highway, not identifiable by numbers?—A. I think there have been three or four.

Q. And it has never occurred to you to punch those bodies, or otherwise mark them with some identifying mark, which the importer dare not refuse, because he would then have no justification for entry?—A. It has occurred to me, yes.

Q. Did you discuss this matter with your superior officer?—A. Yes, I discussed it with my collector.

Q. Who was your collector?—A. Mr. Oney.

Q. Did you receive a ruling on that point?—A. I never have, no.

Mr. CALDER, K.C.: That is all.

By Mr. Gagnon:

Q. Is it to your knowledge that in the month of October, 1925, the 1926 models were out?—A. Yes.

Mr. GAGNON: That is all.

By Hon. Mr. Bennett:

Q. This was not a 1926 model?—A. No, it was given to me as a 1925.

Q. Well, it was not a 1926 model?—A. No.

Mr. GAGNON: The paper mentioned no date.

Mr. CALDER, K.C.: It says "It is to be placed upon a chassis, model 1925."

Mr. GAGNON: There is no number on that body.

Hon. Mr. BENNETT: I quite understand that.

The witness discharged.

The Committee adjourned until 3 o'clock, p.m.

The Committee resumed at 3 o'clock, p.m., the Chairman, Mr. Mercier, presiding.

Mr. CHAIRMAN: We will take the order of the day first.

GREGORY GEORGE, recalled and sworn.

By Hon. Mr. Stevens:

Q. Mr. Chairman, Mr. George is called for the purpose of producing some other books, which he promised to produce some time ago. What books have you got to-day?—A. The stock register, certificate book, minute books and leases.

Q. And all cancelled certificates?—A. Yes.

Q. Does this include now all of the records of your stock transactions?—A. Yes.

Q. This time it is complete?—A. Yes.

Q. And your minute book?—A. Yes.

Hon. Mr. STEVENS: That is all, I think, Mr. Chairman, that I want. I do not see why these could not have been produced a week ago.

The WITNESS: We just got them back from Mr. Callaghan, our lawyer.

Hon. Mr. STEVENS: Hand them to the clerk.

By Mr. Bell:

Q. Are you filing all of the books that went to Mr. Callaghan and which you received back?

The CHAIRMAN: Yes.

By Hon. Mr. Stevens:

Q. Just one minute. This shows the record of all of your stock holders, from the commencement?—A. Yes, sir.

Hon. Mr. STEVENS: Now, as far as I am concerned, Mr. Donaghy, I am through with this phase of it. I do not want to start in on anything further unless the question is open.

By Mr. Donaghy:

Q. Have you ever had—has the Dominion Distilleries Corporation Limited ever had any other books than what you have produced before this committee?—A. No, sir.

Q. When were the books that you have produced before this committee made and started?—A. Mostly from the organization of the company.

Q. What exceptions are there?—A. I do not think there are any exceptions that I know of.

Q. Do you swear that none of these books have been started within say the last six months?—A. Yes, sir.

Q. You swear that none have?—A. None that I know of.

[Mr. Gregory George.]

Q. Why do you qualify it in that respect?—A. Well, I do not make any qualifications. There are none there that I know of. All that are there were started since the organization.

Q. Why do you make the qualification that you have not brought any books here that you know of that would have been started within six months? You know what you brought?—A. Yes.

Q. Do you know whether any of the books you brought have been started within the past six months?—A. No, sir.

Q. Have any of them been started within the past six months?—A. I do not think so.

Q. Do you know?—A. I could not swear to that without looking.

Q. That is a very unsatisfactory answer for the manager of the company to give, who brings the books here?—A. They are all there that we have and they have all been started from the organization.

Q. I might tell you that there is some suspicion of your having manufactured books to bring before this committee. I am calling that to your mind.—A. There should be no suspicion, as far as we know.

Q. Having that pointedly brought to your attention, I want you to answer the question: Have any of the books which you have brought before the committee been started within the last six months?—A. No, sir.

Q. You swear that positively?—A. Yes.

By the Chairman:

Q. It means that the books and documents are all the documents produced before this committee since the opening of this committee?—A. Yes, sir.

The CHAIRMAN: Are there any other questions to be put to the witness? That is all. You are discharged.

The witness discharged.

The CHAIRMAN: Is Mr. Hushion here?

Mr. GEORGE: I was talking to Mr. Hushion on the 'phone this morning, and he did not get his wire. He did intend coming up with me on the train but he missed it. He got no wire, he said, that he was aware of. I might say that the wire arrived at my house at 11.30 last night. It was 'phoned to me at my house at 11.30. It did not give me much opportunity to come here. I received it at 11.30 p.m.

The CHAIRMAN: Mr. Gagnon, in regard to the application you made a moment ago, can you tell me on what grounds you want to proceed now?

Mr. GAGNON: Eh?

The CHAIRMAN: On what ground do you wish to proceed?

Mr. GAGNON: I want to proceed with the cross-examination of the witnesses in regard to what Bisailon has been called upon to answer by Mr. Stevens and Mr. Calder so far.

Mr. CALDER, K.C.: I have other witnesses that I want to examine before Mr. Bisailon. I have a certain incident which I would like to close by the calling of Mr. Hicklin and Mr. Knox.

The CHAIRMAN: Call Mr. Hicklin.

WILLIAM LIONEL HICKLIN recalled.

The CHAIRMAN: Under the same oath which you gave the other day you will proceed to finish your evidence.

The WITNESS: All right, sir.

By Mr. Calder, K.C.:

Q. Mr. Hicklin, before we go on to discussing the Legault seizure, I want to revert for a moment to the Martin car affair. Do you remember how the double duty was paid, whether it was in cash or by cheque, in the Martin case?

—A. In the Martin case by cheque.

Q. By cheque. Do you remember whose cheque it was?—A. Bertha Gelinias'.

Q. Was there any woman present at the time this cheque was brought in?—A. No, sir.

Q. On what bank was that cheque drawn, do you remember?—A. I do not recollect. It was on the Greene Avenue branch of some bank. I could not say for sure.

Q. Do you remember whether it was the Royal Bank on Greene avenue?—A. I cannot swear whether it was the Green Avenue branch of the Bank of Montreal or the Royal Bank.

Q. It must have been an accepted cheque?—A. It was our custom to only take cheques that were accepted.

Q. That were accepted by the bank?—A. Yes.

Q. What bank would you deposit this cheque in, as a matter of course, for collection?—A. At that time we were depositing them in the Provincial Bank.

Q. What branch?—A. At the corner of St. Hubert and St. Catherines street, I think it is.

Q. St. Hubert and St. Catherine street?—A. Yes, Montreal.

Q. Where are you offices?—A. 51 McGill street, Montreal.

Q. And you were banking at St. Hubert and St. Catherine street?—A. Yes.

Q. Going past the head office of the Provincial Bank, which is at Place D'Armes Square?—A. Yes.

Q. Under whose direction was that done, do you know?—A. Mr. Bisailon's.

Q. Was the bank account in which these cheques were deposited changed while Bisailon was there? I mean, was the account taken from one bank and placed in another or were there several concurrent accounts?—A. Well, I understand that most of the drafts, at least all drafts that we got, came to the Bank of Montreal head office.

Q. At this time. Did the Department have an account at the Provincial Bank?—A. No, sir, not to my knowledge.

Q. At the corner of St. Hubert and St. Catherine street?—A. Not to my knowledge.

Q. Whose account was that then, in which this cheque was deposited for collection?—A. I understand Mr. Bisailon had an account there but we did not deposit the cheque to Bisailon's account. We just went there and bought a draft on the Receiver-General.

Q. You bought a draft on the Receiver-General?—A. Yes.

Q. Although the department had no account there?—A. No, sir.

Q. And Bisailon had?—A. Yes, sir.

Q. Now, coming to the Legault case, I now hand you the preventive service file, for the purpose of refreshing your memory. Will you tell us whether you remember when the detention was put on?—A. As far as I know, around the 15th of November, approximately; I cannot give you the exact date.

Q. The exhibit read into the record from the police court records mentions the 16th?—A. That may be so.

Mr. GAGNON: It is the 13th.

Mr. CALDER, K.C.: I think that is correct.

By Mr. Calder, K.C.:

Q. Who was the receiving officer, was it Mr. W. Duval?—A. I understand

so.

[Mr. W. L. Hicklin.]

Q. Did you receive from Mr. Duval a report that a detention had been placed upon the car?—A. Yes.

Q. When a detention instead of a seizure is levied on a car, what procedure is followed; is a seizure report made out?—A. In this case Mr. Duval came to me and requested me to send the usual detention notice to Captain Bilodeau, that he had placed that car under seizure. That was just a confirmation.

Q. Do I take it that he told Captain Bilodeau verbally that the car was under detention, and then he had to confirm that by some document?—A. It was always the practice to confirm by letter.

Q. That letter is not the detention notice in Mr. Willie Duval's handwriting that was produced yesterday?—A. No, sir.

Q. A letter from the Department?—A. A letter from Mr. Bisailon.

Q. Had Mr. Duval asked that the regular letter should be sent?—A. He asked me.

Q. Did you take that up with Mr. Bisailon?—A. Yes. At least I remember a day or so after Mr. Duval asking me to confirm the detention to Captain Bilodeau, I wrote the detention report and put it before Mr. Bisailon to sign.

Q. You mean the detention letter?—A. I mean the detention letter.

Q. The notice of detention to the person who has the car in his possession?—A. Yes.

Q. Did you lay that before Mr. Bisailon?—A. Yes.

Q. What was Mr. Bisailon's action upon you laying that notice before him?—A. He refused to sign it.

Q. He refused to sign it?—A. Yes.

Q. Did he give any reasons?—A. He did not give any reasons at the time, but he appeared to be peeved over it, and told me to tell Mr. Duval to keep his nose out of Mr. Legault's affairs.

Q. Did you take the matter up with him again?—A. No, sir, I just destroyed the notice.

Q. Of your own motion, or upon orders?—A. No. I think two or three days after, when the seizure was subsequently submitted.

Q. There was a seizure report submitted?—A. Yes, sir.

Q. By whom?—A. Officer Duval.

Q. On the form K-9?—A. Yes, sir.

Q. Did officer Duval give you that K-9, or did he hand it to Mr. Bisailon.—A. He gave it to me.

Q. He would do that in the regular course?—A. As a rule.

Q. Did you take the seizure report to Mr. Bisailon?—A. Yes; I placed it before Mr. Bisailon.

Q. Did you prepare a covering letter, to send it to Ottawa?—A. No, I placed the seizure report before Mr. Bisailon first.

Q. What action was taken by Mr. Bisailon, of your own knowledge, upon the seizure report?—A. He requested me to hand it back to officer Duval, stating that he was satisfied that the entries had been produced and that the car was O.K., and that officer Duval could not present his seizure to Ottawa.

Q. Did you hand the seizure report back to officer Duval?—A. No, sir.

Q. Is it still on file?—A. No.

Q. Do you know what happened to it?—A. They were destroyed.

Q. By whom?—A. Mr. Bisailon.

Q. When?—A. The same date they were given to me by Mr. Duval.

Q. Where?—A. In our office in Montreal.

Q. Who were present when that was done?—A. Mr. Marcil and Miss Roy. I think that was all that were present at that time.

Q. And yourself?—A. And myself.

Q. Were those people all within hearing distance?—A. Well, no, they were not within hearing distance, but they saw the seizure reports destroyed.

Q. If they were not within hearing distance, would they be able to tell what was being destroyed, at the moment?—A. Well, as far as Mr. Marcil is concerned, if I remember rightly he looked at the scraps of paper afterwards.

Q. Is Marcil still in the Department?—A. He is on the port of Montreal staff.

Q. Was any comment made by Mr. Bisailon when the seizure report was destroyed by him?—A. He stated that Mr. Duval could not put in the seizure report, that he was satisfied that the car was O.K.

By Hon. Mr. Stevens:

Q. I did not hear that. Will you repeat it?—A. He stated that Mr. Duval could not put in the report because he, Mr. Bisailon, was satisfied that the Customs entries as presented covered that car.

By Mr. Calder, K.C.:

Q. Did he have the Customs entries before him at the moment?—A. He had had them I think the day previous.

Q. Do you know who brought them?—A. Mr. Garceau.

Q. Are these the seizure reports, copies of which have been filed as Exhibits Nos. 80 and 81?—A. Do you mean the entries?

Hon. Mr. STEVENS: Is this the Jewett car, Mr. Calder?

Mr. CALDER, K.C.: The Jewett car, the sedan known as the Legault car, which was discussed last night.

By Mr. Calder, K.C.:

Q. That is correct?—A. I believe so.

Q. Did you see the entry reports at that time?—A. I did.

Q. Did you observe at that time that the entry for the body bore no body number, and that the entry for the chassis bore no chassis number?—A. I did.

Q. Did you comment upon that at the time?—A. I did.

Q. To Mr. Bisailon?—A. And to Mr. Garceau.

Q. The same one?—A. As far as I was concerned, the entry for the chassis could cover any Jewett chassis, because there was no serial number on the entry.

Q. And the chassis?—A. I am referring to the chassis now.

Q. What about the body?—A. I do not think I referred to the body.

Q. I thought it strange?—A. I think I mentioned the fact to Mr. Bisailon that the sub-collector at Hemmingford could state that that body was going on a certain chassis, when they had no proof that it would go upon that chassis.

Q. Did Bisailon make any comment upon that?—A. If I remember correctly, he stated that he was satisfied it was the same car.

Q. Did he intimate to you the source of his satisfaction?—A. Well, I understand he sent Officer Kearney to examine the car.

Q. You understood he sent Officer Kearney to examine the car?—A. Yes.

Q. With the documents?—A. I believe so, because, if I remember correctly, Officer Kearney brought these documents back.

Q. Officer Kearney's report is on the file?—A. I believe so.

Q. Will you turn it up?—A. I do not see it on this file.

Q. Was it sent on to the Department?—A. Yes.

By Hon. Mr. Stevens:

Q. Did you send it on?—A. Yes.

By Mr. Calder, K.C.:

Q. What file is that you have before you?—A. This is the Preventive Service file.

[Mr. W. L. Hicklin.]

Q. Will you look at this file (hands to witness) and say whether it is there or not?—A. There is a copy here.

Q. Will you let me see it, please? I will read this into the record instead of filing it and exhibiting it, until the original is found. It reads as follows:

“Preventive Service,
MONTREAL, November 19th, 1925.

J. E. BISAILLON, Esq.,
Special Inspector of Customs and Excise,
Montreal.

SIR,—Acting upon your instructions to examine the Jewett 5 passenger sedan at present in the Municipal Garage, Montreal, in order to ascertain the motor and serial numbers thereon, I beg to report as follows:

Motor number 93239. Serial number 82402. Entry number 6940 of the 18th of May, 1925, covers a Jewett chassis, but no serial or motor numbers are on the entry.

Entry No. 73, October 6, 1925, port of Hemmingford, covers a body which according to the notation on the entry is to be placed bearing the above seizure.

I remain, Sir,
Your obedient servant,

(Sgd.) E. J. KEARNEY.”

That report reported nothing to Mr. Bisailon which he did not know already?—A. I do not think so.

Q. And it did not add to the facts already known to Mr. Bisailon, who had upon Willie Duval's report the number of the car seized, and he had also upon the entry forms the information contained in the last two paragraphs in the report?

MR. GAGNON: That is a question for Mr. Kearney to answer.

The WITNESS: It might be explained that at the time Mr. Kearney examined the car Mr. Duval's seizure reports were not in.

By Mr. Calder, K.C.:

Q. Did Mr. Bisailon take the trouble to look at this car himself, after you had expressed your doubts whether the entry papers covered it or not?—A. No, he was satisfied with officer Kearney's report. Officer Kearney was the officer reporting upon the car.

Q. And thereupon released the car, or ordered it to be released?—A. Instructed Officer Duval to release it, I believe.

Q. Do you remember whether officer Duval asked Mr. Bisailon to give that order himself, in his own handwriting?—A. I remember there was some trouble over the release of the car.

Q. What was it?—A. There were numerous telephone calls, I remember, between Captain Bilodeau and Mr. Bisailon, if I remember correctly, and I think also Mr. Verreault called the American Recovery Bureau. I cannot swear that he got into touch with Mr. Duval that afternoon, but he must have, because he instructed officer Duval to release the car.

Q. I am asking whether you know or not that Mr. Bisailon asked officer Duval to release the car by an order in Mr. Duval's own handwriting.—A. Mr. Duval told me.

Q. Never mind that?—A. I cannot swear to that.

Q. I think I asked Mr. Duval a series of questions as to whether he had stated certain things.

Mr. GAGNON: We have heard them.

Mr. CALDER, K.C.: I asked him pointedly as to whether under such and such circumstances he made certain statements, and I think he said No. I think I can go into that. I think under the Canada Evidence Act I am empowered to ask a witness to whom that statement was made whether he made the statement or not.

Mr. GAGNON: Ask Duval first.

Mr. CALDER, K.C.: I think I did, but his memory was a very reluctant one, and it had to be refreshed at every turn. When you get a witness who appears to be recalcitrant, you ask him whether he made a statement contrary to his evidence upon a previous occasion.

Mr. GAGNON: Ask the witness himself.

Mr. CALDER, K.C.: I did that, I think. I am in the hands of the committee. I am sure I asked that very question.

Mr. ELLIOTT: What is the objection now; is it that you should not ask this witness as to Mr. Duval?

Mr. CALDER, K.C.: Yes.

Mr. ELLIOTT: Is this not the rule? You have asked Mr. Duval, and he has given his answer, rightly or wrongly. You would have the right to treat him as a hostile witness. If this witness is hostile, you can treat him in the same manner. I think the ordinary rules apply.

Mr. CALDER, K.C.: The point is this, Mr. Chairman; I think we are confusing the point I asked Mr. Duval about, who was manifestly an unwilling and a recalcitrant witness. I should probably have applied to the committee, under the procedure adopted in the courts, to declare him hostile. I think that was probably an omission upon my part, but he was patently hostile. In order to get certain facts from him I asked him for those facts directly, and he denied them. I asked him if he had made any similar statements prior to that, which he denied. I now wish to put the same questions to the witness to whom he made the statement. It is hearsay, but it is one of the exceptions provided for by the Canada Evidence Act.

Hon. Mr. BENNETT: I think you have laid a proper foundation for it.

By Mr. Calder, K.C.:

Q. Did Mr. Duval tell you that Mr. Bisailon had refused to sign a release order in his own handwriting for the release of the car? Did he tell you he had ordered Duval to sign the release order? Did Duval tell you Bisailon had ordered him peremptorily to sign the release order?—A. He said Mr. Bisailon had ordered him to see Captain Bilodeau and release the car.

Q. Did he tell you whether he had been placed in jeopardy on his job unless he did it?

Mr. GAGNON: He answered the question.

Mr. CALDER, K.C.: He said "no." That is why I am asking this question.

The WITNESS: The following morning Duval told me that Mr. Gagnon had called him up at his house two or three times the previous evening as late as ten o'clock at night, and according to Duval's statement, Mr. Gagnon did threaten him with many things if he did not release the car.

By Mr. Calder, K.C.:

Q. Was one of these things that he would lose his job?—A. According to Duval.

The CHAIRMAN: I understand Mr. Duval answered that.

[Mr. W. L. Hicklin.]

Mr. CALDER, K.C.: I asked him if anybody had phoned him during the night threatening him he would lose his job.

Mr. GAGNON: This question was not put to Mr. Duval.

Mr. CALDER, K.C.: I did not use your name.

Mr. GAGNON: No.

The CHAIRMAN: The evidence yesterday is not yet printed. We will get a typewritten copy and verify it.

Mr. CALDER, K.C.: Unless several people telephoned to Mr. Duval during the night, expressing some threat, he must have recognized the occasion.

Mr. BELL: Mr. Gagnon does not dispute the question.

Hon. Mr. STEVENS: You do not dispute you telephoned?

Mr. GAGNON: I do not dispute I called Mr. Duval on the phone at all. I have done the best I could for my client, as I hope to be able to do yet.

Hon. Mr. STEVENS: You have done well for your clients all right; you ought to be complimented on that.

Mr. GAGNON: I hope the compliment will be put to me by Mr. Stevens when the opportunity arises in the case. You will have the same opportunity to compliment me.

By Mr. Calder, K.C.:

Q. Do you know of your own knowledge whether Mr. Duval reported this seizure incident to Ottawa over the head of Mr. Bisailon?—A. In talking the matter over with Duval, he stated he was not at all satisfied with Mr. Bisailon's action, and he intended to report it direct to Mr. Wilson, his chief in Ottawa.

Q. Do you know whether that intention was carried out?—A. I understand so.

Q. You do not know personally?—A. Only from hearsay.

Q. Did you yourself see any letters from headquarters at Ottawa which would lead you to believe the report had, in fact, been made?—A. Yes.

Q. What letter? I am trying to find it—A. I cannot just recall.

Q. From whom was it?—A. From Mr. Wilson to Duval, if I remember correctly.

Q. To what effect?—A. To the effect of Duval having Prefontaine's car.

Q. To the effect, you mean, to have Mr. Prefontaine examine the car?—A. Yes.

Q. He is an expert on Jewett cars?—A. Yes, Mr. Prefontaine is agent for the Paige and Jewett in Montreal.

By Mr. Gagnon:

Q. Do you remember the date when the car was put under detention by Mr. Duval?—A. Not exactly.

Q. We have here documents showing the car has been put under detention on the 13th November?—A. I don't know, you say so.

Mr. CALDER, K.C.: I think we can take that for granted.

Mr. Gagnon:

Q. We have also another document showing this car has been released from detention by Officer Duval on the 16th November. Will you swear that these documents were written on the day that appears on the document itself?—A. I have not seen it; I understand one was presented last evening.

Mr. CALDER, K.C.: They were returned to Captain Bilodeau. They were read into the record yesterday. Your assumption that the date was the 13th, the detention, and the release on the 16th, is correct.

[Mr. W. L. Hicklin.]

Mr. Gagnon:

Q. Will you look at the report you prepared yourself at the request of Officer Duval and tell the committee what date that report bears?—A. The report I prepared?

Q. Yes, at the request of Officer Duval.—A. You are mistaken.

Q. The day that is on the report that Officer Duval prepared or handed over to you; you have it there.—A. I think you are referring to the report of Mr. Kearney; there is no report of Mr. Duval.

Q. A copy of the report K-9?—A. It is not here.

Q. Can you find it in the record?—A. It is a subsequent seizure.

Mr. CALDER, K.C.: Did not Mr. Hicklin say the seizure report was torn up by Mr. Bisaillon?

Mr. GAGNON, K.C.: Yes. I understood there was a copy produced.

Mr. CALDER, K.C.: I never produced a copy.

By Mr. Gagnon:

Q. Let me look at these records. This file is for the subsequent report.—A. Yes, that is Mr. Knox.

Q. And concerns the Legault case now pending?—A. Yes, I think there should be a separate record of the first case.

Q. You will notice the first report in this record is January 26th?—A. Yes.

Q. We will take it for granted it is November 16th, and three days after the car was detained by Officer Duval, the car was released by Officer Duval according to the document before the committee. I understand Mr. Bilodeau took the papers back.

Mr. CALDER, K.C.: Yes, I read them into the record as they were part of his official file. The 13th and 16th are the dates as I remember them.

Mr. GAGNON: The release?

Mr. CALDER, K.C.: Yes.

By Mr. Gagnon:

Q. I find a copy of a letter dated November 19, 1925, written by Officer Kearney to Mr. Bisaillon, three days after the supposed release by Mr. Duval. Can you tell me why the report from Officer Kearney was exacted by Mr. Bisaillon under the circumstances?—A. Was exacted by Mr. Bisaillon?

Q. Yes?—A. I presume Mr. Bisaillon wanted to have Officer Kearney's version as to whether the entries covered the car.

Q. Is it to your knowledge that these papers were produced to Mr. Bisaillon and handed over to Mr. Kearney for a report before Mr. Bisaillon ever ordered the release of the car?—A. Yes.

Q. Do you remember a conversation that took place between Mr. Bisaillon, myself, and yourself, in Mr. Bisaillon's office, when these documents were handed over to Mr. Bisaillon?—A. If I remember correctly, there was quite a conversation about it. I think you will remember I stated that entry could cover any Jewett sedan as far as I was concerned. Mr. Bisaillon stated in the office that he was satisfied.

Q. On the 19th the car was supposed to have been released?—A. You are talking of the day you came into the office?

Q. Yes, with these documents. You will remember Mr. Duval's release was signed on November 16th?—A. I am told so; I have not seen it.

Q. You will remember Mr. Kearney's report is dated November 19th, three days after?—A. If I remember correctly, Mr. Kearney's report was made the same day you were in the office.

Q. You will notice this copy of the report is dated November 19th?

[Mr. W. L. Hicklin.]

Mr. CALDER, K.C.: We were all under a misapprehension. The copy was taken, I am informed.

Mr. ELLIOTT: That is my recollection of what he gave yesterday; it went into the garage on the 13th, and was seized on the 16th and released on the 19th.

Mr. GAGNON: The release by the city authorities was on the 16th.

Mr. ELLIOTT: It was seized on the 16th.

By Mr. Gagnon:

Q. Do you remember Mr. Bisaillon telling you he would not do anything regarding the release of this car before he would communicate with Mr. Verreault who had put the car under seizure, and had brought the car down to the Municipal garage?—A. I don't remember that, Mr. Gagnon. I remember Mr. Bisaillon phoning Verreault about the car.

Q. Before Mr. Bisaillon ever gave him instructions?—A. That may be so.

Q. Who is Mr. Verreault?—A. I understood he was manager of the American Automobile Recovery Bureau.

Q. Mr. Verreault, according to Mr. Bilodeau, was an informer of the case?—A. According to Mr. Bilodeau.

Q. He was also a representative of the insurance company who claimed they had some right to the car?—A. Apparently.

Q. But will you admit—

Mr. CALDER, K.C.: May I formally put myself on record as objecting to the covering of Mr. Bisaillon's responsibility by the hasty action of Mr. Verreault. The point I am making is, Bisaillon should have investigated this car before releasing it, and should not have accepted it as proof that the car did come in on the regular papers which in no way supplied that proof. My friend does now and has repeatedly suggested that Mr. Bisaillon was not responsible because somebody else concurred in his action, outside of the department. I make that objection because I foresee this will lead to almost an interminable cross-examination. Mr. Bisaillon will always be able to find somebody who will come forward and say what he did.

Mr. GAGNON: There are two phases of the question, whether it is a stolen car and whether it is a smuggled car.

Mr. CALDER, K.C.: We will prove it is stolen and smuggled.

Mr. GAGNON: We are interested in knowing if the car is smuggled, and Mr. Calder says that he will bring proof that it is also a stolen car. The point I want to make is that Mr. Verreault, who is supposed to be the man interested in the ownership of the car, had no objection to the release, as far as ownership is concerned, and I want to try and justify Mr. Bisaillon, as far as the Department is concerned, for his object in releasing the car, which would be within the bounds of his duty as a Customs Preventive Officer. If we prove that Mr. Verreault was interested in the type of the car, I have no objection.

Mr. CALDER, K.C.: Then we will have to call Mr. Verreault.

Mr. GAGNON: It would be a matter for the Customs Department only.

Hon. Mr. STEVENS: Is this in connection with the substitution for the Jewett car which was erected out of a body and a chasis?

Mr. GAGNON: The question of substitution is now before the courts, and I am not ready to admit on your declaration that it was a substitution.

Hon. Mr. STEVENS: You are not asked to admit anything on any declaration of mine, Mr. Gagnon.

By Mr. Gagnon:

Q. Officer Kearney went with these papers and made a report dated November 19th, to Mr. Bisaillon, before the car was released?—A. That is the fact.

[Mr. W. L. Hicklin.]

Q. And in the meantime a telephone conversation took place between Mr. Bisailon and Mr. Verreault?—A. Yes.

Q. Now, do you remember that when I went to Mr. Bisailon's office, I produced these documents in behalf of Mr. Lalande, not Mr. Legault?—A. I understood Mr. Legault, because he was present with you as your client.

Q. Once. You remember we were there twice?—A. I have only recollection of your going once.

Q. You remember I went there with Mr. Legault, and we met with a refusal from Mr. Bisailon, and had to go the day afterwards?—A. Not to my knowledge.

Q. But you cannot swear that is not true?—A. The only recollection I have was the day the car was examined by Mr. Kearney, Mr. Legault was with you.

Q. Do you remember that the day before, I went there with these papers and asked Mr. Bisailon for a release?—A. The day previous?

Q. The day previous?—A. Not to my knowledge.

Q. Can you tell us how it happened that Officer Kearney came in to make that report?—A. I have already stated.

Q. And do you swear that all that happened on the same day, Mr. Hicklin?—A. That Kearney went to the police garage the day you were there with Mr. Legault.

Q. And do you remember that, the day before, an application had been made to Mr. Bisailon for the release of the car?—A. Not to my knowledge; it may have happened.

Q. But this car was not seized from Mr. Legault, it was seized from Mr. Lalande?—A. Yes.

Q. Are you aware that Mr. Lalande is keeping a grocery store in Maison-neuve, and bought that car from Legault?—A. I do not know anything about him except that he is some relation to Mr. Legault, I am told.

Q. Do you remember it being represented to Mr. Bisailon that Mr. Lalande was a property owner, a responsible man, and if anything would happen regarding this car, we could always get after Mr. Lalande?—A. That is something I do not know about.

Q. But do you remember such representations being made to you and Mr. Bisailon when we discussed this entry?—A. You are referring to the same day?

Q. Yes?—A. I do not remember Mr. Lalande's name being mentioned.

Q. Did you know at the time that the car was seized on Mr. Lalande's premises?—A. From Officer Duval; at least seized in the police garage, I understand.

Mr. GAGNON: That is all.

By Mr. Bell:

Q. Mr. Hicklin, just a question before you go. How long have you known Duval?—A. About three years.

Q. And does he speak and understand English?—A. Very well.

Q. Were you here yesterday afternoon when he gave his evidence before this Committee?—A. I was, sir.

Q. Did you, after the Committee had risen, hear him in conversation with anyone as to the evidence he gave here yesterday?—A. The only one I heard him in conversation with was Mr. Knox.

Q. After yesterday's sitting?—A. Yes, sir.

Q. What did he say about the evidence he had given yesterday before this Committee?—A. Mr. Duval?

Q. Yes?—A. He did not say anything in answer to a statement made by Mr. Knox.

[Mr. W. L. Hicklin.]

Q. And that statement was what?—A. I heard Mr. Knox tell him he did not believe he told the truth.

Q. And what did he say in reply?—A. Duval said "What do you mean?"; that is all the conversation I heard.

Q. There was nothing said as to his reason for making the statement he did yesterday?—A. Not in my presence.

Q. Did you hear him in conversation with anyone else of the police after he had left this hall?—A. No, I did not.

Mr. BELL: That is all, sir.

The witness retired.

JAMES EDWARD KNOX recalled.

The CHAIRMAN: Your evidence is continued under the same oath you have already taken.

By Mr. Calder, K.C.:

Q. Mr. KNOX, when did you first have knowledge of this seizure of the Jewett sedan from Z. Legault? I mean, your very earliest knowledge?

Mr. GAGNON: The first knowledge he had.

Mr. CALDER, K.C.: He had knowledge as an investigator; and knowledge as a Preventive Officer.

The WITNESS: 26th of November, 1925.

By Mr. Calder, K.C.:

Q. Were you told then to investigate this matter?—A. No, sir.

Q. What knowledge did you gain of this matter at that date?—A. I met Captain Bilodeau of the Montreal City Police, in the court house.

Q. Never mind what he told you, but in consequence of what he told you, did you do anything?—A. I did.

Q. What did you do?—A. I went to Mr. Legault's motor sales station on Amherst street.

By the Chairman:

Q. In Montreal?—A. Yes, and I examined a Jewett automobile.

By Mr. Calder, K.C.:

Q. Will you tell us what you noticed in connection with that car?—A. I asked Mr. Legault for the customs entries covering the Jewett, and he produced to me these exhibits here (Indicating Exhibits 80 and 81).

Q. Which have since been filed in the case of Rex vs. Legault—A. In the Montreal court house.

Q. And which were remitted to you for custody pending the trial?—A. Yes, sir.

Q. And which you have kept in your possession ever since?—A. Yes, sir.

Q. As originally delivered to you?—A. Yes.

Q. With these customs entries (Exhibits 80 and 81) did you examine the car?—A. I did.

Q. Did you find the numbers on the chassis which are recited in the entry for the body?—A. Yes, sir.

Q. Can you tell us whether the numbers on the chassis—meaning the engine serial number and the other serial numbers—were original numbers or repunched?—A. They had all the appearance of having been changed.

Q. They had the appearance of having been changed?—A. Yes, sir.

[Mr. J. E. Knox.]

Q. Now, what was the condition—A. I might state this; that the number on the engine is a plate number; it is not a punched number.

By Hon. Mr. Bennett:

Q. It is what kind of a number?—A. A plate number, and the plate itself showed signs of having been removed. The chassis numbers can be seen to-day and are changed.

By Mr. Calder, K.C.:

Q. What part of the chassis?—A. The rear end?

Q. What member of the chassis? One of the fixed members of the chassis?—A. Yes.

Q. The cross-piece—A. What comes out between the wheel and the lower end of the body.

Q. Now, what have you to say as to the degree of newness of that car? Is that a correct English word?

Mr. BELL: Perfect, sir.

The WITNESS: What is that?

By Mr. Calder, K.C.:

Q. What have you to say with regard to the chassis and car, whether they were old or new?—A. Personally, being a layman, never owning a car—

Q. What? And in the department, too?—A. Yes, unfortunately—

Mr. BELL: You have missed something.

The WITNESS: I looked the car over. From these customs entries here I decided perhaps it was all right, to my judgment.

By Mr. Gagnon:

Q. When was that?—A. That was on the 26th of November. Still I had doubts, seeing the numbers were changed, and I therefore took these (indicating Exhibits 80 and 81) with me. I did not seize the car, but I forwarded these (Exhibits 80 and 81) to Mr. Wilson with a covering report, which you will find there (indicating). I might say this; that when when I examined this car there were all kinds of threats made which indicated there was friction between Mr. Legault and Captain Bilodeau—

By the Chairman:

Q. Between the body, and the chassis, as it were?—A. Yes.

Q. Well now, did you examine the car subsequently or did you have it examined?—A. I had it examined subsequently.

Q. You had it examined subsequently?—A. I did, sir.

Q. By whom?—A. By two experts.

Q. Who are—A. Who are J. A.—I think it is—Prefontaine.

By Hon. Mr. Stevens:

Q. Who is he?—A. He is a Jewett sales representative in Montreal.

By the Chairman:

Q. Agent?—A. Agent, yes, and a Mr. Macdonald, who is a Jewett expert, on Bleury street. That was on the eleventh day of January, 1926.

By Mr. Calder, K.C.:

Q. I still have the question unanswered, as to whether, layman that you were, you noticed whether it was a new car or one which had exhibited evidence of having been through a fire, as to the chassis?—A. It had all the appearance of a new car.

Q. A new car?—A. Yes.

[Mr. J. E. Knox.]

Q. Was it possible for any layman to notice the changes in the numbers?
—A. No. On the chassis it was; not on the engine.

Q. On the chassis it was?—A. Yes, because the fact is this, that I drew the attention of Mr. Legault himself to the fact, when I noticed the plate number on the engine, which had been changed. He gave me this excuse, that the city police had done it when they had it in the garage.

Q. What is that again?—A. He said the city police had changed it.

Q. He said that the city police had changed it?—A. Yes.

Q. Who told you that?—A. Mr. Legault, himself.

Q. Did you point out to him to that the numbers that he said were changed had been changed in the police garage—were the very numbers that appeared on his report?—A. No. I did not question him on that.

By Mr. Gagnon:

Q. That could not be hearsay, the conversation with Legault? (no audible answer).

The CHAIRMAN: Anyhow, the witness did not say that?

Mr. CALDER, K.C.: It is not evidence against Bisailon in any event. I did not elicit it.

The CHAIRMAN: It is against the system.

Mr. GAGNON: It is against the police.

Mr. CALDER, K.C.: No, it is not.

By Mr. Calder, K.C.:

Q. Were the numbers that you examined and which appeared on the block of the chassis the numbers recited in the entry form?—A. Yes.

Q. And he produced that entry form, with those numbers on as his justification for the car and at the same time he told you that the police had changed the number?—A. Yes.

Q. Whatever it was it was not clever?

Mr. GAGNON: I know it was not clever because he is in Court for that now.

Mr. CALDER, K.C.: We will see how clever he is, because he will be here. Have you any objection to Prefontaine's report going in?

Mr. GAGNON: No.

By Mr. Calder, K.C.:

Q. Will you state whether that was the report that was gotten from Mr. Prefontaine, at the time he made an examination?—A. No, sir. I could not say that. This is a report that was given to me by Mr. Wilson.

Q. Mr. Wilson already had that report?—A. Mr. Wilson had already that report.

Q. Very well. I will ask him.

The CHAIRMAN: Then you will file that with Mr. Wilson's evidence?

Mr. CALDER, K.C.: I am going to call Mr. Wilson.

By Mr. Calder, K.C.:

Q. Do you know in which file is contained the report of an investigator in the United States, as to the origin of this car?—A. That would be on the departmental file.

Hon. Mr. STEVENS: There are two customs files, department and preventive, in all these cases. It is very confusing.

The WITNESS: You will get it on the photostat copy.

[Mr. J. E. Knox.]

By Mr. Calder, K.C.:

Q. That is the claim that was put in. I am not talking about that. There is a report from somebody in the United States about the origin of this car, of the burnt chassis?—A. Yes, I know about that.

Q. Will you find that for me, please?—A. They were not on the files there.

Q. Yes, I think I have it?—A. This is the insurance claim.

Mr. CALDER, K.C.: I want to produce this to show this to the members of the committee and ask whether it can be filed under the ruling, as to matters of course being proved by letters or reports.

The CHAIRMAN: Anyhow Mr. Gagnon does not object to it.

Mr. CALDER, K.C.: I do not know yet.

The CHAIRMAN: He just stated so a minute ago.

Mr. GAGNON: I know that the committee cannot impose any sentence on Legault.

By Mr. Calder, K.C.:

Q. Will you file as exhibit No. 83 a bundle of eight telegrams and state whether those telegrams were sent and received by you, in the course of your investigation?—A. No, sir, they were not.

Q. Do you know by whom they were sent?—A. Those were handed to me by Mr. Verreault, of the American Automobile Recovery Bureau.

Q. Let us put them in and I will get Mr. Verreault.—A. This is the tracing of the car bearing the numbers on the entries.

Mr. CALDER, K.C.: This is the letter which I seek to produce under the ruling concerning matters of course. It is not strictly a matter of course. It is a report on an investigation conducted on the other side, showing the origin of the burnt chassis, which was imported. I seek to put that in in lieu of witnesses, if possible.

The CHAIRMAN: This letter was received by Verreault.

Mr. CALDER, K.C.: Yes. I will put it in but I will not read it now.

THE CHAIRMAN: You are going to bring Mr. Verreault on March 16th and you will have an opportunity then of filing these telegrams?

Mr. CALDER, K.C.: Yes, but Mr. Knox is still in possession of them.

Mr. GAGNON: I think, for the purpose of the investigation, I can go this far that after a thorough investigation by Mr. Knox, after the car was released, some of the proof was not in the possession of Bisailon at the time or in his knowledge at the time but has been discovered since, and I am interested in proving whether this entry is genuine or not. The only question is whether Bisailon had in his possession at the time sufficient means to discover that this car was a stolen car, an undervalued car or a stolen car. I think it would shorten the examination, for the purposes of the committee, if I make that admission.

Mr. CALDER, K.C.: Then you will allow this to go in?

Mr. GAGNON: Yes.

The CHAIRMAN: I understand that the evidence given before this committee serves only before this committee. The evidence taken before this committee cannot serve before any other tribunal.

Mr. GAGNON: In the investigation probably Mr. Calder would be in position to prove to this committee the facts alleged there. He would probably be in position to prove that, but with the restriction that these facts were not to the knowledge of Bisailon at the time.

Mr. ELLIOTT: Unless there is evidence that they were brought to his knowledge at the time.

[Mr. J. E. Knox.]

Mr. GAGNON: Unless there is evidence that they were brought to his knowledge at the time.

Mr. CALDER, K.C.: My point is that by calling the man at Hemmingford, he could have discovered whether it was a new or an old chassis and by the same telegrams that were sent by Mr. Verreault he could have discovered the very car that bore these numbers; also he could very easily, if he wanted to, have looked at the car and discovered whether it was a new car and had a report on its state of age or youth and if he had done that there would not have been collected by the Customs what is shown on the entry form as a ridiculously low valuation on a brand new car.

Mr. GAGNON: So would Verreault, who was in charge at the time.

Mr. CALDER, K.C.: Verreault does not cover Bisailon at all; neither do all the people who act with Bisailon in Montreal cover him.

THE CHAIRMAN: Go on with the examination.

Mr. CALDER, K.C.: My learned friend is addressing the committee every two minutes on the facts in the evidence and in spite of my usual placidity I will try to follow.

By Mr. Calder, K.C.:

Q. Have you had those papers in your possession?—A. Yes.

Q. I will put in this letter from W. S. MacMurray, which I will read into the record and we will be able to refer to it more easily.

THE CHAIRMAN: Under reserve

Mr. CALDER, K.C.: Yes.

(READS)

(Exhibit No. 84)

W. S. MacMurray,
Insurance Service,
Albany, New York,
17 Norwood Street — Rd. 1.

Dec. 9, 1925.

American Auto Recovery Reg'd.
Montreal, Quebec.

Anthony Verno — No. 46636.

Gentlemen:

Supplementing my letter of Dec. 4th enclosed herewith please find original Aetna Policy issued on the Jewett Sedan which you have under scrutiny in your city. You will note that the purchaser was Joseph R. Clark, a restaurant proprietor of Schulerville, and the loss of the car in Dec. 1924 was apparently genuine in every respect.

The salvage was sold in May, 1925, to a party by the name of C. P. Allan, residence Hudson Falls or Glens Falls, who is known to have Montreal connections and who shipped the wreck to these people by rail. While Allen has the reputation of shady dealings in addition to being an associate of boot-leggers he has never been convicted of any crime, so far as I could learn. On checking him up at Saratoga I was told that he is always on the lookout for wrecks for his Canadian customers and some of my informants went so far as to concede that car thefts would not be beyond his scope of action.

It is quite likely that Mr. Doremus will decide to have this party thoroughly investigated and you will no doubt hear from his at an early date.

Yours very truly,

W. S. MacMurray.

[Mr. J. E. Knox.]

By Mr. Calder, K.C.:

Q. There was a policy attached to that, showing what loss had occurred, I think?—A. Yes.

Q. What loss had occurred? Was that loss by fire or theft?—A. This one was by fire.

By the Chairman:

Q. By fire?—A. Yes.

By Mr. Calder, K.C.:

Q. Will you produce the insurance policy and a further letter from W. S. MacMurray, the two together as Exhibit 85?—A. Yes. (Letter and policy produced).

By Mr. Gagnon:

Q. When did you first see that car, Mr. Knox?—A. On the 26th of November.

Q. You saw that car first in Legault's garage?—A. Yes, sir, on the 26th of November.

Q. When were you appointed as a preventive officer?—A. In December, 1924.

Q. You were appointed in December, 1924?—A. Yes.

Q. At the time you were appointed as preventive officer, you were also empowered as well as any other Customs officer, to effect seizures?—A. Certainly.

Q. You were?—A. Yes.

Q. You also had, at the time you first inspected that car, some facts or some knowledge of what had gone on in regard to this car before?—A. The only facts I had were that there was a dispute about whether it was a 1924 or a 1925 model.

Q. But you had that knowledge?—A. I knew that was the dispute.

Q. You knew there was a dispute regarding the duty papers in reference to that car?—A. No, the model of the car.

Q. Did you have the Customs papers in your hands at the time?—A. Yes. I got those from Mr. Legault, when I went to his garage to have a look at the car.

Q. You were empowered to seize the car at that time?—A. I had the power necessary, if it was absolutely proved that it was stolen.

Q. You also had been informed that Mr. Legault was dealing in smuggled and stolen cars; you also had that knowledge or information?—A. Yes.

Q. Just a short time previous to that you found that car in his possession?—A. Yes.

Q. You had the power to seize?—A. It was not proven that it was stolen.

Q. It was not proven to you?—A. It was not proven to me, no.

Q. When did you seize that car after that?—A. I seized that car on the 11th day of January, 1926.

Q. Meaning more than a month after?—A. Yes.

Q. In the meantime, when you left Legault's garage, after having all that knowledge, the knowledge that the car was in the possession of Mr. Legault, a man known to you as a man dealing in stolen cars and in smuggled cars, still with all the power you had you saw fit to seize the car just one month afterwards?—A. Certainly.

Q. Because you were not sure?—A. That was what I waited for.

Q. It took you over a month to make a thorough investigation, which brought you up to the point of making a seizure afterwards?—A. We have

[Mr. J. E. Knox.]

a hundred and one different investigations in the meantime; we are not devoting our time to this only.

Q. But it is a fact that you seized that car after having looked at it and having the papers in your possession, and you seized that car just over one month after?—A. Certainly.

Mr. GAGNON: That is all.

By Mr. Bell:

Q. What did you want to say about a conversation you had with the last witness yesterday?—A. I had some.

Q. What passed between you and him?—A. I referred to the evidence of the witness yesterday afternoon, and I was very much astonished at the evidence given by him. He stated under oath that he had no knowledge that a report on this matter was not sent to Ottawa. He has sworn just absolutely different, and you will find it in the Duncan report. As a matter of fact I have had occasion to see Mr. Duval and talked with him about this car.

By Hon. Mr. Stevens:

Q. In addition to what is in the Duncan report?—A. In addition to what is in the Duncan report. He told me that he never intended to release that car, if it had not been for Mr. Bisailon.

By Mr. Bell:

Q. He told you that he never intended to release that car if it had not been for Mr. Bisailon?—A. Yes.

Q. Having that in mind, what took place in your hearing after this arose yesterday?

The CHAIRMAN: We only want what you know about the car, now that the question has been put. We have the version of Mr. Hicklin, who claims he was at the moment your own witness. You may contradict him upon his own evidence.

Mr. BELL: I want to see whether this witness' story bears out whatever of the conversation Mr. Hicklin heard. That is the reason I put the question to the witness.

By Mr. Bell:

Q. Will you proceed?—A. That is the only conversation I had with Mr. Duval last night.

Q. Is it correct to say that what Mr. Hicklin reported to us to-day was all that took place between you and Mr. Duval yesterday after the hearing here, or was there more than that?—A. That was it. I might say, while I am under oath, that serious interferences have been placed before the preventive staff in Montreal. They have been intimidated. I am making this statement under oath, and it is a serious statement to make. I am going to give this under oath, and I am prepared to prove it.

Mr. BELL: I think that is very important.

Mr. GAGNON: It is heresay.

The WITNESS: No, sir, it is not heresay. I am on my oath, and I will say it under oath.

By Mr. Bell:

Q. With the Chairman's permission, Mr. Knox, I will ask you who, if any one interfered with you?—A. No one, sir.

Q. Is it correct to say that the interference you speak of in regard to this was merely told to you?—A. I saw it in writing.

By Mr. Elliott:

Q. In writing, did you say?—A. In some of these cases here, and in Montreal.

By Mr. Bell:

Q. Whose name was appended to the writing?—A. Mr. Duval's.

By Hon. Mr. Stevens:

Q. What was the form and what was the writing?—A. It was in connection with certain seizures which he had made. Mr. Duval himself told me, and he also confirmed it in writing, not in only one case but in other cases.

By Mr. Bell:

Q. What was the nature of the threats that were made?—A. That he would lose his position if he did not release certain cars, and that he had no right to seize them.

By Mr. Elliott:

Q. Is that in writing?—A. Yes.

Q. Where are the letters?—A. I am not sure whether they are here or not.

Q. If you are stating something that is to be found in letters, I would suggest respectfully that the letters are the best evidence?—A. I will be delighted to produce them.

The CHAIRMAN: They must be produced and filed first, then you can give oral evidence upon them later.

Mr. BELL: We can have Mr. Duval before us to explain why he wrote those letters.

The CHAIRMAN: That is your right, but in the meantime you can look for and get the letters, and we will have no more evidence until they are produced.

By Mr. Gagnon:

Q. As a preventive officer, are you interested in any moiety?—A. No, sir. I never got a dollar of a moiety in my life.

Q. Is your salary over \$2,000?—A. It is.

The CHAIRMAN: Under the Customs Act, or under the regulations of the Department of Customs and Excise, any officer having a salary of \$2,000 or over is not entitled to receive any moiety.

By the Chairman:

Q. Is that correct?—A. He is not entitled to receive anything.

By Mr. Gagnon:

Q. Before you were in the service of the department, and when you had no salary, were you entitled to any moiety?—A. That is a technical point. I never got any, whether I was entitled to it or not.

Q. Up to a certain time you were in the employ of the Commercial Protective Association?—A. Yes.

Q. Can you tell me of your own knowledge whether the Commercial Protective Association got moieties?—A. I have no knowledge of it.

Q. It has been admitted by Mr. Sparks?

Hon. Mr. STEVENS: What has that to do with it?

Mr. BELL: The witness says he has no knowledge of it anyway.

Hon. Mr. STEVENS: What has that to do with your client, Mr. Gagnon?

Mr. GAGNON: He has brought charges against my client. Do you not think I have the right to test his evidence?

Mr. BELL: He has said "No."

Mr. GAGNON: He has said that somebody told him something, and he has reported something that the witness does not bear out upon examination under oath, and it is a question whether you should believe Mr. Knox in what he has heard from the witness, who was not under oath, or whether you should believe a witness who was under oath and testified before the committee.

The WITNESS: I am prepared to prove this, Mr. Chairman.

The CHAIRMAN: That is all, Mr. Knox.

The witness retired.

WILLIAM L. HICKLIN recalled.

By the Chairman:

Q. You are under the same oath, Mr. Hicklin, you understand?—A. Yes, sir.

By Mr. Gagnon:

Q. I am now showing you, Mr. Hicklin, a letter written on November 21, 1925, which purports to be a report from Mr. Bisailon to Mr. Wilson, regarding the Jewett sedan. Reading from that document, you will see the last paragraph. You wrote that letter and had Mr. Bisailon sign it?—A. Yes. My initials are there.

By Hon. Mr. Stevens:

Q. Did you write it on the instructions of Mr. Bisailon?—A. On the instructions of Mr. Bisailon.

By Mr. Gagnon:

Q. You wrote that, did you, on Mr. Bisailon's instructions?—A. Yes.

"Acting upon information received from the police department of Montreal, to the effect that a Jewett sedan automobile was in the Municipal Garage, which was believed to have been smuggled into Canada, I instructed Officer D. J. Kearney to examine same and ascertain the assembly record. Officer Kearney did, and I enclose herewith his report in connection therewith.

"Mr. E. Legault, who originally imported this car, produced Customs entries covering the body and chassis separately imported via Hemmingford and Montreal respectively. Copies of the entries in question are enclosed herewith.

"I have consulted Mr. W. S. Weldon, collector of the port, regarding this car, and we are both satisfied that the car is the one referred to on the copies of entries enclosed. In view of this I informed the police department that we had no reason to place same under detention.

"I have the honour to be, sir,

"Your obedient servant,

"(Sgd.) J. E. BISAILLON,

"*Special Inspector of Customs and Excise.*"

Q. Is it of your own knowledge that some visit was paid before the release of the car, to Mr. Weldon's office, regarding this car?—A. I was told so.

Q. You were told so by whom?

Mr. CALDER, K.C.: That is hearsay.

Mr. GAGNON: If you do not want any hearsay evidence I will have to make more objections than I have made so far.

Mr. CALDER, K.C.: This will avoid calling Mr. Weldon.

By Mr. Gagnon:

Q. Have you any recollection of Mr. Weldon being consulted before the release of this car?—A. I have a recollection.

Q. Before you wrote that letter?—A. Yes.

Mr. CALDER, K.C.: I may say, to avoid calling Mr. Weldon at this stage, that that is true, that the matter was referred to Mr. Weldon.

By Hon. Mr. Stevens:

Q. I would like to ask one question. Before Mr. Bisailon ordered the release of this car, was he advised by any officer, and if so by what officer, that there was a suspicion that this car was a new Jewett car which had been stolen, and not a reassembling of the chassis and the body that had been under consideration?—A. Mr. Duval himself raised strong objections to the release of the car.

Q. On that ground?—A. On that ground.

Q. On the ground that he suspected that this car about to be released was a new car and not identified with the one covered in the papers marked as Exhibits Nos. 80 and 81?—A. That is right.

Q. Then Mr. Bisailon tore up the K-9 report?—A. Well, no. The car was released. It had been released, and I think it was the following day that Mr. Duval put in his seizure reports.

Q. And did they tear up these reports?—A. The seizure reports were torn up, yes.

Q. And no further inquiry made?—A. No.

By Mr. Gagnon:

Q. But between the time, Mr. Hicklin, that the car was detained by Mr. Duval, and the time that the car was released by Mr. Duval, was that information you are talking of from Mr. Duval brought to your attention, or was it brought to your attention after the release of the car?—A. It was brought to my attention before the release of the car, on the same afternoon you were in the office.

Q. Was Mr. Duval in the office?—A. I believe so, but I do not remember each day.

Q. Do you remember that Mr. Duval was sick at the time, and the only way we had to speak to him was over the telephone?—A. That may be so, I do not remember. I may be half a day out, or something like that.

WALTER DUNCAN recalled:

By Mr. Bell:

Q. Mr. Duncan, what was the first time that you had anything to do with the matters now under investigation before this committee?—A. The 27th of November was the first interview with the Honourable, the Minister of Customs.

Q. What year?—A. 1925.

Q. What Minister, would you say, this was?—A. The Honourable Mr. Boivin.

Q. What instructions or first suggestion did you receive from the Minister at that time?—A. I received instructions from the Minister to proceed to Montreal, for the purpose of conducting an investigation into the conduct of J. E. Bisailon.

[Mr. W. L. Hicklin.]

Q. Now, let me stop you there just for one moment. I do not know that I have made myself entirely clear. Did you not have some investigating to do on behalf of the Protective Association before that?—A. Oh, yes.

Q. The Commercial?—A. Oh, yes.

Q. And when did that take place and under what circumstances?—A. On the 3rd of November, 1924, I commenced discussing matters with Mr. Sparks, *re* smuggling.

Q. What position did you hold in November, 1924?—A. I was the special investigating officer for the Department of Finance.

Q. In Ottawa, here?—A. In Ottawa.

Q. Yes. And under what circumstances did you begin to discuss any of these matters with Mr. Sparks?—A. Well, I was loaned by the Department of Finance, to assist Mr. Sparks, and the organization which he represented, in getting a look in as to smuggling operations in Canada.

Q. In what way did the information come to you that you were being loaned to that association? Who told you about it?—A. The Minister of Finance.

Q. The Minister of Finance?—A. The Honourable Mr. Robb.

Q. Mr. Robb, himself?—A. Yes, also his Deputy, Mr. Saunders.

Q. He told you that you were being loaned to the Commercial Protective Association, to undertake an investigation for them?—A. Yes.

Q. Did you proceed immediately to enter on that investigation?—A. Yes. I took the matter up with Mr. Sparks; I attended some meetings; I think one in the Montreal Board of Trade, when the matter was discussed, as to the best methods to find out what was going on in connection with smuggling.

Q. Yes. And did you adopt any particular method thereafter in investigating?—A. Yes.

Q. What was that?—A. On the 17th of November I selected James Knox and George Sloan, engaged them at a salary of \$2,500 a year. I got Knox from the C. P. R.; they loaned Mr. Knox, and I got Sloan in Montreal, and on the 15th of December I selected Alexander as another officer.

Q. And then the investigation was pursued where? Any particular place, or did you go from place to place?—A. It was principally Montreal and Toronto.

Q. And you reported to them, did you?—A. Oh, yes.

Q. Those reports were made how?—A. May I say, after we received powers as customs officers, I had some discussion with the Prime Minister and also with Mr. Robb, in connection with a memorandum that was sent along with our appointments, and I drew their attention to the fact that we might as well not try to go into anything with the instructions given us. We were so tied up at the time that we could not operate.

Q. What instructions did you tell the Minister you wanted?—A. I think that memorandum is dated 1922, signed by W. F. Wilson, and it is headed "general directions *re* Customs Act: When cases are taken to court, have the information laid in the name of the King. However, in seizures under the Customs Act no proceedings in court are to be taken until instructions have been received from me, after receipt here of a full report from you."

Q. Was the memorandum dated?—A. Yes. It is dated November 23, 1922.

By Hon. Mr. Stevens:

Q. 1922?—A. 1922. This is the original memorandum that I got at the time.

By Mr. Bell:

Q. Yes, but this investigation was being undertaken in 1924?—A. Yes, exactly.

Q. This came to you under what circumstances?—A. Just as soon as we received our appointment as Customs Officers this memorandum came along. I then took the matter up with the Prime Minister and Mr. Robb and pointed out

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to them the fact that if we were watching at the roads, when loads came from the American side, and we got a smuggler with a load of silk, what were we going to do about it if we had to wait and receive instructions from Ottawa.

Q. You are now referring to the memorandum?—A. I said the thing was ridiculous. Were we to hold them up on the highway until we could communicate with Ottawa or what were we going to do. After a good deal of discussion the Prime Minister said "ignore the whole thing; put them in jail. Any smugglers you get put them in jail." I said, "all right, sir," so we started out with that intention.

By Mr. St. Pere:

Q. The Prime Minister told you that, to put them in jail?—A. The Prime Minister told us to put them in jail and we were asked to make a weekly report to the department, but I drew their attention to the fact that the half of our time would be taken up in making reports, so, I think, Mr. Robb said, "after you make the seizure and have them in jail, then make a report to the department." That is what we did for about six or eight months.

By Mr. Bell:

Q. That is, to the department?—A. We always reported just as soon as a seizure was made or an arrest was made. We reported to Mr. Wilson, the chief preventive officer for Canada.

Q. How did your investigation proceed?—A. Well, we started out to get some of the smugglers.

Q. With what success?—A. We got quite a few; I can give you two that I took part in myself. I was shorthanded myself. I refer to the men known as the Lenetskys. I had received a telegram from New York saying that these two professional smugglers had bought 100 pieces of silk in New York, and that they were likely to come through by Malone. We set out plans to get them at Malone if possible, or if not at Malone, after they arrived at Montreal. They arrived at Malone, but they cached or deposited their silk on the American side, and only brought part of it over to Canada, 16 pieces. On the 3rd of March I found or had information that they were going to deliver that load to the Wilder Building in Montreal. I proceeded to that lane about 6 o'clock on the 3rd of March, and they drove in from Ontario street, the two Lenetskys, in a closed car. When they saw me one of them jumped out. I caught him and brought him back, and the one at the wheel put on the gas and tried to crush me up against the wall, and I shot the fellow in the scrap before he got away. They were arrested, and were before the Montreal courts for about ten months. They were finally disposed of by the Judge, who gave them nine days and imposed a fine of \$200 on one, and the other one was fined \$200.

The CHAIRMAN: I see, according to the wording of Mr. Stevens' motion as adopted that Mr. Duncan should be called to the stand to testify as to the preparation of his report. I do not think we should go beyond that.

Mr. BELL: I was just going to explain it, Mr. Chairman.

By Mr. Bell:

Q. We do not want at the present stage, Mr. Duncan, the details of the cases in question, or as to how you got along, not to bring out the details of the cases, but merely to inquire. After you had protested about being hampered, how did you get on, did you have any further difficulty coming from this end?—A. No.

Q. You did not?—A. No.

Q. Were you still in the service of the Commercial Protective Association, having been loaned to it, at the time when you were called upon by the present Minister of Customs in November 1925 to take up the investigation?—A. No.

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Q. You had prosecuted your work for the Protective Association before that?—A. In June, 1925. Let me say that while I was with the Commercial Protective Association I was also handling their Government business, devoting about two-thirds of my time to the Commercial Protective Association's business, and about one-third of my time to other Government business; at other times I was devoting two-thirds of my time to Government business, and only one-third of my time to Mr. Sparks' business.

Q. Between June 1925 and November 1925, when you received instructions from the present Minister, you were not concerned with these matters actively?—A. No, although I had a part in some of them.

Q. It was in 1925, was it not, when the Minister first took it up with you?—A. On the 27th of November, 1925, the Hon. Mr. Boivin.

Q. Did you see him here?—A. I saw him in his office.

Q. Instructions were given to you that you were to do what?—A. To proceed to Montreal and conduct a sworn investigation into the conduct of Mr. J. E. Bisailon.

Q. Anything else?—A. I do not think so, not at that time. I got further instructions from Mr. Boivin a little later on, but it was on Mr. Bisailon I started out. That was the only name mentioned.

Q. At that time?—A. At that time.

Q. Before you left to begin your investigation in Montreal, did the Minister see you again?—A. Just let me say this, that I think the Minister said to me—I am quite sure—just as soon as I had sufficient evidence to make a report to him. I went to Montreal on the 30th of November, and I commenced my investigation on the first day of December.

Q. Let me ask you this; you said "sufficient evidence", sufficient for what?—A. To justify the dismissal of Mr. Bisailon from the service.

Q. Sufficient evidence to justify his dismissal?—A. Yes.

Q. Was any reason given?—A. Well, I don't know that I ought to say that.

Q. I would like to know.

Mr. CALDER, K.C.: It was in confidence.

The WITNESS: I do not recall all that was said at the time, but I know that before I started out there was talk of his dismissal.

By Mr. Bell:

Q. For what reason?—A. I presume complaints that had reached the minister.

Q. Was anything more than that said to you?—A. Not that I can recollect.

Q. Before you commenced to execute your commission?—A. Well, there was something said about the Hon. Mr. Stevens' resolution.

Q. Who said that?—A. I talked about it, and I think the Minister talked about it.

Q. Hon. Mr. Boivin talked to you about that?—A. Yes.

Q. About the Stevens' resolution?—A. Yes.

Q. Do you remember the purport of that conversation?—A. No, only that I was to proceed to Montreal, and as soon as I had sufficient evidence, to report to the Minister, which I did.

Q. Was the reference to Mr. Stevens' investigation made on the same occasion when you were told to proceed to Montreal and proceed to investigate Mr. Bisailon?—A. Yes.

Q. It was?—A. Yes.

Q. Having received those instructions, you went to Montreal?—A. I did. Before going there I said to the Hon. Mr. Boivin that I would like to have the

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chief preventive officer attend with me in Montreal, as he was the chief preventive officer, and it was all officers under him that I was going to interrogate in Montreal, or mostly officers under him.

By the Chairman:

Q. Is it not in the letter addressed to you of December 15, from the Department of Customs and Excise?—A. That is 1924. That is when I received the appointment.

By Mr. Bell:

Q. You received what document to enable you to get under way in this investigation question?—A. I did not receive any particular document. The writ of assistance was granted to me in February, 1925.

Q. Having gone to Montreal, you say you had asked for the presence of William F. Wilson, the chief preventive officer?—A. Yes, I had asked for the presence of Mr. Wilson, and I asked for another officer who had been associated with me in many investigations. I look upon him as one of the best officers for investigation work in Canada. He is a member of the Royal Canadian Mounted Police. I refer to Staff Sergeant Darling. I have had him in many of my investigations; I asked for him, and he was the first one I asked for.

Q. Did you get him?—A. No.

Q. Who instead?—A. I got this Staff Sergeant, who was also an excellent shorthand writer, who very often took my notes and transcribed them.

By the Chairman:

Q. Did you give the name?—A. Staff Sergeant Darling.

By Mr. Bell:

Q. Whom did you get, if anybody?—A. I got a stenographer from the collector in Montreal. I never got anyone in his place.

Q. Having gone to Montreal, how did you proceed to make your investigation?—A. In the usual way, the same as any other investigation I have conducted.

Q. What was that?—A. Mr. Wilson and I went down on the last day of November, and on the first day of December we went to the office of the preventive service, on McGill street, and found Mr. Bisailon. I told him that I had instructions from the Hon. the Minister of Customs to hold an investigation into his conduct, and that I proposed calling most of his staff in the office.

Q. What did he say?—A. He did not say very much. I just said I wanted to conduct the investigation in the Windsor Hotel. Mr. Wilson, the chief preventive officer, and myself went up to the hotel, had the various witnesses called, and examined them. We had a French shorthand writer, a very capable French shorthand writer, but not very good in English. That was the fault I found with her. She was a little slow in translating it into English.

By the Chairman:

Q. What was her name?—A. Miss Brouillette, I think.

By Mr. Bell:

Q. It is not a fact that when you commenced your investigation you had a room at the Windsor hotel, you had Mr. Wilson with you, and a stenographer to take down the evidence?—A. Yes.

Q. The method employed by you in hearing the evidence was what? Was an oath administered?—A. Yes.

Q. In every case?—A. In all but one.

[Mr. Walter Duncan.]

Q. What was the exception?—A. That was Mr. Legault. When I examined Mr. Legault there was a charge against him, and he was not sworn, but he was cautioned.

By Mr. Calder, K.C.:

Q. Because he was under arrest?—A. Because he was under arrest.

By Mr. Bell:

Q. You have mentioned him as the only exception to what you invariably did otherwise?—A. Yes.

Q. How was the evidence transcribed, or how was it taken?—A. Simply the question was taken down, and the answer, and the stenographer then transcribed her notes.

Q. Did you receive it from day to day?—A. No.

Q. When it was all completed?—A. After we had been in Montreal four days, I thought in my judgment that we had sufficient against Mr. Bisailon that action might be taken against this man. I returned to Ottawa, and the stenographer then started to transcribe her notes.

Q. Was that when you made the interim report?—A. Yes.

By the Chairman:

Q. Was the evidence transcribed when you made your interim report?—A. No, sir. Part of it was transcribed, but it was not completed.

By Mr. Bell:

Q. The witnesses who gave evidence in French, were you able to interrogate them yourself?—A. There were not any before me but what could speak English.

Q. All of the witnesses whose names appear in your record were capable of understanding and speaking English?—A. There was a man named Duval here yesterday, who can speak as good English as I can.

By Mr. Doucet:

Q. Did you ask them if they could speak good English or understand English well, before you questioned them?—A. I did not.

By Mr. Bell:

Q. Did you have any trouble, when they were being interrogated in English, in making yourself understood?—A. I do not think so. I did not experience any trouble with them.

Q. You came back and presented an interim report, upon which the Minister is said to have acted?—A. Yes.

Q. That having been done, you returned to Montreal?—A. No.

Q. What did you do?—A. I waited around two or three days to see the Minister; he was out of town at the time. I saw the Minister, and discussed matters with him, and he told Mr. Wilson, and I thought council had taken action against Bisailon, and that we were to return to Montreal and continue the investigation. We returned to Montreal, I believe it was on the 16th of December, and the chief preventive officer had the order of dismissal. We went to Mr. Bisailon's office, he was given the order, and a girl was suspended out of the office at the time. It was then that I took possession of what was in Mr. Bisailon's office, the private files in the safe, his desk, and so on. While we are at that, I have some papers here that I would like to explain to the committee. I was served with a summons to produce certain records. I cannot do that, because at the time I received the summons I had withdrawn from the investigation and returned the documents to the office.

[Mr. Walter Duncan.]

By the Chairman:

Q. Continue your evidence, Mr. Duncan.—A. I have a few here that were left among my other papers, copies which might be of interest to the committee, that I would like to get rid of. There is one letter in particular, an original letter.

Mr. DONAGHY: Hand them up here and we will look into them.

Mr. BELL: We can go into them a little later on.

The CHAIRMAN: It is well to have them in our possession.

By Mr. Bell:

Q. Having returned to Montreal and made this seizure you have just told us about, what next did you do?—A. We continued the investigation.

Q. Calling other witnesses, and so on?—A. Yes.

Q. Until what time?—A. Until the 1st February.

Q. Then what occurred?—A. I was summoned to come to Ottawa.

Q. By whom?—A. By the Deputy Minister of Customs.

Q. Mr.—?—A. R. R. Farrow.

Q. Whom did you see?—A. I saw Mr. Farrow.

Q. What took place?—A. I did not see Mr. Farrow just then. This is another telegram I have here. I saw the minister on that date.

Q. Mr. Boivin?—A. Yes, and I—

Q. In his office here?—A. In this building. I did not see him in the afternoon. It was some time after six o'clock I saw him, and I walked into his office, and he asked me if I wanted to see him. I said no, and asked him if he wanted to see me. He said "No, I don't want to see you." I said "Your Deputy sent me a telegram" and I started to read the telegram, which reads as follows:

"Walter Duncan, Government Inspector,
Customs House, Montreal,

Minister instructs me to ask you to call on him at Ottawa and bring your report so far as it has been completed."

He said, "I do not know" and I told him I had received his telegram, and it was signed by R. R. Farrow, Deputy Minister. I replied to the telegram to R. R. Farrow, Deputy Minister of Customs and Excise, Ottawa, Ontario:

"Transcription of stenographers' notes not completed; therefore impossible to submit report. Will arrive Ottawa twelve-thirty Tuesday unless otherwise advised."

By Mr. Elliott:

Q. What is the date?—A. 1st February, the same date I got the other. The Minister then said to me, "Duncan, you have not been fair with me. You are turning everything over to the Hon. Mr. Stevens. You are deliberately withholding information from me", which I resented. He told me he would report me to his colleagues; he would expose me on the floor of the House, and that I was endeavouring to get evidence against a former colleague, and I said, "Yes, I have been getting evidence against a former colleague, and against any other ex-Minister or Minister."

Q. Then what else?—A. The Minister agreed with me, I think, on that point, after we had a few words there.

By Mr. Bell:

Q. Then the upshot of this discussion was?—A. I returned to Montreal after what was said; I agreed to go back. Up to this time I had not been asked to send any report until I got the Deputy's telegram the day before.

[Mr. Walter Duncan.]

Q. What did you say when it was suggested that you had been turning over information to Mr. Stevens?—A. I said I had never met the gentleman, and I never had until I saw him here.

Q. Will you proceed?—A. I returned to Montreal for the purpose of making my report. Let me say here, in my many years of experience in making reports, if I am asked by a Minister of the Crown to make an interim report, I do so. I do not make my final report until I complete my investigation. I was continuing with the investigation in Montreal, and when it was completed I would let the Minister have a full report of the whole proceedings.

By the Chairman:

Q. How long have you been doing investigation work?—A. For about 40 years.

Q. That is the stand you have always taken through your life?—A. Absolutely; I make my final report when I complete my investigation. In this case I had not completed my investigation, or have not yet.

By Mr. Bell:

Q. You returned to Montreal?—A. Yes, for the purpose of making a report, and on the 4th February, 1926, I wired the Honourable Mr. George H. Boivin, Minister of Customs and Excise, Ottawa, as follows:

“Having just read in the Montreal Star your remarks on the floor of the House of Commons yesterday, which remarks I strenuously resent, I hasten to advise you that from this very moment, I withdraw from the investigation, which I have been endeavouring, under great difficulties, to conduct, into serious conditions that prevail in the port of Montreal. My reasons for withdrawing from the investigation will be fully explained in my official report.”

By the Chairman:

Q. This telegram has been published in the press of the country?—A. I don't know anything about that.

By Mr. Elliott:

Q. Did you give it to anybody else?—A. I did not.

Q. You cannot explain how it became public?—A. I don't know, unless it came from my report.

By the Chairman:

Q. That very telegram—A. I certainly never gave it to the press.

By Mr. Bell:

Q. Then, Mr. Duncan?—A. I received a telegram at 4.20 a.m., addressed Inspector Walter Duncan, Windsor Hotel, Montreal:

“Received your message with regret and hope you will reconsider decision stop You must make allowances for my difficult position without copy of evidence taken or detailed report from you.”

Q. Signed by?—A. George H. Boivin. On the same date I wired the Honourable George H. Boivin, Minister of Customs and Excise, Ottawa:

“Your telegram received. My decision is final unless retraction is made by you on the floor of the House. I have done my duty fearlessly, honestly and indiscriminately. Is my reward for doing my duty to be slandered in the public press from coast to coast through a statement made by an honourable Minister of the Crown on the floor of the House?

[Mr. Walter Duncan.]

I realize the difficulty you had in meeting the Honourable Mr. Stevens' charges inasmuch as you did not have the evidence or a full report from me. Am I to blame for this? The blame rests with your Department and the Department of Justice in refusing to grant me the assistance I asked for. I await your decision in this regrettable affair."

By Mr. Elliott:

Q. Were you still in the employ of the Department of Customs at that time?—A. Yes.

Q. I want to ask you if you think that is a fair kind of telegram from an employee of the Department to send to the Minister of the Department?—A. Was it a fair statement?

Q. I am not asking that. Is that your idea of a decent telegram for an employee of the Department to send to the Minister?—A. I think so, under the treatment I received.

The CHAIRMAN: I will put a question.

The WITNESS: I have another telegram to read.

By the Chairman:

Q. You have seen what Mr. Boivin said in the House, in the press? You have read it in the press?—A. Very little.

Q. Before sending this telegram to Mr. Boivin did you read Mr. Stevens' speech?—A. I did not.

Q. Can you read it to-day and see if it corresponds pretty nearly word by word to your report?—A. I do not know anything about it; I have not read it.

By Mr. Donaghy:

Q. He asked you to continue the investigation; did you continue, according to his request?—A. When I was up in Ottawa I went back for the purpose of completing my report. I was told to stop my investigation, and not to see any witnesses until I made a report, and I carried out the instructions.

Q. I think you read a telegram stating you were not going to carry on further investigation. You sent the telegram to the Minister and you received a telegram in reply?—A. Yes, the Minister's telegram is here:

"Received your message with regret and hope you will reconsider decision stop. You must make allowances for my difficult position without copy of evidence taken or detailed report from you."

Q. You sent a telegram to the Minister after that?—A. I said in my telegram:

"Having just read in the Montreal Star your remarks on the floor of the House of Commons yesterday, which remarks I strenuously resent, I hasten to advise you that from this very moment I withdraw from the investigation, which I have been endeavouring under great difficulties to conduct, into serious conditions that prevail in the Port of Montreal. My reasons for withdrawing from the investigation will be fully explained in my official report."

Mr. DONAGHY: Mr. Chairman, do you think we are going to throw any light on the investigation by listening to these private differences?

The CHAIRMAN: After you read the report in the paper, and read Mr. Duncan's report, I do not think anybody else can tell otherwise than that you had made a report—

The WITNESS: I did not think, after the words I had with Mr. Boivin, that he would repeat what he said to me.

[Mr. Walter Duncan.]

By the Chairman:

Q. I want to clear that point. If you read again your report, and read Mr. Stevens' speech in the House, you will come to the same conclusion that Mr. Boivin came to, that your report was handed to Mr. Stevens.—A. He accused me of giving it out.

By Mr. Bell:

Q. Will you please proceed, and let us see how your engagement was terminated. You sent that telegram; what happened next?

Mr. DONAGHY: It seems to me we are wasting time. I thought this man was called for a specific purpose.

Hon. Mr. BOIVIN: Mr. Chairman, Inspector Duncan has started to read a series of telegrams, and I wish he would be given an opportunity of reading them all.

Mr. ELLIOTT: I think so.

The WITNESS: On February 8, 1926, I wired the Honourable George H. Boivin, Minister of Customs and Excise, Ottawa, as follows:

"My official report in connection with my investigation completed. The same will be forwarded by registered mail to you to-morrow."

To that I have had no reply. After my report is completed and goes in, I received this message dated February 8, 1926.

By Mr. Bell:

Q. Stop just a minute. You are referring to a certain message. You went on and completed your report?—A. Yes, I completed my report.

Hon. Mr. BOIVIN: The report had been completed then.

By Mr. Bell:

Q. I will ask the witness to make that definite.—A. I notified the hon. Minister my official report was completed.

Q. That is a wire of what date?—A. 8th February.

Q. It had not gone forward at the time?—A. No.

Q. You sent that after?—A. It went forward at the time.

Q. At the time you wired?—A. Yes.

Q. Having sent the report forward, the next thing you heard from Ottawa was what?—A. On the same day, later in the day:

"Ottawa, February 8, 1926.

Inspector Walter Duncan,
Windsor Hotel, Montreal, Que.

Thanks for message concerning report. When I have seen you will endeavour at first opportunity to correct that portion of my remarks in House to which you have objected.

GEORGE H. BOIVIN."

The CHAIRMAN: It was a misunderstanding. I think there was a misunderstanding.

Mr. DONAGHY: Why have we taken up half an hour's time due to a misunderstanding? I knew this motion was not bona fide. Something peculiar always comes up at the end of a session. It is only a mare's nest.

By Mr. Bell:

Q. Having received that last wire, what did you next do? You had sent the report, and we have you still in Montreal, and you got the last wire from the Minister which you have read?—A. Then I was through.

[Mr. Walter Duncan.]

Q. Did you come back here again, following the receipt of the last wire? Did you come to Ottawa, or remain in Montreal?—A. I returned back to the Finance Department; I was through.

Q. Between the date of the wire and your return to the Finance Department, did you have any other interviews with the Minister regarding these matters?—A. No.

By the Chairman:

Q. You returned the writ of assistance?—A. Yes.

By Mr. Bell:

Q. Your investigation was terminated?—A. Yes. My investigation was not through; but it was terminated.

Q. It was terminated?—A. Yes.

Q. At the time it became terminated, as you have described it, had you completed the investigation you set out to make?—A. Oh, no.

Q. But was there any considerable volume of investigation yet to be done?—A. Yes; I think it would have taken me three months.

By Hon. Mr. Stevens:

Q. More?—A. Yes. There is one other telegram I have here which may throw a little light on what was going on. It is a telegram I received from R. R. Farrow, Deputy Minister, on January 21.

By Mr. Bell:

Q. 1926?—A. January 21, 1926.

“ Inspector WALTER DUNCAN,
Windsor Hotel,
Montreal, Que.

Please report here to-morrow.

R. R. FARROW, *Deputy Minister.*”

Q. Did you?—A. “Telegram received arrive Ottawa 12.20 Friday.” That was the next day.

By Mr. Donaghy:

Q. What day did you make your report?—A. On the 8th of February.

Mr. DONAGHY: This Committee was appointed on the 5th of February. It superseded you. You are complaining you are not going on now?

Mr. BELL: He is not complaining of anything of the sort.

Mr. DONAGHY: What is the object of your saying this, if you are not complaining? It is wasting a lot of time of this Committee.

Mr. DOUCET: There has been a lot of time wasted.

The WITNESS: This telegram came, calling me to Ottawa the next day, and the Deputy Minister, in the presence of Mr. Wilson, told me I was exceeding my instructions in connection with my investigation.

By Mr. Bell:

Q. In what respect?—A. He said that his understanding was that I was to confine my operations or my investigation into the Preventive Service only.

Q. To which you replied—if anything?—A. I said that was not my understanding with the Minister.

The CHAIRMAN: This has already been gone into, if I recall correctly.

[Mr. Walter Duncan.]

By Mr. Bell:

Q. Did the matter go any further?—A. No; there was some discussion with the Minister and the Deputy that afternoon which branched into another matter,—about the Gaunt matter and other matters.

Q. That is more in detail in your report?—A. But the Deputy was absolutely in error in calling me under my instructions from the Minister. The Minister started out all right; there is no doubt about that, but I don't know what went wrong. I don't think I deserved what I got.

By Mr. Doucet:

Q. You said a moment ago to Mr. Bell that at the outset the Hon. Mr. Stevens' name came up on the 27th of November, when you were called into Mr. Boivin's office?—A. Yes.

Q. In what way did his name come up?—A. I think it was in connection with a man named Dufresne; at first he had an interview with the Minister, I think, and I had seen him around town.

Q. What did Mr. Stevens have to do with this investigation—with his name coming up as you were prepared to leave the investigation?—A. This man Bisailon's name was mentioned.

Q. Possibly; because Mr. Stevens had a resolution on the Order Paper enquiring in this connection?

Hon. Mr. BOIVIN: Mr. Chairman, I do not think this is fair; this idea of Mr. Doucet and Mr. Bell saying there was a resolution on the Order Paper on the 27th of November. It was not on the Order Paper on the 27th of November, and had not been advertised in the press on the 27th of November.

Mr. BELL: Incidentally, I did not say that.

Hon. Mr. BOIVIN: Mr. Stevens knows his notice was only given to the press on or about the 5th of December, and when Mr. Duncan says I knew anything about the Stevens' resolution, or the resolution concerning Mr. Bisailon's name, on the 27th of November, he is not telling the truth, and anybody who reads the press knows he is not.

The CHAIRMAN: Anybody who reads the papers knows who has the benefit of organizing this Committee.

The WITNESS: Just in reply to what Mr. Boivin says; he knows very well that I told him about what Dufresne was saying.

Hon. Mr. BOIVIN: Oh, yes, but that is not the Stevens' resolution.

The WITNESS: Sure it is the Stevens' resolution. When you say that Mr. Stevens' notice did not appear in the public press, you are also mistaken, because I have here a clipping from the *Montreal Star*, dated the 1st of December, in which Mr. Stevens' resolution was mentioned.

Mr. DONAGHY: That is three days after your conversation. Your own documents prove you are wrong. This whole thing had better stop here. This motion was designed for political purposes to have you (the witness) brought here. It is pure, clear, dirty politics; that is the whole thing, and is not a genuine investigation, I protest against this being done, and if this Committee is going to carry on in this way, I will leave the Committee—

Mr. DOUCET: Nobody would object.

By Mr. Elliott:

Q. Inspector Duncan, your report dated the 8th of February is four days after this telegram which you read to the Minister. I ask you now, does the report indicate the same state of mind in you— —A. No.

Q. —at the time it was made, that the telegram indicates?—A. No; the reason for that—

[Mr. Walter Duncan.]

Q. Just a minute. Why did you change—if you did change?—A. Change what?

Q. In those four days?—A. Change what?

Q. Your state of mind toward the Minister?—A. My state of mind is the same as it always was.

Q. Your state of mind was the same on the 8th of February, when you signed your report, as it was on the 4th of February when you sent this insolent telegram?—A. I would not call it an insolent telegram.

Q. I don't think you do, but I do?—A. Well, perhaps.

Mr. BELL: It is not an insolent telegram.

The CHAIRMAN: I will ask the members of the Committee to stand by the wording of the motion: "For the preparation of his report." What is "The preparation of the report"? You have (to the witness) a writ of assistance, you go to Montreal, you have a stenographer, call witnesses, and go on with the proof, and then report. All the circumstances and facts surrounding this are not allowed to be proven here according to the wording of the motion before this Committee. That is what I understand by "The preparation of a report."

Mr. DONAGHY: The motion was all camouflage.

By Mr. Elliott:

Q. Can you give me any information of why Mr. Stevens had the contents of your interim report before anybody else but the Minister?

Mr. BELL: Presuming that he did.

The WITNESS: I don't know that Mr. Stevens had it.

By Mr. Elliott:

Q. I did not ask you whether you knew he had it or not. Can you give any explanation of how he got it?—A. I did not give it; somebody working for me may have given it.

Q. Who was working for you who could give it?—A. There was one person in a position to know very well what would be in that report.

Q. Inspector Duncan, I want to ask you this question. With your experience as an investigator, do you not know how your report got to Mr. Stevens?

Hon. Mr. STEVENS: I never saw the report until it was produced here.

By Mr. Elliott:

Q. Or the contents of it?—A. No; only what I believe.

Q. Let us have what you believe?—A. My belief is that Mr. Sparks got the information from Mr. Knox, who was working for me.

Q. You believe that?—A. Yes, but I did not do it.

Q. Who had this information, which was private information being prepared by you for the Minister? Who else had it but you?—A. Well, Mr. Knox knew everything that the witnesses said.

Q. Who else?—A. There was a stenographer.

Q. Who else?—A. Mr. Wilson.

Q. Mr. Knox, Mr. Wilson, and the stenographer?—A. Yes.

Q. Was there anybody else?—A. Not that I can remember.

Q. So that it must have gotten to Mr. Stevens from one of those whom you have named? Is that correct?—A. Quite probably it did.

Q. With your experience as an investigator, who do you think gave that information?—A. Well, Mr. Elliott, I firmly believe—I want to be quite honest and frank about it—that Mr. Knox gave that information to Mr. Sparks.

Q. You believe who did?—A. Mr. Knox.

[Mr. Walter Duncan.]

Q. Gave that information to Mr. Sparks?—A. Yes.

Q. Did he have any authority from you to give it?—A. Well—no.

Q. Did he have any directions from you—A. No.

Q. —to keep it absolutely secret?—A. I don't think he had.

Q. Why did he not?—A. Well, I did not think it was necessary.

Q. Did you not give instructions to everybody who had the contents of your report to keep it secret until it had been presented to the Minister?—A. Yes, and Knox never saw my report. I know that.

Q. How did you come to the conclusion then that it was Knox who reported it.—A. He knew what probably would be in the report because he knew what the different witnesses had to say.

Q. Do you think it was a proper thing to do?—A. I do not think there was anything secret about it.

Q. You do not think there was anything secret about your report?—A. I do not think so.

By the Chairman:

Q. When this report was transcribed and typewritten, where did you have your report typewritten?—A. In the East Block of the buildings here.

Q. In the East Block of the buildings in Ottawa?—A. Yes.

Q. Who had typewritten that report here, the name of that person?—A. Miss Adams.

By Mr. Bell:

Q. You have brought in your interim report and your official report, and the evidence taken before you, which you produced?—A. Yes.

Q. And that contains your report—

Mr. BOIVIN: I object to that. Let us proceed regularly. His original report and interim report were produced by the Minister and nobody else.

Mr. BELL: I do not care, as long as it is before the committee. It is immaterial how they got in. If the Minister wishes to see the report it is now in.

Hon. Mr. BOIVIN: It is recorded.

Mr. BELL: Strange things have been recorded.

By Hon. Mr. Boivin:

Q. I have only two or three things to ask of you in cross-examination, subject to further examination later on?—A. Yes.

Q. You say that you saw me for the first time and you evidently noted the date and I did not—on the 27th of November?—A. Yes.

Q. At whose request did you come to see me?—A. The Hon. Mr. Robb's.

Q. At that time we had quite a long discussion, did we not, about irregularities?—A. Yes.

Q. I will use the word "irregularities." You know what I mean, in the port of— —A. Of Montreal.

Q. Of Montreal. There was some talk that day concerning a man by the name of Dufresne?—A. Yes.

Q. There was an intimation by you that you suspected that he was giving some information to Mr. Stevens and to some other person, whose name I do not remember?—A. Yes. That is correct.

Q. We agreed that day that there should be an investigation at Montreal, did we not?—A. Yes.

Q. And I asked you to proceed to Montreal and make the investigation?—A. Yes.

Q. You did me the honour, Mr. Duncan, a few moments ago, of admitting that I, at least, started off right.—A. I think so. I believed so.

Q. You thought my intentions were all right at that time?—A. I certainly did.

Q. There was some difficulty in getting assistants for you, was there not, Mr. Duncan?—A. Yes.

Q. You asked me to try and secure for you the services of Inspector Darling?—A. Staff Sergeant Darling.

Q. Staff Sergeant Darling, of the Royal Canadian Mounted Police?—A. Yes.

Q. Would you tell the committee what answer I gave you in connection with that?—A. I just do not recollect exactly what—

Q. Perhaps I might refresh your memory, Mr. Duncan. Do you remember that I told you that my Secretary had first communicated with Commissioner Starnes, that he had objected, and that I had seen Mr. Lapointe, concerning the matter.—A. There was something to that effect.

Q. And that Mr. Lapointe, unfortunately, or at least I thought unfortunately at that time, said that he would be unable to allow us to have Staff Sergeant Darling at our disposal?—A. I had taken the matter up about that with your Deputy and I got a telephone message from Mr. Wilson, the Chief Preventive Officer, stating that the Minister would not interfere. I presume that was the Minister of Justice.

Q. Yes. So that it was impossible to get Staff Sergeant Darling?—A. No. I would not say that, I have always had him.

Q. Just a minute. I represented to you that it was impossible to get him to leave that day. Was that not the answer I gave you?—A. Something to that effect.

Q. You are not prepared to say that I did not make any effort to try and get him for you?—A. No. Oh, no.

Q. Frankly, Mr. Duncan, do you not think that at that time I did make an effort?—A. I really think you did.

Q. Did you ever hear about me communicating with Mr. Young, of the Hansard Staff of the House of Commons, to try and get him to go to Montreal to act as a stenographer for the purposes of your investigation?—A. I did hear something about this in Montreal. I just forget who it was from. I think it was perhaps Mr. Hunter. I do not know who it was.

Q. I guess you must have heard of that through Mr. Wilson.—A. Perhaps it was Mr. Wilson.

Q. He, however, did not go?—A. No.

Q. It was reported to me that you had stated—it may not be true—I am merely stating what was reported to me—that you did not require Mr. Young's services?—A. Yes. I got a satisfactory stenographer there; he used to be a High Court stenographer. He is in your service.

Q. That is quite true, that you said that you did not require Mr. Young's services, and you proceeded to hold your investigation with Miss Brouillette?—A. No.

Q. No?—A. No. She was only there for four days.

Q. She was there only for the first four days. After that you got another stenographer?—A. Yes.

Q. Do you remember his name or her name?—A. I forget her name. She is in the office in Montreal, she was an outside stenographer, taken in.

Mr. BELL: It will be on the record, will it not?

Hon. Mr. BOIVIN: It will be on the record.

By Hon. Mr. Boivin:

Q. She was the new stenographer employed in the Preventive Service Branch at Montreal?—A. Yes.

Q. And she worked for you for some time?—A. Yes.

Q. You had another stenographer afterwards?—A. Yes.

Q. Now, if I started off right, will you tell me, to the best of your knowledge, when I stopped going right?—A. Well, I think it was that day that the Deputy sent for me to come up to Ottawa.

Q. Do you remember, Mr. Duncan, the day that the Deputy complained about your investigating matters which were not connected with the Preventive Service?—A. Yes.

Q. That there was some mention of a resolution placed on the order paper by Mr. Stevens, asking for a copy of the interim report, containing eleven charges against Bisailon, handed to the Minister by Inspector Duncan on a certain date?—A. Yes, there was some reference made to that.

Q. There was some reference made to that?—A. Yes.

Q. Is it not true—I am not referring to the Deputy Minister now—but is it not true that the Minister's chief grievance on that day was the fact that that report which had been brought to me as confidential, which, I think, bore the words "confidential", with the contents of it, had become public, at least to the extent of being known by Mr. Stevens?—A. That was what your Deputy said, and he insinuated that it came from me, which I resented.

Q. You resented the insinuation from the Deputy?—A. You will remember that I threatened to withdraw then.

Q. And that the Minister pleaded with you?—A. Yes.

Q. And tried to convey the impression that that was not exactly the sense of the Deputy's remarks. He may not have succeeded, but I think I did.—A. I think you succeeded pretty well that day. I went back quite satisfied.

Q. You went back quite satisfied; so that at that time I made an effort at least to retain your services?—A. Yes.

Q. When you threatened to abandon the inquiry?—A. Yes. It was most unusual to be interfered with while an investigation is going on.

Q. I know it is. At that time I had received no report?—A. You had received no report.

Q. Except the interim report?—A. Except the interim report.

Q. I asked you, if I remember correctly that night if you could explain to me how Mr. Stevens got this information, and you told me you could not?—A. No, I could not.

Q. You did not tell me that night that you thought possibly Mr. Knox might have given the information to Mr. Sparks?—A. No.

Q. Did you tell me at that time, or at any previous date, that Inspector Knox was continually at your elbow and accompanying and assisting you in this investigation, all the time?—A. So he was.

Q. But when did you tell me that?—A. I did not tell you that.

Q. That was the question I asked you. I did not know that. There was one question I was going to ask, but perhaps it would be going into the contents of the report. When you came back on the date that Mr. Lapointe moved his adjournment resolution in the House, you had been summoned here by a telegram from Mr. Farrow?—A. Yes.

Q. You did not see me in the afternoon, that is, before 6 o'clock?—A. Why, no.

Q. I had remained in the House of Commons that afternoon?—A. Yes.

Q. Immediately after the adjournment of the House, you dropped in at my office?—A. Yes.

Q. I told you that I had read your telegram with a little amazement, that I had not asked you to come to Ottawa?—A. Yes.

[Mr. Walter Duncan.]

Q. You told me that Mr. Farrow had?—A. Yes.

Q. Is it not true that I told you that my instructions to Mr. Farrow had been to ask you to hurry along your report, which you had promised a week previous?—A. I do not think that was it, hardly.

Q. Did I not say that night, Mr. Duncan, that my only complaint was that the Stevens resolution might be discussed at any minute, that I had no report from you, no evidence, and nothing to meet it with?—A. You did say that, and they could hear you outside the building.

Q. You could probably have been heard down at Sparks street?—A. Well, not as far as you could have been heard.

Q. We will leave that for the Committee to decide?—A. I spoke my mind pretty well, I think. I was never talked to by a Minister before as I was talked to by you. I resented it, and I still resent it.

Q. Apart from the fact that I spoke rather loud, what complaint did I offer to you that night, what complaint did I make to you about your conduct?—A. You accused me of turning everything over to the Hon. Mr. Stevens. That is one thing you said, that you would report me to your colleagues.

Q. Are you absolutely sure about that?—A. Yes. You were pretty excited.

Q. I may have had a lapse of memory?—A. You were pretty excited.

Q. Perhaps we both were?—A. Maybe, but we agreed in the end.

The CHAIRMAN: It was a misunderstanding.

The WITNESS: I was right, in following up these matters.

By Hon. Mr. Boivin:

Q. Was I blaming you for following them up?—A. You blamed me for trying to get evidence against a former colleague.

Q. Be fair to me, Mr. Duncan?—A. I am fair. I remember distinctly that that was what made me so annoyed.

Q. Is it not a fact that I said this to you? "Mr. Duncan, this motion of Mr. Stevens may come on at any time."—A. You said that.

Q. And "I want you to prepare a report and give it to me so that I can meet it," I want you to give it to me, as to what you did in the Windsor Hotel, and I mentioned getting evidence against Jacques Bureau?—A. I do not think Mr. Bureau's name was mentioned; I think it was "a former colleague."

Q. Mr. Bureau's name was mentioned?—A. It may have been.

Q. You promised to prepare a report before you examined any further witnesses?—A. Yes.

Q. You went to Montreal and prepared the report?—A. It had all to be transcribed.

Q. I understand that. You got a late start on preparing it.—A. Yes.

Q. You did it just as rapidly as you could?—A. Yes. We stayed up until midnight every night preparing it. The evidence had all to be transcribed.

Q. It was shortly after that, I think it was the same night, that Mr. Stevens brought up his resolution by way of amendment to another motion, and you read my remarks in *The Star* a day or two later?—A. It was on the 3rd, I think, that I read the remarks.

Q. Now, Mr. Duncan will you tell me what there was in those remarks that was so insulting and so damaging to you?—A. The very fact that you branded me as a traitor. Is that not serious enough?

Q. Did I brand you as a traitor?—A. You insinuated that, did you not, in saying that I turned everything over to Mr. Stevens?

Q. Did I say that in my remarks in the House?—A. Well, I do not know. I read the article in *The Star*, in which you insinuated that I was turning everything over to Mr. Stevens.

Q. Insinuated?—A. You said that at the time.

[Mr. Walter Duncan.]

Q. Is it not a fact that the only reference to you in Hansard—A. I have not seen Hansard. I only got a copy of it.

Q. Or the Montreal Star; the Star report was very fair, it was not complete, but it was very fair. Is it not a fact that the only reference to your name was the accusation, if I can call it such, that I levelled against Mr. Stevens was that he got his information from you; is there anything else I said about your character or reputation?—A. You said of course that I was trying to get evidence against a former colleague.

Q. I am talking of what I said in the House of Commons.—A. I was not in the House. All I knew was what I saw in the paper.

Q. I ask you, did you see anything in the paper except the charge that I levelled against Mr. Stevens—I do not think it is a crime, perhaps the word charge is proper, but Mr. Stevens understands what I mean,—that I stated emphatically in the House that Mr. Stevens had got his information from you, which Mr. Stevens denied?—A. And you said I was in the pay of the Finance Department, and another officer was in your pay, and that we were reporting to Mr. Stevens. That is what I recollect reading in the Montreal Star.

Q. I did say that the investigation had been carried on by Mr. Duncan, in the employ of the Finance Department; Mr. Knox, I think I mentioned his name, in the employ of our Department?—A. Yes, and that they were reporting to Mr. Stevens.

Q. You have said this afternoon that you verily believed that Mr. Knox did report to Mr. Stevens through Mr. Sparks?—A. I believed that?

Mr. BELL: No.

Hon. Mr. STEVENS: No, not at all.

Hon. Mr. BOIVIN: Who is going to conduct this examination? Am I to be given any liberty here in cross-examination?

Hon. Mr. STEVENS: You have been making a lot of statements that are wide of the mark, not intentionally. I was going to state that at no time did Mr. Duncan, directly or indirectly, communicate with me.

Hon. Mr. BOIVIN: I admit that, and if you will take Hansard you will find that in the House I accepted your denial that Mr. Duncan had given anything to you.

Hon. Mr. STEVENS: There is no need to get hot about it.

Hon. Mr. BOIVIN: I am not getting hot about it. I want to find out, if I possibly can, what it is that I must apologize to Mr. Duncan for.

Mr. BELL: You said he reported to Mr. Stevens. That is what he is objecting to.

Hon. Mr. STEVENS: They never reported to me.

Mr. BELL: You said they were reporting to Mr. Stevens through Mr. Sparks. It is objectionable in form.

By Hon. Mr. Boivin:

Q. Did you not say, Mr. Duncan, a moment ago that you verily believed—of course you could not swear to it—that any information Mr. Stevens had regarding the subject matter of your inquiry was information communicated by Mr. Knox to Mr. Stevens?—A. I firmly believed Mr. Sparks was conveying information, but I did not know to what extent.

Q. What you want me to apologize for is the fact that I made a statement in the House, which Mr. Stevens denied; I say that in justice to him and to you, and I accepted his denial?—A. Well, I did not see that.

Q. Perhaps the Star did not publish that part of it?—A. I do not know, I do not remember reading it.

[Mr. Walter Duncan.]

Q. Will you be kind enough to look up Hansard?—A. I will. I only got it to-day.

Q. Will you be kind enough, when you have read Hansard, to report to me privately what you think I should apologize for?—A. I will be very glad to do that. I have nothing against you at all, Mr. Boivin, except that I did not want to be treated in that way; being as I had nothing to do with the insinuations, I resented them very much.

Q. Will you kindly read the last telegram which I sent to you?—A. It is filed.

Q. I think we will be able to agree on the subject matter of it. I thanked you for your report, and told you that I would on the first opportunity correct any statement made in the House of Commons that you had reason to complain of. These may not be the exact words, but that is the sense of the telegram, is it not?—A. I rather think it is.

Q. Since I have received the report, and since you have returned to Ottawa, did you ever call at my office to give me that information?—A. What information?

Q. Information concerning the nature of what you desired me to retract or correct?—A. No.

- Hon. Mr. BOIVIN: That is all.

The Committee adjourned until Tuesday, March 16, 1926, at 10.30 a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE
ETC., ETC., ETC.

No. 16—TUESDAY, MARCH 16, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Daniel J. Kearney, Customs-Excise Officer, Montreal, Que.

Mr. Charles Verreault, Manager, American Automobile Recovery Bureau,
Montreal, Que.

Mr. Joseph A. E. Bisailon, Montreal, Que.

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1926

EXHIBITS FILED:

- No. 86—Bank cheque of U. H. Dandurand for \$200, dated Montreal, May 6, 1925, in favour of J. Ouellette.
- No. 87—Letter dated, Montreal, May 6th, 1925, from U. H. Dandurand, President U. H. Dandurand, Limited, to J. Ouellette, respecting sale of a Dodge Sedan Automobile.
- Nos. 88 (a) to 88 (j), both inclusive.—“ Customs Entry Form—Home Consumption ” respecting automobiles imported at Hemmingford, Que.
- No. 90—Letter dated 18th February, 1926, from J. N. Carter, Manager, Canadian Automobile Recovery Bureau, Montreal, to Chas. P. Blair, General Executive Assistant, Department of Customs and Excise, Ottawa, respecting Cadillac car formerly owned by Mr. Bisailon.

ORDER OF REFERENCE

MONDAY, March 15th, 1926.

Ordered,—That the name of Mr. Goodison be substituted for that of Mr. Elliott on the said Committee.

Attest

ARTHUR BEAUCHESNE,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, 16th March, 1926.

The Committee met at 10.30 a.m., Mr. Mercier, the Chairman, presiding.
Present: Messrs. Bell, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—8.

The minutes of the last meeting were read and approved.

The Clerk of the Committee reported that during the recess there had been received for the use of the Committee,—

1. A statement from the General Executive Assistant of the Canadian Pacific Railway Company showing collections on merchandise received at Toronto as baggage, with the remark that as respects Montreal no collections are made by the New York Central or Rutland Railways.

2. Files from Mr. Farrow, viz,—

- (a) File B-2429-31-2 Inspection Report of Port of Montreal made by Mr. Busby's staff in 1922.
- (b) File containing all correspondence respecting dismissal of Mr. Bisailon, asked for by Hon. Mr. Stevens' motion of 23rd February.
- (c) File B-3167-52 respecting thefts at St. Leonards, N.B.
- (d) File 124199 respecting Wong Mun Wai, Vancouver, B.C.
- (e) File 121501 respecting search for schooner D. D. MacKenzie.
- (f) Files 113283 and 113397 respecting seizure of schooner Jeanne D'Arc.
- (g) File 108618 reports made by Mr. Busby in June 1922 and August 1922 respecting smuggling of silk by automobile from New York State to Montreal.

Respecting motion made by Mr. Doucet on 26th February for production of files re alleged violation of law in regard to intoxicating liquors at bonded warehouses in Halifax, N.S., Mr. Farrow advised that the only files on the matter were submitted by him on the 25th February in connection with the Franco-Canadian Import Co. motion of 17th February.

3. Statements from H. H. Melanson, General Passenger Traffic Manager, Canadian National Railways, Montreal, Que., viz,

- (a) Merchandise handled as baggage and the amount collected thereon during the past five years from United States points to Montreal.
- (b) Merchandise handled as baggage and the amount collected thereon during the past five years from United States points to Toronto.

Mr. Wilson, Chief of Customs-Excise Preventive Service, to-day produced for the use of the Committee,—

Preventive Service File No. 14387, respecting seizure No. 6141, Dodge Sedan Car from Charles Lemire, Sorel, P.Q.

Preventive Service File No. 9573, automobiles sold by Mr. Dandurand, Auctioneer, Montreal.

A package of books was received from the Peerless Overall Company, Rock Island, Que., in response to the order of the Committee, dated 23rd February.

Moved by Hon. Mr. Stevens,—That all supplies required by or furnished to the Auditors to the Committee in connection with this enquiry be charged to this Committee.

Motion agreed to.

Moved by Mr. Donaghy,—That Harry Hatch, John Fitzpatrick and Larry McGuiness, of the Gooderham and Worts Distillery, be summoned to appear for examination before this Committee—date for appearance to be fixed by the Chairman and Counsel for Committee.

Motion agreed to.

Moved by Mr. Bell,—That the following officers of the Customs Staff, Montreal, be summoned for 10.30 a.m., March 17th, 1926, viz: Robert Clerk, A. E. Giroux, Henry McLaughlin, Charles Latimer, Robert P. Daigle, Alph. Jeannotte and Mr. McNamee.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before this Committee of J. B. Goodhue, Rock Island, Que., and Gilmour & Company, Rock Island, Que., and that they be required to produce for the purpose of audit all their books and records.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Mr. Phillip Brais, K.C., Crown Prosecutor, Montreal, be requested to produce and file with this Committee all letters and telegrams written by him to the Hon. Jacques Bureau, Minister of Customs, and all letters and telegrams from the Hon. Jacques Bureau to him and having reference to the prosecution of smuggling and prosecution of Customs Officers and to the enforcement of the Customs laws and also to the activity of the R.C.M.P. and to the withdrawal of the R.C.M.P. from the Province of Quebec.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the Department of Customs and Preventive Service files be produced having reference to the Textile Manufacturing Company Limited and the Independent Silk Limited for the years 1923 to date, and including reference No. 111356, together with copies of all orders, rules and minutes of the department or the Board of Customs in connection with the matters referred to therein.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of all letters, telegrams, etc., passing between Rene Morin, M.P., and the Minister of Customs or any officer of the Department and all replies thereto, and having reference to seizure numbers:

36204 — 758

36203 — 759

36202 — 756

36201 — 755

36200 — 754

Motion agreed to.

Moved by Hon. Mr. Stevens,—For a copy of all letters passing between the Minister of Customs or the Department of Customs or any official thereof and Hiram Walker & Sons from the 1st July, 1924, to date, and having reference to the release of alcohol spirits from bond under Section 171, Sub-section 4 of the Inland Revenue Act as amended by 10 and 11 Geo. V, Chap. 52, Section 4.

Motion agreed to.

Moved by Mr. Doucet,—For the production of the files re seizures of motor cars from one, Cabana, and one, Nenard, at Granby, Quebec, on or about October 3, 1923.

Motion agreed to.

Moved by Mr. Doucet,—For the production of all correspondence, telegrams and other documents relating to the appointment of John Daniel Zinck, Lunenburg, N.S., Leonard A. Lapointe, Saint-Leonard, N.B., John L. McKinnon, Margaree Harbour, N.S., Anthony McKinnon, Inverness, N.S., Philius Gionet, Middle Caraquet, N.B., and Lawrence Hache of Kedgewick, N.B., to the Special Preventive Service Staff.

Motion agreed to.

On motion of Mr. Donaghy, it was *Ordered*, That the following persons be required to attend all meetings of the Committee, so long as they may be required by the Counsel for the Committee, viz: Messrs. Walter Duncan, W. L. Hicklin, J. E. Knox and J. A. E. Bisailon.

Mr. Daniel J. Kearney, Customs Excise Officer, Montreal, Que., was called and sworn. He was examined respecting his examination of a Jewett Sedan Automobile seized in Montreal. Witness retired.

Mr. Charles Verreault, Manager, American Automobile Recovery Bureau, Montreal, Que., was called and sworn. Witness was examined respecting a Jewett Sedan Automobile. He undertook to file with the Committee,—

- (a) copies of letters exchanged between Mr. Bisailon and himself with reference to cars either seized by the Customs or which witness suggested should be seized.
- (b) list, with dates, of all cars witness has pointed out to the Customs and which were seized.

Witness retired.

Mr. Joseph A. E. Bisailon was called and further examined.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Bisailon's examination was continued. In the course of the examination, Mr. Calder, Counsel for the Committee, filed,—

Exhibit No. 86—Bank cheque of U. H. Dandurand for \$200, dated Montreal, May 6, 1925, in favour of J. Ouellette.

Exhibit No. 87—Letter dated Montreal, May 6, 1925, from U. H. Dandurand, President, U. H. Dandurand, Limited, to J. Ouellette, respecting sale of a Dodge Sedan Automobile.

Exhibits Nos. 88(a) to 88(j), both inclusive—"Custom Entry Form—Home Consumption" respecting automobiles imported at Hemmingford, Que.

Exhibit No. 90—Letter dated 18th February, 1926, from J. N. Carter, Manager, Canadian Automobile Recovery Bureau, Montreal, to Chas. P. Blair, General Executive Assistant, Department of Customs and Excise, Ottawa, respecting Cadillac car formerly owned by Mr. Bisailon.

Witness retired.

Messrs. Kearney and Verreault, witnesses before the Committee this morning, were discharged.

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

WALTER TODD,

Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, March 16th, 1926.

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

The CHAIRMAN: I have the pleasure to inform the Committee that the following order from the House has been received this morning, duly attested. (Reading):

“Ordered: Monday, March 15th, 1926. That the name of Mr. Goodison be substituted for that of Mr. Elliott on the said Committee. Attested: Arthur Beauchesne, Clerk of the House.”

DANIEL J. KEARNEY, Called and sworn.

By the Chairman:

Q. What is your occupation?—A. Customs, Excise Officer.

Q. Montreal?—A. Montreal, yes sir.

By Mr. Calder, K.C.:

Q. What branch of the Preventive Service do you operate in, regarding seizures?—A. Principally the Excise end of it.

Q. Have you had any experience in examining cars to determine whether by their make or serial numbers and so on they correspond to any customs entries?—A. Very much, sir.

Q. Who is the officer most highly specialized in that branch of inquiry, in the Department, according to you?—A. Well, I understand that Mr. Duval was generally chosen to look up these numbers for the Department.

Q. Were you ever requested by Mr. Bisailon to examine a Jewett sedan, said to have been seized from a man named Martin, and which was at the time of your examination in the possession of the Municipal Garage at Montreal?—A. I do not think it is Mr. Martin you mean.

Q. I beg your pardon, I should have said seized from Mr. Lalande?—A. I do not know who the car in question was seized from, but Mr. Bisailon did ask me to examine the serial and motor numbers of a Jewett and chassis in the Municipal Garage.

Q. Did he hand any papers to you in connection with that examination?—A. Yes, sir, he handed me two customs' papers.

Q. Have you a copy of your report, from which you can refresh your memory?—A. Yes sir, I have.

Q. You told us you were asked to examine this car, in order to ascertain whether certain numbers were on it?—A. Yes, sir.

Q. And you were handed the Customs papers supposed to cover the car?—A. I was handed two Customs' papers.

Q. You were handed two Customs' papers to do precisely what?—A. To ascertain the serial and motor numbers on the car.

Q. Did you go to the Municipal Garage?—A. I did.

Q. Did you ascertain whether the serial and motor numbers were on the car?—A. Yes, sir, and I have a note of them.

[Mr. D. J. Kearney.]

Q. Were you competent to tell what model car that was, by your inspection?
—A. No, sir.

Q. Were you instructed by Mr. Bisailon to ascertain by your own inspection, or by somebody else's whether the model of the car corresponded to the entry papers?—A. No, sir.

Q. Or the year?—A. No, sir.

Q. Your sole instruction was to go down and check up the serial and motor numbers?—A. Only.

Q. You did that?—A. I did that, yes sir.

Q. You returned and reported to Mr. Bisailon?—A. I did.

Q. Did you report to him verbally, or in writing?—A. I told Mr. Bisailon that there was no serial or motor number on the Customs entry, and he told me to give him a report in writing.

Q. Did you intimate to him that the Customs' papers did not necessarily cover that car?—A. The only statement I made to him was that there was no serial or motor number on the Customs paper. I did not get a chance to go any further, because he forthwith called for a written report.

Q. Did you draw up a written report?—A. Yes sir, I did.

Q. That has been filed, and you have a copy before you?—A. I understand that it has been read into the record.

Q. You notice that your written report is more extensive than your verbal one?—A. Yes.

Q. Your verbal report would end at the second paragraph?—A. After the first paragraph my verbal one ended.

Q. Why did you add the other two paragraphs?—A. After Mr. Bisailon called for a written report, I made one out which consisted of the first paragraph only.

Q. Read it, will you?—A. This is dated at Montreal, November 19th, 1925:— (See page 481 of the evidence).

“ J. E. BISAILLON, Esq.

Special Inspector of Customs and Excise,

Montreal, Que.

SIR,—Acting upon your instructions to examine the Jewett five-passenger sedan at present in the Municipal Garage, Montreal, in order to ascertain the motor and serial numbers thereon, I beg to report as follows:

Motor Number 93239, Serial Number 82402.”

Q. That is the end of your verbal report?—A. Yes, sir.

Q. Go on. You have added certain paragraphs there; why did you do that?—A. I asked Mr. Hicklin to have this report typewritten for me, and he suggested in this way:—“For your own protection, I would suggest that you point out in your report that you drew attention to the fact that the Customs entry had no serial or motor numbers thereon.”

Q. In consequence of that, you drafted the rest of the report?—A. I drafted the rest of the report, and told Mr. Hicklin to add the notation on to my report.

Hon. Mr. STEVENS: Ask him to read it, Mr. Calder.

By Mr. Calder, K.C.:

Q. Will you read it?—A. (Reading):

“Entry number 6940-A of the 18th of May, 1925 covers a Jewett chassis, but no serial or motor numbers are on the entry. Entry Number 73, October 6th, 1925, port of Hemmingford, covers a body which, according to the notation on the entry, is to be placed on the chassis bearing the above numbers.”

Q. Did Mr. Bisailon ask you at any time whether the model of the car in the Municipal Garage, which you had seen, was the model called for by the Customs papers, a duplicate of which I now show to you?—A. No, sir. I had no conversation with Mr. Bisailon at all regarding this car other than I have above stated.

Q. He did not ask you that at all?—A. No, sir, he did not.

Q. I think it was read into the record, not filed as an Exhibit.

The CHAIRMAN: Look at page 481.

Mr. CALDER, K.C.: I have not got that part of the record. My copy of the record is not complete.

WITNESS: Yes, that is the one.

By Mr. Calder, K.C.:

Q. You are now alluding to a letter which has been read into the record at page 481?—A. What is the question, Mr. Calder?

Q. Your report is the report which has been read into the record, at page 481?—A. Yes, sir.

Q. Now, Mr. Kearney, will you look at K-9, which apparently is signed by you, dated the 24th day of November, 1924, covering the seizures of a Hudson sedan said to belong to a Mr. Camille Deur, of No. 228 Belanger Street Montreal, and state whether you made that seizure or not?—A. Yes, sir, I made that seizure.

Q. Will you look at the second page, at the statement which you made in your report, to the effect that Camille Deur has already been smuggling cars. Will you read that statement?—A. I have it here—"and has been therefore guilty of a similar offence." Is that what you have reference to?

Q. Yes?—A. Yes, sir, that is correct.

Q. Was that of your own knowledge?—A. No, sir, not of my own knowledge; that was on the strength of the telegram that Detective Chevrier of Montreal had in his possession; he had a warrant sent from the States to arrest Camille Deur. He told me that he was in the habit of handling smuggled cars.

Q. At any rate, you had information that tended to show that Camille Deur was a smuggler?—A. That is what I intended to put into the report.

Q. You submitted that to Mr. Bisailon?—A. Yes.

Q. Will you look at the files and state to whom that car was released; do you find K-9 there?—A. I am looking for it.

Q. I have a duplicate of it in the stub book. Will you quote the seizure number of the Hudson car seized from Camille Deur?—A. Number 5385, is it?

Q. Yes. Look now at K-9½, with a corresponding seizure number in the stub book of record in the Montreal office, and state to whom it was released?—A. It was released to Mr. Camille Deur.

Q. Do you know whether or not at that moment, Mr. Camille Deur was under arrest, and awaiting trial on a charge of conspiracy?—A. I do not know that.

Mr. CALDER, K.C.: That is all, Mr. Kearney.

The CHAIRMAN: Will you have any more questions to ask of Mr. Kearney?

Mr. CALDER, K.C.: I may have something further to ask him, if he will wait here until this afternoon.

By Mr. Gagnon:

Q. Do you know whether when you were asked by Mr. Bisailon to go to the Municipal Garage if officer Duval was available?—A. I do not know, sir.

Q. Do you know if Mr. Bisailon asked for any other officer to go there before he asked you?—A. I do not know, sir.

Q. Do you remember if you were the only officer in the office at the time?—A. I cannot recall that, but I do remember Mr. Bisailon saying "I have nobody else to send."

Q. And is it to your knowledge that Mr. Bisailon asked for Mr. Duval before asking for you?—A. No, sir, I don't know that.

Mr. GAGNON: I thought I would have an opportunity of cross-examining Mr. Bisailon before we heard other witnesses. I thought Mr. Bisailon's evidence had been taken up and covered a certain matter regarding the Duncan report, and I thought I would have a chance of cross-examining Mr. Bisailon. Other witnesses are now being called in the box, and I would like to have an opportunity to cross-examine Mr. Bisailon.

Mr. CALDER, K.C.: Mr. Verreault's evidence will be very short.

The CHAIRMAN: It is regarding the same matter?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: I think we will finish this witness and you will have an opportunity of cross-examining Mr. Bisailon.

Mr. GAGNON: I understand that there are five or six witnesses on some other matters which are being brought forward, like the Deur matter, that we have never heard of before. That was brought up by Mr. Kearney, and will probably be the basis of another charge against Mr. Bisailon! Mr. Bisailon will be put in the box after other witnesses have been heard.

Mr. CALDER, K.C.: I quite see the fairness of that. I just wanted to clear up the matter with respect to the Jewett incident, and then you can cross-examine Mr. Bisailon. The Deur matter has not been introduced so far.

CHARLES VERREULT, called and sworn.

By the Chairman:

Q. Your occupation?—A. Manager American Automobile Recovery.

Q. Montreal?—A. Montreal.

By Mr. Calder, K.C.:

Q. You were concerned with the work of the American Automobile Recovery Bureau in the recovery of a Jewett sedan, which has been known here, as the Legault car?—A. Yes.

Q. It has been said you were willing, if not eager, to have the car released by the Customs to Mr. Legault, is that correct?—A. No, sir.

Q. Will you state under what circumstances that car was released, as far as your own consent was concerned?—A. It was not released by my consent.

Q. It was not released with your consent?—A. No.

Q. You objected to its release?—A. I objected in this way that we had not had an opportunity so far to identify the car, in view of the fact that the car had numbers of a burned car. We also knew that.

Q. You also knew that car had numbers of a burned car on it?—A. Yes.

Q. Had you seen the car?—A. Yes, I had seen the car.

Q. Was it a new car, or an old car?—A: 1925 Jewett.

Q. What did the Customs papers call for?—A. Customs called for a 1924 Jewett.

Q. Did you see the Customs papers?—A. Not at the time.

Q. Did you take the matter up with Mr. Bisailon direct?—A. I did not.

Q. By phone?—A. Mr. Bisailon called me on the telephone.

Q. What did he say?—A. If I remember correctly, he called me up and he said he had two invoices for this car.

Q. Do you mean two Customs entries?—A. Yes he mentioned the numbers of these entries, and I think he told me this car was being detained by

Officer Duval, and that Mr. Duval should have taken instructions from him, or reported the matter to him first, before detaining the car, or placing detention on it.

Q. Mr. Bisailon's contention was Duval should have referred the matter to him before placing detention on the car?—A. Yes.

Q. He did not indicate how the car would remain in detention?—A. I understood from the conversation Mr. Bisailon wanted the car released.

Q. Wanted the car released?—A. Yes.

Q. Did you point out to him that this was a new car?—A. I told him our investigation showed that the car had numbers of a burned car, and the numbers called for a 1924 Jewett, while this car was a 1925.

Q. What did he say to that?—A. He was satisfied with the numbers and the car should be released.

Q. Did you at any time tell him you were willing it should be released?—A. I did not.

Q. Did you tell him you wished it held further?—A. I told him I could not identify the car from the present numbers.

Q. Did you have an opportunity to look over the car in such a way as to find its secret numbers?—A. I thoroughly examined it.

Q. You thoroughly examined it?—A. Yes.

Q. And what did you find?—A. Found it a complete assembly of one car.

Q. You found it a complete assembly of one car?—A. Yes.

Q. And the car was released over your objection?—A. Yes.

By Mr. Gagnon:

Q. Mr. Verreault, Mr. Bilodeau,—you know Capt. Bilodeau?—A. Yes.

Q. He was here as a witness and told us you were the informer in this matter?—A. I was not the informer. I mean to say, the thing was in this way, I was interested in holding the car, but as far as information was concerned, that was given us by a well known detective in Montreal. I mean to say, I was acting with Capt. Bilodeau to this extent that I was endeavouring to have the car held, as I felt the car was irregular.

Q. I am taking Mr. Bilodeau's word. He says you were the informer in this case?—A. There is no question of any informer about it.

Q. Is Mr. Bilodeau right, or do you say you were not the informer?—A. I do not know exactly what Mr. Bilodeau meant.

Q. You know what the word informer means?—A. Yes.

Q. You were not the informer?—A. No, I was not the informer.

Q. You have an office in Montreal?—A. Yes, I think the informer shows the origin of the car and I think that is what he meant.

Q. You run a kind of a private detective agency?—A. It is not a private detective agency, we act for different insurance companies.

Q. I understand when you were tracing a car for any insurance company you would report to the insurance company the result of your searches or investigations?—A. Yes, when we identified the car.

Q. But you are not acting for the insurance company on special investigations to recover such a car or such a car. I understand you have a list of different stolen cars and you are working on that and when you find something you report it to the insurance company?—A. To whichever insurance company it belongs to.

Q. You have certain rewards for the work?—A. Yes.

Q. When you succeed?—A. Yes.

Q. You are paid on what basis?—A. On an agency basis. At times we make special investigations when we are requested.

Q. Was it you or Mr. Bilodeau who asked Mr. Duval to detain the car?—A. Myself.

[Mr. Charles Verreault.]

Q. There had been a replevin on the car by Mr. Lalande?—A. There was a replevin on the car. I understand that the detention was on the car when the replevin was made.

Q. There was a replevin on the car, you are sure of that?—A. That is the way I understand.

Q. And what did you do?—A. There might be a replevin on the car, but we wanted to hold it for identification.

Q. The car had been seized in the possession of Mr. Lalande by yourself?—A. It was seized on the street by the police officers. I examined the car.

Q. Is it not a fact you went to Mr. Lalande's garage on Lacordaire street with Officer Pelletier and you brought the car to the municipal garage?—A. I did not bring it myself, I think Officer Pelletier took possession on the street after it had been taken out of Mr. Lalande's garage by Mr. Lalande.

Q. When you got to Mr. Lalande's place, was the car in the garage?—A. Yes.

Q. You asked Mr. Lalande to take the car out of the garage?—A. Yes.

Q. You seized it on the street?—A. It was seized on the street.

Q. You had no search warrant?—A. We had no search warrant.

Q. You were acting on the information that this car might have been a smuggled car, or stolen car?—A. Both.

Q. This car was taken to the municipal garage?—A. Yes.

Q. A replevin was taken by Mr. Lalande?—A. Yes, there was replevin on it. I did not see that, I do not know whether it was by Mr. Lalande.

Q. Did Mr. Lalande tell you there was a replevin on the car, or did Mr. Bilodeau tell you that?—A. Yes.

Q. Did Mr. Bilodeau tell you that the manufacturer was ready to remove the car, but for your objection?—A. No, I do not remember that.

Q. Do you remember having had a conversation about the matter with me?—A. I think you called me up, if I remember right, the day it was released by Duval.

Q. Do you remember being called on the phone before it was released?—A. I remember that, yes.

Q. Did you have any conversation with Mr. Bilodeau before the car was released?—A. Before it was——

Q. Were you asked——

Mr. CALDER, K.C.: He is trying to clear up the question.

By Mr. Gagnon:

Q. By the Customs or the police?—A. Who I called up? Did I call you up regarding the release of the car after the replevin?—A. Yes, you called me up, I think possibly the day after it was seized, possibly after you took the replevin over. I forget.

Q. Did Mr. Bilodeau tell you he would not hold the car on the replevin, except for the insurance company? Was there any question of that?—A. That would be the stand, anyway. When the replevin is on the car, I do not see that you could hold it. You have to have authority from the owner to hold the car. You cannot take the responsibility yourself, and you could not do it legally, anyway.

Q. Do you remember that you were told at the time, Mr. Verreault, that the car was in possession of Mr. Lalande, the grocer there, and that you would have to hold the car for such a time as would allow you to investigate?—A. No, I was not told that.

Q. You were told that by Mr. Lalande?—A. Well, I do not remember.

Q. Are you sure?—A. The car was seized, I do not remember that. The only discussion was, just over the Act. I do not remember him saying that.

[Mr. Charles Verreault.]

Q. Do you remember any effort being made for Mr. Lalande to hold the car until such time as you made your investigation?—A. I do not remember that.

Q. When you are looking for information and a car is a smuggled car and stolen car, do you report the fact to the Customs immediately, or do you report to the police authorities?—A. I have reported quite a number of stolen cars to the Customs. I mean to say, just this spring I imagine, I reported these cars to the Customs and action would be taken on it.

Q. Is it not a fact, Mr. Verreault, that you report these cars to the Customs authorities just when you cannot hold them?—A. No, sir.

Q. Do you know Mr. Lalande was trying to get the car from the authorities at the time you reported to Duval?—A. Yes, I knew an attempt was being made—

Q. You knew—

Mr. CALDER, K.C.: Let him finish his answer.

WITNESS: I knew an attempt was being made to have the car released.

By Mr. Gagnon:

Q. When you reported to Officer Duval?—A. Certainly. I only hold a car for a few days longer.

By Mr. Calder, K.C.:

Q. You said that you used the Customs to hold cars this spring?—A. I meant to say that I reported a number of cars to the Customs this spring.

Q. You seemed to make a difference between this spring and the preceding period?—A. I had not known Mr. Bisailon, and I did not know anybody in the Preventive Service. I think I met Mr. Bisailon just this last June.

Q. And it was from this that you began to report cars to the Customs?—A. I reported a few cars to the Customs. I advised them if they would go ahead and make their investigation I would lay off until they got the cars.

Q. What do you mean by "investigation"? Trying to find the owner?—A. I reported the names of the owners, and the serial and motor numbers of the cars when I had them, or just the names and the owner.

Q. Was investigation made in such cases?—A. I understand in a couple of cases.

Q. As a general rule, Mr. Verreault, can you say that the Customs Department made any effort to ascertain—I mean by "the Customs Department" the Preventive branch at Montreal—made any decided effort to find out the true owner of any car they seized?—A. I would say they had no system; at least they would not do it systematically.

Q. As a matter of fact, was there rather not a tendency on their part to release the car to the one from whom it was seized, upon payment of double duty, irrespective of any investigation?—A. That was the general practice, I understand.

Q. In your experience, did that practice favour car thieves and car smugglers?—A. I would not go that strong.

Q. You would not go that far?—A. No.

Q. How far would you go along that line?—A. I would say possibly in some cases.

Q. Is it not your experience, Mr. Verreault, that quite frequently when the owner of the car is ascertained, Customs papers are opposed to his claim in court?—A. Are opposed?

Q. Yes. Has it been your experience that upon a replevin being exercised by the owner of the car, the man against whom the replevin is exercised, would oppose to the owner of the car Custom papers?—A. Yes.

Q. Justifying his holding the car?—A. Yes, justifying his holding the car.

[Mr. Charles Verreault.]

Q. Mr. Verreault, in your experience as agent for the recovery of cars for United States insurance companies, will you state whether you encountered any difficulty in dealing with the Customs Department, and if so, what that difficulty was?—A. I can recall just this instance of the Jewett.

Q. Were you allowed to inspect cars in the King's Warehouse?—A. No, we were not.

Q. Over what period did that prohibition extend?—A. I think it has been going on for possibly years.

Q. Years?—A. I mean to say, several years; to my knowledge at least five years.

Q. Did not that prohibition come into being in the beginning of 1925? I think Mr. Bisailon told us he applied that prohibition upon orders from Mr. Bureau.—A. No, I think this prohibition had been in force for quite some time before that.

Q. It has since been lifted?—A. Yes.

Q. And you can inspect the cars now?—A. Yes.

Q. In other words, would the prohibition operate to defeat the true owner, or the insurance company subrogated in his rights?—A. Yes, it would.

Q. It would?—A. Yes.

Q. In every case?—A. Yes, in every case, unless you cannot identify the car from its numbers.

Q. Is this a correct statement, that you could see a car in the King's Warehouse, provided you could identify it beforehand by its numbers?—A. Yes.

Q. And if those numbers were changed, that would be impossible?—A. Yes.

Q. And then you had to rely on other markings—what you might call accidental markings?—A. Yes.

Q. And these you were prohibited from using?—A. Yes.

Mr. CALDER, K.C.: That is all.

By Mr. Gagnon:

Q. When you cannot hold a car because you have not enough evidence for the moment, and there is a replevin on the car, is it not the practice that you report the car to the Customs?—A. No, sir; not if I knew there was a replevin on it. I understand the replevin would void—

Q. No, when you were afraid there would be a replevin.—A. I could do that.

Q. If you found a car for the insurance company, you got a reward?—A. I got my commission.

Q. Oh well, whatever you call it.—A. Yes.

Q. And if you reported to the Customs authorities, you got your share always, when the car was sold?—A. I don't know—you say I would get it, but I never got any.

By Hon. Mr. Stevens:

Q. Did you ever get a moiety from the Customs?—A. No, sir.

Mr. GAGNON: It is not a question of whether he got it or not, but did he expect it?

Hon. Mr. STEVENS: I asked him if he got it.

By Mr. Gagnon:

Q. If that car had been kept by Mr. Bisailon, and confiscated and sold, you would have been entitled to a moiety?—A. I understand I would have been entitled to a moiety.

Q. And the release of this car, of course, had the result of your losing the moiety which you expected from the sale of that car?—A. Yes, or at least the identification of it, which I did later.

[Mr. Charles Verreault.]

By Hon. Mr. Stevens:

Q. Mr. Verreault, you say you have reported a number to the Customs?
—A. Yes, I reported some cars to the Customs by letter.

Q. Did you ever get a moiety from any of those?—A. No, I never did.

By Mr. Bell:

Q. It was all a theory?—A. I reported the cars for what they were worth.

By Mr. Gagnon:

Q. You do not know whether any of those cars were sold or distributed?

Mr. CALDER, K.C.: We will clear that up. Mr. Verreault will make us a list of the cars reported, and we will see what the K-9's say.

Mr. GAGNON: I think it is well for the committee to know that there was no commission paid until the money was received and distributed.

Hon. Mr. STEVENS: This witness may have reported to the Customs in order to get the moiety—

The WITNESS: I beg your pardon.

Mr. CALDER, K.C.: He says he reported to hold the car a few days longer.

The WITNESS: And in other cases I reported cars to the Customs so we could investigate them together—

By Mr. Calder, K.C.:

Q. "Investigate them together" is good; you would investigate them and they would sit still while you were doing it?—A. I had to do it finally.

By Mr. Gagnon:

Q. How many cars did you get for your insurance people from Mr. Bisailon? Quite a number?—A. Several cars.

Q. You never had to complain about Mr. Bisailon being in the way, in order to accept for the cars?—A. No; I can say that quite readily.

By Mr. Donaghy:

Q. Did you report any cars to the Customs for the purpose of getting a moiety?—A. No.

Q. You were not in that line?—A. I mean to say I reported the cars to the Customs because I figured we could co-operate. By reporting the cars to the Customs they could go to points where I could not reach, and if they brought in a car we could investigate as to its ownership.

Q. Your remuneration was through another source?—A. Yes sir. I was acting for various insurance companies.

Q. Now, you would run across many cars stolen in the United States and brought into Canada?—A. Yes.

Q. Did you run across any instance where the American owner was unable to get his car after he discovered it?—A. Not personally.

Q. It has been rather intimated here that some of these American stolen cars were disposed of, after a time, by the Customs, and later on the American owner would turn up and be unable to get his car after identifying it. Do you know of any such case?—A. I heard of one case.

Q. You do not know from your own experience?—A. Not from my experience, no.

By Mr. Gagnon:

Q. What kind of co-operation did you get in Montreal from the Preventive Service? I mean, outside of that Jewett car?—A. I reported several cars by letter to Mr. Bisailon, and Mr. Bisailon said he could not take action on the cars. He did not explain the reason, but he told me he would take action later.

[Mr. Charles Verreault.]

By Mr. Calder, K.C.:

Q. Was action ever taken?—A. In one case there was action taken.

Q. In one case out of a number reported?—A. I should say,—I figured we could co-operate and I reported about it,—I should say about ten cars—perhaps eight cars—in one letter anyway, and action was taken in one case. In other cases I received reports from Mr. Bisailon stating he had investigated the cases and the cars were O.K.

Q. As far as the Customs were concerned?—A. As far as the Customs were concerned.

Q. Will you do this? Will you file as part of your evidence copies of the letters exchanged between you and Mr. Bisailon—A. I think there are only two letters, and I can file them.

Q. —file copies of letters exchanged between you and Mr. Bisailon with reference to cars either seized by the Customs or which you suggested should be seized by the Customs, and will you also give us a list, with dates of all the cars that you pointed out to the Customs, and which were seized?—A. I think I can show that in these two letters.

Q. Mr. Verreault, in your knowledge, did the Customs Department ever, when there was doubt about a car, call in an expert salesman of that car as a starter for an investigation?—A. I do not recall of any instance; I do not think it was done.

Q. In practically every case with which you came in contact, it was possible to get an expert salesman in Montreal, was it not, to examine the car?—A. To examine the car, yes.

Q. And that would have been the quickest way to knowledge of ownership?—A. If the numbers were changed, the salesman or expert would simply note that the numbers were changed, and, of course, an investigation would have to be made from some of the assembly numbers of that car, not necessarily the motor or serial numbers, because if they were changed, there would not be any means of identifying the car.

Q. The police of Montreal gratuitously submit serial numbers for treatment to revive the old numbers. Did you ever know of any instance where the Customs had, where there was doubt about a car, availed themselves of that gratuitous service?—A. No, sir.

Q. That is all.—A. It should be done.

By Mr. Gagnon:

Q. You were making investigations of cars, to trace stolen cars?—A. Yes, sir.

Q. You were asked to make investigations by several people?—A. That would be quite a job. You know, it takes a lot of work unless we have men specially appointed for that purpose. That is what possibly should be done.

By Mr. Calder, K.C.:

Q. They did not do it themselves and they did not allow you to do it by keeping the car away from your inspection?—A. I do not think they allowed anybody to examine the cars at that time.

The CHAIRMAN: Are there any other questions? I understand the witness is released.

Mr. CALDER, K.C.: Yes. I suggest that my learned friend take Mr. Bisailon now.

J. A. BISAILLON, recalled.

The CHAIRMAN: You will testify under the same oath already given?—A. Yes, sir.

[Mr. J. A. E. Bisailon.]

By Mr. Gagnon:

Q. Mr. Bisailon, you were appointed to the Preventive Service in what month, in what year?—A. In May, 1924.

The CHAIRMAN: Speak louder.—A. In May, 1924.

The CHAIRMAN: Speak louder, Mr. Bisailon.—A. All right, thank you.

By Mr. Gagnon:

Q. At the time you were appointed Chief Preventive Officer for the district of Montreal what was the practice of the department regarding the release of cars or any article seized by the Customs authorities?—A. Double the duty.

By the Chairman:

Q. By what?—A. Double the duty. Double the duty on cars. Are you speaking of cars now?

By Mr. Gagnon:

Q. Cars.—A. Cars.

Q. In so far as cars were concerned?—A. Yes, sir.

Q. Do you know if it had been the practice of the department for years before, for long before?—A. Yes, sir, for years, in the port of Montreal, which I do know and which I can speak of.

Q. That was changed how long after you were in the Service?—A. If my recollection is right, in January or in March. I cannot exactly recollect the date, but in 1925.

Q. Up to that time there was no instruction by anybody in the Department not to do so?—A. No, sir. No contrary instructions to that effect.

Q. Was it the practice of the department to arrest the smugglers?—A. Not in those days.

Q. Did you have at any time authority from the department of Customs to proceed with the arrest of smugglers and take them to Court?—A. It was done in one case.

Q. What was the case?—A. I believe it is Park, if I am right; in silks.

By the Chairman:

Q. Sparks?—A. Not Sparks but Park. No, not Sparks. I have not got the right name but it was in reference to the seizure of silks.

By Mr. Gagnon:

Q. Until the offence of smuggling was made indictable the Department would not take any procedure?—A. No, sir; in some cases, but it was through instructions from the Department.

Q. Yes, but not without special instructions, after reports had been sent to the Department, is that it?—A. No, sir, not to my knowledge.

Q. Do you know if it was the same practice generally or just for Montreal, or you do not know?—A. I do not know. It must have been general.

Q. What procedure would you follow when a man would come to your office—I am speaking about before you received instructions from the Department to release a car on double duty—what was the practice of the Department when a man would call at your office as the claimant of the article seized?—A. It would be released on double duty.

Q. Would you satisfy yourself that he was really the claimant?—A. Yes, sir, in most cases he had an advice note from the department advising of the seizure.

[Mr. J. A. E. Bisailon.]

Q. If he would go with a letter from the Department or a notice of seizure from the Department?—A. Yes, sir.

Q. You would release on double duty to the party with the notice, if you were satisfied that he was the claimant?—A. Yes, sir.

Q. And whose name would appear on the file?—A. Yes, sir.

Q. And the Morris Delage car you have told us—you told Mr. Calder that a man went to your office and gave the name of Morris Delage?—A. Yes, Delage, yes, sir.

Q. Was it long before the release of the car?—A. He came in in the beginning of September, if I remember right.

Q. That is in 1924?—A. In 1924, yes.

Q. Was the registration card handed over to you or to Mr. Levut, in your office?—A. I presume it was. I am not quite clear on that. It is quite a while ago. I know I saw the card and I think it was handed over to Mr. Levut. I am not quite clear on this. I know I have seen it; I had it in my hands.

Q. You told us the other day that you had not instructed Garceau to sign the name of Morris Delage?—A. Never.

Q. Do you remember if that man whom you called Morris Delage was in the office at the same time as Mr. Levut?—A. Yes, sir, he was.

Q. There is the name of Fisher in that record, in that report too. Would you explain why you did not arrest this man at the time you seized the car?—A. Well, because we had no jurisdiction to arrest the man. In those days we were not to arrest people for smuggling.

Q. Did you have any information at the time that would lead you to believe that the car that you were seizing was a stolen car?—A. No, sir, not even to this day.

Q. What was Mr. Garceau's duty in your office, Mr. Bisailon?—A. I believe that he came in as a stenographer.

Q. How long was he in your office?—A. For two or three months maybe; maybe a little longer, I cannot exactly recollect.

Q. I will come to that later on. There was a question of a door taken from a Hudson car in the Central Garage and put on another Hudson car. Did you have any knowledge of that?—A. No, sir.

Q. Did you ever own—or did you ever use—did you ever own yourself or did you ever use a Hudson car belonging to the Department?—A. Never, sir.

Q. There was also a question of certain automobile parts that were taken from a Victoria Cadillac, dismantled and the repair parts put in a Cadillac car that you were using. Did you at any time give instructions to the Central Garage to take these parts from the seized car and put them in your car?—A. Never. I have no interest.

Q. Did you take that Cadillac car yourself to the Central Garage?—A. No, sir. The car broke down on Commissioners Street. I was coming back from the wharf, and on investigation with Officer Duval, and the car broke down on Commissioners Street and I left it there, as I had to get back to the office in a hurry. If my memory is right it was Officer Duval that telephoned to the Central Garage for the salvage and I told him to have the car repaired but made no mention—because I did not know what was the trouble with the car at the time.

Q. When did you learn that some parts had been taken from the dismantled car to be put in your car?—A. Quite a while after.

Q. What bill did you pay to the Central Garage for these repairs?—A. I could not tell you.

Q. What is the amount you paid?—A. I could not tell you.

Q. Now, coming back to that Jewett car, where the Customs papers were produced to you, did you try to get in touch with Officer Duval?—A. Yes, but he had been sick for two days. I was not aware of the detention of the car then. It was reported verbally.

Q. Did you try to get in touch with Officer Duval before you asked Officer Kearney to make an investigation?—A. I was informed by the office that Officer Duval reminded me—I think it was Mr. Hicklin that told me that Officer Duval was sick and I asked him if he had a report. He told me that he did not.

Q. I show you form K9½, in a case of Henri Mongeau?—A. Yes, sir.

Q. Will you look at that form and tell us if the signature "Henri Mongeau" is signed by the same person who signed "Ralph Garceau"?

Mr. BELL: I did not understand. Is he being called as an expert in penmanship?

Mr. GAGNON: Not necessarily.

Mr. CALDER, K.C.: I think it is asked as a question of fact.

Mr. GAGNON: Yes, it is.

By Mr. Gagnon:

Q. That is signed by Mr. Henri Mongeau?—A. I was not present when this signature was docketed. The collection was done by the chief clerk and his staff.

Q. This is exhibit O referred to in the evidence at page 73?—A. There is one thing I do know, that the car was delivered to Mr. Mongeau himself.

Q. It had been seized from Mongeau?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Was that the man who was convicted of theft?—A I could not tell you, I do not know. His attorney in that case was Mr. Joseph Lamarre.

Q. But you do know that there is a Mr. Mongeau, who was convicted a few weeks ago?—A. I do not know.

Q. You are no longer interested?—A. No sir.

By Mr. Gagnon:

Q. Did you at any time ask Mr. Garceau to sign the name of Madame Desaire?—A. Never.

Mr. CALDER, K.C.: I do not think that was ever stated. I do not think Mr. Garceau stated that.

The CHAIRMAN: Garceau said that he had signed somebody else's name twice.

Mr. CALDER, K.C.: Yes, Mr. Chairman, but my friend is cross-examining now, not as to the evidence we produced here, but as to evidence contained in the Duncan report. I know he did not mention this name in his evidence, but that he had signed in these two instances. My friend is now cross-examining upon the Duncan report.

The CHAIRMAN: Mr. Gagnon may withdraw the question, and ask the witness if he asked Garceau to sign in two instances, namely—and then set them forth.

Mr. CALDER, K.C.: The danger is this, that when my friend cross-examines upon this report it must go in as evidence.

Hon. Mr. STEVENS: It certainly must be incorporated into the evidence.

Mr. GAGNON: Yes. He says this, that Mr. Garceau came here and swore that Mr. Bisailon had committed forgery. Mr. Garceau has been heard as a witness ex parte before Inspector Duncan, that he swore to certain facts, and

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one of the facts he swore to was that in the Morris Delage case, he had done that on the instructions of Mr. Bisailon.

Mr. CALDER, K.C.: That is the evidence here.

The CHAIRMAN: That is clear. It was asked about three weeks ago.

Mr. GAGNON: I know that my friend may not take my word for it, but I want to show that this man Garceau in other circumstances signed other parties' names, and blamed Mr. Bisailon for it.

Hon. Mr. STEVENS: Should not we examine Garceau primarily upon his own evidence before you ask your witness about it?

Mr. CALDER, K.C.: The evidence is that upon one occasion he forged the name of "Delage", and upon two other occasions he forged other names,—that once or twice he wrote other names. There was an occasion on which he changed his signature, but he did not remember what the circumstances were. That is the only statement my friend can cross-examine upon; he cannot cross-examine upon another statement in the Duncan evidence, unless he files the whole document.

The CHAIRMAN: It is easy to get Mr. Garceau here. You can put a general question upon the Morris Delage case, and then contradict it by your own witness.

Mr. GAGNON: I want to sustain it by some proof that is already before you.

Mr. CALDER, K.C.: But it is not before the Committee.

The CHAIRMAN: The Duncan report has been produced up-to-date only for information to members of the Committee. Ask him the question in a general way:

Mr. GAGNON: All right, Mr. Chairman, I will withdraw that question.

By Mr. Gagnon:

Q. Do you know whether there are before the Department some forms K-9½, whether two, three, four or five, bearing the signature of Mr. Garceau written by Mr. Garceau and then a signature written by Mr. Garceau purporting to be other people's signatures. I want to know from you if you ever authorized Mr. Garceau to do that?—A. Never, sir.

Q. Now, in the case of the Jewett car seized from Officer Lalande, did you get in touch with Mr. Farrow before the release of the car?—A. By 'phone.

Q. Would you tell us what conversation took place between Mr. Farrow and yourself regarding this car?—A. He had no definite instructions to give me.

Q. Did you have anything before you at the time to show you that the papers produced did not cover the Jewett car?—A. No, sir.

Q. About the Martin car, did you know Martin?—A. I have seen Mr. Martin twice since 1924 to date.

Q. Twice since 1924?—A. To date.

Q. Where was the Martin car seized?—A. If I mistake not, the Dodge sedan was picked up by the police and seized by ourselves.

By Hon. Mr. Stevens:

Q. Who seized it?—A. We seized it.

Q. But what individual?

By Mr. Gagnon:

Q. A member of the police seized it, I suppose?—A. It was a detective.

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By Hon. Mr. Stevens:

Q. You say "we seized it." Who in the Customs seized it?—A. Officer Evers and myself. We had been on the case three or four weeks before the police got it.

By Mr. Gagnon:

Q. You had information before?—A. Yes, three or four weeks before that.

Q. Before the police came in?—A. Yes.

Q. Did you ever refuse Captain Forget or Captain Bilodeau, or any other member of the police force, permission to examine the cars that they were claiming, or that they wanted as evidence, or upon which they were making investigations; did you ever refuse them access to the garage for the purpose of seeing cars upon which you were making investigations?—A. I never was requested by the Department, or by Captain Bilodeau or by anybody, except an ordinary constable, no orders or requests to inspect cars after they were seized by the Department.

Q. Did you ever refuse any insurance company agent, or any superior officer of the police of Montreal, permission to inspect cars detained by you in the Customs warehouse?—A. When the proper papers were produced, they had the opportunity to examine the cars, and those papers were filed with Ottawa.

Q. When they would ask you to examine a special car?—A. It was granted in some cases.

Q. Would you have allowed any private detective, or any constable of the city of Montreal to go into the King's warehouse, and inspect any car?—A. No, sir, not without an order from the Department.

Q. But you say you had instructions from the Department, or from the Minister, not to allow anybody into the Customs' Warehouse? What do you mean by that?—A. I meant that I never took it for granted; it had to be a high official of the police department, like Captain Carruthers.

Q. There was a question as to the Ouellette car?—A. That is, of Three Rivers.

Q. There was a letter produced regarding that car; if I remember rightly, that car was seized and confiscated and sold at Dandurand's place?—A. Yes, sir.

Q. How did it happen that Ouellette bought the car?—A. Mr. Ouellette came to my office, and asked me where Mr. Dandurand's place of business was, that he wanted to buy a car. I brought him over, showed him the car, and told Mr. Dandurand that if he did buy the car, and did not have the money, that he would send in a cheque or put a draft through. That was all I did, and I then went away. I left him there.

Q. You wrote a letter to Mr. Bureau, in which you said that you had bought a car for Ouellette?—A. Yes, but it was wrongly worded; that should not have appeared.

Q. Tell us exactly what happened regarding the sale and resale of the Ouelette car?—A. Mr. Ouellette came to Montreal. I drove him down to the auction sale at Dandurand's, showed him a car that was on sale—they were sold by public auction, the records of which are kept by Mr. Dandurand, and they show how many bids there were on every car, and in that particular issue, if I am right, there were about twenty bids at the very least. Mr. Ouellette bought the car and left for Three Rivers. I do not know whether I wrote him or telephoned him to come down, that he had a car. I do not know what he said about a pack of scrap, or something like that. I said "if you do not want it, I will sell it on your account." The car was sold a few days after, but I do not know how many days.

- Q. By whom?—A. By Dandurand to Ouellette's account.
- Q. By auction?—A. No, I do not believe, by private sale.
- Q. It was not as a result of a request made by Mr. Dandurand?—A. No, it was for Ouellette's account.
- Q. He was not satisfied?—A. Yes.
- Q. Had the money been paid by Ouellette?—A. I could not tell you.
- Q. The proceeds of the sale of the car were sent to the Department through Mr. Dandurand?—A. Yes, and the car was sold for \$495 including sales tax, and during the same sale a car a year later, I think, 1923 model, was sold for \$490 at the same sale.
- Q. I want to find out why Mr. Ouellette did not take the car and what is the reason the car was resold?—A. Because he claimed it was a pack of scraps.
- Q. He was not satisfied with the car?—A. No.
- Q. Is it you who asked Mr. Dandurand to try and dispose of the car for Mr. Ouellette?—A. I believe I was willing, and I believe I saw young Dandurand and told him to dispose of the car to Ouellette's account, and get what he could out of it.
- Q. And the difference between the price Mr. Ouellette had paid and the resale of the car was paid to Mr. Ouellette?—A. Yes.
- Q. So it was a private sale altogether and had nothing to do with the Customs?—A. Nothing whatever.
- Q. Do you know if Mr. Ouellette had the money or the cheque from Mr. Dandurand?—A. I think I sent him the cheque.
- Q. Was the cheque sent through you?—A. Yes.
- Q. You sent it to Mr. Ouellette?—A. Yes.

By Mr. Calder, K.C.:

- Q. Since this inquiry started, did you go to the Gaugers' department in Montreal?—A. I was there once, yes, sir.
- Q. Did you interview there Mrs. Brouillette?—A. I did not interview Mrs. Brouillette. I said: "How do you do, Mrs Brouillette."
- Q. Did you not talk to Mrs. Brouillette about the transcript of evidence?—A. Not that I remember.
- Q. That is not very long ago.—A. That does not matter.
- Q. See if you remember as well for me as you have for Mr. Gagnon.—A. I can remember as well for you as for Mr. Gagnon.
- Q. Is it not a fact you discussed with Mrs. Brouillette her transcript of the evidence?—A. I do not remember.
- Q. Is it not a fact you told Mrs. Brouillette she would be taken care of in Montreal and in Ottawa?—A. I do not remember that.
- Q. You do remember you said: "How do you do"?—A. Yes, and general things.
- Q. That is all you remember?—A. Yes.
- Q. How do you explain this lapse of memory?—A. How can I explain? It was not of any importance.
- Q. It was of no importance that you should discuss with Mrs. Brouillette evidence she was to give here before the Committee?—A. She never discussed anything with me. I have no recollection of ever discussing anything of the kind.
- Q. You mean you do not remember, or did not discuss it?—A. I have no recollection of discussing anything with Mrs. Brouillette.
- Q. Either you did or did not.—A. I do not remember.
- Q. You do not remember?—A. No.
- Q. That was last week.—A. It was not last week.
- Q. When was it?—A. Three or four weeks ago.
- Q. Did you go there last week?—A. No.

[Mr. J. A. E. Bisailon.]

Q. You went the first Saturday after the opening of the inquiry?—A. I do not remember if it was the first or second.

Q. Did you go there after the question arose, as to the question of whether the transcript was a good and fair one or not?—A. I do not remember that.

Q. Did you speak to Mr. Duval from the department?—A. Yes.

Q. Did you speak to him about his evidence?—A. No, I have no recollection of discussing anything regarding the Customs in general.

Q. Did you speak to Mr. Jeannette?—A. No, sir, I have not seen him at all.

Q. Did you speak to Mr. Latimer?—A. No, sir.

Q. Do you not think it was a trifle improper to go to the Gauges' Department to speak to people who might be called as witnesses here?—A. No.

Q. Now you say up to the point where the offensive smuggling was made indictable, the practice in the department was not to make arrests but merely to seize the goods smuggled?—A. In 1924, yes.

Q. Before 1924 also?—A. Well, I suppose so, except in special cases we had instructions from the department.

Q. While awaiting special instructions you never detained any person whom you knew to be smuggling?—A. On one occasion.

Q. What was that occasion?—A. In the Park Bros.

Q. Park Bros.?—A. I believe it is Park Bros.

Q. Was that in 1924?—A. Yes.

Q. Were you ever forbidden to detain persons pending instructions to prosecute?—A. I never was.

Q. Why did not you do it?—A. I had no instructions to do it.

Q. You had asked for very large or wide authority by the letter Mr. Stevens read to you?—A. Yes.

Q. You had very large discretion?—A. Not extremely large.

Q. Not extremely large?—A. No.

Q. In the exercise of it, I could not conceive of its being wider.—A. You are a legal man and I am not. You can see points where I do not.

Q. You told us you saw Martin, as Fisher, twice.—A. About that.

Q. How many times did you see him as Fisher? You told us of two.—A. I have only seen him as Martin, I think in 1925. I have known he was Fisher and Martin and Carpenter.

Q. You know he is Fisher, Martin and Carpenter?—A. I know he has very many aliases.

Q. At any rate, twice, according to your own statement, you saw a man in possession of cars which you impounded and you reported that man to be Fisher.—A. Yes.

Q. You stated you saw him.—A. Yes.

Q. Was it Martin?—A. It was Martin.

Q. You saw Martin twice as Fisher?—A. Not as Fisher. At the first I did not know him as Fisher.

Q. When you are speaking of two times as Martin, you are speaking of the two times you saw him as Martin?—A. You are speaking of Martin, I only saw him as Martin to begin with.

Q. When did you know he was Fisher?—A. I knew he was Fisher a little while after. I do not know the exact date I got that information. I do know he had very many aliases.

Q. Each time you saw him in possession of a car that you impounded, you knew him as Fisher, and you reported him as Fisher.—A. I reported him according to information I had.

Q. You saw him?—A. Twice.

Q. In possession of cars?—A. Yes.

Q. Did you know him as Martin?—A. Yes.

Q. Why did you report him as Fisher instead of as Martin?—A. I never knew his name. He never gave his name to me, on the night he came in, but he gave his name in the morning.

Q. That is the first time you met him?—A. Yes.

Q. He gave his name as Martin?—A. He gave his name as Fisher.

Q. You knew him as Fisher?—A. No, for three or four months I had not seen him.

Q. You arrested a man?—A. I did not arrest him.

Q. You caught him with a car?—A. Yes.

Q. The next morning he said his name was Fisher?—A. Yes.

Q. You saw from that moment you knew him as Martin?—A. He gave his name as Fisher. I knew him in connection with Delage's car as Martin.

Q. Upon another prior occasion, you had seized another car in his possession under the name of Fisher?—A. The only car seized under the name of Fisher was the Delage car.

Q. No, it was not.—A. To the best of my knowledge.

Q. The only time?—A. We have seized two times.

Q. As Martin?—A. One under the name of Martin and one under the name of Fisher.

Q. You knew it was the same party?—A. Not at first.

Q. Upon one occasion he gave the name of Martin?—A. Yes.

Q. On another occasion he gave the name Fisher?—A. Yes.

Q. Consequently on the second occasion you knew Martin and Fisher were the same man?—A. No, it was three to four months after.

Q. I am trying to proceed by a process of common sense, and I must say you evade me altogether.—A. I do not.

Q. You saw a man in possession of a car who, the next morning, gave you what name?—A. Fisher.

Q. You knew a man by the name of Fisher and by the name of Martin?—A. Not at that time.

Q. You were looking at him?—A. Certainly, but only for a moment I took a glance.

Mr. BELL: And you could not remember?

WITNESS: It was four months after, Mr. Stevens. My report to the Hon. Mr. Bureau was written in 1925.

By Mr. Calder:

Q. In the same summer, another man of the same name is found in possession of a car, and this time he gives you what name?—A. Martin.

Q. Did you recognize the man?—A. I did not.

Q. When did you first become satisfied of the identity of these two men?—A. After he had delivery of the Martin car.

Q. Then you knew it was the same man?—A. About a month after.

Q. A month afterwards Martin comes in and you remembered then that Martin is Fisher?—A. Not at the time.

Q. When did you remember?—A. About a month after the delivery of the Paige car.

Q. Then you knew the name of Martin?—A. Yes.

Q. Did you see him any more than three times?—A. No, sir, never.

Q. When you see a man with your own eyes, you cannot identify him? And cannot recognize him?—A. I did not recognize him. I was informed it was the same man.

Q. This man had been twice or three times in possession of a smuggled car?—A. Twice.

Q. Did you report that to the Department?—A. I may.

Q. Did you?—A. I do not know, the file is there.

Q. I am asking for your recollection—I know this is hopeless.—A. I have no recollection, it is eighteen or twenty months ago.

Q. You must have been convinced Martin was a smuggler?—A. Yes.

Q. And you must also have been convinced that he was a constant smuggler.—A. Not a constant smuggler, I know he was found in possession of two cars.

Q. What would be your test as to whether or not a man is a smuggler?—A. By the mere fact he was caught once or twice.

Q. And three times?—A. Not that I know of.

Q. Twice?—A. Yes, I am concerned only with speaking of Fisher.

Q. You knew he was a smuggler?—A. I knew the second time, three months after, he was smuggling.

Q. What steps did you take to effect his arrest?—A. We did not take any steps to arrest him.

Q. What steps did you take to recommend his arrest?—A. We did not take any.

Q. Why?—A. He had been previously arrested and released and he was back in Montreal.

Q. When he was back in Montreal, what steps did you take to recommend his arrest?—A. I have no jurisdiction to recommend any arrest; I did not have any jurisdiction.

Q. It was impossible for you to write Mr. Wilson saying here is a man who has been found twice in possession of smuggled cars, do not you think you ought to have him arrested?—A. He had paid the penalty, double duty.

Q. In your opinion a smuggler is sufficiently punished if he pays double duty?—A. It is not up to me.

Q. You did not recommend his arrest?—A. I had no jurisdiction of recommending his arrest at all.

Q. You saw the file of the notice of seizure, and also the notice of release?—A. Yes.

Q. Containing the identification of the man?—A. Yes, and the entries of the Delage car were the only credentials he had in his pocket.

Q. Did he have the notice of seizure?—A. You showed it to me the other day. The man could not be located.

Q. It did not arouse any suspicion in your mind?—A. I do not know.

Mr. GAGNON: It was proved it was not in the Preventive Service File.

Mr. CALDER: The point is he did not have notice of seizure.

By Mr. Calder, K. C.:

Q. You say that the order for changing an axle from the Cadillac car was given by Duval?—A. The order? No sir. I never said anything of the kind. I said that official Willie Duval took the car from Commissioner's Street to the Central Garage for repairs, and without any instructions to take any part of a dismantled car. From the mere fact that it was a government car I had no aim of defrauding any insurance company or anybody else.

Q. Then your statement is, therefore, that Mr. Parrot, of his own motion, took an axle from a dismantled car and fitted it into your car?—A. I never asked Mr. Parrot or anybody else, or gave any instructions to take any part from another car. I sent the car there to be repaired.

Q. And if you did not give instructions, and Mr. Duval did not give instructions, he must have done it off his own bat?—A. He must have.

Q. Can you give any reason why he should perjure himself by swearing to the contrary?—A. I am not prepared to say he did perjure himself.

Q. Are you prepared to say that a man who states a thing under oath—
—A. It is up to the committee to decide—

Mr. GAGNON: Just a minute. Mr. Parrot was heard but did not say that Mr. Bisailon ever gave him an order personally, but that it must have come from Mr. Bisailon's office.

Mr. DONAGHY: What page is that?

Mr. GAGNON: On cross-examination—

The CHAIRMAN: Page 325, around there.

Mr. GAGNON: Both Mr. Lefebvre and Mr.—

Mr. CALDER, K.C.: Mr. Lefebvre knew nothing about it, as an accountant.

The CHAIRMAN: Page 325. "By Mr. Calder, K.C.:" There is something about—not an axle, but a differential.

Mr. CALDER, K.C.: It is the differential and gear case; that includes the axle.

The CHAIRMAN: That is the "surprise box."

Mr. GAGNON: At page 326:

"Who asked you to make that change?—A. It must have been the bureau, the office."

Mr. DONAGHY: How about the top of the page? The third line.

The CHAIRMAN: (Reading): "Who gave you instructions to change those parts of the car?"

Mr. DONAGHY: (Reading): "Bisailon."

The CHAIRMAN: (Reading): "Bisailon at that time had a Cadillac car, which he used at that time?—A. Yes."

Mr. DONAGHY: That is very plain.

Mr. GAGNON: But I am putting the question after that, if Mr. Bisailon gave him a written order or a verbal order, and he said that Mr. Bisailon was speaking over the phone, but except for that—and he explains that—he said it must have been coming from Mr. Bisailon—

Mr. DONAGHY: You mean he weakened further down?

Mr. CALDER, K.C.: That is not the point we are under. The question is that Mr. Bisailon says nobody authorized Mr. Parrot—

Mr. GAGNON: And Mr. Bisailon is being blamed personally.

Mr. DONAGHY: Yes, I think that should be cleared up.

Mr. CALDER, K.C.: And I want to clear it up.

Mr. GAGNON: Mr. Calder said that if Mr. Parrot said that, he perjured himself. I say that Mr. Parrot never said that Mr. Bisailon personally gave him the order. The most he could have done was a verbal order over the phone.

Mr. DONAGHY: I think you are quite wrong there. You will see that this change referred to here (indicating page 326) is a change of a door from another car, and yet he is very specific about a Cadillac car.

Mr. CALDER, K.C.: Well, strike out that last question.

The CHAIRMAN: I think that settles the matter; Mr. Calder has withdrawn the question.

Mr. CALDER, K.C.: I withdrew the question about the perjury.

Hon. Mr. STEVENS: Before you leave that, Mr. Calder, I think you might put two or three questions down. (Reading): "Who made up the account for the work necessitated by the exchange?—A. Bisailon."

Mr. GAGNON: We do not deny that the bill was paid, but the bill does not show that some parts had been taken from one car and put into another; it was just for repairing for the car.

Mr. CALDER, K.C.: But a man would know if a differential was put in, from a bill sent for labour, that an axle could not materialize out of thin air.

Mr. GAGNON: It does not show that some parts were replaced.

Mr. CALDER, K.C.: It shows only labour. If there were repairs made, some parts must have been put in.

The CHAIRMAN: The bill was explained by the evidence. I cannot just find—

Mr. CALDER, K.C.: While you are looking for that, I will go on with my questions.

By Mr. Calder, K.C.:

Q. You say you gave no instructions to make that change?—A. No sir.

Q. You also assert that Mr. Duval did not give such instructions?—A. I did not give Mr. Duval any instructions to have this car repaired.

Q. Did Mr. Duval give the instructions?—A. Mr. Duval is here and can answer for himself.

Q. You answered for him a moment ago—A. I did not. Mr. Duval is here and can speak for himself. I never instructed Mr. Parrot or the Central Garage or Mr. Duval. I told him to have the car repaired; nothing more. I did not know even what was the matter with the car.

Q. Do you know if any orders were given by any person in your office to make that change?—A. Nobody had the authority to do that.

Q. Mr. Parrot says he got the order from the office.—A. He did not get it from the office; he could not.

Q. Later on you found out what had been done?—A. Yes.

Q. Did you investigate as to who in your department could have given the order to steal an axle from a car seized by the Customs, and put it into a car seized by you? Did you investigate— —A. I did not investigate it, because—

Q. Why not?—A. Because I had no aim in asking; it was a government car, and the government was paying the bill, and I had no aim in doing it.

Q. But you found out, you told us a moment ago?—A. After a while.

Q. You found out— —A. After a while.

Q. —that an axle had been changed— —A. Not an axle.

Q. Let me finish my question. —from a salvaged car to your car. Now, that must have appeared to you as theft from a salvaged car?—A. The—

Q. Will you answer my question. Did it appear to you as theft from a salvaged car?—A. I do not know what part was taken.

Q. Whatever part it was.—A. Yes.

Q. Did it not appear to you as theft from a salvaged car?—A. I found it queer.

Q. Not only did you find it queer, but you must have found it criminal?—A. No.

The CHAIRMAN: The King can do no wrong.

Mr. CALDER, K.C.: Mr. Bisailon is not yet the king.

The WITNESS: No, and I don't intend to be.

Mr. CALDER, K.C.: You have usurped all of his powers, so far.

The WITNESS: I don't know. You seem to have a lot of them.

By Mr. Calder, K.C.:

Q. You thought it was queer?—A. Yes.

Q. In your opinion what degree of queerness constitutes crime?—A. I thought it should not have been done.

Q. Whom did you discipline for it?—A. Nobody.

Q. To whom did you report it?—A. Nobody.

Q. And you let that car go out to the underwriters, to whom it was released, minus the differential, and differential case, without pointing out to them that the change had been made?—A. I did not know what part was taken from that car; it was dismantled at the time.

Q. When you found out there was something queer about it, Mr. Bisailon, you did not even ask what part had been taken out?—A. No, I did not.

Q. Why not?—A. Because it was not my lookout. He had done it without instructions, and he should not have done it.

Q. As head of your department, you were not interested in preventing the very thing for which suspicion is now rising?—A. Yes sir, I was.

Q. If you were interested, why did you not find out the amount of the theft?—A. I was not interested by the mere fact that I did not know exactly. I thought it was a very small thing.

Q. You learned afterwards that it was \$150?—A. I heard it through an inquiry.

Q. And if you had enquired then, you would have found that out?—A. I would, yes.

Q. And I suppose you would have made amends then to the underwriters by pointing out to them?—A. No, I would have reported the matter to the Department.

Q. Not having examined, you did not report?—A. No, sir.

Q. So it comes to this; there is a theft of \$150 from that car, and you were never interested sufficiently in the amount to enquire what it was?—A. The theft was not made by myself,—and without my knowledge.

Q. It was made in your department?—A. That may be, but I am not responsible; I am only responsible for what I know.

Q. And you were not interested enough to find out the extent of the theft?—A. I was not.

Q. Nobody was disciplined for it?—A. Nobody was disciplined for it.

Q. You did not even remove the cars from Parrot's garage, having found him out to be a thief?—A. No, sir.

Q. No officer was reported for it?—A. No officer.

Q. No investigation was made by you?—A. No, sir.

Q. No report was made to the Department?—A. No, sir.

Q. And no intimation was given to the underwriters that there had been parts stolen from their car?—A. I never knew anything about it.

Mr. CALDER, K.C.: That is all. Mr. Chairman, we might suspend conveniently here.

The CHAIRMAN: We will go on until one o'clock sharp. This will be the future procedure of this committee. One o'clock sharp, an examination ended or not ended.

Mr. CALDER, K.C.: I can go on with another branch.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, as a careful administrator, when a car was released to a man upon signing the K-9 $\frac{1}{2}$, I suppose you looked at the K-9 $\frac{1}{2}$?—A. No.

Q. Why not?—A. I had a man in charge to look for these. I had a responsible man in the office.

Q. Who was he?—A. Mr. Hicklin.

Q. Mr. Hicklin examined the K-9 $\frac{1}{2}$'s?—A. He was the man who looked after that.

Q. He should have examined them?—A. Yes.

Q. And you released the car without even knowing whether the K-9 $\frac{1}{2}$ was signed?—A. It was on an order from the Department that the car was released.

Q. You recommended its release did you not?—A. I presume I did.

[Mr. J. A. E. Bisailon.]

Q. You know you did.—A. I don't know. I had thousands of correspondence in regard to cars, and how could I remember every little detail.

Q. Take the Martin car: In that case you knew that the car was released?—A. Yes, sure.

Q. And you ordered the release?—A. Yes.

Q. And the same in the Delage car?—A. Yes.

Q. And in the Mongeau car?—A. Yes, and in the Djuari case, too.

Mr. CALDER, K.C.: I thought the committee ruled that it was illegal to mention that case.

The CHAIRMAN: He only referred to the name.

By Mr. Calder, K.C.:

Q. This was a heavy responsibility, the releasing of a car for double duty. You had to be very careful to know you were releasing the car to the man who had the right to it.—A. It was not a very heavy task; it was done in the regular way; it was a common practice.

Q. And you gave an order for release and would not satisfy yourself that the K-9½ had been signed?—A. No, I had a responsible party in the office.

Q. But you would not satisfy yourself that it had been done?—A. No; it was not necessary.

Q. The file would be brought to you to sign the order of release?—A. Yes.

Q. And you mean to say you would not lift the paper containing the order of release, and look at the K-9½ to see whether it was signed or not?—A. I had a capable man; he had my confidence—

Q. You would not exert yourself to the extent of lifting a sheet of paper and looking to see if the K-9½ had been signed?—A. No; I had a capable man to do that.

Q. If you had done that, you would have noticed that Mr. Garceau, according to you, used to sign in some instances the name of the person to whom the car was released?—A. I had—

Q. You would have noticed it?—A. I would have noticed it.

Q. I trust you would.—A. I suppose I would, yes, but I had confidence in the man who was doing the work.

Q. By your not taking the trouble to turn over the leaf and look at K-9½ you now again expose yourself to the suspicion that rests on you?—A. No, sir, because I could not check all the work. It would be impossible to do that.

Q. All right. You leave it to the committee to decide if that was too much exertion. You say that Henri Mongeau was present at the time that K-9½ was signed?—A. Yes.

Q. Did you see him sign it?—A. I did not.

Q. Did you see him go over to sign it?—A. I did not.

Q. Why not?—A. He came in in the beginning, if my recollection is right and paid the money but I do not know just who to, to the office.

Q. Were you there at the time?—A. I do not remember.

Q. Again you do not remember.—A. Well, I might have been.

Q. Why?—A. But it is easily found for Mongeau is in town and his Attorney is in town.

Q. He is not in town now.—A. Oh, yes, we will get him in twenty-four hours. We will get him in twenty-four hours, Mr. Calder, if you wish to have him.

The CHAIRMAN: Everybody is going South.

Mr. CALDER, K.C.: This is North.

Mr. GAGNON: He is available.

By Mr. Calder, K.C.:

Q. So that you never noticed at any time that Garceau was signing this document?—A. The clerical work in the Department—

Q. Well, answer?—A. —is left in the hands of the Chief Clerk and the Staff.

Q. You never noticed at any time until this inquiry started that Garceau signed the name, in his own handwriting, the name of the man who got K-9½?—A. If I had known it at the time he would never have done it.

Q. Will you search your mind, which is an ingenious one— —A. Thank you.

Q. —to find out why Garceau, should sign the name Mongeau, when Mongeau was present?—A. I could not tell you. That is a thing I do not know. I could not tell you for the reason that—

Q. It is a rather stupid proceeding?—A. It is rather, on the part of the officer.

Q. But there may be a reason why Mongeau did not want to sign it?—A. There is no reason whatever that I can see, because the Department had the money.

Q. Let us suppose that a man comes in, who is a thief—this is just a supposition—a car has been seized. He wants to get that car. He has got to sign the K-9½. Now, either he must disguise his writing or he must put a true signature on it. In either case he leaves a trace?—A. Yes.

Q. So if he does not want to sign that and wants to be able to swear that he did not sign K-9½, it might be convenient for the man who released the car to him, knowing those facts to allow somebody else or to order somebody else to sign it?—A. It has not been proven that this is a stolen car.

Q. I am putting a hypothetical case. In that case it would be convenient for the thief and the accomplice of the thief to get a third party to sign?—A. It did not apply in this case.

Q. It would be convenient in those cases?—A. It did not apply in those cases.

Q. In the hypothesis it would be convenient, would it not?—A. That is hearsay. It does not apply to those cases.

Q. If the hypothesis is correct the convenience would follow, would it not?—A. No, it does not apply to those cases.

Q. If the hypothesis were correct the convenience would follow?—A. I still maintain my version that it does not apply in those cases.

Q. You cannot assign any reason why Garceau should do that?—A. No, sir. He had no right to do it, no reason for doing so; no reason for my asking him to do it.

Q. You swore that you misunderstood my question about the inspection of cars being denied. I asked you the other day whether the police authorities, underwriters, owners could inspect the cars, and you told me that Mr. Bureau had verbally instructed you not to allow them?—A. The police? That was rather wide.

Q. I am asking you a question now, was there a prohibition to the police of Montreal, to the underwriters, to the adjusters, to investigation bureaus acting for cars, insurance companies to investigate. A. In some cases.

Q. Was there a general prohibition preventing them inspecting cars in the King's warehouse?—A. In a general way, yes.

Q. Tell us how general it was?—A. We never refused a man like Captain Carter to investigate and to look over the cars; he could come in, and we would cooperate, and others as well.

Q. And others as well?—A. Yes, sir.

Q. Did you ever grant a general permission to inspect cars to Mr. MacWorth?—A. Mr. MacWorth and I went and examined, upon two or three occasions, cars that he claimed were Canadian cars.

Q. Provided he first indicated to you the car?—A. He first indicated the car, sure.

Q. What indication would you require?—A. The information was the regular information.

Q. What information would you require as sufficient?—A. It was only verbal information I had, and I was satisfied that their claim was justified.

Q. Will you answer the question. Before a man could inspect a car, what indication of identity would you require from him before you would allow him to inspect it?—A. He had all his credentials.

Q. What credentials?—A. The insurance policy, the correspondence he had with the party from whom the car had been stolen, and I was satisfied that the agent was justified in seeing the car in question.

Q. That is, as far as MacWorth was concerned?—A. Yes.

Q. Is it not a fact that generally speaking, you required identity by numbers?—A. No sir. Often times, the numbers were changed, and as often as I could, I got a description of the car, a near description of the car.

Q. What do you mean by a near description?—A. Here and there little marks, which every car has.

Q. Did you ever hear Captain Bilodeau swear that he was not allowed to inspect cars in your warehouse?—A. I heard him.

Q. Is it true, or not?—A. I never deprived Captain Bilodeau—

Q. Is it true or not?—A. I never deprived Captain Bilodeau from inspecting cars, because he never asked me.

Q. You swear he never asked you?—A. No, sir.

Q. What reason would Captain Bilodeau have for stating that he was prohibited from entering the King's Warehouse, and that you refused him?—A. It was a general remark.

Q. No, it was quite positive?—A. It must have been positive to some of his men, but it did not apply to him or to his chief.

Q. Did you ever prevent Mr. Barnes, of the Automobile Loss Investigation Bureau from inspecting cars?—A. Yes, I did.

Q. Why?—A. Because I had instructions not to allow these private agencies to see seized cars.

Q. You know Mr. Barnes represented the Automobile Underwriters?—A. I knew he represented several companies.

Q. He represented the United Insurance Companies of Canada, with respect to car thefts?—A. The only man we recognized as a bona fide man was Captain Carter.

Q. For American cars?—A. And Canadian cars, I suppose.

Q. Captain Carter was the only man you recognized?—A. As a bona fide man. Mr. MacWorth was taken into consideration, and Mr. Farrow was taken into consideration.

Q. But not Mr. Barnes?—A. Mr. Barnes had no definite claims; in fact I do not remember if he was ever in to see me.

Q. Did Mr. Barnes not file with you a letter from Mr. Carter, the Secretary of the Underwriters' Association proving that he was acting for them?—A. He might have done so.

Q. But did he?—A. I don't know. If you have the letter there, it is right.

Q. But you are the witness?—A. Yes, sir. I cannot answer you. I have answered you according to your instructions, and according to what I know.

Q. Is it not a fact that you required from any person inspecting a car, that he should give you the numbers on the car at that moment?—A. I do not remember that. I might have asked them that. What I was looking for was a description.

Q. Knowing that in nine cases out of ten they were fake numbers?—A. The descriptions of the cars mostly?

Q. No, knowing that in nine cases out of ten the numbers on the cars seized by you were faked, you still required that those numbers should be given to you?—A. Not by numbers.

Q. But for identification?—A. Not necessarily the numbers.

Q. If there were no incidental marks on the car, what would you require?—A. A general description of the car, the year of the car, the insurance, the theft and so on.

Q. Is it your statement under oath that you never required more than that?—A. I do not know, I do not remember.

Q. Is it not a fact that the representatives of the insurance companies were constantly barred from examination because they could not describe the cars by numbers?—A. If they were not known to me, yes.

Q. If they were not known to you? What do you mean?—A. Some of the insurance companies.

Q. It was only Martin and Delage who were identified easily?—A. No sir, there were other men.

Q. Now, as regards the Ouellette car, you state that the letter you wrote to Mr. Bureau was not a correct statement of the fact?—A. It should not have been worded in that way.

Q. Why did you not tell Mr. Stevens that when he first read it to you?—A. I was taken by surprise when the Hon. Mr. Stevens brought this private correspondence in.

Hon. Mr. STEVENS: Go carefully, my friend, be careful what you say.

WITNESS: I will take it back, if you like.

Hon. Mr. STEVENS: It was not private correspondence, it was correspondence concerning important business matters in the Department of Customs. Go ahead Mr. Calder.

By Mr. Calder, K.C.:

Q. No matter whether you were taken by surprise or not, you knew the facts?—A. Yes.

Q. Why did you not make the correction then?—A. Because I was taken by surprise.

Q. You had not time to think about it?—A. I was taken by surprise.

Q. How much money did Ouellette put down on that car of Dandurand's?—A. I do not know.

Q. Is it not a fact that he did not put down one cent?—A. I believe that is right.

Q. Is it not a fact that you were at the auction and bought the car?—A. I never attended a Dandurand sale in my life.

Q. Is it your statement under oath that you were not there buying in the car?—A. No, sir.

Q. Was anybody there bidding in the car on your instructions?—A. No, sir.

Q. What is the answer?—A. The answer is that I took Mr. Ouellette over to Dandurand's garage, introduced him to one of the young Dandurands, told him that Mr. Ouellette wanted to buy a car, that he did not have the money with him, but that whatever he would do would be right, that he would pay and settle for the car.

Q. Was the car sold by auction by Dandurand?—A. It was sold by auction.

Q. Did Ouellette attend that auction?—A. I could not tell you, I was not there.

Q. You could have gone to Dandurand; you went to the Department to find out?—A. It is quite an interesting thing to catch the Department.

Q. We will prove that before we are through?—A. I know that. That is what we are coming to.

[Mr. J. A. E. Bisailon.]

Q. Will you tell me whether you know that Ouellette was absent from the auction and that the car was knocked down either to you or to somebody else, on your instructions?—A. No, sir, not to me, and never on my instructions.

Q. Did you sell the car?—A. I did not sell the car, Mr. Dandurand sold the car.

Q. Where was the car sold?—A. At Dandurand's auction room.

Q. Was it not sold to Mr. Brunelle at the St. Eustace?—A. It was not through me that the car was sold to Mr. Brunelle.

Q. But was it not sold to Mr. Brunelle at St. Eustace?—A. Yes, according to that.

Q. And it was not sold at Dandurand's auction room at all?—A. I beg your pardon.

Q. Do you not know that it was sold to Mr. Brunelle at St. Eustace directly?—A. No sir. The private sale took place by young Dandurand, and I had nothing to do with it.

By Hon. Mr. Stevens:

Q. Did you say a private sale?—A. It was sold to Mr. Ouellette at auction, Mr. Stevens, and then resold to the account of Mr. Ouellette at private sale.

The CHAIRMAN: This Committee will rise now until half past three o'clock this afternoon.

AFTERNOON SITTING

The Committee resumed at 3.30 P.M., the Chairman Mr. Mercier, presiding.

The CHAIRMAN: Order, please. The committee will resume its work.

Mr. CALDER, K.C.: I will recall Mr. Bisailon.

J. A. E. BISAILLON, recalled.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, to hook up again the Ouellette case; is this a correct summary of your statement; that you took Mr. Ouellette to see the car?—A. Yes sir.

Q. And that you did not attend the auction, nor any person of the Department under your direction?—A. No sir.

Q. That it was knocked down to Mr. Ouellette?—A. I beg your pardon?

Q. That it was knocked down—auctioned—to Mr. Ouellette?—A. Yes.

Q. And that Mr. Ouellette refused to take delivery of it?—A. After a while, yes.

Q. And that it was Dandurand who resold it for Ouellette, without any intervention on your part whatever?—A. I must have given instructions to Dandurand to resell.

Q. You gave instructions—?—A. To Mr. Dandurand.

Q. To resell the car for the benefit of Ouellette?—A. Yes sir.

Q. I may say I am instructed, Mr. Bisailon, that Mr. Dandurand never resold that car at auction, or never disposed of it at all, but that you did.—A. He never sold that car at auction?

Q. Yes. Those are my instructions; that Dandurand never sold this car at auction at all, but that you sold it at St. Eustache.—A. That is wrong. The car was sold at auction.

Q. You know that?—A. You have the documents there, sir.

[Mr. J. A. E. Bisailon.]

Q. Is it not a fact the documents were made by Dandurand at your request?—A. No sir.

Q. To give the sale the appearance of being resold at auction?—A. No sir; never.

Q. Who took delivery of the cheque from Dandurand?—A. I—you mean what cheque?

Q. The cheque for the difference of \$200?—A. I did, sir.

Q. You did?—A. Yes sir.

Q. Did you personally deliver it to Ouellette?—A. Either personally, or by mail: I cannot tell you, either one way or another.

Q. Did you personally deliver it to Three Rivers?—A. I don't remember. It was either by mail or personally; to the best of my knowledge it is either one way or the other.

Q. Will you look at the cheque now shown you, being a cheque upon the Banque Canadienne Nationale on the cheque form of U. H. Dandurand, and state whether that is the cheque you got for the difference?—A. That is the cheque that I handed over to Ouellette or sent by mail.

The CHAIRMAN: Is it filed?

Mr. CALDER, K.C.: Yes, as Exhibit 86.

By Mr. Calder, K.C.:

Q. And you returned to Mr. Dandurand this paper which I now show you, on the letterhead of the U. H. Dandurand Limited, being a letter from U. H. Dandurand Limited, advising that the car had been resold and enclosing the cheque. You returned that to Mr. Dandurand, did you not?—A. I presume I did.

Q. Don't presume too much; did you?—A. Yes, I did.

Q. Does that not refresh your memory as to whether you handed the cheque personally or by letter?—A. I am not in a position to say, but it is either personally or by mail.

Q. There are not many other alternatives, are there?—A. I know, but it is to the best of my knowledge, sir.

Q. Your statement is that when Mr. Ouellette refused to take that car because it was a "bunch of junk", Dandurand resold it, giving the profit to Ouellette, although Ouellette had not deposited on it?—A. He was responsible for it.

Q. Wait a while. Is that the way Mr. Dandurand usually does business? When a man turns back a car, he pockets the slight of having the car thrown back at him, and in addition to that, carries his benevolence to the point of making \$200 profit for a man who breaks his contract?—A. He did not give up the car.

Q. He refused to take it.—A. He asked the car to be resold, that it was a bunch of junk and he was not satisfied.

Q. Mr. Bisailon, what is the difference between doing that and refusing to take the car?—A. He was still the owner of the car.

Q. He was still the owner?—A. He was still the owner of the car.

Q. You will notice that Mr. Dandurand's letter speaks of having sold the car for \$695.55, and then deducts an amount due by Mr. Ouellette of \$459.55, leaving a difference of \$200?—A. Yes, but it was part—

Q. You gather from that that Mr. Ouellette had not paid a cent?—A. It did not matter as long as Dandurand was satisfied to accept Ouellette as the purchaser, and he had the right to resell it for Mr. Ouellette.

Q. And it is your declaration under oath that none of that transaction was put through by you?—A. No sir, only that I brought Ouellette to the garage, showed him the car and introduced him to Dandurand—young Dandurand—

and Ouellette told us he did not have the cash on hand, and I told Dandurand that the money would be paid and honoured by Ouellette.

Q. That was the extent of your intervention?—A. That is all.

Q. And that is why you said you made a gross mistake when you say *re* Ouellette in a letter quoted at page 446:

“I took him to Mr. Dandurand where he examined the automobile. I bought one Dodge sedan. I paid for the car \$455 plus the government tax which amounted to \$4.55, making a total of \$459.55.”

That was a mistake?—A. That was a mistake. That letter should not have been written. It is worded wrong:

Q. You dictated it?—A. No, I can't say I dictated it.

Q. You signed it?—A. I may have signed it.

Q. You read it before signing?—A. I didn't dictate it.

Q. You gave the facts for dictation to somebody, I trust?—A. I must have given some facts.

Q. And when you read it before signing you did not notice that the facts were misstated?—A. I did not.

Q. Of course, there was no idea in your mind that it might be regarded as a service to Mr. Bureau personally?—A. Not to Mr. Bureau, but to Mr. Ouellette.

Q. Mr. Ouellette was Mr. Bureau's chauffeur, I understand?—A. No, not his chauffeur.

Q. What was he, to Mr. Bureau?—A. He was a messenger.

Q. And in drafting your letter or signing it when drafted, grossly contrary to facts, the idea was not in your mind that you might please Mr. Bureau by representing yourself as having done the transaction?—A. Yes, I will admit that.

Q. That was your idea?—A. It was.

Q. So you lied to Mr. Bureau on that occasion?—A. Not necessarily; I did not lie to Mr. Bureau.

Q. When you stated what was not the truth?—A. It was a clerical error in the letter.

Q. You state that clerical error was made by you so as to have Mr. Bureau favourably disposed toward you?—A. Not favourably disposed—

Q. You are taking that back?—A. Not favourably disposed; being pleased, and favourably disposed are two versions.

Q. So you tolerated a clerical error— —A. Yes.

Q. To please Mr. Bureau?—A. Not to please Mr. Bureau.

Q. Restate it again until you finally reach the level at which you are willing to stop. I understand you to say, Mr. Bisailon, that when you signed that letter which, by your own statement, is a gross misstatement of facts, you did it with the idea in the back of your head that it might please Mr. Bureau. You said that, did you not?—A. I did.

Q. Then you knew of the existence of the clerical error at the time—if it be a clerical error?—A. Yes, I must have known it.

Q. And you signed it knowingly?—A. I did.

Q. Consequently you signed a misstatement to Mr. Bureau?—A. I must have, at the time, yes.

Mr. CALDER, K.C.: Will you file that letter as Exhibit 87?

Mr. GAGNON: I would like to have that letter read into the record.

Mr. CALDER, K.C.: What letter?

Mr. GAGNON: The letter written by Mr. Dandurand to Mr. Ouellette, enclosing the cheque. I would like to have this letter read into the records. I think it would be only fair.

Mr. CALDER, K.C.: I produce the letter itself. They are Exhibits 86 and 87.

Hon. Mr. STEVENS: Is it necessary to read everything into the record?

Mr. CALDER, K.C.: Not necessary, but I think it is important. I might say that Mr. Dandurand flatly denies this statement.

Hon. Mr. STEVENS: If you are going to read the letter read the correspondence of the cheque.

Mr. CHAIRMAN: You should get Mr. Dandurand here himself.

Mr. CALDER, K.C.: Exhibit 86 reads, in the form of a cheque:—

“U. H. Dandurand, Limited,
Montreal, May 6th, 1925. Pay to the order of J. Ouellette, Two hundred dollars.
U. H. Dandurand Limited,
U. H. Dandurand, President.

It is addressed to the Banque Canadienne Nationale, dated Montreal, May 6th, 1925, bearing serial number 2043; endorsed J. Ouellette, for indentification. Jacques Bureau.”

Hon. Mr. STEVENS: There is a deposit date there.

Mr. CALDER, K.C.: The deposit date is May 8th, at Three Rivers.

Hon. Mr. STEVENS: Banque Canadienne Nationale, Three Rivers?

Mr. CALDER, K.C.: Yes. Exhibit 87 reads:

U. H. DANDURAND, Limited
Real Estate Brokers, Automobile and General Auctioneers

J. OUELLETTE, Esquire,
Three Rivers, Que.

DEAR SIR,—We have sold for your account the following automobile, one Dodge Sedan (Auc. No. 853) Motor Number 513929, \$659.55.

Less amount due by you on said car \$459.55. Balance \$200.

We enclose you our cheque in full settlement.

Yours truly,

U. H. DANDURAND, Limited,
U. H. DANDURAND, *President*.

In ink: “Recu cheque de \$200 ce 7 May, 1925.

J. OUELLETTE
Par P. E. OUELLETTE.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, I believe that before your suspension, you were one of those officers whose salary put you beyond the reach of moieties?—A. Yes, sir.

Q. When did you attain that notch?—A. In July.

Q. In what year?—A. In 1924, sir.

Q. In 1924?—A. Yes, sir.

Q. Upon your appointment as Chief Preventive Officer of Montreal?—A. Yes, sir.

Q. Since that time have you shared moieties with any of your subordinates?—A. Yes, sir.

Q. Contrary to the regulation?—A. Yes, sir.

Q. Have you shared moieties with anybody else besides your subordinates?—A. No, sir. I would like to be a little more precise.

Q. I am asking you whether you shared moieties with anybody else there, outside the Service?—A. No, sir.

Q. In sharing moieties with an officer of the Department did you think you were within your rights?—A. Well, an officer has the right to dispose of the money as he wants to.

Q. Your statement is that the seizing officers volunteered to share their moieties with you?—A. Yes, sir.

Q. They were not conscripted?—A. No, sir. I had to do it to make both ends meet.

Q. You had to do it to make both ends meet?—A. Yes, sir.

Q. You mean to say, in order to meet your expenses and to be able to live decently?—A. Yes, to be able to live.

Q. You had to share moieties?—A. Yes.

Q. Why did you not write to the Department that you were not paid enough and that you would have to share your moieties?—A. It would have done all the good in the world to write to the Government.

Q. It would have been the honest course?—A. Don't you think they knew that the salary they were paying was not enough to keep up and pay a man's bills?

Q. I am pretty much of your opinion, Mr. Bisailon. I do think that the superior officers were rankly underpaid.—A. Yes, right.

Q. Did you report to any of your superiors that you actually shared moieties to make ends meet?—A. No, I did not.

Q. You knew it was irregular?—A. I knew it was not according to the Customs Act.

By the Chairman:

Q. The regulations?—A. The regulations.

By Mr. Calder, K.C.:

Q. Which you were appointed to administer?—A. Yes.

Q. The temptation to share moieties was very great?—A. It was not a temptation. It was a case of have to.

Q. I see. Then, the necessity for sharing moieties was very great?—A. Necessities of life, yes, sir.

Q. That necessity existed just as much when there were informers outside the Department?—A. When what?

Q. When the informer was a man outside the Department the necessity for sharing the moieties was just as great?—A. Not to me.

Q. Why not?—A. I was not—I was interested in my case, not in the others.

Q. Did you ever share any moieties with Juneau of the Ritz Garage?—A. Never.

Q. Where you in partnership with him?—A. Never, sir.

Q. Is your office there now?—A. No, sir, never.

Q. Do you remember any case in which Mr. Juneau's name was substituted for the name of another informer?—A. No, sir.

Q. And drew the moiety against the protest of the informer?—A. No, sir.

Q. You are sure of that?—A. I am positive of that.

Q. No representations were made?—A. No, sir.

Q. Wait. You do not know what I am going to ask you. No representations were ever made to you by one man, whose name I will give you in a minute, that his moiety had been switched to Juneau?—A. Not to my knowledge, sir.

Q. Not to your knowledge? It is either to your knowledge or not?—A. Well, specify the case. I would like to know.

Q. All right. I will specify in a minute. I will have to get the information from Mr. Hunter, who gave it to me. We will pass that for the time being.

[Mr. J. A. E. Bisailon.]

Now, when cars were returned to the United States did you get any moiety?
—A. No, sir.

Q. The economic pressure then would be equally great to lead you to frustrate attempts to take cars back to the United States? The economic pressure that you speak of would be very great upon you to lead you to frustrate the return to the United States of stolen cars, if they were disposed of here to any one, if the moiety was collected?—A. No, sir. When the insurance company was entitled to the return of the car and produced the proper paper, it was our duty and it was a great pleasure for me to return the same to the United States or to its proper owner.

Q. At least, since you have used that word "proper papers" several times, what would you consider the proper title to a car, so as to lead you to give it up to Mr. Vernault, say, instead of to Mr. Legault, in the case of the Jewett Sedan?—A. Both men cannot be compared. One operates a recovery bureau, and the other is a man who deals in automobiles, second-hand automobiles.

Q. In the case of the Jewett Sedan you were easily satisfied?—A. I had the document to satisfy me.

Q. You still say the document was a title?—A. The document you still have in hand; correct.

Q. On the question of that car, Vernault's own car, you know that it is a new car, 1925 model, and that it is not covered by these forms?—A. I am not in position to say because since my departure there is a certain procedure that took place that I am not aware of.

Q. If the witnesses have told the truth?—A. I do not deny that they have told the truth.

Q. You know now that this car is not an assembled car, that it is a 1925 model and it belongs to a man called Vernault and it was entered on those papers as a wreck, and the body entered on the other paper as a second-hand car. You know that, now, do you not?—A. The representation was made to the Department as being a rebuilt car. The paper was produced. I had a competent officer. He was a very competent man.

Q. I should say he declared his own incompetency this morning as an inspector of cars.—A. That is not my lookout. If the Department does not supply me with proper help I cannot go and examine cars because I have not got time, and I have done everything to facilitate finding Legault for the Department, and the man who entered the car is the proper gentleman—The car was inspected by Officer Kearney, who was a conscientious, honest officer and a report was made. I went down to the Collector of Customs and showed him the documents I had in hand and asked him what he would do in a similar case. He replied in the presence of Legault's Attorney and myself that in a case like this, if it was one of the men who made the seizure he would release the car immediately and it was on the strength of that that I released the car.

Q. You know now that those papers do not fit that car?—A. According to the evidence given, yes.

Q. Would you be curious to know how many cars came through Hemmingford under similar papers?—A. Well, I should always be glad to learn.

Q. You are glad now but you did not have very much alacrity to learn then?
—A. I did not have all these—

Q. You could have asked Mr. Orr for a report on these papers. Did you?
—A. No, I did not want to count on the Department. It did not go to the Preventive Service, Mr. Calder.

Q. In this particular case you were investigating that particular car?—
A. Investigating, as far as my means allowed me to do it.

Q. You could have called up Mr. Orr on the telephone and found out what kind of a car he had passed through?—A. It never was done.

Q. I see. But you did not do it?—A. It was never done by anybody in the port of Montreal or elsewhere.

Q. Do you know of a man called O. Barré?—A. Who.

Q. Omere Barré?—A. I know of him, yes sir.

Q. Do you know of him bearing the reputation of a car thief?—A. Not as a car thief.

Q. As a car smuggler?—A. My opinion is that he was not smuggling cars.

Q. It would be your opinion at the beginning of your appointment, in 1925?

—A. It might. I mean—you mean my appointment in 1924?

Q. In 1924.—A. Yes.

Q. That is better still?—A. Yes.

Q. Did you—A. I might have it, yes.

Q. We will come to that in a minute. You have also mentioned that you knew De Falcon and had him in mind as a car thief, when you wrote a certain letter. That is right, is it not?—A. As a car smuggler, yes, mostly.

Q. A car smuggler?—A. Yes.

Q. You did not know him under the other denomination?—A. I cannot say that he is a car thief because there never was any conviction.

Q. There never was any conviction?—A. And you know it yourself.

Q. All right. Do you know a man called C. Bacon?—A. No, sir.

Q. Do you know of a man who goes under the name of C. Bacon?—A. No, sir.

Q. You are sure of that?—A. I am positive, sir.

Q. Do you know a man called W. Reade?—A. I do not know if it is W. Reade, but I know a man by the name of Reade.

Q. Who works for Mr. Falcon?—A. Right.

Q. You knew that at the time you were appointed?—A. I do not know for certain that I knew it at the time I was appointed, but shortly after.

Q. You knew it shortly after?—A. Yes, sir.

Q. You knew these men you have just mentioned as car smugglers; did you know Mr. Legault as a car smuggler?—A. Yes, but we have never been able to get him with any of the goods.

Q. But did you know him as a car smuggler?—A. Yes, according to our information.

Q. That is what I mean. As an officer of the Preventive service, were you interested enough to examine the entries for home consumption at such ports as Hemmingford?—A. No, sir.

Q. Why not?—A. Because they did not come under my jurisdiction.

Q. Could you not ask for it?—A. It was not necessary for me to ask for it, because I had no reason to whatever, at the time.

Q. In other words, you have a man named Falcon, a man named Barré, a man named Legault, and a man named Reade?—A. Yes.

Q. Whom you suspected to be car smugglers. As a Preventive officer, it never occurred to you to trace the entries they made of parts of cars?—A. No, sir.

Q. Why not?—A. Because it was not under my jurisdiction.

Q. Was it not common knowledge in Montreal that cars in the shape of wrecks would enter into ports, and the entries would then be used to cover new cars; was that not common knowledge?—A. I have heard of it.

Q. You have heard it said publicly, have you not?—A. It was common talk.

Q. And it never occurred to you to get the entries from those ports, of imports via the highway to find out what wrecks were being imported by any of those men?—A. Not until a car was seized or under examination, or investigation.

Q. Yours is not a Preventive service, it is a committal service?—A. It is a Preventive service to the fullest extent possible, with the men I had to do the work.

Q. Why could you not ask your chief to secure for you the entries in home ports, such as Hemmingford, for the purpose of going and tracing these cars?—A. That was not my duty.

Q. Why not?—A. Because some were passed at Montreal, and some were passed here and there; some came by rail and could not be detached.

Q. If you had written to Mr. Orr, or had got your chief to write to Mr. Orr, you would have found that Legault imported thirteen second-hand bodies?—A. They were duty-paid goods.

Q. I have no doubt they were?—A. As long as they were duty paid, I had no jurisdiction over them; they were finished.

Q. Whether on a false description or not?—A. It would not be a false description, from any of those ports.

Q. Whether the description was sufficient or not?—A. They were duty-paid goods, and I had no jurisdiction over them.

Q. As a Preventive officer, were you not interested in what Legault did, a known car smuggler?—A. No, sir, only to know that the duty was paid on the car, and that is what I did.

Q. If he imported at one port a body for that Jewett sedan, and paid \$35 on it, and at the other port a chassis, and paid another \$35 on it—I beg your pardon, the amount is larger, \$169 in one case, and \$34 in the other?

Hon. Mr. STEVENS: Is that the duty, what was paid?

Mr. CALDER, K.C.: It is the duty, the sales tax and the excise tax, making a total of \$169 plus \$34, or roughly, \$200, that is, on both, then at the end of a certain time, he has a brand new Jewett sedan, one year later it is remodelled, and he has cheated the Government out of the difference between \$200 and approximately \$700.

By Mr. Calder, K.C.:

Q. That does not interest you, Mr. Bisailon.—A. It would have interested me, but I did not have the proper help. As officer Kearney told you a moment ago, I did not have the proper officers, and did not have the means to have all these identifications made.

Q. Did you know at that time that bodies were being imported?—A. It was a common thing, bodies of wrecked cars.

Q. And you knew Legault was importing?—A. Wrecked cars and burned cars.

Q. You could have written to Mr. Orr and got all these papers, could you not?—A. I did not need to, when Mr. Legault presented these entries for the Jewett car or other cars; I have no recollection of any other cars.

Q. You could have written to Mr. Orr and secured the information?—A. What good would the information have done me.

Q. Could you not, is my question?—A. It was not necessary for me to do that.

Q. Could you not have secured the information from Mr. Orr?—A. If I had had any doubt in my mind that there was any crookedness going on, yes.

Q. You have told us that it was common talk that bodies and chasses were coming through to complete cars?—A. Rebuilt cars, yes.

Q. Rebuilt so as to be new, and of a later model?—A. I am not an expert on cars.

Q. You knew it was common talk?—A. I knew it was common talk, about importing.

Q. As Preventive officer, should you not have required a return from the port officer showing what cars had been imported; you could have gone right to Legault, and said "show me all the cars you have assembled on the strength of these entries." You could have done that, could you not?—A. I did not have the help to do that, Mr. Calder.

Q. You could have done it yourself?—A. No, I could not.

Q. Watch me do it in about half an hour this afternoon.—A. All right, sir, I am waiting for it.

Q. You have heard of a Chrysler five-passenger sedan body, on an exhibit which I will mark as 88-A; there is no number given here; these are copies, I will put the originals in hereafter. Is there any number there, Mr. Bisailon?—A. I do not see any numbers. But who is responsible for that? Not me, not Bisailon. Do you want to put the responsibility upon me?

Q. That entry would cover any car later on that had a Chrysler body on it?—A. Yes.

Q. Would it not?—A. The man responsible for this is the man at the port of entry, not Bisailon, whom you want to lay the responsibility on.

Mr. GAGNON: Mr. Calder is now producing an entry which might not be to the knowledge of Mr. Bisailon, although I may say that he could have had that knowledge; there is no proof whatever that he had any knowledge of these particular cars being entered into Canada. These documents never came into his hands, and I do not see how we can blame Mr. Bisailon if Mr. Orr allowed these cars to come into Canada, when he is the sub-collector at this port.

The CHAIRMAN: We are not giving judgment yet. We will hear the evidence, and judge afterwards.

Mr. CALDER, K.C.: There is not only crime to be decided upon by this Committee, there is gross negligence also.

The CHAIRMAN: No decision has been made yet. File everything you wish, and the Committee will consider it. The exhibits will speak for themselves, and justice will be given to all.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, I am asking you to look at an entry made by Mr. Z. Legault, showing a 7 passenger Hudson sedan body, again without a number. That would cover any car turning up afterwards with a sedan body, Hudson, would it not, according to your interpretation of it?—A. Exactly.

Q. You would be satisfied with that?—A. No, I would not be satisfied with it. If this entry had come to me, I would not have accepted it, if I had any knowledge of it, but I did not have any knowledge of it.

Q. I will file all these together. Here is another one, 88-C; the last was 88-B. There is no number on 88-C?—A. That applies to the same thing.

Q. That would cover two Chryslers, and if Legault had had that car seized, with that body on, he would have come to you, and you would have been satisfied?—A. Not exactly. I would not have been satisfied. I would have questioned it, and then investigated it.

Q. Why would you have questioned it, and then investigated it?—A. Because I would have had all the reason in the world.

Q. Why?—A. Because there was no number on the entry.

Q. But there is no body entry on this one, is there?—A. Yes, there is.

The CHAIRMAN: Mention the exhibit, please.

WITNESS: There is a serial number and a model number.

By Mr. Calder, K.C.:

Q. That is the one covered by 88-C?—A. There is the frame and the motor number.

Q. Does that cover the body?—A. There is no number on the body, but it says to be fitted on such and such a body.

Q. That is Mr. Z. Legault's statement?—A. It is not.

Q. Mr. Orr said it was, and he was there and you were not?—A. There is what is written, right there. I am taking the writing for it.

Q. Does that paper there cover the body of that sedan?—A. I am not in a position to swear to it.

Q. Are you in a position to swear that it does not?—A. I am not in a position to say that it does not, and I am not in a position to say that it does.

Q. Does that entry there identify the body of the Jewett seized from Legault any more than Exhibit 88-C identifies the body?—A. In this particular issue, I take it for granted that this particular body would cover such an entry.

Q. You would take that for granted?—A. I would take that for granted.

Q. And it would turn out to be false?—A. That is not my fault. I was acting in good faith.

Q. Here is another one, which will be 88-D. You will notice that there are no numbers on that either?—A. Well, Bisailon is not to blame for all these.

Q. Will you answer the question?—A. I am answering it.

Q. That would cover any and all bodies that were brought in, would it not?—A. Sure.

Q. Exhibit 88-C which I now show you would also cover two bodies, would it not, any two of the same make?—A. Yes.

Q. So would 88-F?—A. I am satisfied, Mr. Calder.

Q. 88-G is not identified, is it? There is no identification to cover that, is there?—A. No, sir.

Q. Neither is there for 88-H, that is the one that is concerned in the Legault car? It never occurred to you, in view of common rumors to make any investigation at ports controlling roadway importations, to find out who was importing part cars, and what price was being paid on them, and what disposal was being made of them?—A. Why, I never knew of such gross mistakes ever being made in the Customs; I never would realize. This is all new to me.

Q. As preventive officer, if you put your ears to the ground, would you not find out?—A. No.

Q. Why not?—A. The mere fact I was preventive officer in the district of Montreal, do you think I knew everything that was going on. I did my utmost.

Q. I would think you would do your utmost.—A. I have done my utmost. The man who is responsible for all these things cannot be laid on Bisailon's shoulders. It is at the port of entry.

Q. Substitute this one for 88-I and state whether that would cover any car decisively? Would that identify any body?—A. This is practically the same thing as the others.

Q. The same is true of 88-I, is it not?—A. No numbers.

Q. I suggest to you, Mr. Bisailon, that if you had really been interested in preventing the smuggling of new cars, and the illegal entry of part cars and wrecks, that you would have made sure these entry forms were proper and would have classified them, and would have gone to the person importing them, and have said: "I am Preventive Officer Bisailon, you have imported part cars here which cannot be identified. I want to know where they are and what you did with them".—A. It was unknown to me. I know it was done, it was done, the chassis and the wrecked cars, but the result of these wholesale entries was never known to me, sir.

Q. You knew it, and knew it was common rumor and talk in Montreal.—A. Buying wrecked cars and burned cars and importing by rail and duty being paid on same in the port of Montreal.

Q. And there were also substituted cars in Montreal?—A. I heard of it, I never knew of it.

Q. Being Preventive Officer and having heard of it, was it not your duty to find out whether it was true?—A. I have done my utmost.

Q. What?—A. Sent men to investigate to find out whether there were any irregularities.

Q. Where?—A. The port of Montreal, and I did my utmost and gave instructions to watch these garages. It was verbally taught to all officers, sir.

Q. Listen to me. In connection with the port of Montreal there were wrecked cars which bore no numbers on the entry forms.—A. That was not known to me, sir.

Q. You did not investigate in your own port.—A. I did investigate what was to be found out, but we were banking on information. Outside of information, we cannot get any results.

Q. Do not let us get excited.—A. I am not getting excited.

Q. You heard people were importing part cars and wrecks and afterwards using these entries covering new cars. You heard that?—A. Yes.

Q. Did you not think it was obvious that you should have gone to your own port records and made excerpts of all entry forms bearing no identification numbers in order to start your investigation, was this not obvious?—A. No, sir.

Q. It was not obvious?—A. No, sir. The mere fact these cars are coming in, even the man who inspected them at the port of Montreal cannot recognize them a week or two after.

Q. If you had investigated your own port you would have found the Jewett sedan?—A. I did.

Q. You would discover it bearing no identification at all?—A. I would like to say—

Q. Never mind.—A. I have to go after something. I went according to the entry which was passed by the port of Montreal, or something. I did not know that this was going on in such a wholesale way. I went according to this being such and such a chassis.

Q. You banked on a smuggler's declaration?—A. No.

Q. This is by Mr. Legault?—A. No, this is a declaration by the Customs Department, an official of the Department.

Q. Did you hear Mr. Orr tell us he had taken this declaration from Mr. Legault himself?—A. Yes, but I banked on this report.

Q. As Preventive Officer, any man can satisfy you by making an entry, or lying to your subordinate officer, provided your subordinate officer attaches a stamp on it, it becomes the truth with you?—A. It was not a subordinate officer, it was the Sub-Collector of Customs.

Q. You want to make a distinction. It was a co-officer.—A. It was the Sub-Collector of Customs at the port of Hemmingford.

Q. Any person can go to the Sub-Collector and make a declaration.—A. The Sub-Collector cannot control.

Q. When he stamps it here it becomes the truth and you cannot go behind the statement.—A. If he cannot control it, why do you expect me to?

Q. By going to Mr. Legault and having him show you the car.—A. How would I have knowledge? You want me to have the whole responsibility and all the work on myself. Why did not the Collector at the port do this and that?

Q. If you had gone through your records of entries at the port of Montreal, I suggest to you you would have found a very large number of entries of this character, where the chassis is entered as a wreck and not described by number. A. Well, the responsibility will lie upon the man who makes the entries and the man who appraises the goods.

Q. You did not examine the records?—A. There are thousands and thousands of records.

Q. You did not ask any officer to make a collection?—A. I did not need to.

Q. Why?—A. Because you have these documents and there is an official document from the department.

Q. They do not describe anything.—A. The man who has passed the entry and appraises the goods is the man who is responsible for not putting the number on it.

Q. As a Preventive Officer your duty was to prevent smuggling?—A. To prevent, not to stop it. To prevent it is a national problem.

Q. What is the difference between preventing and stopping?—A. The same as between night and day. You cannot stop it as it is going on from the Atlantic to the Pacific coast, and the man who could stop it would be worth a million dollars.

Q. That is not the difference between stopping and preventing smuggling. Tell me the difference.—A. Preventing is when you try to stop and stopping is when you stop them all.

Q. I suggest to you that looking at these you could have stopped more cars than you did.—A. It may be your impression but I have done my utmost.

Q. If you had the information we have got now.—A. I would have acted in the same manner as you did, or the man who began this investigation.

Q. Why did you not get it?—A. I did not have the means of getting it. Why did they not get it before I did.

Q. You could have written a letter to Mr. Orr and the Sub-Collector.—A. I did not know these things were in existence.

Q. It was common talk on the street.—A. It was talked that they were smuggling burned cars.

Q. We will go back to the letter which you wrote at the time you suggested your appointment as Preventive Officer and the centralizing of all preventive service in the Province of Quebec in your hands. Do you remember the letter which is quoted at page 130 and which reads as follows:

“The greatest need of the present staff is the creation of a Bureau for Montreal and the Province of Quebec generally where the Preventive Service can be centralized as a whole. The police should be in direct touch with and under direct supervision of a Customs and Excise Officer in charge of Montreal. Also, as information that automobiles are seized by the local police authorities as stolen, in cases where such automobiles are exported out of Canada, without the proper Federal authorities being informed, this matter should also be attended to by the officer in charge of the Preventive Service at Montreal.”

What I want to draw your attention to is the next paragraph:

“From absolute information in my possession, a considerable smuggling of automobiles, alcohol, silk goods and also cigarettes is done through the ‘Megantic’ and ‘Beauceville’ districts.”

Did you regard this absolute information after writing?—A. I did.

Q. Where is that absolute information recorded now?—A. You mean in writing.

Q. Yes.—A. It was verbal information, verbal information I had received.

Q. You told me a moment ago you had recorded in writing.—A. It was verbal information I had received.

Q. You took note of it?—A. Yes.

Q. Where did you take note of it?—A. I always take a note of every information I receive.

Q. Where is the information now?—A. I do not know where it is.

Q. Was it in your desk?—A. I do not know where it is.

Q. Did you communicate it to your superiors in the shape of a report at any time?—A. In what year?

Q. Any year.—A. I am not in a position to say. Are you speaking from 1923 or 1924?

Q. You got absolute information?—A. Yes.

Q. You recorded it somewhere? You reported it to someone, I hope. To whom did you report it?—A. Well, where is the letter? I must have reported it to the Department.

Q. Mr. Bisailon, are you not fairly conscious of the fact I am trying to find that report? Why ask me where it is? I am trying to find out.—A. I would like to have it myself.

Q. You are the man who wrote it.—A. Yes, if I did write it it is right.

Q. Whom did you write it to?—A. Generally to the Department or to Mr. Bureau, the Hon. Mr. Bureau who was Minister of Customs at the time.

Q. When you wrote to Mr. Bureau directly, did you write it as a personal letter, or as an official one?—A. It might have been personal.

Q. You wrote it and sent it?—A. I do not know. You are talking from 1923 to 1924, I do not know.

Q. I am trying to find out.—A. I am trying to find out. I want to tell the truth, I cannot help it. I want to give you the facts.

Q. What book did you make the entries in of the absolute information in your possession, at the time you were writing this letter?—A. Note books.

Q. Where are they?—A. Destroyed.

Q. Why?—A. I had no use for it after I had left the Preventive Service.

Q. You made no reports of these?—A. Of what?

Q. Out of these notes in the little note books?—A. Yes.

Q. You reported regularly?—A. To whom?

Q. I want to find out.—A. The information that came in, I was the possessor of, my information, and had my own staff to work upon information I was supplying to them. It was my own.

Q. Was it not part of your duty to transmit the information?—A. Not until the work was completed.

Q. Was not the work ever completed?—A. Lots of it has been completed.

Q. Can you tell us from memory what absolute information in your possession there is as to the smuggling of automobiles?—A. There was information, yes.

Q. Was that?—A. A national problem from coast to coast.

Q. Oh no, it is not a national problem from coast to coast.—A. Oh yes it is.

Q. It is a national problem in Montreal.—A. No, it is a national problem all over.

The CHAIRMAN: Smuggling?

Mr. CALDER, K.C.: I do not think it exists as an industry outside of Montreal.

By Mr. Bell:

Q. Tell us how many of these books you destroyed.—A. It was my own personal book that I had. I got rid of all personal information I had. When I was discharged from the Department, I tore up everything and threw it away. They were of no interest after that.

Mr. BELL: That is not what I want to know.

Hon. Mr. STEVENS: Before you leave that point—

Mr. CALDER, K. C.: I am not leaving it, and I will not until I get something.

Hon. Mr. STEVENS: I think the witness refers to general smuggling, while you are referring to smuggled cars.

By Mr. Bell:

Q. I would like to know how much was destroyed.—A. It was only a few informations which I possessed myself. I was not furthermore interested; I had left the Department.

By Mr. Calder, K.C.:

Q. When you destroyed a notebook, it was because you had reported to your superior on it?—A. No sir, not necessarily. It was personal information which I had.

Q. The information concerning the smuggling of automobiles, alcohol, silk goods and cigarettes was personal to Mr. Bisailon?—A. No, and you will find there has been quite a few seizures—

Q. I am not asking you that.—A. Yes sir; seizures were made and fines over an amount of \$115,000 and \$120,000 from the 1st of June, 1924 until the 11th or the 14th of December, which were paid and remitted to the government from the Preventive Service in Montreal.

Q. I will grant you that.—A. So there must have been some activities.

Q. But was there any information in these books which was not acted upon?—A. I don't remember.

Q. Oh, we have got back to that answer again, have we?—A. Sure.

Q. You don't remember?—A. I was not interested any more the moment I left the Department.

Q. You did not consider it your duty to leave your notebooks in the Department?—A. No.

Mr. GAGNON: He was not admitted into the Custom House after that.

Hon. Mr. STEVENS: He was wandering around there after this inquiry began.

Mr. CALDER, K.C.: Yes, he has been there.

The WITNESS: I was there twice.

By Mr. Calder, K.C.:

Q. When you left, upon suspension or dismissal, or whatever it was, did you still have these notebooks?—A. Yes.

Q. And you have destroyed them since?—A. I did. I was not interested any more; I was bodily fired out, and I had no further interest—

Q. That information was departmental information?—A. It was not departmental information.

Q. What?—A. It was not.

Q. What?—A. It was not departmental information, sir. It was my own information, sir, from my own informers. Whether they were right or wrong, I don't know.

Q. Acting as what?—A. Acting as what?

Q. How did you get this information? Through some officers?—A. From some of the informers.

Q. As Preventive Officer?—A. I must have got it as a preventive officer.

Q. You say it is not departmental information?—A. The moment I quit, I was no longer Preventive Officer. It was my own property; it was not the property of the government; it was my own notebook.

Q. Your stand is that having valuable information—A. They were not—

Q. Will you let me finish my question? Your stand is that having valuable information collected by you as Preventive Officer, upon your dismissal you had the right to destroy that information?—A. How do you know they were not acted upon?

[Mr. J. A. E. Bisailon.]

Q. I did not ask you that.—A. The information had been acted upon.

Q. Mr. Bisailon, I must again put the question to you, and you will please answer it. Your stand is that having collected certain information—A. Yes.

Q. —in note books— —A. Yes.

Q. —as Preventive Officer— —A. Yes sir.

Q. —upon your dismissal, you could revenge yourself upon the Department by destroying that information?—A. They have been acted upon.

Q. All acted upon?—A. Mostly all. I have no recollection of any not having been acted upon. They have been acted upon.

Q. And if they have been acted upon they have been the subject of reports? —A. They have.

Q. Reports to your Chief Preventive Officer?—A. Yes sir.

Q. Or to Mr. Bureau?—A. No; to the chief of the Department, as seizures.

Q. Dealing with smuggling of automobiles, silk goods and cigarettes through the Megantic and the Beauceville districts?—A. Not exactly in those districts—

Q. I am talking about this information here. You distinguished—you said you had "absolute information" in your possession, that a considerable amount of smuggling of automobiles, alcohol, silk goods, and also cigarettes, was done through the Megantic and Beauceville districts?—A. That was from information received.

Q. I know that. Don't repeat that all the time. Did you make any particular report on that form of smuggling in that district?—A. I believe I sent an officer to that district. I believe I sent Officer Kearney, who went to that district on one occasion.

Q. You think that is an answer to my question? I asked you if you had made a report, and you said you sent an officer.—A. I sent an officer, and a report was made on account of that.

Q. Are you sure of that?—A. Yes; he has been all through that district.

Q. Why did you have to send Kearney if you already had that "absolute information"?—A. Why did I?

Q. Why did you send Kearney to collect information which you already had in your possession?—A. This information was all hearsay, like the majority of informations, and if I sent a man down it was to investigate and to make seizures. I was not supposed to go myself.

Q. When Kearney came back and told you about it, it was not hearsay?—A. No, he had a report.

Q. No report is hearsay?—A. Any report is hearsay—I mean a report is hearsay as far as information is concerned, Mr. Calder. They are all hearsay as far as information, until we seize the goods.

Q. Then you did not have absolute information in your possession?—A. At the time?

Q. Yes.—A. According to hearsay.

Q. You had absolute information?—A. According to hearsay, yes sir.

Q. Did you think at the moment you were writing this letter to spill your information into a report and send it with your letter?—A. It was not spilled; it was merely quoted.

Q. Did you quote it?—A. I must have, if it is there.

Q. No; you say you have got it, but you do not quote it.—A. No.

Q. Even Mr. Bureau had no right to that information?—A. How do you know?

Q. Because you have told me.—A. If I told you, it must be so.

Q. Whatever you say is so? You go on and say that liquor and automobiles are distributed through the Lake St. John, Abitibi, Shawinigan, La

Tuque, Laurentian Company, Sté. Agathe, and Mont Laurier districts. That was also information?—A. Yes.

Q. In the notebooks which you destroyed?—A. Not necessarily in those notebooks. They have been acted upon.

Q. All these have been acted upon?—A. Yes.

Q. What seizure did you make in the Lake St. John district?—A. In the Lake St. John district I think there was a couple of automobiles seized up there.

Q. Give us the names.—A. I cannot very well tell you, but the files will show them to you.

Q. What seizures did you make in the Abitibi district?—A. Not in the Abitibi, but the St. John.

Q. What seizure did you make in the Shawinigan district?—A. Several cars were seized in that district; three or four cars in Three Rivers, and the Shawinigan district.

Q. What seizures did you make in the La Tuque district?—A. I do not think there were any.

Q. In the Laurentian Company?—A. In the Laurentian Mountains—

Q. You said the Laurentian Company here?—A. In the Laurentian Mountains we had several seizures in Ste. Agathe, and up in that district.

Q. And in Mont Laurier?—A. Yes, we seized several stills in Mont Laurier too.

Q. (Reading):

“At the present time I have the name of a party, which I am prepared to furnish if called upon to do so, who is boasting around the city that he cleared a profit of \$25,000 in this automobile and alcohol business, and that he has salesmen throughout the district.”

Who was that party?—A. fellow named Dwyer.

Q. What is his first name?—A. Clarence Dwyer.

Q. He boasted that he had made \$25,000— —A. That was the common talk.

Q. —in the automobile and alcohol business?—A. Yes sir.

Q. What firm does he work for?—A. I cannot tell you, sir. He is an American. That is the information I could not supply you the other day with.

Q. You know that under the Customs Act you may examine a man, and he is compelled to reply to you under penalty—

Mr. GAGNON: Not in all cases; only when there is a seizure.

By Mr. Calder, K.C.:

Q. You know you can examine a man under the Customs Act?—A. Yes, but we tried to get him with the goods.

Q. How hard did you try?—A. Done my utmost.

Q. What was that?—A. Working and trying to get him, and putting on officers to watch him.

Q. What officers were put on?—A. We had different officers.

Q. Which ones?—A. Different officers.

Q. Which ones?—A. There were different officers; I do not remember their names, but they were all put on to this particular work.

Q. (Reading):

“I myself have seized two automobiles from this party”.

Was that true?—A. I presume so, yes.

Q. You presume what you stated to Mr. Bureau was true?—A. Yes sir.

Q. Was it?—A. Yes sir.

Q. Consequently you had a seizure against Dwyer at one moment?—A. We had a seizure, yes.

Q. Then you had the right—A. I do not know if it was under the name of Dwyer then at the time, but I heard that he had some connection with it, sir.

Q. Then you were not stating the absolute truth when you said "I have seized two automobiles from this party"?—A. According to information, I was telling, the truth, sir.

Q. Wait a while. (Reading):

"I myself have seized two automobiles from this party".

A. That was a few months, I think, that I wrote that letter; that was according to information which I had. When was that letter written?

Mr. CALDER, K.C.: Have you the letter, Mr. Stevens? I have not the date of that letter, as far as I know.

Hon. Mr. STEVENS: I have it here.

Mr. CALDER, K.C.: April 24th, 1924, I think it is.

Q. April 14, 1924.

"I myself have seized two automobiles from this party".

If you, yourself seized two automobiles you yourself must have known from whom you seized them?—A. Yes, at the time I did not know who they were. I did not know Dwyer at the time of the seizure. At the time of the report is two different things; there were also—

Q. At the time of the seizure had Dwyer made this boast?—A. No, sir.

Q. When did he make this boast?—A. After a while; quite a few months after. I think you will see in the Department the seizure of alcohol that was made in the name of Clarence Dwyer.

Q. That was Dwyer. Was that seizure made after he had made the boast?—A. I could not tell you. It may be before or after. It is either— I could not tell you.

Q. Either it is not or it is.—A. I do not know. When was the seizure made? The alcohol seizure?

Q. When was the boast made?—A. The boast was made at the time I wrote the letter.

Q. April 14th or thereabouts?—A. Or thereabouts.

Q. In 1924?—A. Yes.

Q. He made the boast shortly before you wrote the letter?—A. Not to me.

Q. No, generally?—A. Generally, yes.

Q. Had the seizure of the alcohol taken place then?—A. I could not tell you. The seizure report will tell you that.

Q. If it had taken place you could have arrested Mr. Dwyer and questioned him, could you not?—A. I could, yes.

Q. Did you do so?—A. It was not under my jurisdiction.

Q. It was not under your jurisdiction?—A. The only business in my department in 1924 was as concerned seizures, not to arrest people.

Q. The Customs Act gave you the power?—A. The Customs Act gave me the power but it was not the practice.

Q. Did you not think as a go-ahead preventive officer you could have used one instance, instead of following the practice?—A. Not unless I had instructions from the Department. The Department has all those files.

Q. I might say under those circumstances, it is no wonder that smuggling is a national business?—A. It did exist before I was a preventive officer and it still exists, sir.

By Hon. Mr. Stevens:

Q. You asked for the job, to be made chief. Do not forget that. You sought it?—A. I did. Everyone looks for advancement in life, Mr. Stevens.

By Mr. Calder, K.C.:

Q. But that always involves an advance in responsibility and activity?—A. To a certain extent, yes.

Q. Only to a certain extent?—A. Well, within my knowledge.

Q. Now, if it was not within your jurisdiction to deal with these people, as regards car smuggling and thefts, there were bodies within whose jurisdiction it was. Will you tell me of one single instance in which you had communicated information to the police at Montreal that a certain man was a car thief?—A. I never had any.

Q. I see. You never had any information?—A. The only information that I had was re smuggling and that was my mission. The police department were looking after the thefts and the Customs were looking after the interests of the country.

Q. You knew that the smugglers and the thieves were one and the same persons?—A. Not usually; not always.

Q. Not always?—A. No.

Q. Systematic smugglers and systematic thieves are not the same people?—A. No, sir, not always.

Q. Take Falcon. I know him to be a smuggler and I know him to have disposed of smuggled cars.

Q. You did not know him as a smuggler. You do know it now?—A. You wanted to know a half hour ago about him as a thief.

Q. I asked you both questions?—A. A man who smuggles cars must be a smuggler.

Q. Don't you know as a matter of fact, as a Preventive Officer, that smugglers of cars and thieves are the same people?—A. No, sir.

Q. You have not the slightest inkling?—A. Not at all. No, sir, a man is not a thief until he has been convicted.

Q. So you denounce to the police of Montreal only convicted people. Once they go to Bordeaux or St. Vincent de Paul, you give information to the police?—A. No. They had their own interest. I was working to protect the revenue, to seize smuggled automobiles. At the time we were not interested in the insurance companies, in 1922, and for the first six months of 1923. Our interest was to prevent all that we could the smuggling of automobiles, silks, whiskey, cigarettes and so on.

Q. As Chief Preventive Officer you were supposed to furnish this information to members of other preventive force for the purpose of securing their co-operation in smuggling?—A. Always.

Q. Now, will you tell of a single instance in which you helped the police of Montreal to run down men who were at once car thieves and smugglers?—A. I never had direct information as to car thieves.

Q. Indirect information?—A. Nor indirect information.

Q. As a matter of fact, did you not positively refuse to furnish that information to Chief Belanger?—A. I never did, sir.

Q. What?—A. I never did refuse to give any information to Chief Belanger.

Q. Did not Chief Belanger suggest to you that he would co-operate with you in exchange for your co-operation and did you not refuse?—A. No, sir, I never did refuse.

Q. You swear that?—A. Yes. I never refused.

Q. Will you tell me the name of any Crown Prosecutor in Montreal to whom you ever communicated any information upon any action whatsoever?—A. During your stay as Crown Prosecutor I never saw you.

Q. I did not know that you had such extensive information as you wrote to Mr. Bureau but since you have impleaded me, Mr. Bisailon, I publicly stated that your department in Montreal was a clearing house for car thieves?—A. It does not mean to say it was right. It was for publicity.

Q. Did you approach me at the time to correct the statement?—A. No, sir. It was not my mission to do so at the time you were Crown Prosecutor because many statements which you made were untrue.

Q. If I am to be judged by your standard that is the best compliment you ever paid me.—A. It is mere facts.

Q. A short time ago you made the statement which showed that you knew the career of Falcon very closely, because you pointed out to me that I had never been able to convict him?—A. The Police Court records are there.

Q. But this morning you made a remark which showed that you knew that very statement?—A. At the time I was interested in all convictions.

Q. Do you remember at the time Falcon was indicted my statement was that your department was acting as a covering for thieves?—A. That did not mean so.

Q. Do you remember my statement?—A. You may say anything. You are at liberty to say anything.

Q. You did not think it was necessary to clear your department from that aspersion?—A. No, I did not think so.

Q. You did not think it was necessary to clear your department from that aspersion?—A. No, I did not think so.

Q. You did not think so?—A. It was not necessary.

Q. You did not think it was necessary to clear your department from that aspersion?—A. Because there was nothing to clear in my department. My department was clear.

Q. All right. We will let it go at that. Now on page 440, Mr. Stevens quoted a letter which you wrote concerning Clarence O. Picher?—A. I did, sir.

Q. You said that this man was a high-road smuggler?—A. Yes.

Q. I do not suppose that being, a much more moral man than I am you made such a statement as lightly as I made mine, so there must be some evidence of it?—A. The proof is there. Let them investigate, as I have said.

Q. What is the proof, I am asking?—A. It is up to the department to investigate that and I can give the proof of that.

Q. I am asking you?—A. It is not up to me to tell you. I have made that statement and it is up to the department to verify that. I have told you the truth.

Mr. CALDER, K.C.: Mr. Chairman, I do not think this witness should be the judge of what he should tell the committee. I want to find the source of this information. I want to have some justification for his making a statement of that character.

Hon. Mr. STEVENS: Before you rule on that, Mr. Chairman, let me suggest that Bisailon is the only man, as far as I can see, who blackened the character of Picher, who holds an excellent character from a dozen other authorities. He has blackened this man's character in the way quoted by Mr. Calder. Picher was enlisted in the Princess Pats, was overseas for five years, wounded overseas and commissioned on the field. He bears an excellent record from everybody but the witness. I want to say, before you make your ruling, Mr. Chairman, that I think it is highly important that this witness should give to the members of the committee the ground for blackening this man's character. Personally, I have a very clear idea of why it was done.

Mr. BELL: Before there is a ruling made, may I add this, that if we are going to be put in the position by this witness or by any other witness of having him decide what he will answer and what he will refuse to answer, we might as

[Mr. J. A. E. Bisailon.]

well cease to function altogether. I trust the ruling will be that he must answer when called on, and as far as I am concerned I propose to press it.

The CHAIRMAN: Has anybody else anything to say to the committee? The letter was signed by Bisailon, opposing the appointment of Picher as a Customs official. The letter speaks for itself. Mr. Calder can put you questions which are pertinent to that letter and you must answer to the best of your intelligence and say why you wrote this letter, if it were in good faith. So if you wrote this letter in good faith you are obliged to state the source of your information.

By Mr. Calder, K.C.:

Q. Well, Mr. Bisailon, tell us what was the information in your possession which lead you to brand Picher as a high-road smuggler?—A. His connection in Clarenceville, when he was in the port of Clarenceville, acting sub-collector.

Q. What is that?—A. I refer to smuggling automobiles, silks and cigarettes.

Q. Do you know that personally or by report?—A. By report.

Q. Who reported it?—A. I do not remember the information. Now, while he was at Rouse's Point—I am in good faith and I am still in good faith.

Q. What is the report of Picher's activities at Clarenceville which leads you to say that he was a high-road smuggler? Who made that report? Was it the sub-collector at Clarenceville?—A. He was acting as sub-collector at Clarenceville.

Q. Who reported that to you?—A. I do not remember, but one thing I do remember is that I called for Picher, while he had his nomination paper in front of me and I told him I could not recommend him and he admitted himself that he had done wrong and that he was sorry that it had happened.

Q. Do you think it is fair to Picher to put that in? I am asking you now what your information was and what the source of it was?—A. The information was that I made it in good faith, and it still shows that the information is right and that it is up to the department now to reinvestigate and see if I told the truth or not.

Q. What had he done?—A. He had been helping to smuggle silk.

Q. When?—A. The date is set out in the Clarenceville report.

Q. How do you know that?—A. I was informed.

Q. By whom?—A. Responsible people, I suppose.

Q. You suppose?—A. Yes.

Q. Responsible people, you suppose?—A. Yes.

Q. Who are they?—A. I do not remember.

Q. That is the blind alley. Every time you do not remember.—A. I do not.

Q. The information was authentic, was it not?—A. It must have been, yes.

Q. Why did you not act on it and have Clarence Picher prosecuted?—A. I did not have any right to do that.

Q. Oh, you had no jurisdiction?—A. No jurisdiction; no right to do so. Then it would have been a case of persecution.

Hon. Mr. STEVENS: Was Clarenceville in his district?

By Mr. Calder, K.C.:

Q. Clarenceville is not in your district?—A. Yes.

Mr. BELL: Certainly it was.

The WITNESS: In the district? I mean to say where I am interested, where I have a farm.

By Mr. Calder, K.C.:

Q. That is what you mean by your district?—A. No. It is not my district. My district is Notre Dame de Grace.

[Mr. J. A. E. Bisailon.]

Q. What do you mean by Notre Dame de Grace?—A. I live in Notre Dame de Grace.

By the Chairman:

Q. You are confusing things. We did not ask for your residence?—A. The district I was in?

By Hon. Mr. Stevens:

Q. The district over which you had jurisdiction.

By Mr. Bell:

Q. The district in which you were supposed to prevent?—A. I am sorry.

Q. That was in your Customs district?—A. Certainly it was. I thought you meant the district where I live in.

By Mr. Calder, K.C.:

Q. Now, Mr. Bisailon, speaking for the good of the service, which you have told us frequently you had at heart, do you not think an odd prosecution of men who had helped the smugglers would have helped your job and would have helped to prevent smuggling?—A. He was out of the service at that time, sir.

Q. Even so, do banks who find their clerks stealing from them dismiss them merely, or dismiss them and prosecute them as well?—A. This man was out of the service, and it was before I came into the Preventive service.

Q. It was before you entered the Preventive service?—A. It was before my appointment to the Preventive service.

Q. And you cannot give us any more information than that?—A. I cannot give you any more information than that.

By Hon. Mr. Stevens:

Q. He was acting as a sub-collector at Clarenceville?—A. Yes.

Q. When he committed the offense?—A. Yes.

Q. He is now out of the service?—A. He is out of the service now, and was out of the service when I wrote to the Department.

By Mr. Calder, K.C.:

Q. You knew of this before that?—A. It was only after he made the application to be reinstated in the Customs Department that I heard of these documents.

Q. Did you hear of them from anybody around Clarenceville?—A. No, it was just in a general way. I do not remember exactly where I heard it.

Q. You say he was an acolyte of Mr. Falcon?—A. Yes.

Q. What did you mean by that?—A. In the smuggling of cars, I suppose.

Q. You must have had some knowledge of it?—A. From information.

Q. Received from whom?—A. I do not give up an informer's name.

Q. If you had those little note-books you could do so?—A. That would not be enough.

Mr. BELL: That is why they were destroyed.

By Mr. Calder, K.C.:

Q. You have a farm at Clarenceville?—A. Yes.

Q. Did you ever smuggle liquor from that farm at any time into the United States?—A. Never, sir.

Q. Is it not a fact that Clarence Picher stopped you on the road as you were piloting a stream of trucks over the border and told you to stop?—A. No, sir.

Q. That is not true?—A. Not piloting a lot of trucks, no sir, that is not so.

[Mr. J. A. E. Bisailon.]

Q. Doing what, then?—A. He stopped me coming back from the district, but not from piloting a lot of trucks.

Q. That same night did he try to stop you?—A. No, sir.

Q. Are you positive of that?—A. I am sure, because I never carted or piloted any trucks.

Q. Have you ever been in the liquor business?—A. Yes, I had some interest in it.

Q. While you were a Customs officer?—A. There is a report from Inspector Busby, who reported the fact that I was interested in the liquor business, that I had some investments in the liquor business, and the report is right here for you to examine it. The report was filed with the Department, I believe, in 1921.

HON. MR. STEVENS: Never mind answering all that, just answer Mr. Calder's question.

By Mr. Calder, K.C.:

Q. Were you in the liquor business?—A. Yes.

Q. Was it your principal business?—A. No, sir.

Q. Was it your business to such an extent that you left your duty at the Custom's House for weeks together to attend to that business?—A. No, sir.

Q. Was not the remark made that you were absent for weeks and months?—A. The only time I was away was through sickness. I was laid up in the hospital for several days with sciatic rheumatism, at my home and in the hospital.

Q. I have here a statement, sheet No. 14, which shows that during the calendar year 1921, on account of holidays, sicknesses and so on, you were absent fifty days of which thirty-two were for illness?—A. In 1921, was it?

Q. Yes?—A. Yes, sir, sciatic rheumatism.

Q. Were you in partnership with Ludger Brien at that time?—A. Mr. Brien had some interest with me.

Q. Mr. Brien had some interest with you?—A. Yes, sir.

Q. And you had some interest with him?—A. Yes.

Q. That made you partners?—A. Yes.

Q. Why do you not say yes, that is simpler?—A. All right, yes.

Q. Brien was absent one hundred and three days?—A. That is not my lookout, I answer for myself.

Q. Was he under you?—A. No, sir.

Q. He was your co-officer?—A. No, sir.

Q. Was he in the same service?—A. He was in the service of the Department, but there was no connection between us there.

By Hon. Mr. Stevens:

Q. That was in the port of Montreal?—A. In the port of Montreal.

By Mr. Calder, K.C.:

Q. If Brien and you were partners in the liquor business, and you were both in the Customs' service, what part of your working day was devoted to the liquor business?—A. None, because I had a representative to look after my business.

Q. What was his name?—A. His name was John Carey.

Q. What was the name of the firm?—A. J. E. Belisle.

Q. Was it registered?—A. It was not registered.

Q. Why not?—A. Because we did not think it was necessary.

Q. There is a law to the effect that you have to register?—A. I suppose there is.

Q. You suppose, do you?—A. Yes.

[Mr. J. A. E. Bisailon.]

The CHAIRMAN: Within sixty days.

By Hon. Mr. Stevens:

Q. Is this J. E. Belisle a real party, or what is he?—A. Yes.

By Mr. Calder, K.C.:

Q. Is J. E. Belisle an existing person?—A. Surely.

Q. Where does he live?—A. I do not know where he lives now, but I know where he lived at the time.

Q. Where?—A. In Montreal.

Q. He came from where?—A. He came from North Bay, I think.

Q. What was his address?—A. I could not tell you just now.

By Hon. Mr. Stevens:

Q. The letters J. E. B. are your initials?—A. They are my initials.

Q. Is not J. E. Belisle simply yourself and Mr. Brien?—A. No, sir, because the man will be discovered who signed the lease and everything.

Q. When will he be discovered; that will be a wonderful discovery?—A. He will be here.

By Mr. Calder, K.C.:

Q. What other employees did you have besides John Carey?—A. There have been several of them.

Q. Give us a list of them?—A. I cannot give it to you off-hand, but I will supply you with a list.

Q. You undertake to file as Exhibit No. 89 a list of all employees of Brien and yourself?—A. Brien and his men.

Q. Under the firm name of J. E. Belisle?—A. Mr. Carey will be in a position to do that.

By Hon. Mr. Stevens:

Q. Including the address of J. E. Belisle?—A. Mr. Carey can supply you with all that.

By Mr. Donaghy:

Q. Can you give us the name and address of some person who met and knew Belisle?—A. Mr. Carey will be in a position to give that information, because he was the man who looked after all our transactions.

Q. Is he acquainted with Belisle?—A. Yes, he looked after all our transactions for us.

Q. I did not ask you that. I asked you was he acquainted?—A. Yes, he will be in a position to answer and give all these particulars.

By Mr. Calder, K. C.:

Q. Can you give us the name of a person a little less interested than Carey, in materializing Belisle?—A. I cannot.

Q. Mr. Carey is the only one who can shake this man out?—A. Mr. Brien would know him.

Q. But somebody a little less interested than Brien, I mean somebody outside of the firm, who would have met Belisle?—A. He was known. He was going around the city, all over.

Q. It ought to be easy for you to supply the name of somebody who knew him?

By Hon. Mr. Stevens:

Q. The bankers, for instance?—A. The banking was not done under the name of Belisle.

By Mr. Bell:

Q. Would Scherer know him, do you think?—A. Well, I do not know.

By Mr. Calder, K.C.:

Q. Now, Mr. Bisailon, do you remember a letter being quoted here—I have not got it under my hand—in which you recommended that a certain car be allotted to you, a Cadillac car?—A. Yes, sir.

Q. One of the advantages, you stated in your letter to Mr. Bureau, of this car, was that it had no numbers; do you remember that?—A. Yes, sir.

Q. Was that true?—A. It must have been true. I never examined a car, but that was according to the report I had.

Q. Did you not think and did you not say you had examined the car, in your letter to Mr. Bureau?—A. What I meant by it was, to have the car examined, because I never examined a car myself, and even if I did examine it, I would not know it.

Q. Having to use that car yourself, you never examined it?—A. No, sir.

Q. You did not examine it?—A. No, because I knew it was in good condition.

Q. So you did not verify whether it had numbers or not?—A. No, sir.

Q. And having a report that it had no numbers, you considered that that would be a great advantage, because you would not be bothered by the insurance companies?—A. The mere fact that the insurance companies would not have any claim, so that we would not deprive the insurance companies of their property.

Q. What do you say; you say that by the fact that it had no numbers, the insurance companies could not recognize it, and you would not be depriving them of their property?—A. No sir, not if they had any claim.

Q. As a matter of fact, if you had looked, you would have seen that it had numbers, would you not?—A. Yes, but I never examined it.

Q. Why did you not; you were liable to drive this car in the streets, and the pestilential insurance companies were liable to pick you up, and the police of Montreal do not like you very much, and they might have picked you up, and during all that time you did not look at the car to see the numbers?—A. No, sir.

Q. You have heard of numbers being changed, have you not?—A. Yes, sir.

Q. And the present indication of a car being stolen is the fact of numbers being changed?—A. I did not know that it was being stolen.

Q. But it is a fact that insurance companies and other insufferable persons like them pick up cars because they have changed numbers?—A. Yes.

Q. Do you not think it would have been safe for you to look at this car and see whether the numbers were changed or not?—A. I had it reported that there was no secret number or anything like that on it.

Q. Who reported that to you?—A. I had the car examined to take out of the garage.

Q. Who had reported it to you?—A. I do not remember.

Q. It might have been the garage?—A. Yes. It might be the officers of the Department, and it may have been at the garage, I cannot say who it was.

Q. Well, which was it?—A. I could not tell you. It might have been some of the officials in the Department who had charge of the automobile or the garage, I do not remember.

Q. You were willing to trust to hearsay only that a car might be taken away from you on account of its bad numbering. After you got the car, did you ever lift the hood?—A. No, I never did, I never washed a car myself or never put any oil or gasoline into the car.

Q. Never had any stalling?—A. No, it was in good condition.

Hon. Mr. STEVENS: It was without numbers?

[Mr. J. A. E. Bisailon.]

By Mr. Calder, K.C.:

Q. And that was the advantage. As a matter of fact, it had a motor number altered, a chassis number altered, a body number, which was altered, and a front number which was altered, and a transmission number which was altered, and a steering gear number which was altered, and a door lock number which was altered, and this is where the insurance comes into its own, the unit secret number, which was their number, secret number 828 was there.—A. This is all news to me.

Q. Did you ever have to call in Cadillac sedan experts and ask them to look for the secret number to make sure you were not getting into trouble with the insurance company?—A. I had the records.

Q. Did you ever ask for the unit number?—A. We sent the car to be repaired and sent for it after it was repaired.

Q. When did you send it to the Cadillac?—A. Mr. Rapineau repaired it, and the Cadillac repaired it on two different occasions.

Q. What did they do to it?—A. The account will show.

Q. You do not remember?—A. No, I sent the car to be repaired. I know one thing, one account has not been paid. I did not put up the account.

Q. You can balance that against the account you sent in of your lawyer in the Tremblay barge case.—A. I can balance that.

Q. Would you be surprised to know that is the car that was stolen from Walter S. McEwen, 4246 Hudson Avenue, Albany, N.Y., on October 23, from 374 Morris Street, Albany and insured with the Liverpool, London & Globe Insurance Company, and which subrogated the insurance company's rights?—A. This is all news to me.

Q. In your ardent desire to do right by the insurance companies, you brought it into service, and kept it until you were dismissed?—A. It was placed at my disposal for the work of the Preventive Service.

Q. Before that you had a car of your own?—A. Yes.

Q. Of what make?—A. Studebaker, if I am not mistaken.

Q. When did you dispose of it, I mean of the Studebaker?—A. I disposed of the Studebaker some time in June, if I remember.

By Hon. Mr. Stevens:

Q. What year—A. 1924, sir.

By Mr. Calder, K.C.:

Q. 1924?—A. Yes, I believe June or July, I do not exactly know; it is either one of those dates.

Q. This car was allotted to you at what date approximately?—A. Some time in April, I presume.

Q. In April, 1925?—A. No.

Q. 1924?—A. I think I had the car in April 1924. If I am not mistaken, I think I disposed of it in 1924.

Q. You disposed of the Studebaker in 1924?—A. I presume so.

Q. Before disposing of it, you had the use of the Cadillac?—A. No, only when I was in the Department. When the Department placed a car at my disposal, I disposed of my own car.

Q. How is it accounts are shown in the Department after you got the Cadillac, for the use of the car?—A. After I had it?

Q. Yes. I have not them before me now. I am instructed that you had disposed of your Studebaker and had a car belonging to the Government to use in the service and you still continued to charge for the use of the car?—A. I do not know exactly the date. As soon as I got the car into my possession, I disposed of my car. I do not know exactly when. If there is any statement made for

the use of the car, I never used the car during the period. If there is a statement, then the car would be used.

Mr. CALDER, K.C.: I wish to file this letter concerning the numbers and the proprietorship of the Cadillac car which was allotted to the witness, as Exhibit 90. I introduce this thing really as a matter of course and it has been established.

By Mr. Calder, K.C.:

Q. Now, you expressed much indignation this morning at the rear axle being taken out of the salvaged car. Did you ever order any batteries to be delivered out of the seized cars?—A. Yes.

Q. To whom?—A. One battery to the Papineau Garage.

Q. Why?—A. It was their property.

Q. It was their property?—A. I took it upon myself to do so because the Papineau Garage said they rented a battery to some car we seized in the hands of either Legault or Tremblay, and to the request of either Tremblay or the Papineau Garage the battery was delivered to its original owner.

Q. Through the request of Tremblay?—A. I do not know whether the car was seized in the hands of Tremblay or Legault.

Q. Was that the Tremblay of the Motordrome?—A. No, I do not think so.

Q. What are his initials?—A. He was in connection with Mr. Legault.

Q. Are his initials T. J.?—A. I do not know, he was a partner of Mr. Legault to the best of my knowledge.

Q. I find a lot of numbers of entries for these cars for re-assembling in the name of Tremblay, do you know whether this is the same man?—A. I could not tell you.

Q. You say they said the battery belonged to them?—A. Belonged to the Papineau Garage.

Q. How did they make application for it?—A. I do not know whether it was by phone after the car had been seized, but they said the battery belonged to the man personally. It was delivered to the Papineau Garage.

Q. On their say-so?—A. I could see it was an old battery, and I took it for granted.

Q. What about the license plates, did you take that for granted?—A. Yes, I gave them back to Legault, I believe.

Q. What license plates were these?—A. They were Canadian license plates.

Q. They came from the car which was seized—A. They belonged to another car.

Q. Was that the car seized of Legault?—A. Either Legault or Tremblay.

Q. Did they put certain plates on it, and then take these plates?—A. I am not prepared to say they were garage plates or ordinary plates. I delivered the one battery according to the information that I received, that it belonged to the Papineau Garage, and they were Canadian plates.

Q. If this car was an American car and Canadian plates were used to camouflage it around the streets of Montreal, why did you give the plates back to the man in whose possession the car was seized, so it would enable him to deal with more cars? Was it to enable him to do that?—A. No.

Q. Would it not have been wiser from a Preventive point of view to keep them?—A. I admit that I am wrong, that it was my mistake.

Q. Having made the mistake, you got the plates back?—A. After it was done, I did not like to go back on my word.

Q. You would sooner violate the Service than your word to Mr. Legault?—A. I do not consider I violated the Service. I acknowledge I did it according to regulations.

Mr. CALDER, K.C.: I would like to call Mr. Legault.

[Mr. J. A. E. Bisailon.]

By Hon. Mr. Stevens:

Q. I would like to ask Mr. Bisailon one or two questions: this morning I think you told Mr. Calder, that Martin, Carpenter, whichever name you like to call him—you knew him in connection with two seizures?—A. Yes.

Q. That is correct, is it?—A. Yes, sir.

Q. Dodge sedan, that is the Martin seizure, is that right?—A. The Martin seizure—the Dodge sedan is the Martin seizure.

Q. The other one was the Packard?—A. Yes.

Q. That is all the seizures you knew of as far as the name of Martin is concerned?—A. To the best of my knowledge. At the time I did not know Martin to be Fisher, at the time of the seizure.

Q. You swore this morning you did not know him in connection with any other seizures. You had only met him, you said, these two times.—A. I only met him, but there is a report I had made that he had been connected with other seizures, Mr. Stevens.

Q. How about that report, is that report made by you?—A. Yes.

Q. This is a report, a statement which shows number 5758, dated 8th May 1925, and signed by Officer J. E. B. Bisailon, and the entry is as follows: "This automobile was smuggled into Canada by one Fisher, alias Frank Martin, alias Frank Carpenter, and sold to Trepanier Bros. Three Rivers, who deal in smuggled automobiles, etc. Being unable to supply Customs identifications for these cars, I seized same and put them into the custody of the official at Three Rivers." Is that correct?—A. Yes.

Q. This is another case where you ran into Fisher as a car smuggler and thief.—A. This was in 1925?

Q. It was in 1924. This morning you said you only had two cases in connection with Fisher.—A. Two seizures made personally and others on information. According to the information I had they were placed on this report, but Martin, Fisher or Carpenter, only twice.

Q. Then you told Mr. Calder you did not know the individuals who stole the cars. This is the official signed report by you saying that Trepanier Bros., Lesage, Lapouille, are all working together in connection with smuggled and stolen automobiles.—A. That was my information.

Q. Did you make these reports on hearsay information?—A. Many of the seizures are on hearsay.

Q. You knew this?—A. As per information received?

Q. By the way, in this case the car was released on payment of \$1,090 together with expenses.

By Mr. Calder, K.C.:

Q. To whom was it released?

Mr. STEVENS: I am reading the decision. This car was released to Lapouille.

WITNESS: This car is still in the Department, Mr. Stevens.

By Hon. Mr. Stevens:

Q. They did not pay up then?—A. No, sir.

Q. Do you know Lapouille?—A. I have met him once, yes, sir.

Q. Where does he live?—A. He lives in Shawinigan Falls or Grand'Mere.

Q. You do know some thing about individuals who steal cars.—A. No, Lapouille, according to the information that I have, Lapouille was a victim of circumstance.

Q. We will leave Lapouille out and deal with Trepanier Bros. This is all on hearsay?—A. The car was in the hands of Fisher and it was returned to Trepanier Bros.

Q. There had been a number of seizures from him?—A. Well, directly; I think there is only one from Trepanier but cars have gone through their hands according to information.

Q. Lots of them?—A. I believe three or four.

Q. Lesage?—A. Lesage and a couple of others, I believe.

Q. Now, here are two more seizures I want to take up while we are on the car seizure business, and by the way, you said this was a common practice from coast to coast, smuggling of stolen cars was a common practice?—A. That was hearsay, I was told it was a national problem.

Q. It is a national problem, but it is rather strange, I have gone through about three thousand K9 reports in the past week and your district is the only district where it is carried out in a wholesale way—or the district you oversee. It is the only district in which it is carried out in a wholesale manner, as compared with the rest of Canada. You will find an occasional case outside of Quebec. There are thirty-seven thousand K9 reports which you may go through.—A. It shows there has been some activity in and around Montreal, and that Montreal is the dumping ground.

Q. Now there are two others, number 36886 and number 36889. The first one is in connection with a Lincoln sedan seized on the 15th of August, 1925. I am now reading from the K-9 report.

“This is a seizure from A. E. Beauchemin, Sorel, Quebec, of a Lincoln sedan, for having been smuggled into Canada. The duty paid value of the car is reported to be \$2,877.30, and it has not been released. The seizing officer reports that on August 15th, acting on information that the above-mentioned car had been smuggled into Canada and was in the possession of A. E. Beauchemin at Sorel, Que., he interviewed the latter, who admitted that duty had not been paid on the car in question. On being examined it was found that all the numbers had been removed or obliterated. The officer placed the car under seizure and had it removed to Montreal pending decision.

In defence Mr. Beauchemin states that having learned that there was possibly an irregularity with regard to the importation of this car, he reported the facts to Mr. J. E. Bisailon, then Special Inspector, Preventive Service, Customs and Excise, at Montreal, and at his request sent the car to Montreal, where it was placed under seizure. He states that he is a dealer among other things in second-hand automobiles, and purchased this car absolutely in good faith, without any notice that the proper duty and taxes had not been paid thereon on importation.”

Then the recommendation is as follows:

“I would recommend that the automobile be released upon payment of \$985.30, equal to the proper duty and taxes thereon, together with expenses of seizure, and subsequent keep; and in default of such payment for thirty days, that the automobile be and remain forfeited and be dealt with accordingly.”

Before I say anything in regard to that, I want to deal with the next one—

The CHAIRMAN: To make the evidence plain, Mr. Stevens, what you have just read is the report of the Deputy Minister of Customs and Excise?

Hon. Mr. STEVENS: Certainly. Now, turning to number 36889, August 15, 1925, a seizure by J. E. Bisailon, signed by him. I will not read this, but it is in precisely the same terms, only it refers to a Buick sedan.

By Hon. Mr. Stevens:

Q. Now, what I want to ask you is this; here are two cars found in the possession of the same man, in the same place, both admitted to be smuggled, iden-

[Mr. J. A. E. Bisailon.]

tification numbers obliterated, and the defence in each case is precisely the same, that having learned there was a possible irregularity, they had taken the matter up with you, and at your request this fellow forwarded these two expensive cars to Montreal. That was August, 1925, following the passing of legislation where prosecution should follow the smuggling of goods exceeding \$200. Why did you not prosecute this man for smuggling?—A. I made the report, Mr. Stevens, to the Department, and it was up to the Department to instruct me in reference to the arrest and indictment of this man.

Q. What became of these two cars?—A. They were still in the Department when I left. I do not know anything about them, sir.

Q. Do you know Beauchemin?—A. Yes, I know of him; I have known him for years.

Q. He is a dealer in smuggled cars?—A. I was informed that he had been dealing in smuggled cars, yes.

Q. You knew he was a dealer in smuggled cars?—A. I did not know it, but I had the information, and the proof was that we found—

Q. You believed it in any case, did you not?—A. Yes, sir.

Q. Prior to August, 1925?—A. Maybe a few days before.

Q. Now, look here. As the Chief Preventive Officer, knowing this man was a dealer in smuggled cars, knowing, as you have already testified, that it was the common practice and a national problem, finding him on the same day in possession—and admitting it—of two smuggled cars, a Lincoln and a Buick, with the numbers obliterated, you took no further action than inviting him to bring these cars to Montreal?—A. I reported the matter—

Q. Did you take any action beside that?—A. I could not; I had no authority.

Q. Did you ask for instructions?—A. I did. By the fact that the reports were sent, and instructions generally came as far as prosecutions.

By Mr. Calder, K.C.:

Q. Following upon that, did you receive the memorandum No. 55?—A. I did.

Q. The third paragraph of memorandum No. 55, which has already been filed as Exhibit No. 2, reads as follows:

“In respect of latter offenses”—
meaning smuggling, keeping smuggled goods, and so on—

“you are instructed that in all cases where you are satisfied that goods were smuggled for personal use, and not for business use, and this is the first offence, not to commence any proceedings by way of indictment without first communicating the facts to the Department and awaiting instruction; in all other cases proceedings are to be taken forthwith.”

This was not an importation for personal use, a Lincoln and another car?—A. No, sir.

Q. And it was not the same offence, because the cars had not been smuggled in simultaneously?—A. That was the first time we effected a seizure.

Q. But there were two offences?—A. That is right.

Q. In that case you were ordered by the circular to take proceedings forthwith?—A. Yes, but—

Q. That is dated the 3rd of July, 1925?—A. Right you are, Mr. Calder.

Q. Did you not take the proceedings?—A. I reported the case to Ottawa, and I was—

Q. Why did you do that when you had instructions telling you to go ahead?—A. There has never been any action taken in automobiles; there never had been, and I was waiting for instructions. If I had been instructed to proceed, I would have done so. I did not want to take it upon myself to do it.

[Mr. J. A. E. Bisillon.]

Q. You did not think of taking it upon yourself to obey the command given you that "in all other cases proceedings are to be taken forthwith"?—A. The man was a resident of Canada, a man who owned property, and I reported the fact to the Department and was waiting for action.

Q. Where did you find in the circular that a man who is in Canada and has an establishment, is not to be prosecuted?—A. No place.

Q. Now, we were talking about Fisher a moment ago. Mr. Stevens dug up a third seizure in which Mr. Fisher was interested or mentioned?—A. Mentioned.

Q. Are you quite sure that exhausts the list?—A. I cannot tell you.

Q. Well now, will you look at the seizure report?

The CHAIRMAN: Mr. Calder, this exhibit which you are just filing now is already filed as exhibit No. 2.

Mr. CALDER, K.C.: Quote it as Exhibit No. 2.

The CHAIRMAN: It is already filed as Exhibit No. 2.

By Mr. Calder:

Q. Will you look at the seizure report, bearing No. 4910 and state whether that is—Just look at your signature and state whether that is your signature, whether that is your report.

Hon. Mr. STEVENS: Give the two numbers. It is difficult to identify them. Is that K-9.

Mr. CALDER, K.C.: No. 4910, K.9, yes, preventive seizure number; file number 11491.

By Mr. Calder, K.C.:

Q. Now, this seizure report recites that you seized on June thirteenth, 1924 a Packard Six Sedan automobile belonging to J. E. Fisher, address unknown; seized opposite 35 Staynor Avenue, Montreal. It also recites that the owner claimed the said automobile and deposited \$2,096.05, being double duty, plus single excise tax, pending decision?—A. Yes.

Q. Did you see Fisher on that occasion?—A. I saw Fisher on that occasion, in the evening and also in the morning, when he came to settle.

Q. That is the third seizure in which you saw Fisher?—A. No, sir. That is the same one to which reference was made this morning.

Q. The same one to which you referred this morning?—A. Yes.

Q. So that he was mentioned in the Delage seizure as being the man to dispose of the car?—A. When? Yes, I think you are right.

Q. Fisher was mentioned in the Delage seizure?—A. Yes.

Q. He was known as Martin?—A. Not at the time.

Q. It must have been in connection with the car, you saw; probably it was?—A. Not at the time.

Q. You saw the man?—A. I saw the man in the morning in the Packard car in the Customs House when he came to settle.

Q. You saw Fisher on two occasions in respect to the seizure I am now talking about, of the Packard car? You saw him in the morning and you saw him in the evening, when he came to settle?—A. Yes.

Q. And you must have had a fairly good look at him?—A. Not in the evening, because it was dark.

Q. In the morning?—A. He was in the office ten or fifteen minutes.

Q. Consequently you had a good look at him? I sized him up.

Q. When you saw Martin afterwards you must have known it was Fisher?—A. I did not know him then.

Q. Not by name, but the same face?—A. No, because there are hundreds of men who come into that office. I would tell you if I knew him; I would be glad to inform you.

[Mr. J. A. E. Bisillon.]

Q. I do not think you should be in the preventive business?—A. I am not there any more.

Q. I do not think you ever should have been if you have such a poor memory for faces?—A. That is I was put out.

By Mr. Gagnon:

Q. Mr. Bisailon, I think this letter has already been filed in the report, or I see in the letter of November 24th a report attached to the one of 1925, that you have enclosed in your covering letter, in your report K-9, copies of the papers that were submitted to you and which were supposed to cover the Jewett Sedan. You enclosed copies to the Department?—A. Yes.

Q. So these copies were in the hands of the Department on November 24th?—A. Well, November 13th. Yes, November 24th, yes.

Q. The letter is dated November 21st. I beg your pardon.—A. November 21st, yes.

Q. You addressed your letter to Mr. Wilson?—A. Yes, sir.

Q. Enclosing these copies?—A. With these copies, yes.

Q. Exact copies?—A. Exact copies of the original.

Q. Did you receive any instructions from Mr. Wilson after you sent those papers, to make further investigation?—A. No, I do not believe I did.

Hon. Mr. STEVENS: A little louder, please.

The WITNESS: I do not believe I did, sir.

By Mr. Gagnon:

Q. In the other case which Mr. Calder just quoted, in the case of the Packard, you will notice that this seizure of the Packard was made in the month of June, 1924?—A. Yes.

Q. So you had been in the Department as Chief of the Preventive Service.—A. Yes, sir.

Q. A very short time?—A. Just about five or six weeks.

Q. You did not know Fisher or Martin at the time?—A. No, sir.

Q. In the other report which you just mentioned there you did not, or in any of your reports, withhold the information that you were dealing with the men—I am talking of the Beauchemin car,—the seizure had already been made. You put that in your report?—A. Yes.

Q. And you did not receive any instructions to proceed any further?—A. No.

Q. In the Beauchemin matter did you receive instructions after you made your report to take proceedings in the Beauchemin matter, about the two cars?—A. I made a report.

Q. You mentioned that?—A. Yes.

Q. You did not receive any instructions to proceed?—A. To take any further action, no.

Q. But according to the circular you had instructions to proceed whenever you had proof of sufficient proof that these people knew when they had bought the cars that they were smuggled?—A. Yes.

Q. You know that in the case of proceedings being instituted against a man from whom you are seizing a car, you have to prove that the man knew that the car was stolen in order to have a conviction before the Court?—A. Yes, sir.

Mr. CALDER, K.C.: Is my learned friend giving evidence? I am asking because I think that is leading a little too much.

Mr. GAGNON: I never measured your leading during the whole of your examination.

Mr. CALDER, K.C.: I am cross-examining this man and you know it.

[Mr. J. A. E. Bisailon.]

By Mr. Gagnon:

Q. But in all cases, according to the amendment, you would have to prove that the man knew that the car had been smuggled?—A. Yes.

Q. That he was in possession of a smuggled car?

Mr. CALDER, K.C.: Even that is not good law.

Mr. GAGNON: That is the law as it is. The law says "knowingly". He has to prove that the car is in Canada legitimately, producing his Custom papers.

Hon. Mr. STEVENS: If he had Custom papers the car would not be smuggled. Mr. Gagnon, come to the point.

Mr. GAGNON: The point we want to make is that the law says "knowingly had in his possession smuggled goods."

Mr. BELL: Is not that a matter for argument afterwards? Is that anything that the witness can properly reply to?

By Mr. Gagnon:

Q. You say Mr. Beauchemin has property?—A. Yes.

Q. Where does he live?—A. In Sorel.

Q. If any procedure would be taken it could be taken just as well a month after, or according to the regulations of the Department by just seizing the car and not arresting the man Beauchemin immediately, and you would not put the Department in jeopardy at all, as far as the procedure is concerned?—A. No, sir.

Mr. GAGNON: I have no other questions to ask just now.

By Mr. Calder, K.C.:

Q. You were merely not obeying the orders of the Department itself?—A. I am not ready to say that.

Mr. CALDER, K.C.: It says "In all other cases" and Mr. Bisailon admitted that this was not a case within the exception. "In all other cases, we were ordered to prosecute."

Mr. GAGNON: If he had been satisfied that he had a case, not just a question of instituting proceedings and not succeeding with them.

Mr. CALDER, K.C.: He had the admission of this man that the cars were smuggled.

Mr. GAGNON: But not an admission that he knew when he bought them.

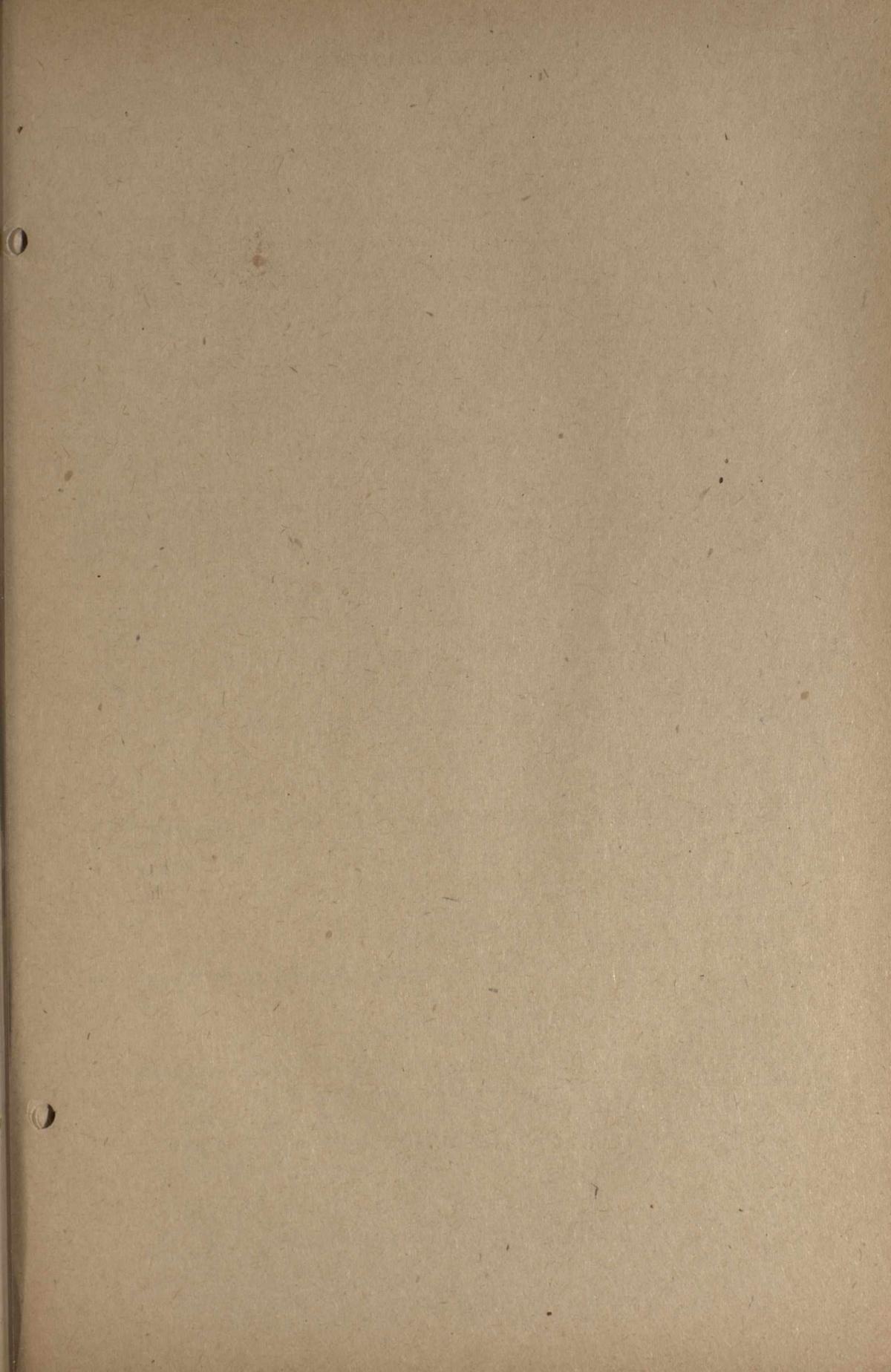
The CHAIRMAN: The Committee will decide all that. Is that the last witness for to-night?

Mr. CALDER, K.C.: I do not think I can usefully call Mr. Legault to-night, Mr. Chairman.

The CHAIRMAN: All right. This Committee stands adjourned until to-morrow morning at half past ten o'clock.

The witness retired.

The Committee adjourned until 10.30 A.M.
March 17th, 1926.



SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 17—WEDNESDAY, MARCH 17, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

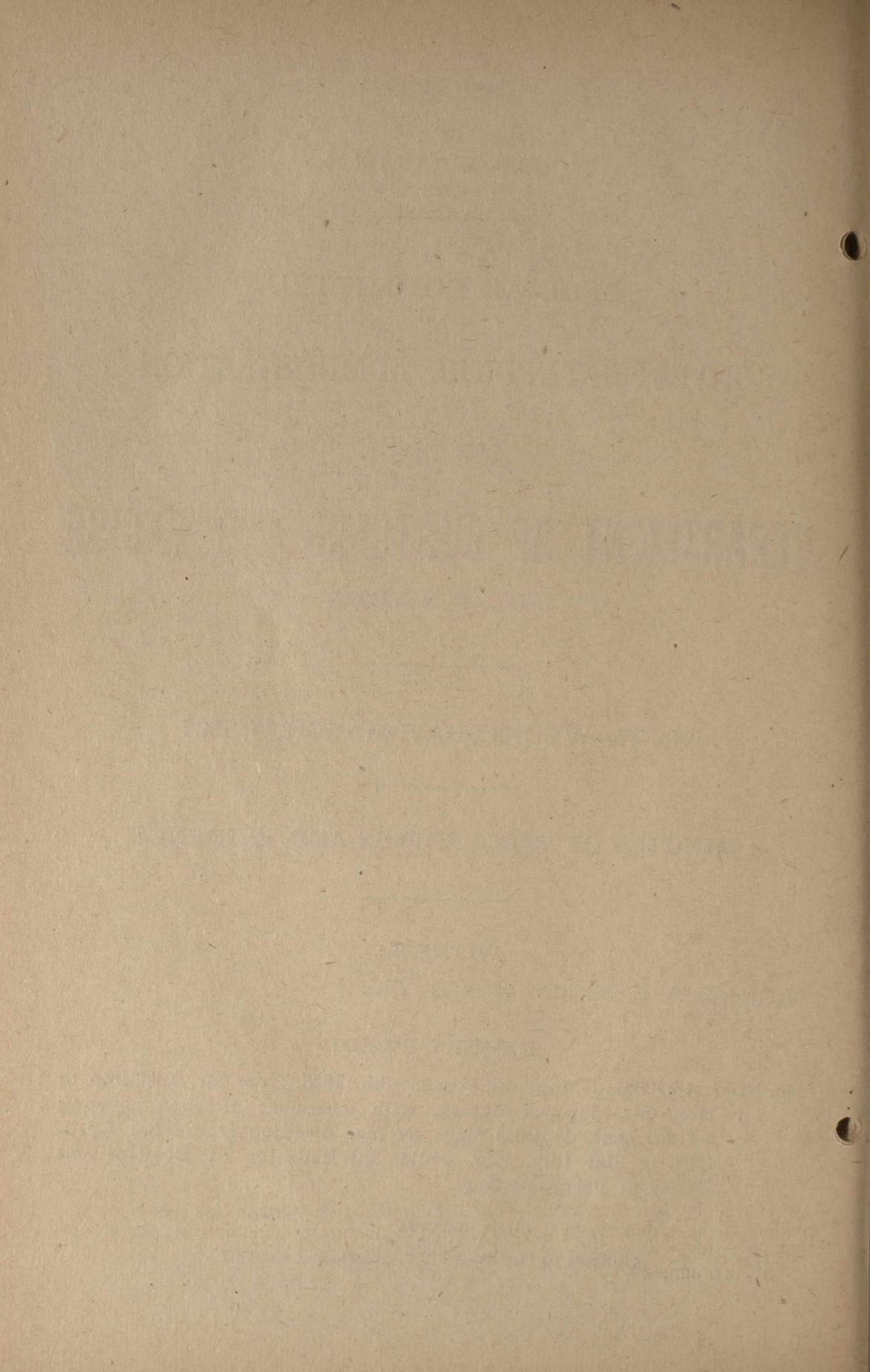
WITNESS:

Mr. Joseph A. E. Bisailon, Montreal, Que.

EXHIBIT FILED:

No. 91—Letter dated Montreal, August 6th, 1925, from Mr. Bisailon to Hon. Mr. Jacques Bureau, with statement attached showing certain bank deposits made by Mr. Bisailon from 22nd April, 1922, to 31st July, 1922, while Sub-Collector of Customs and Excise at Farnham, Que.

OTTAWA
F. A. ACLAND
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1926



MINUTES OF PROCEEDINGS

WEDNESDAY, 17th March, 1926.

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

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

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

Moved by Hon. Mr. Stevens,—For the production of the Royal Canadian Mounted Police file known as the "Schlussel file" from Montreal.

Motion agreed to.

Moved by Hon. Mr. Stevens,— For the production of a letter written in December, 1925, and written by the Aird Company, Toronto, to the Hon. G. H. Boivin, Minister of Customs, and referring to the seizure of certain woollen goods and the payment of a fine of \$13,000. Also the production of the Customs and Preventive Service files together with the K-9 Report having to do with this seizure. Also copies of all letters addressed to the Minister by any persons whatsoever referring to this seizure.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the services of W. F. Wilson, James E. Knox and W. L. Hicklin be placed at the disposal of the Counsel of the Committee and any member of the Committee for the purpose of checking up files before the Committee, and that they be admitted to the Committee Room when required for such purpose at the request of any member of the Committee.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of the Customs and Preventive files for seizure Nos. 32453-3536 and 29851-3317.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Jos. Corom, in charge of Customs Canal office, Montreal, be summoned for the purpose of producing copies of all manifests of vessels carrying liquor through the canal during the years 1923, 1924 and 1925, including the yacht *Allan* and the ss. *Frank H.*

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the steamer *Chignecto* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of steamer *Teviot* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the steamship *Chaudiere* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of steamer *San Gill* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the schooner *Jean Smith* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the schooner *Morso* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the schooner *Joyce M. Smith* for the years 1924 and 1925.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the schooner *J. H. McKenzie*.

Motion agreed to.

Moved by Mr. Goodison,—That the Customs Department be requested to produce the files relating to the seizure of the schooner *Maria A. Howes*.

Motion agreed to.

Moved by Mr. Donaghy,—That Mr. Epstein of the E. & J. Silk Co., of 100 Sterling Road, Toronto, be summoned to appear before this Committee and bring with him the company's books, bank books, and all papers relating to purchases, sales and customs clearances, covering the immediately preceding two years.

Motion agreed to.

Moved by Mr. Donaghy,—That Frank Barnes, Superintendent of Gooderham & Worts Distillery, be summoned to appear for examination before this Committee and that the Clerk also notify him by telegram of this order.

Motion agreed to.

Permission was given to Mr. Gagnon, Counsel to Mr. Bisailon, to have access to the files of the Committee when Mr. Calder is present.

Mr. Calder called attention to the fact that the books of the Peerless Overall Company of Rock Island, Que., in transit since 25th February were delivered at the Committee Room on the 16th March, having been held by the railway at Ottawa upon instructions.

Mr. Calder informed the Committee that he had been advised that Mr. Gregory George, who appeared as a witness in connection with the Dominion Distillery Products Co. Ltd., Montreal, had sailed for England.

Mr. Calder handed to the Chairman a list of firms who are alleged to have distributed their books in the private residences of their partners.

Mr. Joseph A. E. Bisailon was called and further examined.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Mr. Bisailon's examination was continued, during which Hon. Mr. Stevens filed,

Exhibit No. 91.—Letter dated Montreal, August 6th, 1925, from Mr. Bisailon to Hon. Mr. Jacques Bureau, with statement attached showing certain bank deposits made by Mr. Bisailon from 22nd April, 1922, to 31st July, 1922, while Sub-Collector of Customs and Excise at Farnham, Que.

Witness retired.

Mr. Doucet moved,—That the following be summoned for March 18th, 1926, at 10.30 a.m.:

U. H. Dandurand, Jr., c/o U. H. Dandurand, Limited, Victoria Square, Montreal, Que.

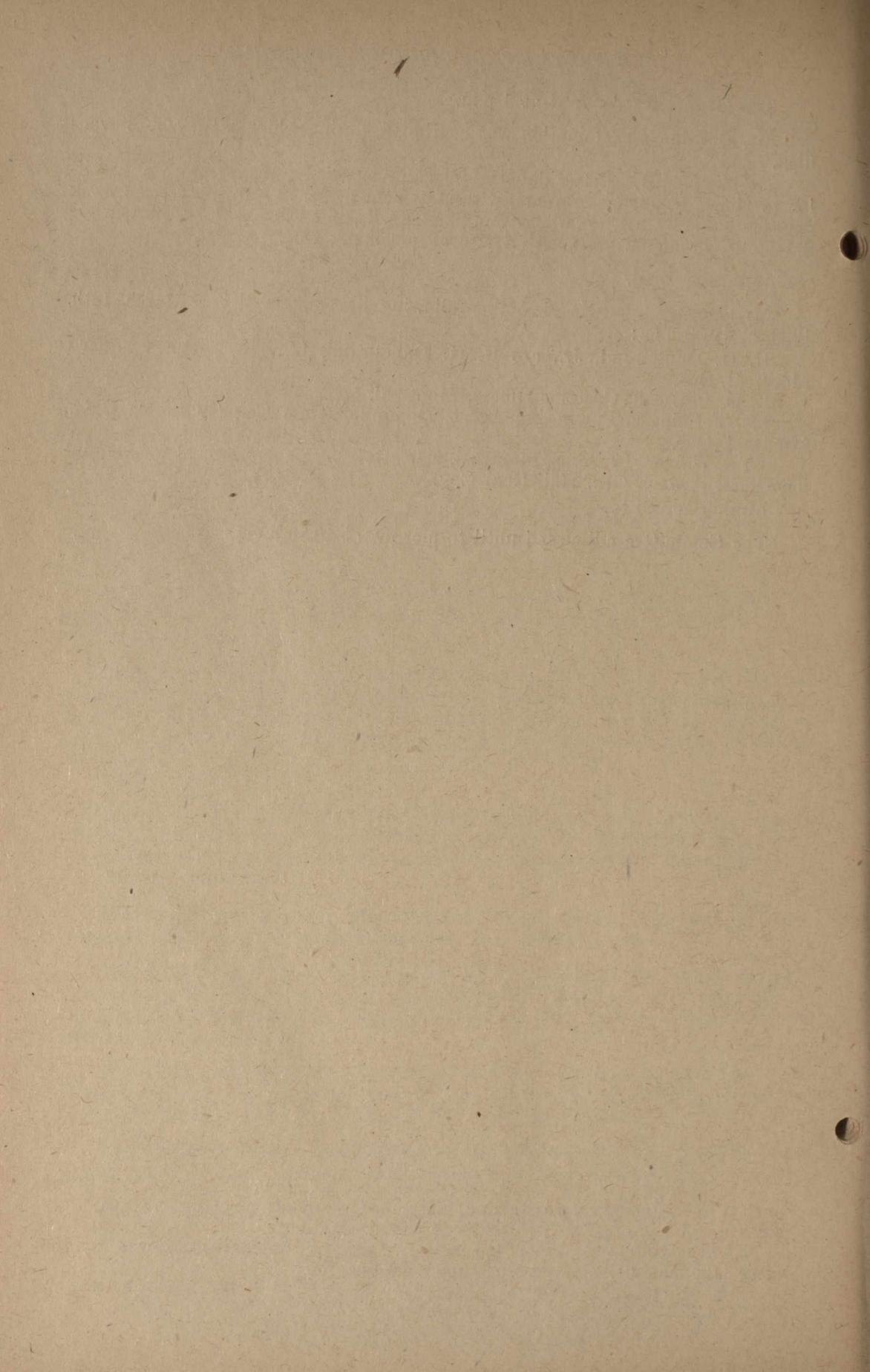
L. D. Pariseau, Customs Officer, Montreal, Que.

Mr. Ferminger, Purchasing Agent, Dominion Glass Co., Guarantee Bldg., Montreal, Que.

W. S. Weldon, Customs, Montreal, Que., to bring papers *re* coal for Dominion Glass, through Geo. Hall Coal Coy.

Motion agreed to.

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



MINUTES OF EVIDENCE

WEDNESDAY, March 17, 1926.

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

J. E. A. BISAILLON recalled.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, your statement concerning moieties was this, that certain officers voluntarily shared or volunteered to share their moieties with you?—A. Yes, sir.

Q. Was that entirely of their own motion, or did you suggest it to them?—A. It was a general understanding.

Q. It was a general understanding, which must have been started with a suggestion, did you suggest it?—A. I might have suggested it, yes, sir.

Q. Did you suggest it?—A. I might have, yes, sir.

Q. You did suggest it?—A. Yes, sir.

Q. Were all your subordinates equally ready to share the moieties with you?—A. I do not know that. I shared them only with a few.

Q. You shared only with a few?—A. Yes, sir.

Q. Some refused to share the moieties?—A. Some I never asked.

Q. But some refused upon asking?—A. I believe there was one who refused.

Q. Who was that?—A. Officer McNamee.

Q. Officer McNamee refused to share moieties?—A. Yes, sir.

Q. Was there not a tendency to put, as assistant officers on K-9, the names of those who were willing to share moieties?—A. No, sir.

Q. I notice upon several of the K-9's we discussed together, you were mentioned as having made the seizure, and made the report K-9, although you say in connection with those seizures that you were not physically present at the seizure; that is right, is it not? Take for instance the Zenon Legault car.—A. Which car was that?

Q. I beg your pardon, I do not think it was the Zenon Legault car; there was one car, I think it was the Martin car, which was seized at the police garage; you told us you did not seize it, yet the report K-9 says you did?—A. Yes, I had the information, and while I had the information before the seizure took place, I was entitled to make that seizure.

Q. But is not the report K-9 made by the man who physically makes the seizure?—A. Not always.

Q. Is that not the object of K-9?—A. Not the man who makes the seizure. One, two, or three officers may work on a case together for a while, and then we put them on the seizure even if they are not present on the day of the seizure.

Q. You are evading my point, probably unconsciously. One man physically effects the seizure, and he draws up K-9 and signs it. That is the object of K-9 is it not?—A. Yes, sir.

Q. So that upon occasions, where you did not physically seize a car, you put yourself down as the seizing officer?—A. Any seizure that contains my signature, I have had something to do with that seizure.

Q. But you were not on the actual seizure of the car?—A. I was, by the mere fact that my name appears upon the seizure.

[Mr. J. A. E. Bisailon.]

Q. You did not go to the place where the car was, and say "I seize this car"?—A. I might not then, but I had worked for weeks on this case.

Q. Then upon the seizure report appeared the names of certain officers as assisting?—A. Yes, sir.

Q. Although in many cases they were not physically present at the seizure?—A. I don't know of any case.

Q. Were you always accompanied by two officers, on all your seizures?—A. No, not all, sometimes one.

Q. Nearly all the K-9s we discussed together show two assisting officers?—A. Well, if there are two on the files, there were two.

Q. Is it not a fact that the names of the assisting officers on the K-9s' which you drew up were invariably the names of those who consented to share moieties with you?—A. Not necessarily.

Q. You are quite sure of that?—A. In many cases.

Q. The name of Officer Heavers appears upon some?—A. Yes.

Q. You shared moieties with him?—A. Yes.

Q. The name of Officer Masson appears frequently?—A. Yes.

Q. You shared moieties with Officer Masson?—A. I did, sir.

Q. I put it to you that those names appear more frequently than any other names?—A. They had a larger line of information, sir.

Q. If they had not co-operated in that seizure, and you put their names down, you would get a share of their moieties?—A. If they had not?

Q. Yes?—A. In every case they have not.

Q. You say that, but if they had not? I am putting to you a hypothetical case. If they had not co-operated in the seizure, and you put their names down, you would get a share of their moieties?—A. I would not put their names down.

Q. But if you did?—A. I would not.

Q. You will not even consider the possibility?—A. No, sir.

Q. Let me put it to you completely, and you will then deny it? If that were the case, then you would get a share of their moieties—wait a minute, you interrupt me at every stage?—A. I did not hear you.

Q. If they were not assistants at the seizure, really, and you put their names down, you would share their moieties—wait—you would get a share of their moieties, and the Government would lose a moiety which otherwise would not have been paid?

Mr. GAGNON: Mr. Chairman, there are five or six questions in Mr. Calder's question. I think he should divide them.

Mr. CALDER, K.C.: Usually when one puts a hypothetical question he puts it completely. His escape from it is to say that it never was done.

Mr. GAGNON: Even if Mr. Bisillon escapes the answer, the law of evidence applies, even in the case of cross-examination, and the witness should be given an opportunity to answer in a comprehensive manner. If he tries to answer three or four questions at a time, he simply cannot do it.

Mr. CALDER, K.C.: I tried to bring out the question first, but every time I put forward an hypothesis, Mr. Bisillon said it was never done. I assumed that that would be his answer, and, when I put it to him as a whole question, how is he deprived?

Mr. GAGNON: All right, go on.

By Mr. Calder, K.C.:

Q. Do you know a man called J. P. Champagne?—A. Yes, sir.

Q. Did you effect a seizure of liquor on him last summer?—A. Two seizures.

[Mr. J. A. E. Bisillon.]

Q. When?—A. It was not last summer, it was last Fall. I do not remember exactly the date, sir.

Q. When was it? Was it in October?—A. In October or in November, I do not remember which.

By Mr. Bell:

Q. Will you speak louder, Mr. Bisailon? We cannot hear you answer.—

A. I said it was in October or November, I do not remember which.

By Mr. Calder, K.C.:

Q. That seizure was settled by payment of the duty?—A. Yes, sir.

Q. Two sums of \$400, one sum on each seizure?—A. Yes.

Q. That sum of \$400 indicated that it was a pretty heavy cargo of liquor?—A. Yes. The amount was up in the office there at the time.

Q. Would you consider that an importation for personal use?—A. No, sir.

Q. When you made the second seizure, you knew it was not the first offense?—A. We knew that.

Q. Why did you not prosecute, under the peremptory letters from the Department to that effect?—A. There is a letter from me to the Department stating that it was an oversight on my part, and then the instructions came from the Department to confer with the Crown Prosecutor, Mr. Brais, and I have done so, and an action was taken. It was an oversight on my part.

Q. So that within the brief period from July to October you made three oversights along that line?—A. Three oversights.

Q. The two Beauchemin car seizures?—A. One instance in the Beauchemin car.

Q. No, there were two.—A. Right; there were two.

HON. MR. STEVENS: Two seizures.

By Mr. Calder, K.C.:

Q. So in the two Beauchemin cases and this case, you made an oversight?—A. Yes sir.

Q. So your overseeing were oversights?—A. Yes, if you want to put it that way.

Q. You will remember when you were examined here first, and the question arose as to the barring of owners, insurance companies and the police from the King's Warehouse, you stated you had received verbal instructions to do that—or instructions?—A. Either verbal or in writing; I do not quite—

Q. Directly from Mr. Bureau, you said.—A. Either from Mr. Bureau or the Department; Mr. Bureau was the Department, anyhow.

Q. Was it not in consequence of your report and request?—A. It may have been.

Q. Oh now— —A. You are going back a number of years there.

Q. Was it?—A. I don't remember.

Q. You were taking charge of the Preventive Department at your own request?—A. Not at my own request.

Q. You do not consider that letter which was read here as a request?—A. Hasn't a man a right to try to improve his situation?

Q. Yes— —A. That is why—

Q. You took charge at your own request?—A. Yes.

By the Chairman:

Q. You made an application— —A. Certainly, to the Civil Service Commission.

By Mr. Calder, K.C.:

Q. A sweeping order was given barring everybody from the King's Warehouse, and you cannot tell us with any certainty whether you made a request that that order be issued or not?—A. I might have made it; I don't remember.

Q. You see, that precludes me from asking you whether you made that request in writing, because you don't remember.—A. If I did, you have the document. Let me have it and I will acknowledge it.

Q. I am looking for the document.—A. I am looking for it myself.

Q. There was a document?—A. There must have been—I do not know whether it was verbal instructions or by writing.

Q. I am not talking about the instructions; I am talking about the request you made that the instructions issued.—A. If there is a request, it must be so.

Q. If there was a request?—A. Yes.

Q. Was there one?—A. I don't remember. This is from 1923, or 1924, is it not?

Q. You state upon your oath that you do not remember whether you asked Mr. Bureau to order that all enquirers should be barred from the King's Warehouse?—A. I am not quite sure. Really, I suppose I have done it, but I am not quite sure, Mr. Calder.

Q. You believe you have done it?—A. Yes.

Q. Let me try to refresh your memory. That order was given—and I want to be fair with you—in consequence of a simultaneous request by three insurance companies for the same car; is that not so?—A. Yes, you are right. I have a recollection of it now.

Q. You reported that fact to Mr. Bureau?—A. I did.

Q. And it was in consequence of that report and other facts supplied by you to Mr. Bureau that a general order was given?—A. I believe that order existed before that.

Q. We have been told by yourself that it did not.—A. Oh no, I don't think so. I know the instructions—

Q. Mr. Bisailon, you stated to me very precisely that that regulation was made upon instructions from Mr. Bureau. It must have been during Mr. Bureau's incumbency.—A. I am not prepared to say. I know there was an order.

Q. An order based upon the facts which you represented to Mr. Bureau?—A. Put it that way if you want to.

Q. On the general situation concerning car thieves?—A. Put it that way if you want to.

By Mr. Gagnon:

Q. Mr. Bisailon—

Hon. Mr. STEVENS: I want to follow along one or two lines started by Mr. Calder, Mr. Gagnon.

Mr. GAGNON: All right; I will take the witness afterwards.

By Hon. Mr. Stevens:

Q. Mr. Bisailon, last night you told us, and I think you agreed and admitted that this smuggling of stolen cars had become a national question?—A. Yes sir.

Q. That is was of a very widespread character?—A. Yes sir.

Q. Very serious?—A. It is a serious question, yes sir.

Q. Now, it is also clear that a great many of the cars so smuggled were seized by the Customs' officers?—A. Yes sir.

Q. And in many cases were released upon payment of double duty? That is true?—A. Yes sir.

Q. And in a very large number of cases were released to the individuals who had smuggled them on the payment of double duty?—A. Yes sir.

Q. That is correct?—A. According to information.

Q. That is correct, is it not?—A. According to information which I had, yes sir.

Q. Well, as a matter of your knowledge, that is so, is it not?—A. Practically so, yes sir.

Q. And very many of those smugglers to whom the cars were released on the payment of double duty had also denounced the car to the Customs?—A. Not to my knowledge, sir.

Q. What?—A. Not to my knowledge; not to my knowledge, sir.

Q. Not in any case?—A. Not in any case; not in any case that I recollect.

Q. What?—A. Not in any case that I recollect.

Q. Let us get this clear. You probably do not understand me. Do you mean to say you have no knowledge of any smuggler denouncing a car?—A. No sir.

Q. No knowledge of it at all?—A. No sir.

Q. Did any smuggler who denounced a car receive it for double duty afterwards?—A. No sir.

Q. Do you know of any case where an individual would sell a car that was smuggled to another person, and later get a moiety for denouncing it?—A. No sir.

Q. You would not tolerate that?—A. No sir, not if I knew it.

Q. I do not suppose you will question either of these K-9 reports (indicating)?—A. No sir.

Q. You will recognize them the minute I read them. I have a K-9 No. 33904, Port number 4828, dated May 6th, 1924, J. E. Bisailon, Seizing Officer, an automobile—a Ford touring car—seized from Donat Belisle, Terrebonne. This report is signed by you. I do not suppose you will question that? (Handing document to witness).—A. Who is the seizing officer.

Q. All I want you to do is to identify the signature. Never mind reading the report; I would rather question you on that. Those (indicating) are your signatures, are they not?—A. Yes sir.

Q. Now, in this K-9 to which I have referred you say:

“I have received information that Donat Belisle of Terrebonne had an automobile, Ford touring, on which the duty was not paid; that he bought the said car from his brother-in-law, Mr. Lavoie, who has sold many smuggled cars.”

Now, you recollect that, do you not?—A. I recollect that, yes sir.

Q. Who was the informer?—A. I don't know.

Mr. GAGNON: That is the same question.

Hon. Mr. STEVENS: No, that question does not arise. (To Clerk of Committee) Will you get me the Port of Montreal file No. 4828? It is here some place. Mr. Hicklin or some of the other officers—

Mr. GAGNON: It is always the same question.

By Hon. Mr. Stevens:

Q. Do you recall the informer?—A. I will not give you the name of the informer, Mr. Stevens.

Q. Oh, we have his receipt here; what is the sense of holding back the name of the informer when we have his receipt?

Mr. GAGNON: It is because he has no right to give it.

The WITNESS: If the Department want to supply you with that information, and particulars concerning the informer—

Hon. Mr. STEVENS: I will give it to you myself. Mr. Brien was the informer, was he not?

The WITNESS: I will not answer that question.

Mr. GAGNON: Just a minute. I will put the case very clearly. My understanding of the law—or a regulation of the Department which forms part of the law—is that no official of the Department is allowed to give the name of an informer unless the informer agrees to it. It is the privilege of the informer, and an officer who gives that information is, I understand, breaking the regulation, and is breaking the law. That is my point.

Hon. Mr. STEVENS: We will not—

Mr. BELL: Mr. Gagnon, do you consider that Mr. Bisailon is an officer now?

Mr. GAGNON: No, but when he received the information he was an officer.

Hon. Mr. STEVENS: He is not an officer now.

Mr. GAGNON: That makes no difference. I think for the purpose of this committee it would be well to have this regulation before the committee now.

The CHAIRMAN: It has not been decided yet. Mr. Calder knows it—

Mr. GAGNON: I would like to have the regulation put before the committee, so we can discuss it.

Mr. CALDER, K.C.: The matter was not pressed to a decision. The point I was making was that if it became relevant to prove precisely the fact Mr. Stevens wants to prove, that there was a system whereby the informant would declare a car, clear it through the Customs, and get a title to it, I would press for a ruling, but I did not press for a ruling at the time.

The CHAIRMAN: That was in the Morris Delage case?

Mr. CALDER, K.C.: Yes.

Hon. Mr. STEVENS: Mr. Chairman, we might as well face this question now. All through this inquiry we have been, what I might call, estopped from disclosing the connections, and collusions, simply because this shibboleth is raised that we must not disclose the name of an informer. I would not ask the disclosure of the name of an innocent informer, who is, we might say, an ordinary informer, but here we have informers who are criminals, nothing more nor less—I am not saying they are in this particular case, but in many cases they are—known to be smugglers, and notorious handlers of stolen cars. Such individuals have no right to ask for protection from this committee, and I insist that in this case, with the files before us, the name of the informer should be disclosed.

Mr. GAGNON: I am not asking for protection for my client or anybody else, but I understand that this committee has to proceed according to the laws of evidence, and according to the law. I understand it is the privilege of an informer, whenever he gives his name to an officer, to have his name withheld by the Department. That is his right. That is the law. Of course, if the committee or Mr. Stevens want to prove connivance between this witness and an informer—informers are, in most cases, of a very low type, but the officers have to work with them in order to get the information they desire in regard to their cases, but it is the informer's privilege to withhold his name, because even if they are a low class of people they have their rights. If their rights are based on the law, I think we cannot go beyond that.

Mr. CALDER, K.C.: I think that if you go back to the principle of giving protection to the informer you will find that it does not apply in this case. The object of protecting the informer was to protect him against hatred and its worst expressions on the part of the man whom he had denounced and in cases like this it is our surmise that the man who smuggles in a car denounces that car himself, in order that through the Customs he may get a clearing for it. Now, how can that expose him? That informer is not informing against any—

body. He is informing for his own advantage. There are two elements in the whole transaction; he is the smuggler and he is the informer and he acts for his own advantage. Now, the principle that that course exposes to hatred does not apply.

Mr. GAGNON: I will agree with Mr. Calder on that point. The regulations existed and it is up to the Department to change the regulations, so when the informer is given the right to have his name withheld, and when the Department, knowing these facts give the right to withhold the name of the informer it will be based on another proposition, but I contend this regulation makes part of the law, and it is the right of the informer—

Mr. BELL: Mr. Gagnon, you think there is a technical position which you can take advantage of to suppress the truth?

Mr. GAGNON: Not at all, not to suppress the truth.

Mr. BELL: The point that you are interested in is to protect your client.

Hon. Mr. STEVENS: What I am going to establish is that the informer gets a moiety on a smuggled car.

Mr. GAGNON: The question you put was "is Brien the informer in that case?" That is the question you put.

Hon. Mr. BOIVIN: I intervened the other day when the question was asked Bisailon or some other witness to disclose the name of the informer. On behalf of the Department I do think it is in the interest of the proper administration of the Department and the collection of all possible revenues to withhold always the name of the bona fide informer. In this particular case if there is tentative evidence to show that the smuggler was the informer, of course it throws an altogether different aspect on it; and the thought has just been suggested to me by the question as worded by Mr. Gagnon. If Brien or any other name—I do not know who is interested—is the smuggler of the car and at the same time the informer, I think we should get around the difficulty by asking this man to state "was so and so the informer in this case."

Hon. Mr. STEVENS: I was asking that and Mr. Gagnon objected.

Hon. Mr. BOIVIN: If he has not got it he can say so. We should have the information.

By Hon. Mr. Stevens:

Q. Mr. Bisailon, will you identify these two signatures? Those two signatures were the signature of Brien?—A. Yes.

Q. Let us get along. We are discussing the K-9 report, 33902 — 4428, the seizure of a Ford car from one Donat Belisle, Terrebonne, and in that we find that this car was bought from his brother-in-law, a Mr. Lavoie?—A. Mr. Stevens, I would like to inform the committee that I did not receive the information in that case. I was not concerned in the information, only in getting the receipt signed by the informer. The information did not come to me, sir.

Q. Well that is all right. You signed this K-9 report?—A. I signed that but the information did not come to me.

Q. You say in your report that you received information that Donat Belisle had the automobile?—A. That is the general report; that is in all cases.

Q. Very good. The report is true?—A. Yes.

Q. Brien is the informer. That is right, is it not?—A. I have nothing to say, sir. I am telling you that in that case I did not receive the information.

Q. In any case the car was bought from the brother-in-law of Belisle, a man called Lavoie?—A. According to the report, yes.

Q. And Lavoie was a brother-in-law of Brien in the car business at that time. That is true, is it not?—A. Yes.

Q. And Brien, according to this identification which you made a moment ago signs a document as follows:

"I beg to acknowledge receipt of Preventive Service cheque Number 3940 for \$12.50, being payment of the award made by the Department for the informant in this matter."

That is correct, is it not? I show you it again. That is correct?—A. Referring to informers I have nothing to say.

Q. That is the signature of Brien, is it not?—A. I suppose it is, I do not know.

By Mr. Bell:

Q. You have just admitted it. (No audible answer).

By Hon. Mr. Stevens:

Q. Can you identify it?—A. That is correct, I have seen it.

Q. Is that Brien's signature? Is that Brien's signature, Mr. Bisailon?—A. I wont answer.

Q. Certainly, you must answer.—A. Anything referring to any informers I cannot answer.

Mr. BELL: But you did answer it.

The CHAIRMAN: You are asked if that is Brien's signature. You say "I do not know." We can get Brien here and ask him whether that is his signature or not.

The WITNESS: It is his signature.

By Hon. Mr. Stevens:

Q. Let us take the next one, 33906 — 4830. There is an important point in this, Mr. Chairman, that I wish to establish and I think we should establish it here. This is signed by you:

"It states that Mr. St. Germain knew that the duty was not paid on the the said car."

That is your report, is it not, Mr. Bisailon?—A. Yes.

Q. Now first, the first point I ask you in this is why was not St. Germain charged double duty on this car?—A. Was single duty paid on this car?

Q. Single duty was paid on this car and a penalty of fifty dollars only?—A. If it was let out on single duty it was an order from the Department. There will be a letter to that effect.

Q. I see. An order from the Department?—A. Yes.

Q. Well now, this man Brien sold St. Germain this car?—A. According to the information, yes.

Q. Brien was the informer?—A. I had not had the information myself.

Q. Brien was the informer in this case?—A. The information did not come to me, Mr. Stevens.

Q. I beg pardon?—A. The information did not come to me; it was to the Assistant.

Q. It came from Duval or Goyette?—A. Duval can answer whom he got the information from.

Q. Let us take it this way: That is the signature of Brien?—A. Yes, it must be.

Q. Just identify it please. That is all I want you to do and we will get around your objection. This reads as follows:

"I beg to acknowledge receipt of Preventive Service cheque Number 3945, for \$48.89, being in payment of the award made for the informant in the above numbered seizure."

and that is addressed to you. Now, we will pass on. Brien then sold the car, which was a smuggled car and which you said in your report they knew as being smuggled to St. Germain. He informed against said car and it was seized. That is right. Am I right?—A. Yes, sir.

Q. And Brien gets the reward. That is correct too, is it not?—A. Yes.

Q. Now, Mr. Chairman, I simply stop at that, so far as those are concerned at this point because it establishes what we have been trying to establish right along that there had been connivance in connection with these matters. Now, Mr. Bisailon, yesterday you told us you were in the liquor business. First let me refer to what is perhaps a little delicate matter, but you referred to it, I think, in reply to your counsel, as regards the salary paid by the Service, and I think you are right that the salary was low?—A. We had to be very saving.

Q. Your salary was what? \$2,200.—A. \$2,400; \$2,450.

Q. \$2,400. Prior to 1924, about June or thereabouts?—A. Yes.

Q. The salary was \$1,500, roughly speaking?—A. Yes. It would run to about \$2,000, including overtime.

Q. Including the moieties it would run to about \$2,000?—A. Not including moieties; including overtime.

Q. What would be your total earnings from the Customs Department in the year 1923, for instance; just roughly. I do not want to go into it very minutely?—A. Round about the same, \$2,200, may be.

Q. About \$2,200?—A. Yes.

Q. It would be under \$2,500?—A. Oh, yes, I presume so.

Q. That is prior to 1924?—A. Yes.

Q. Now, you bought a farm, did you not?—A. Yes.

Q. You built a \$5,000 barn on that farm?—A. Yes.

Q. And that farm is situated right on the boundary, at Clarenceville parish?—A. Yes.

Q. You have a summer home near St. Agathe, is it not?—A. Yes.

Q. Quite a nice summer home?—A. Well, I do not know.

Q. You have a private yacht up there, a gas boat?—A. Where?

Q. At your summer home?—A. Yes.

Q. And you also have your home established in the City of Montreal?—A. Yes.

Q. A farm, a \$5,000 barn on the farm, a summer home, a private launch and an apartment maintained in town?—A. Wrong, sir.

Q. What is wrong about the apartment? Where is it maintained?—A. Where is the apartment you mean to say?

Q. Your home?—A. Yes.

Q. Montreal?—A. Yes.

Q. All on a salary of \$2,500?—A. It is not all kept on that.

Q. I see. Let us go back to the yacht for a moment. Would you describe that yacht to us?—A. Well, I think it cost \$275.

Q. We will not worry about the cost. Have you the bill of sale?—A. Yes.

Q. Will you produce it?—A. I have not got it here. The bill of sale I got from the Disappearing Propeller people and they are in Ontario. It is a Canadian yacht.

Q. You bought it in—A. In Montreal. Right on the corner of Notre Dame.

Q. Give the description of it. Never mind—A. I believe it is a little eighteen footer.

Q. Did you ever seize a yacht from a steamer that was landing liquor in Montreal, a gas boat?—A. Yes, sir.

Q. You seized the liquor and never reported about the boat?—A. Oh, yes; the boat was reported, sir.

Q. Where was it reported?—A. It was reported in a regular form, K-9.

Q. Give us the identification, so we can have the description?—A. Yes, there must have been a report made of that.

Q. You say you seized it. Tell us where you seized it, where you reported it and what it was?—A. The report must be in, sir.

Q. Never mind "it must be". Tell us what it was and we will find it.—A. It is K-9.

By the Chairman:

Q. What year about? What month?—A. The same time that the liquor was seized.

By Hon. Mr. Stevens:

Q. Off what ship. Give us the name of the ship.—A. Are you referring to—

Q. I am asking you to give us the description of that launch that you seized and the number of the K-9 and the approximate date?—A. I cannot give you the number but I can give you the approximate date. I think it is about thirty-eight (38) or maybe 40 feet long.

Q. Give us the approximate date of the seizure so we can find it. You say it is a K-9, we will find it.—A. I believe it is in November some time.

Q. Last November?—A. Yes.

Q. This was before that; there was another before that. I am not talking about November last. I am talking about the boat you seized that was going ashore from a steamer in the river with liquor, and which you seized.—A. There were only two seizures made of liquor on the water and the yacht in question has been seized and returned to the department.

Q. You gave us two?—A. There is only one yacht I am speaking of, in the Champagne case. This is the Champagne case you are referring to.

Q. We will look that up. In your evidence in Quebec, in the Rex vs. Symons case, barge *Tremblay*, it was brought out that you had \$69,000 of deposits in a certain period. That is right, is it not?—A. Not \$69,000.

Hon. Mr. BENNETT: \$67,000.

By Hon. Mr. Stevens:

Q. \$67,000?—A. \$67,000, I presume and it was from 1919, for five years. That was the time I was in business there.

Q. You had invested in a farm during the period, that is right, is it not? Just answer my questions.—A. During what.

Q. During the five year period?—A. Yes.

Q. You built a barn of \$5,000?—A. Yes.

Q. You bought this summer home in Ste. Agathe district?—A. That was—yes.

Q. You had this launch and run it and operated it and there was shown in your deposits some \$67,000, all during the period in which you were earning \$2,900, with your moieties?—A. I—

Q. Is that right or not?—A. I had invested some money and this was the return of the proceeds on the investment I had made.

Q. My statement is correct, is it not?—A. No, sir.

Q. In what respect is it not correct?—A. I say the money deposited in the banks was from the returns on the investment made in the liquor business in those days.

Q. This money that was shown at your credit in the bank was from personal investments, outside of your salary?—A. Yes.

Q. You are sure of that?—A. Yes, sir.

Q. You will swear that now?—A. That is what it was for.

Q. Positively?—A. \$67,000, yes.

Q. Then none of that belonged to the Farnham bank account?—A. I might explain, if you will allow me to explain to you.

Q. Yes.—A. In the month of December, the 24th day of December, I was arrested like a bandit in my office and brought down to Quebec the day before Christmas, Mr. Stevens, and let out on bail right away, so I could get back to my home, to my family Christmas morning, and it was the first time I was in such a predicament, and during the trial of the barge *Tremblay*, I was all upset, did not know where I was at, worried, humiliated and so on, and if I made such a statement it was unintentional and my intention was right. I did not mean to say any of the Government's money had been deposited to my own account. I had none of the money, and there is not a cent of the Government's money that has been handled or used by myself. Every cent I ever got for the Government during my employment with the department, there is never a cent that has never been turned in to the department.

Q. You say you said this because you were so disturbed during the period of the Barge Tremblay trial, that is *Rex v Symons*, and that your evidence was not quite right, owing to the fact that you had been worried.—A. Yes.

Q. And you say not a cent of the money ever went into your own private account?—A. You mean into my own private account?

Q. Yes.—A. Yes.

Q. That is, the evidence you gave to Mr. Lucien Cannon, Crown Prosecutor, on that occasion was wrong.—A. I was under the impression at the time, that all these documents were brought in because they searched every bank, I believe, in the district of Montreal.

Q. Then you state now, under oath, that the statement you made in that trial was not a correct statement?—A. I do not say it was not a correct statement.

Q. It has to be one or the other.—A. I told you I did not realize, or know exactly what I was doing or saying. I was taken by surprise and worried, and it was unconsciously if that statement has been made.

Q. You mean to say that if the statement was made in your evidence—
—A. Yes, sir.

Q. That moneys collected at Farnham were deposited in your account, if that statement was made it was a false statement?—A. I did not deposit any of the Farnham money in my private account.

Q. Let us get it a little closer. Did you ever deposit money collected as Customs Collector at Farnham in your private account?—A. I have no recollection of it, sir.

Q. Yes or no? Did you ever make that deposit?—A. No, I do not believe I ever did.

Q. You never made any such deposit?—A. Never.

By Mr. Bell:

Q. All the \$67,000 was your private funds?—A. Yes.

Q. Did not belong to the Government?—A. Not a cent belonged to the Government.

By Hon. Mr. Stevens:

Q. Then, you were a partner of Brien's in 1919 and 1920?—A. In 1919.

Q. In the year 1919 you and Brien were partners in business, that is right is it not?—A. We had some interest, yes.

Q. In the liquor business?—A. Yes.

Q. During that same period, both of you were Customs officers, that is correct, is it not?—A. Yes, sir.

Q. During that year you had some fifty days off and Brien one hundred and five days off the public service. That is correct?—A. Mr. Stevens, if you will allow me, I would like you to know I was sick on two different occasions,

and you will find a certificate, a medical certificate from a reliable man, an honourable man. I was laid up with rheumatism, and if you will look up, within seventeen or eighteen years I have been in the service you will see how many days I have had off.

Q. You were off eighteen days holiday, and thirty-two days reported as being ill, fifty days in all in the year 1921?—A. In the month of May.

Q. Never mind the month, I will give you the whole year.—A. Yes, you will see the certificate.

Q. You make up the thirty-two days ill, and eighteen days absent on holidays?—A. It was only the month of May I was sick.

Q. Fifty days, that is correct?—A. What year?

The CHAIRMAN: 1921.

By Hon. Mr. Stevens:

Q. Brien, your partner, had eighteen days holidays, and ill eighty-five days?—A. I do not know anything about that.

Q. Is he a delicate man?—A. He can answer for himself, Mr. Stevens.

Q. This record shows that Brien—I cannot ask you to vouch for that, but you will vouch for this—that you and Brien were partners in the liquor business during that period.—A. He had some interest.

Q. What was the nature of the liquor business?—A. Mail order, mostly.

Q. Would you mind coming here and identifying these two little memorandum books. These are your notes? (Shows witness note books)—A. Yes, sir.

Q. And that one? And this one?—A. Yes.

Q. All your memorandum books were destroyed, as you said yesterday?—A. No, it does not appear to be destroyed.

Q. Here is a couple that came to light. I want to go through this leaflet. I will try and not be tedious about it and just ask you a few questions. There are some I am not interested in, and there are some I am. Now, in 1919, you did sort of a retail business in liquor.—A. Well—

Q. For instance, were you in the hay and oats business?—A. No.

Q. That is rather what you would call a generic term, a general term; it is a trade term in the liquor business.—A. No, Sir.

Q. Quite sure?—A. I am positive.

Q. I notice it used in other cases?—A. I never did. It was all legitimate business, duty-paid goods.

Q. You sold hay and oats to Boyer, who is Boyer?—A. Boyer of Belle River Station, I have done many good turns with the same man.

Q. You paid him on the 14th March, or did you pay him for hay and oats, \$27?—A. Yes.

Q. He was in the liquor business?—A. No, it was a temperance house, no license there.

By the Chairman:

Q. Was he from Montreal?—A. No, that is Boyer from Belle River.

By Hon. Mr. Stevens:

Q. I think we will run across Mr. Boyer again. What did he buy hay and oats for a temperance house for?—A. He has horses.

Q. Did you sell hay and oats? Just now you said you never did.—A. I bought, I think for my own horses.

Q. You were keeping horses?—A. I had to.

Q. You did not have a Studebaker and Cadillac and other cars at that time?—A. No.

Q. You got these after you became Chief Preventive Officer.

By Mr. St. Pere:

Q. You always had good race horses?—A. Yes, once upon a time. If I had not been racing so much with horses, I would not be here today. It has been my worst enemy all my life.

By the Chairman:

Q. This is the last race?—A. It will be a good one.

By Hon. Mr. Stevens:

Q. In October 1919, I see an entry of A. Allard, three packages, and in the additional description \$8.10, one gallon of something, \$10; that would be whiskey, I suppose?—A. I do not know.

Mr. St. PERE: Maple syrup.

By Hon. Mr. Stevens:

Q. Who is A. Allard?—A. Have you got the address?

Q. No.—A. I do not know.

Q. December 17th, 1925, \$15.00 and July, \$9.20. These are 1919, except the last, July, and that is 1920. And in addition, you sold seven bags \$1.40. That is the usual way with the bootlegging business, to sell liquor in bags?—A. No, I did not have to do that. It was a legitimate business and it left a legitimate warehouse, and we did not have to do that. That law allowed us to ship into Ontario and anywhere.

Q. You were permitted to ship liquor?—A. Yes.

Q. Then we come to E. Boyer again. And this is an item, a gallon \$15.00. You did not buy eats all the time.—A. No, sold him whiskey.

Q. He was running a temperance House.—A. That was for his personal use.

Q. A gallon of liquor for his personal use on the 14th, and on Tuesday the 26th he had three gallons at \$45.00.—A. Yes.

Q. Was that for his personal use?—A. Yes, there were lots of friends around the district.

Q. On the 29th he got two gallons more for \$30?—A. Yes.

Q. And on January 16th he got some more.—A. There is a big family around there.

Q. You sold to this temperance house?—A. Not to the temperance house.

Q. Five, ten, eleven, gallons in the course of less than a month for his personal use?—A. I might have helped him too.

By Mr. Bell:

Q. Is he still alive?—A. Yes.

By Hon. Mr. Stevens:

Q. We turn over the page and find the same gentleman gets a gallon, \$14, and another gallon, and another, and two, that is five gallons in the course of a few days for this temperance house.—A. That was for himself, not for his house.

Q. We turn over the page and he gets another package. What I am calling attention to is to show you ran a retail business here. We will get to the heavier stuff later.

Mr. St. PERE: It seems it is a case for the Quebec Liquor Commission.

By Hon. Mr. Stevens:

Q. Business was better next year?—A. It was pretty fair.

Q. Now, Mr. Bisailon, I think you told us yesterday that a chap named Belisle ran this business, did you not?—A. Yes, sir.

Q. Who was Belisle?—A. J. E. Belisle.

Q. Do not get funny; who was Belisle?—A. It was J. E. Belisle.

Q. He ran your business, did he not?—A. Partly, yes sir.

Q. Where is he living now?—A. I could not tell you, I do not know.

Q. Where did he live while he ran your business?—A. In Montreal.

Q. Whereabouts in Montreal?—A. I do not know. I do not know what his private address was; I never visited him.

Q. Did he have a private address?—A. He must have had.

Q. You had a man named Carey?—A. Yes, sir.

Q. He ran your business also, did he not?—A. Yes.

Q. You have a long list of names here, including that of Carey, and a lot more names apparently associated with you; you can see them here; where is Belisle mentioned in that list?—A. This is a list of our customers.

Q. Was Carey a customer—I thought he was the Manager?—A. He was the manager, but he would buy goods and resell them at his own profit.

Q. Carey ran your business for you, and he would sell liquor on his own hook and make a profit on it?—A. He would sell it on his own hook.

Q. And make a profit on it?—A. Yes.

Q. Do you swear that Belisle actually existed, and that you knew him?—A. Yes.

Q. You swear to that positively?—A. Yes.

Mr. GAGNON: May I ask if these books were produced with the papers that Mr. Hicklin produced, Mr. Stevens?

Hon. Mr. STEVENS: No, they were not produced by Mr. Hicklin. I am handling these books now, and I take the full responsibility for them.

Mr. GAGNON: I know you will, but I think my client should have them, not Mr. Stevens.

Hon. Mr. STEVENS: You do?

Mr. GAGNON: Yes, if they were not produced before the Committee.

Hon. Mr. STEVENS: All right. I am not going to surrender them just yet.

Mr. GAGNON: If I have any rights as counsel here, I think I have the right to put an objection whenever I wish. I do not want to make any obstruction whatever, but the other day my client was refused access to the files, and I was answered that they had been regularly produced before the Committee. I am asking this because I suppose Mr. Bisailon should know how it is that his personal property is in the hands of Mr. Stevens.

Hon. Mr. STEVENS: I can tell you, if I desire to do so. At the moment, I am not inclined to do it.

The CHAIRMAN: Mr. Stevens, there was a seizure made of all the papers, and even if they were not included in the seizure, Mr. Duncan had the right to seize everything, because he had the writ to seize them.

Hon. Mr. STEVENS: He had no writ to seize these.

The CHAIRMAN: While I do not want to know anything that is of a private nature, I think it is better for the Committee that everything should be plain and open to them.

Hon. Mr. STEVENS: There is no mystery about it.

The CHAIRMAN: If there is no mystery about it, you should easily be able to tell how they came into your possession.

Hon. Mr. STEVENS: It is not a question of giving it under orders. I want you to understand that.

The CHAIRMAN: If there was anything not legally produced before the Committee, you would be the first one to want an explanation.

Hon. Mr. STEVENS: That is stuff and nonsense.

The CHAIRMAN: It is not nonsense, Mr. Stevens.

Hon. Mr. STEVENS: These books were seized by the police of Quebec, and through them they came into my hands.

The CHAIRMAN: All right.

Hon. Mr. STEVENS: Let us go on with these interesting books. The witness has acknowledged the identity of them.

By Hon. Mr. Stevens:

Q. In February, 1920, the next year, Tuesday the 17th February, 1920, you have an entry "By Cheque \$1,000." What was that for?—A. That must have been some of the profits that were made.

Q. Then on Saturday, March 30th, you have another entry of \$1,000. Was that profits from the business?—A. I do not know whether it was profit or sale.

Q. This is some of the income you had outside of your salary as a Customs officer?—A. Yes, some of the profits.

Q. On Saturday, the 10th April, you have another \$1,000?—A. This could not have been all profits.

Q. Not all profits?—A. No.

Q. They were items you received, moneys you received?—A. Money to purchase, some of the money that was paid us, something for deposit.

Q. You say it was money for goods you were buying?—A. Goods that had been purchased, or money that I had received from somebody to ship goods, I cannot tell you.

Q. You say here, and this is a proper entry "By Cheque \$1,000." In each case that means money coming in, does it not?—A. Yes, but it does not mean to say that they were profits.

Q. It means receipts?—A. It may be a receipt, yes, for deposit.

Q. "By cheque, \$4,000" on October 12th, 1920, or it may be April 12th. What would that be?—A. Of the same nature, I suppose.

Q. That is, money received from the liquor business?—A. Yes.

Q. "By Cheque, October 12th, \$6,000" that would be from the same source?—A. It might have been some cheques I had received for shipment of goods.

Q. In other words, you were doing a fairly large business in the second year?—A. Fair.

Q. That is correct, is it not?—A. Yes, fair.

By Mr. Bell:

Q. May I interrupt a moment? Will there be in your bank books corresponding entries for these dates in these months?

Mr. GAGNON: They could be obtained in the same way, I suppose.

WITNESS: Everything is in the hands of the Quebec Liquor Commission. I have not got anything at all. All the cheques, books and everything are in the hands of the Quebec Liquor Commission.

By Mr. Bell:

Q. I interrupted Mr. Stevens with his permission, to ask if in your bank books you will have corresponding entries for these amounts?—A. Not necessarily.

By Hon. Mr. Stevens:

Q. Where did the Belisle company bank?—A. At the corner of Montreuil and Delorimer.

Q. Which bank?—A. It is the Canadian National to-day.

Q. That is, the Banque Nationale?—A. The Banque Nationale, formerly the Hochelaga Bank.

Q. At that time it was the Bank of Hochelaga?—A. Yes.

Q. Frank Hutchinson, Perth, Ontario; there is a long list of names in Ontario, of people you did business with?—A. People I was shipping goods to.

The CHAIRMAN: It is well to throw the light on all corners.

Hon. Mr. STEVENS: I am willing to do that.

WITNESS: We were shipping to them in the regular way, clear down to Halifax.

Hon. Mr. STEVENS: Frank McLaughlin, four cases.

The CHAIRMAN: Give the addresses. Perhaps these people were bootlegging in Ontario.

By Hon. Mr. Stevens:

Q. W. J. Chapman, Midland Street W., Toronto. These were all customers of yours, Mr. Bisailon?—A. People who were buying goods, yes.

Q. On one occasion, just about this time, you were an officer stationed along the canal, were you not?—A. No sir, at the Canada Steamship Lines.

Q. On one occasion, when you were at the Canada Steamships Lines wharf you were involved in the detention of a couple of women, with a trunk load of drugs, were you not?—A. That was not my case.

Q. On one occasion, when you were on duty, yourself and Giroux were at the Canada Steamships Lines wharf, two women were detained, because they had in their possession a trunk full of drugs?—A. That is right.

By Mr. Donaghy:

Q. What year was that, Mr. Bisailon?—A. 1919, if I remember rightly. I only saw them for about two minutes.

By Hon. Mr. Stevens:

Q. You only saw them for about two minutes?—A. Yes, sir, I only saw them for about two minutes.

By the Chairman:

Q. Did you remember them?—A. No, sir, I did not.

By Hon. Mr. Stevens:

Q. You knew them at the time, however, did you not?—A. No sir, I did not know them. It was the first time I had ever seen those girls.

Q. When it came to trial, both you and Giroux refused to identify these same women again, when the police apprehended them?—A. Speaking for myself, I did not refuse; I did not recognize them, Mr. Stevens.

Q. What were their names?—A. On the file, according to the proceedings, one was a Miss Lortie, the other was Miss St. George.

Q. Do you remember her first name?—A. No.

Q. Do you not remember their full name?—A. No.

Q. I do not want to examine this file in detail; what I wanted to ask you was this. I see an entry in this memorandum book of December, 1920, of a 'phone number and "Nellie St. George."—A. That was in December, was it not?

Q. "Nellie St. George." That was at the same time approximately, that you met Miss St. George and Miss Lortie on the wharf with a trunk full of drugs?—A. No, that was in the summer.

Q. I know, and this was later on?—A. What date was that, Mr. Stevens?

Q. The time of the seizure, if I remember rightly, was about August?—A. The trial took place a couple of months afterwards, did it not?

Q. Yes?—A. Quite a while afterwards.

Q. In December you knew Miss St. George well enough to ring her up, or enter her 'phone number in your book?—A. Not while the trial was going on. Have you her telephone number there?

Q. Yes, the entry is here; you knew her well enough in December?—A. After the trial was over.

Q. You still know her?—A. No, I have not seen her since.

Q. You say you have not seen her since?—A. No, sir.

Q. You knew her well enough in December, did you not?—A. She rang me up, I do not know whether it was in December, but it was after the trial was all over.

Q. You entered it in your memorandum book; that is right, is it not?—A. Yes. If you have it there, it is right.

Q. Yet you could not recognize Miss St. George at the trial before the Mounted Police?—A. Because I did not know her.

Q. What did the judge say to you?—A. Not a word.

Q. That statement is false?—A. What statement?

Q. That he thought you were perjuring yourself?—A. The judge never made such a remark.

Q. Were you not reprimanded in the Court because you could not identify these people—both you and Giroux?—A. No sir, never.

Q. Because you said you could not identify them?—A. No such remark from the Judge. It is absolutely false.

Q. That is, the remarks by the Magistrate were false?—A. It is all wrong; never such a remark was made.

The CHAIRMAN: There is a record—

Mr. CALDER, K.C.: No record is ever made of the remarks of a Judge; it is only the testimony.

By Hon. Mr. Stevens:

Q. Nor in the other case of Rex vs Simons?—A. In reference to what?

Q. In reference to the nature of your testimony before the Court?—A. The nature of my testimony before the Court was right, concerning the barge Tremblay.

Q. Did the Judge make some comment?—A. Concerning the barge Tremblay, I performed my duty, sir.

Q. The Judge made some comment regarding your testimony?—A. You have the judgment—

Q. Never mind that. The Judge made some comment concerning your testimony?—A. I have no recollection of it.

Q. You have not?—A. No sir.

Hon. Mr. STEVENS: You have a short recollection.

By Hon. Mr. Bennett:

Q. How long was Brien with you?—A. About eighteen months, from the winter of 1919, until 1920.

By Hon. Mr. Stevens:

Q. I am now reading from the official file, and am reading a letter signed by D. A. Clark, Acting Deputy Minister, addressed to the office of the Deputy Minister, to R. R. Farrow, Esquire, dated September 10, 1920: (Reading):

"From the report furnished the Department by the Commissioner of the Royal Canadian Mounted Police at Ottawa, it would appear that Mr. Bisailon, one of your officers at Montreal, knows considerably more about this matter than he cares to divulge, and the police have stated in their report that this officer is hindering the investigation by concealing certain facts in his possession."

[Mr. J. A. E. Bisailon.]

—A. You know what happened to these men, do you not?

Q. What have you to say to that? Never mind what happened. What have you to say to that indictment of your actions?—A. That is wrong, sir.

Q. And I could not expect you to say anything else?—A. No sir; and I would not tell you anything else. I am telling you the truth.

Q. But—and I conclude with this, as far as this phase is concerned—you did know Miss St. George well enough to keep a memorandum of her name in your private records?—A. Not while the trial was on; it was only afterwards.

Q. Why did you keep the record of this woman smuggler of narcotics after the trial?—A. If my recollection is right, she wanted to sell me a car.

Mr. BELL: Or give it to you.

By Hon. Mr. Stevens:

Q. She knew perhaps that you were a likely person to buy a car. Is that it?—A. Yes. I think she had a car she wanted to dispose of. That is the only connection I ever had with her.

Q. You knew Brien pretty well? He was in partnership with you?—A. Yes, about fifteen months—as a Customs man, yes.

Q. Is he still a partner of yours?—A. No sir.

Q. Why, you speak emphatically. Did you disassociate yourself from Brien?—A. I never was associated with Brien, only for fifteen months.

Q. Is he a reliable man?—A. You have reports in front of you; you would know better than I do.

Q. To what report do you refer? You mean this report to which I referred this morning?—A. You brought up his name once or twice. It would be very hard for me—

Q. All I saw was his name on the paper. You knew the man. Is Brien a reliable man, or is he not?—A. I would ask you not to ask me to answer that, please.

Q. I want an answer. Is Brien what you knew as a smuggler of cars?—A. I was told so; that is from information.

Q. Did you ever know him to deal in stolen cars?—A. No, but in smuggled cars.

Q. With numbers changed?—A. Yes.

Q. If a man deals in smuggled cars with the numbers changed, surely you conclude they are stolen cars, do you not?—A. Not in all cases.

Q. Not in all cases, but usually? People do not change numbers on cars simply because they smuggle them; they change them because they stole them from somebody south of the line, and they want to destroy the identification?—A. Something to that effect.

Q. And Brien was a handler of smuggled cars?—A. You can see by the report in front of you—

Q. When did he start this business?—A. What?

Q. Smuggling cars?—A. When we did find out it was in 1924.

Q. But you were in the bootlegging business in 1919 and 1920?—A. Not in the bootlegging business.

Q. What else was it?—A. The goods were brought in the regular way, Mr. Stevens; the duty was paid, and working under—

Hon. Mr. BENNETT: I see at the former trial he paid \$400,000 to Wilson & Company for liquor.

By Hon. Mr. Stevens:

Q. That was you and Brien—Bisaillon and Brien, named Belisle?—A. That was Belisle.

[Mr. J. A. E. Bisaillon.]

Q. Bisailon and Brien, operating under the name of Belisle, handled \$400,-000 worth of liquor?—A. It was Belisle's account.

Q. Where are your books during that period?—A. I cannot tell you where they are to-day.

Mr. BELL: Probably the same place as the note-books.

Hon. Mr. BENNETT: Mr. Brien was the informer and was acquitted so he could turn King's evidence and give testimony at Quebec?

Hon. Mr. STEVENS: In the barge Tremblay case?

The WITNESS: In the barge Tremblay case, yes.

By Hon. Mr. Stevens:

Q. Will you identify this cheque (indicating)? Is that your signature?—A. Yes sir.

Q. It is quite a changed signature from what you would make now. Since you became Preventive Officer your signature has acquired a number of flourishes.—A. I can account for that sir. At that time I was troubled with rheumatism.

Q. I am sorry for that, but I think it is a more honest looking signature than you make now?—A. Yes?

Q. This cheque is on the Banque Hochelaga, dated the 10th day of the fifth month, 1920, for \$1,300 made payable to J. E. Bisailon, signed by Luger Brien, "In Trust". What trust account was that, do you know?—A. No, I don't know.

Q. Then it was a cheque from your own account?—A. I am speaking only from memory, and I would like to get a little more detail, if you please.

Q. Come up and look at it. (Exhibiting cheque to witness). It is not a cheque from your own business?—A. Yes, that is a regular business cheque.

Q. Why is it marked "In Trust"?—A. I think the money was always deposited in trust.

Q. The money was always deposited in trust?—A. Yes sir.

Q. By whom?—A. By Mr. Brien.

Q. And Mr. Carey and Mr. Belisle—did Mr. Belisle ever make a deposit?—A. He must have a personal deposit.

Q. Never mind the "must have"—A. All the money that was taken in was deposited to Brien in trust.

Q. This \$1,300; what is it? What is it for? It is a large sum; it is not something that would escape your memory readily.—A. There was quite a few of these large cheques; sometimes they might have been for purchases of goods or payment of some bills, or maybe dividends paid. I cannot really tell you.

Q. Yes. There were quite a lot of these.—A. Yes.

Q. Paid out by Brien?—A. Yes, sir. He was paying all the cheques, sir.

Q. Did Brien ever pay on your behalf money to other Customs Officers?—A. Never.

Q. What would he be paying money to other Customs Officers for?—A. Never to my knowledge did he ever pay any moneys to any Customs men.

Q. You were associated with him closely in business at that time?—A. Yes.

Q. Why would he pay money to other Customs Officers?—A. He never paid to my knowledge, money to any Customs Officers.

Q. Well, come here. Identify this. Can you identify that endorsement? (Exhibiting document to witness). Never mind the front of it. The endorsement?—A. Yes.

Q. Whose endorsement is that?—A. Giroux's.

Q. You were associated in Montreal at the time, in the Customs business?—A. No, he was my Chief.

Q. What would your partner, Brien, be paying your Chief \$300 for, when you and Brien were in the liquor business together?—A. Giroux can answer. That is without my knowledge. Giroux can answer this question himself.

Q. I am not asking about Giroux's end of it. I am asking you why your partner in business, Mr. Brien, would pay to Giroux, Tide Surveyor, of Montreal, \$300?—A. I could not answer you because I do not know a single thing about it, Mr. Stevens.

Q. You do not know a single thing about it?—A. No.

Q. You never kept enough check of your business, of which you were the senior partner, to know when they paid out a cheque of \$300?—A. I do not know anything about it.

Q. Are you aware that there were a large number of these cheques paid out by Brien?—A. They were all paid out by Brien. He was the man who signed the cheques.

Q. Quite a few of them?—A. Yes, quite a few of them.

Q. A lot of them to Giroux and other Customs Officers? Here is one, and look at it. (Exhibiting cheque to witness).—A. Giroux can answer to this. I do not know anything about it.

Q. Here is a business, out of which you say you got profits, according to your memorandum, of \$4,000, of \$6,000, \$1,000 and so on, and into which you testified sometime ago \$69,000 was paid for a short period out of which you got large profits from your partner, he paying out himself, to other Customs Officers, \$300, and you know nothing about it?—A. I never knew of him paying anything to a Customs Officer.

Q. Will you swear that you did not know of anything about the cheque of \$300 paid by Brien to Giroux?—A. I do not know anything about it.

Q. Did you ever hear of it?—A. I hear of it now.

Q. Did you ever hear of it before now?—A. I heard of him having loaned Giroux \$300.

Q. Never mind. Did you ever hear of Brien paying Giroux money?—A. Never any money.

Q. You have heard of him loaning him money?—A. Yes.

Q. Brien was in the money lending business?—A. No, I cannot understand what it is but I heard it.

Q. Why would Giroux borrow money from Brien?—A. I could not tell you. In many cases I used to borrow money myself.

Q. Where did you ship your liquor? To Ontario?—A. Ontario, Halifax, New Brunswick, Nova Scotia.

By the Chairman:

Q. Mention all the places.—A. Clear to the Coast.

By Hon. Mr. Stevens:

Q. Your liquor was shipped by steamer or by railway?—A. Yes, sir.

Q. Always?—A. By express.

Q. Did your company never handle any liquor on the wharf of Montreal? I mean yourself.—A. Not to my knowledge. We were not interested in the shipping.

Q. You used to be the officer in charge of the checking of the liquor?—A. No, sir. The only liquor I have recollection of was the liquor in transit coming in through the steamers, through the Canada Steamship Lines or in transit.

Q. Going up the Lakes?—A. Not up the Lakes. Down below. It was the regular shipments.

Q. You did all your business by express?—A. We did all our business by express.

Q. There would be no occasion for Brien paying money to Giroux?—
A. Not at all.

Q. You admit that this cheque from Brien was to Giroux and endorsed by Giroux?—A. Yes. I cannot do otherwise.

Q. And Brien was your partner in the liquor business?—A. Yes.

Q. Just a moment; I want to ask you a few questions about this notorious car, this Dodge Sedan, that was sold in Montreal by Dandurand. You picked that car out for Ouellette, the messenger for Jacques Bureau, the Minister, did you not?—A. I did?

Q. You did.—A. I did not pick it out. I just showed him the car.

Q. You said in your letter to Mr. Bureau that you had picked out a nice car for Ouellette, that is correct, is it not?—A. That is all right.

Q. And then that car was advertised by Dandurand for sale, was it not, along with others?—A. That is 1922, is it.

Q. Yes.—A. 1922.

Q. And that is the car. You will identify it there?—A. Yes, 1922.

Q. And that car never was put up at auction, was it?—A. Yes, to the best of my knowledge that car was put up at auction.

Q. Was it bid upon by anybody?—A. It must have been. You will find that that is the only auctioneer in Montreal, who has a file of every bid.

Q. Never mind that. Do you know if that car was put up for auction?—A. Dandurand would not do otherwise.

Q. Do you know?—A. I did not attend the sale.

Q. Do you know if that car was put up?—A. It must have been.

Q. Never mind "must have been." I ask you now if you have any personal knowledge that that car was put up for auction?—A. Mr. Stevens, I am telling you that I did not attend the sale.

Q. Then you do not know?—A. I do not know anything about it.

Q. That car was not put up on the day of the sale, was it?—A. I do not believe it was.

Q. No deposit was made on it on the day of the sale?—A. No, I do not believe there was.

Q. The custom was to put up a deposit or to pay for the whole car, in either case?—A. How?

Q. I say it was customary to put up a deposit or to pay for the car at those public sales?—A. I do not know Dandurand's rules and regulations. I cannot recollect.

Q. You never had to do with this?—A. No, I never assisted at one of Dandurand's sales.

Q. Can you answer that question or can you not?—A. I cannot answer.

Q. All right, we will pass on. Nothing was paid on this car for several days?—A. According to the records, yes. You have the records. I have not got the record.

Q. Then later on, about a week afterwards the car was resold, that is correct, is it not?—A. Yes.

Q. Not at a public sale?—A. No.

Q. By private sale?—A. Yes, sir.

Q. Dandurand had nothing to do with that private sale, did he. Now, be careful?—A. Certainly, he had something to do with it.

Q. What did he have to do with it?—A. He had the sale of it.

Q. He had the car in his garage or under his control but he did not have anything to do with the re-sale of it?—A. I am not prepared to say that because the car was sold to the account of Ouellette.

Q. Who sold it?—A. Young Dandurand must have sold the car.

Q. Did you not sell the car yourself in St. Eustache?—A. No, sir, I never went to St. Eustache and never offered the car for sale.

Q. You did not sell that car yourself?—A. No, sir, the car was sold at Dandurand's.

Q. Do you swear now that you did not re-sell that car?—A. I have no recollection of ever having done anything else but what I am mentioning now.

Q. Do you swear that you did not re-sell that car?—A. I am just giving you my version.

Q. Surely you can answer that question.—A. I cannot answer any differently than what I have answered.

Q. Did you re-sell it?—A. I have no recollection of having sold the same or having given instructions for the sale.

Q. Let me put it this way. You sent a cheque to Ouellette for \$200, did you not?—A. Yes.

Q. You sent the cheque, did you not?—A. Yes.

Q. That was the profit out of this car, was it?—A. Yes, sir.

Q. And you do not know whether or not that car was put up for auction?—A. Well, it would not have been otherwise, it was advertised.

Q. As a matter of fact, Mr. Bisailon, we will bring witnesses to show it was not.—A. Bring the witnesses.

Q. You do not know whether it was put up at auction or not?—A. When a car is advertised for sale at auction, it goes through by auction.

Q. You told us the other day Ouellette turned the car down because it was a pack of scraps.—A. Yes.

Q. He looked it over and said it was a package of scraps.—A. That is according to what I heard.

Q. You dealt with the thing?—A. I did not deal with it.

Q. Is that your writing or not?—A. Yes.

Q. You turned around in a week and sold it for \$200 more than was paid for it.—A. Young Dandurand was the man that completed the sale.

Q. As a matter of fact, it was sold for \$200 more a few days afterwards?—A. Yes, sir.

Q. On the same day, there is another Dodge sedan seizure, No. 32587-71, and also No. 135411 to Benoit, and it was sold for \$720, and this car was sold for \$495.—A. The other car was 1924 and it made all the difference in the world.

Q. The first one was a better car, or as you said, a package of scraps.—A. The 1922 model.

Q. You sold it for \$200 more two days after.—A. I did not sell it.

Q. You had it sold.—A. It was sold, anyway.

Q. You wrote Mr. Bureau and advised him you would make him a nice profit out of it.—A. You are right.

Q. You did make a nice profit, and you sent a cheque to Mr. Bureau?—A. No, a cheque was sent to Mr. Ouellette. I do not know whether I sent it or gave it to Ouellette.

Q. It was endorsed by Mr. Bureau for identification.—A. No, sir, not to my knowledge.

Q. It was on the cheque.—A. The only thing I had to do, I turned the profit out of the private sale, or sent it by mail, and got a receipt. That is all I know.

Q. I come back to where I was in the first part of your examination, a week or two weeks ago. You make a statement in a letter to Mr. Bureau on February 12th, 1924, you ask Mr. Bureau to appoint you chief officer for the Province of Quebec, the words you used being: "Provided I become chief of the department for the Province of Quebec" You made the request?—A. Yes.

Q. Now you have disclosed to us the methods you have used in the carrying out of your work.—A. My methods were safe and sound and there was never a cent lost to the department.

Hon. Mr. STEVENS: I am through now.

By Mr. Calder, K.C.:

Q. Mr. Bisailon, did you also drive liquor into the United States?—A. No, sir.

Q. Never at any time?—A. Never.

Q. Had J. E. Belisle any trucks in his possession?—A. No, the carting was done—

Q. Did J. E. Belisle have any trucks in possession of his company?—A. I believe there was one truck. It was used for the liquor trade, in Montreal, for two or three months.

Q. Is that all the trucks?—A. That is all the trucks.

Q. You say you don't know where the books of J. E. Belisle are?—A. No.

Q. In whose possession were they when you saw them last?—A. I saw them in April 1921, the 30th April, on a Saturday.

Q. In whose possession were they then?—A. In the office, in J. E. Belisle's private office.

Q. Was the partnership wound up by mutual accounting?—A. Yes, sir.

Q. After the mutual accounting, the books remained?—A. Some of them.

Q. Some of these were filed in the Barge Tremblay case?—A. I think they were produced in the Barge Tremblay case.

Q. How many employees did you have in connection with J. E. Belisle?—A. Not very many.

Q. Could you write down the names of those employed?—A. No, I could not give them to you.

Q. None whatever?—A. None.

Q. It is another lapse of memory?—A. It is in 1919.

The CHAIRMAN: This Committee is adjourned until four p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, in the Chair.

J. E. BISAILLON recalled.

By Mr. Bell:

Q. Mr. Bisailon, just before the adjournment, I think Mr. Stevens was asking you some questions about the time when the general conduct of the Preventive Service in Quebec came under you, and in respect to a letter you had written. You recall what I mean, do you not?—A. In—

Q. In 1925.—A. In 1924. Yes sir.

Q. Now, going back to April 1925, do you remember having some correspondence about a Mr. H. W. Baldwin, with Mr. Bureau?—A. I recollect a letter from Mr. Bureau.

Q. And just briefly recalling it to you, is it not the case, as you recollect it, that Mr. Baldwin had complained there were certain people who had been pursued by special officers for trifling delinquencies. Do you recall that?—A. Yes sir.

Q. And that Mr. Bureau, having received that communication, later communicated with you about it. Do you recall that?—A. Yes.

Q. Then do you recall writing Mr. Bureau in reply to that, and pointing out that Baldwin had exaggerated the situation, and that the men under your control had been instructed to attend only to important things?—A. I presume, I did, yes.

[Mr. J. A. E. Bisailon.]

Q. And do you remember—I am now referring to a letter under date of April 16th, 1925—saying “I do not believe that the people of Rock Island are becoming so fearful as Mr. Baldwin wishes to say, only he is pushed by Jenkins and Wilkinson, who are the greatest smugglers in Rock Island, and the latter are his friends.” Do you remember addressing that to the then Minister?—

A. Yes sir.

Q. Did you go on to say: “I also believe in the interests of the party, it would be preferable to discontinue to watch the frontier.”? That was Mr. Bureau’s party—the government?—A. Yes sir.

Q. “It would be preferable to discontinue to watch the frontier”; that is, take the special officers off?—A. Was it a letter addressed to me?

Q. I am reading from your letter of April 16th, 1925, addressed to Mr. Bureau, the then Minister of Customs.—A. Yes sir.

Q. And you understand to what I am referring: “I also believe in the interests of the party it would be preferable to discontinue to watch the frontier.” Do you recall that?—A. Yes.

Q. “But one must think also of the revenue of the Department, for you know the organization of the Merchants Association waits the occasion of the return of my officers to place some of their own people.” Of course that was true?—A. Yes.

Q. “The famous Knox and Sparks are trying to discredit all the Department does; it is also said right and left they have no instructions to receive from you or Mr. Farrow.” Was that true?—A. That is what I had heard.

Q. Had you attempted to verify that by reference to any of the officers?—A. No, I do not believe I did.

Q. So you had stated that merely as a surmise?—A. Not as a surmise; on hearsay.

Q. From whom?—A. It was general talk.

Q. “Then, Mr. Bureau, this question is very delicate and if you prefer that I recall those officers or else talk the matter over with Hon. Mr. Cardin, I shall do so with pleasure. New advice on the matter will oblige me greatly.” In reply to that request for new instructions what instructions did you get?—A. I do not remember.

Q. Do you mean that the matter rested there?—A. I do not remember, Mr. Bell.

Q. Do you mean that you wrote to Mr. Bureau, suggesting that for the sake of the party, the special officers should have been withdrawn from the boundary, without getting any answer or any instructions?—A. He was sick at the time. I do not remember if I got an answer to that letter.

Q. How long was he sick after that, according to your recollection?—A. Well, Mr. Bureau, had been sick since the month of January, or the month of December, 1924, if my recollection is right.

Q. Yes.—A. At least, since his appointment, practically to the Senate, if I am right.

Q. Are we to understand that you did not expect and did not have any communication from him or from any one acting in his stead in answer to that?—A. I do not say I did not receive one but I do not recollect having received it. If it is on file it is there. I do not remember.

Q. But it is not on file and what I want to know is whether or not you got any answer?—A. Not to the best of my knowledge; I do not remember.

Q. Then what did you do, without having an answer and having made the recommendations that you here made?—A. The officer remained on the job.

Q. Did you then further talk the matter over with Mr. Cardin?—A. I had one interview with Mr. Cardin but I cannot relate—

Q. When was it?—A. Oh, it must be about a year.

Q. What do you mean? A year from when?—A. From to-day.

Q. A year from to-day?—A. Yes.

Q. That would be, if you appreciate what I am asking you, a month before you wrote this letter or communication.—A. I say about a year.

Q. Well, what was it? If it was a year, as you suggest, it was a month before you wrote this letter. Now, was it a year?

The CHAIRMAN: What is the date of the letter?

Mr. BELL: The 16th of April, 1925.

The WITNESS: The 16th of April.

By Mr. Bell:

Q. Yes?—A. I believe it was after that that I saw Mr. Cardin.

Q. Where did you see him?—A. In the Windsor Hotel.

Q. In Montreal?—A. Yes.

Q. And there brought up the contents of this letter?—A. Not to my knowledge, sir.

Q. Was it discussed at all?—A. I do not believe it was.

Q. You had asked obviously in this letter for instructions as to whether or not these men should be withdrawn from the frontier?—A. Yes.

Q. And you had received no answer at all from Mr. Bureau and no expectation, from what you have just said, of getting one?—A. No.

Q. You did not later bring the matter up with him?—A. I have no recollection of having brought this up with Mr. Cardin.

Q. Why not?—A. I just met him in a casual way in the Windsor Hotel.

Q. You knew who he was?—A. I knew who he was, but I was not personally acquainted with him.

Q. You knew he was there in the interest of the Department?—A. In Montreal?

Q. Yes.—A. He was on his way home.

Q. Was he at the time connected with the Department?—A. He was acting as Minister of Customs.

Q. You believed that such a vital matter as the protection of this company against smuggling would be of interest to him?—A. The man remained on the job.

Q. That is not what I asked you. You believed that would be of interest to Mr. Cardin?—A. To let him know?

Q. To know whether or not the people who were there to protect the frontier against smuggling were to be withdrawn?—A. No. I did not take that up with him.

Q. That is not what I asked you. You knew he was interested in it, did you not?—A. No, I did not, because I never had any reply, to the best of my knowledge, from Mr. Bureau.

Q. That is exactly what I say. You did not get a reply from any man who was substituting for Mr. Bureau? Did you ever ask him?—A. I do not remember ever asking him.

Q. Then the matter of the one communication was all that you had, to resolve the question in Montreal?—A. I was satisfied to leave the man on.

Q. And you never asked Mr. Cardin when you met him?—A. No, sir.

Q. It is correct to say that the whole inquiry about withdrawing these men from the border remained there?—A. Yes.

By Mr. Donaghy:

Q. Were any of these men withdrawn from the border, in accordance with your suggestion?—A. No, sir.

Q. None?—A. Not to my knowledge, sir.

The CHAIRMAN: Are there any questions by any other member of the committee?

[Mr. J. A. E. Bisailon.]

Mr. CALDER, K.C.: Will you let me ask a couple of questions?

The CHAIRMAN: You had better finish first.

By Mr. Calder, K.C.:

Q. I am sorry to come back at you so often but I am looking for information.—A. It is a pleasure, sir.

Q. In your experience as a preventive officer and as a Customs Officer, would you say that the Customs leakage was greater along the highway than along the railway?—A. Well, I think it is a question. It is a very hard question for me to answer.

Q. It ought to be easier for you to answer than anybody else here.—A. They were both bad.

Q. Which was worse than the rest?—A. The highways were certainly bad.

Q. The highways, and for the purpose of this, smuggled cars were used?—A. I suppose they were, yes.

Q. It is a fact, is it not, that since the coming of the high powered car, the high powered and swift car the Customs leakage is greater?—A. Well, it was pretty bad.

Q. Yes. Now, is it not a fact within your information, if not within your knowledge that the smuggled car, especially if it had defaced numbers, was invariably associated with the smuggling of a cargo in the car?—A. Well, on some occasions.

Q. Was that not the rule?—A. We cannot say the rule but on some occasions.

Q. Was it not your information that that was what was done?—A. On some occasions.

Q. Was it not your general information that the smuggling per highway was done in cars which were stolen and smuggled?—A. It was both.

Q. Was not the process this, that the smuggler would link up with a car thief and the car thief would take the smuggled cargo across the border in a stolen and smuggled car and then steal a car in Canada and return with another cargo, smuggled into the United States?—A. I have heard of it.

Q. That was your report, was it not?—A. I have heard of it.

Q. Under those circumstances, by returning the car to the man in whose possession it was found and he was charged in K-9 with having smuggled the car, by returning that car to him on payment of double duties, were you not facilitating his work?—A. I explained that it was a common practice until the Department put a stop to it. It was a common practice.

Q. A common practice of what?—A. Of releasing these cars to the owner.

Q. To the man that was found in possession of the car, on payment of double duty?—A. Yes.

Q. Do you not suppose if you had prosecuted that man you would have hit at him doubly as a smuggler of cars, and as a smuggler of goods?—A. As a smuggler of cars, yes.

Q. And presumably as a smuggler of goods too?—A. You mean to take actions?

Q. Yes. If you had prosecuted you would have hit at the highroad smuggler very hard?—A. Well, at the time, the idea was to hit at him where it pained the most.

Q. In his pocket?—A. Yes.

Q. If that be so, Mr. Bisailon, why is it that every time a smuggler was arrested, he had invariably offered to plead guilty if he was let off with a fine, proving that his body was still more sensitive than his pocket?—A. I did not have experience in that.

Q. You had no such experience reported to you?—A. No.

[Mr. J. A. E. Bisailon.]

Q. Is it not the daily experience of your officers, reporting to you that at any time smugglers would plead guilty on the assurance that they would only be fined and not imprisoned?—A. The ordinary fine in those cases, to my knowledge, was a fifty dollar fine.

Q. I am not talking about that. I am talking about imprisonment.—A. It was not in practice in those days.

Q. Is it not a fact that the smuggler prefers to pay any fine rather than being imprisoned?—A. The fine was imposed but no prosecution taken.

Q. I am asking you whether it is not a fact that prosecution would have been a greater deterrent than a fine, because the fine was eagerly paid and imprisonment was constantly dodged?—A. They never were convicted.

Q. Because they were not prosecuted?—A. Even if they were prosecuted. The ones that were prosecuted were let off with a fifty dollar fine.

Q. Not always?—A. In car smuggling cases it never was done.

Q. Then that responsibility would be the magistrates' not yours?—A. That is what it is.

Q. If you had kept on prosecuting smugglers and the magistrates had constantly let them off with fifty dollars, if that be a fact, do you not think public opinion would have reacted and the demand for severer punishment follow? I will concede that your experience has been a discouraging one in that line, the same as mine has been, but if you had kept on prosecuting the smugglers each time, would not there have been a reaction and severer sentences follow as a consequence?—A. It was up to the Department to suggest these things. These reports of smugglers that we were reporting on were sent on daily to the Department.

Q. Did you ever have any communication with the Department, strongly recommending that arrests and prosecutions follow?—A. In a couple of cases.

Q. In which cases?—A. In the Pack case.

Q. What other case?—A. In the Rabinovitch case.

Q. What was that?—A. It was the seizure of manufactured silk goods.

Q. A seizure?—A. Yes, and it was operated in The Standard Dress Company.

Q. That was in connection with The Standard Dress Company?—A. Yes.

Q. And you say that in both these cases you recommended prosecution? Were these the only two cases in which you recommended prosecutions?—A. I did, sir.

Hon. Mr. STEVENS: Answer it louder.

The WITNESS: I did.

By Mr. Calder, K.C.:

Q. Were there any other cases in which you recommended prosecution?—A. Not that I remember.

Q. Can you quote any report whatever of yours to cover the general situation, in which you recommended arrests and prosecutions instead of fining and confiscation?—A. No, sir.

By Hon. Mr. Stevens:

Q. Just before he leaves the stand, would Mr. Bisailon identify this? This is a letter dated August 6th from yourself to Mr. Bureau: "As agreed upon at our last interview, I enclose list of collections made at Farnham." Is this a copy of the collections? (Showing document).—A. Yes, sir.

Q. This page?—A. To the best of my knowledge, it is, sir.

Q. This one?—A. Yes, sir.

Q. This is the deposits?—A. Yes, sir.

Q. In the Banque Provinciale?—A. No.

Q. 392 St. Catherine St., Montreal.—A. Pardon me. No, I have no recollection. I believe I was asked for deposit I made in 1920.

Q. These are the deposits of J. E. Bisailon in 1920, 1921 and 1922.—A. Yes, sir.

Q. That is another additional statement?—A. Yes, sir.

Q. Is that all right? (Showing witness document).—A. It looks to be all right, these are not supplied by me, I do not believe. That must have come from the bank.

Q. This is your letter?—A. Yes.

Q. This statement is yours?—A. Yes, but the other came from the Barge Tremblay.

By Mr. Calder, K.C.:

Q. I am asked by a member of the Committee to put this question to you. Collecting fines helped the revenue.—A. Yes.

Q. Prosecutions and imprisonment would be a great deterrent, but would be less lucrative, would it not, especially under the new law?—A. Under the new law, yes.

By the Chairman:

Q. If you know, answer the question.—A. Yes.

By Mr. Calder, K.C.:

Q. There is no doubt if you take every smuggler and give him a very stiff term in jail, while he was there anyway, he would not smuggle.—A. That would help the situation.

Q. What goods in your experience as a Preventive officer were moved north from the United States into Canada; what principal line of goods, covering all your seizures?—A. There would be silk, cigarettes and liquor.

Q. Liquor, not coming north?—A. Alcohol.

Q. From Rum Row in the United States into Canada?—A. I suppose the alcohol has been a great trouble to Canada coming from the U.S.A.

The CHAIRMAN: Speak louder so we can hear you.

WITNESS: Alcohol has been coming into Canada, according to information, quite frequently.

By Mr. Calder, K.C.:

Q. In what shape? Do you mean in the shape of alcohol, without any qualifications, such as Scotch, and Irish?—A. I mean spirits, such as alcohol.

Q. You mean booze?—A. No, you qualify booze—it is all booze.

By Mr. Bell:

Q. Plain alcohol?—A. Yes.

By Mr. Calder, K.C.:

Q. What, in your opinion, is the return cargo going south into the United States?—A. Well, I am not—

Q. From your information?—A. Well, going to U.S.A. I have never had any great information as far as the U.S.A. is concerned.

Q. The man with whom you had to deal, the Sub-Collectors along the line, must have collected a certain amount of information from the United States corresponding officials. Is it not a fact that it is bottled and branded liquors that form the staple portion of the cargo south, and beers?—A. It was once upon a time.

Q. Has it not been ever since the Volstead Act was put into force?—A. Not upon the highways.

Q. Not by the highway?—A. No, they had greater facilities for landing that stuff at the city of New York, in the harbour of New York.

By Mr. Kennedy:

Q. Have you any idea of the volume of goods moving into Canada from the States, Mr. Bisailon?—A. No, I could not tell you.

Q. Have you any general idea?—A. No.

Q. You do not know whether it would be \$10,000,000 or \$20,000,000?—A. That would be exaggerating.

Q. Ten or twenty?—A. Ten millions would be exaggerated. You are speaking of Canada, in Canada generally, or just the Montreal district?

Q. I would like it in general, if you have any idea.—A. It is a matter I cannot say about.

Q. What about your district?—A. I could not tell you. If we had been able to know, we would be able to handle it.

By Mr. Calder, K.C.:

Q. Did you ask for a prosecution in the case of the Standard Dress for smuggling or seize the goods?—A. If I recollect right, I think I asked for both.

Q. Are you sure?—A. To the best of my knowledge.

By Mr. Gagnon:

Q. Taking Mr. Calder's last question about putting the smugglers in jail, of course it would mean that the officers, whatever might be their salary, would not get moiety at all from the Department, and therefore would not be as sharp as they would be otherwise?—A. I believe so.

Q. What is the approximate salary of the Preventive Officer, leaving aside the question of the moieties?—A. Well, ranging from \$1,200 to \$1,900 and something, \$1,980 if I am right.

Q. For Preventive work?—A. Yes, sir.

Q. And if you cut off altogether the moieties, is it possible to do the work, the Preventive work, without the information, without informers?—A. No, sir.

Q. How would you expect to have information if there was nothing for the informer in the case?—A. We would not get it.

Q. I understand that for three or four years, a big trade was being made in Montreal on stolen and smuggled cars and that in all such cases both offences were committed by the smugglers.—A. Yes, sir.

Q. Do you know if receiving cases, as far as the car is concerned, have been very successful before the courts, for the time you were in the Preventive Service?—A. No, sir.

Q. Is it to your knowledge that most of the so-called receivers of stolen cars whose names have been mentioned here, have been brought before the Montreal courts, for receiving stolen automobiles? Is it to your knowledge?—A. They generally have been brought.

Q. I am talking of Falcon and Legault and all those people whose names have been mentioned yesterday.—A. Yes, sir, they have been brought up.

Q. So, if you are taking a smuggler to court, according to the provisions of the Amendment to the Act passed last year, you will have to prove knowledge from the person whom you are defending?—A. Yes, sir.

Q. It would make it just as hard to prove as a receiving case?—A. Yes.

Q. It would be just as hard to prove the car has been smuggled as to prove it has been stolen?—A. Yes.

Q. If it is the same car?—A. Yes.

Q. And if the smuggler is at the same time the thief, would it be possible to prove the received or smuggled goods before the courts unless you have the very article itself?—A. It has been rather difficult.

Q. So let us put a particular case; supposing Falcon, or any of these people whose names you have mentioned, have in their possession a stolen, smuggled car, how would you manage to prove the case against them?

Mr. CALDER, K.C.: Suppose we leave that to Mr. Brais, the Crown Prosecutor.

Mr. GAGNON: I think, Mr. Calder, you have put that right as a particular question.

Mr. CALDER: My friend is talking as though the witness is an expert in law. I suggest he should first qualify him as such.

Mr. GAGNON: I think you have called him all kinds of names and you have asked advice of him by the last question.

Mr. CALDER, K.C.: He should not now proceed to encourage him as if he was still an officer from taking other action.

Mr. GAGNON: No, I want to show Mr. Bisailon has enough to answer for as Preventive Officer without answering for all the sins of Israel.

Mr. CALDER, K.C.: I want to make this objection to a statement of law made by my friend, which is not a correct and true one. When I was Crown Prosecutor, no charge was laid as receiving. It was laid as theft, and there were repeated convictions on the evidence and the accused were ably defended by able lawyers. There were convictions. I am not alluding to Mr. Gagnon necessarily; he does not monopolize the work in the Montreal courts.

Mr. GAGNON: Not in competition with you.

Mr. CALDER, K.C.: My friend is assimilating the case of receiving to the case of smuggling and I say he is not properly speaking of it. If Mr. Bisailon has a car which he believes to be smuggled and has seized the car, he is in an eminently fitted position, physically, and he can ask a man to justify possession of the car, and if he cannot justify possession, the charge is proved against him of smuggling. Why make a mis-statement of the law?

Mr. GAGNON: There is no mis-statement of the law, and there is no reason that there should be a misunderstanding by any of the laymen of the Committee. When the law says "knowingly," I suppose the Crown has to prove knowledge and the Amendment says so.

Mr. CALDER, K.C.: Will you find me the word "knowingly" in this Amendment?

Mr. GAGNON: Section 219, Mr. Calder: "If any person knowingly harbours, keeps, conceals, purchases, sells or exchanges any goods unlawfully imported into Canada, whether such goods are dutiable or not, or whereon the duty lawfully payable has not been paid, such goods, if found shall be forfeited, and may be seized. And, if such goods are not found, the person so offending shall forfeit the value thereof."

Mr. CALDER: What about smuggling?

Mr. GAGNON: Smuggling you would have to prove. I do not want to argue the point here.

Hon. Mr. STEVENS: What about the two cases I cited yesterday, where the man admitted he had smuggled. Do you want any better proof?

Mr. GAGNON: It was reported to the Department and the Department never issued instructions to proceed.

Hon. Mr. STEVENS: We will deal with the Department later. We are dealing with this witness now and we cannot have them all at once.

[Mr. J. A. E. Bisailon.]

By Mr. Gagnon:

Q. The point is made, Mr. Bisailon, after seeking the position as Preventive Officer, you should carry on your shoulders the responsibility of the whole Department. I want to prove in a lot of cases reports have been made and no action has been taken, and it was not up to Mr. Bisailon to report to the Department what should be done.

Mr. BELL: No, but your question was a question to the witness to state in what way he would succeed in a prosecution of someone he found with smuggled goods. Surely you have to lay before the witness or the Committee the evidence upon which he was supposed to proceed. Not having that, what is the force of your question?

Mr. GAGNON: The answer is that there is not only the fact of arresting a man and not getting him convicted that would have the effect, it is the fact that a man is brought here and convicted that would have the effect of stopping the smuggling that was going on.

Mr. BELL: But unless you have given the evidence, or have it to give, what is the use of pursuing it?

Mr. GAGNON: He has to bear the responsibility of not arresting the man. He must have the evidence, or he cannot go on with any chance of success.

Hon. Mr. STEVENS: If a man confesses to him that he has smuggled a car, what more do you want than that?

Mr. GAGNON: There is no proof of that, Mr. Stevens.

Hon. Mr. STEVENS: Oh bosh!

Mr. GAGNON: It is not "bosh" at all, Mr. Stevens.

By Mr. Gagnon:

Q. Mr. Bisailon, you had how many men in the preventive service in Montreal, how many officers?—A. In 1924 until May, if my recollection is right, I had about eight or ten.

Q. Did you give instructions to your men to visit the garage of Legault and Falcon, and all these people, in order to seize smuggled cars in their possession?—A. Yes, it was a standing order, not only for these people, but in all the garages where they could locate smuggled goods, or smuggled cars.

Q. Did you ever seize any cars in possession of these fellows, or any of your officers?—A. What is that, Mr. Gagnon?

Q. Let us take the case of Legault and Falcon; did you ever seize a car in their possession?—A. Some of my officers have done so.

Q. In how many cases?—A. I cannot tell you off-hand.

Q. You do not know?—A. No.

Q. In their possession whether Legault personally, or Falcon?—A. Yes.

Q. On form K-9 you were supposed to fill in a blank where, if you have any information, you are supposed to say if that man has been convicted, or if any smuggled goods have been seized in his possession?—A. Yes.

Q. In the Beauchemin case did you fill in that blank?—A. You mean personally?

Q. The report is signed by you?—A. Yes, sir.

Q. It was sent to the Department?—A. It was sent to the Department, yes sir.

Q. When was that regulation put in force?—A. In June, I believe.

Q. This regulation ordering you to arrest them?—A. Yes, sir.

Q. In June?—A. Yes, sir.

Q. It is dated July 3rd, 1925. Would it be possible to make a case unless you seized any goods in the possession of a smuggler himself, as far as Article 206 is concerned?—A. According to this, yes.

[Mr. J. A. E. Bisailon.]

Q. Now, you told us this morning, that you had been in the Department as Chief Preventive officer from the month of May, 1924 down to the month of December, 1925?—A. Yes, sir.

Q. You have been examined at length on the question of the benefits or profits you have made while you were interested in the liquor business?—A. Yes, sir.

Q. At that time what was your function there?—A. I was examining officer.

Q. In 1921; when did you stop that liquor business?—A. On Saturday the 30th day of April, 1921, at 12 o'clock sharp.

Mr. BELL: Your memory is coming back.

By Hon. Mr. Stevens:

Q. You have a wonderful memory, Mr. Bisaillon.—A. I have. I had to have it.

Q. I hope that is a sign of regeneration?—A. I had reason to remember that date.

Q. It was a red letter day?—A. I could not say.

By Mr. Gagnon:

Q. Now, Mr. Bisaillon, was an investigation made in 1921, about the month of April or May, regarding your activities in the liquor business?—A. In June, 1921.

Q. What happened?—A. It was made by Inspector Bernard and Mr. Graham. They were instructed to investigate through instructions of the Chief Inspector.

Q. I presume the knowledge of your activities in the liquor business had reached the Department, if an investigation was ordered?—A. Yes, sir.

Q. Was a report made at that time?—A. There must have been.

Q. You do not know?—A. I do not know. There must have been a report.

Mr. GAGNON: I will have to make application for the production of that report sent to the Department sometime in the month of June or July, 1921, signed by Inspector Bernard. I do not know whether it is signed by the other officer or not, covering that point. I am making an application for the production of a report signed by Inspector Bernard, a report of an investigation made by Inspector Bernard in the Summer of 1921.

WITNESS: In the port of Montreal.

By Hon. Mr. Stevens:

Q. Was that not a report attached to Mr. Busby's annual report that year?—A. No, it was a special report.

By Mr. Gagnon:

Q. My recollection is that an investigation was conducted sometime in the month of May, 1921, by Inspector Bernard, and that a report has been sent to the Department covering that investigation. Is that correct?—A. I think it was in June.

The CHAIRMAN: If the members of the Committee will agree with me, if Mr. Boivin will look in his Department, and finds such a report, he will let you have it, no doubt.

Hon. Mr. BOIVIN: I will be glad to do that without a resolution, and if there is such a report, I will produce it just as soon as possible.

Mr. GAGNON: I will leave the question of the liquor activities of Mr. Bisaillon until we have received that report.

The CHAIRMAN: It was about the month of May, 1921?

[Mr. J. A. E. Bisaillon.]

WITNESS: I believe it was in June or July, 1921, sir.

The CHAIRMAN: We will look for it around that date. Did you say it was signed by Inspector Bernard and Mr. Busby?

WITNESS: No, sir. The investigation was conducted by Mr. Graham, and Mr. Bernard, and the report was signed by both, if I remember it rightly.

By Mr. Gagnon:

Q. What were their respective functions?—A. They were both assistant inspectors.

Q. Assistant inspectors in the port of Montreal?—A. No, on Mr. Busby's staff.

Q. Was Mr. Graham's office in Ottawa?—A. Yes, both of them.

The CHAIRMAN: You will stop the examination upon that point?

Mr. GAGNON: Yes, sir, until the report is filed.

By Mr. Gagnon:

Q. As far as the moiety is concerned, when was that ruling of the Department made that no officer whose salary was over \$2,000 was entitled to a moiety, do you remember?—A. I do not remember the date, but I know it was in effect.

Q. But when, do you remember the year?—A. No, sir, I do not remember.

Q. When you were in the Department, when you got in the Department as Preventive officer, in 1924, were the officers whose salaries were over \$2,000 entitled to a moiety?—A. No, sir.

Q. They were not?—A. No, sir.

Q. Were you the only one to share the moiety with the other officers?—A. No, sir.

Q. How many officers are there in Montreal whose salaries are over \$2,000 in the Preventive Service?—A. Well, I believe there is only one.

Q. Now, Mr. Bisailon, coming to the Lortie-St. George matter, this morning you told us that you had been heard as a witness in that case before Judge Lanctot?—A. Yes, sir.

Q. When did you hear for the first time that a report had been made by somebody about the comments of Judge Lanctot in that case?—A. Well, it was just during this investigation.

Q. Had you ever heard of it before?—A. Never.

Mr. GAGNON: I have another application to make, Mr. Chairman. I understand that Mr. Stevens quoted this morning from a letter, I do not know whether you got it from the files of the Mounted Police, with regard to the Lortie-St. George matter.

Hon. Mr. STEVENS: The file is here.

Mr. GAGNON: Is the file there?

Hon. Mr. STEVENS: Yes, it is right here.

Mr. GAGNON: May I have access to that report?

Hon. Mr. STEVENS: Certainly, the clerk will give it to you. I do not know where it is now. Mr. Hill will get it for you.

By Mr. Gagnon:

Q. Mr. Bisailon, that case of Lortie and St. George was made by the Mounted Police?—A. Yes.

Q. Was the case made by the Mounted Police?—A. The seizure was operated by Officer Parizeau and Mr. Giroux.

Q. You effected the seizure?—A. Yes, sir.

Q. Or Mr. Parizeau effected the seizure?—A. Yes, sir.

Q. Were you interested in that case at all?—A. [No, sir.

Q. You were called there as a witness?—A. I was called as a witness.

Q. Together with Officer Giroux?—A. Yes.

Q. Was Mr. Parizeau also heard as a witness?—A. Yes sir.

Q. Can you tell us from memory who were the lawyers in the case, and the witnesses belonging to your Department who were called?—A. The witnesses called in the Department were Officer Parizeau, Mr. A. E. Giroux, and myself.

Q. Who were the lawyers in the case?—A. Mr. Philip Monet was acting for the Department; Mr. Laflamme, Mr. Alban Germain, and I believe that Mr. Biron was connected with the case as well.

Mr. GAGNON: I will have to make another application. I make application for the production of a report that Mr. Philip Monet, who was the attorney for the Department and acting for the Mounted Police, made to the Department. I presume after the case was over he must have reported to the Department, and I would like to have that letter produced.

Mr. DONAGHY: In what case is that?

Mr. GAGNON: In the Lortie-St. George case.

Mr. DONAGHY: The file is here.

Mr. GAGNON: We have a copy of the Court record. My application is for the production of a letter from the attorney of record to the Department concerning this matter, after the case was over.

Mr. DONAGHY: We have the file covering that matter now, and we ought to be able to get that for you.

Mr. GAGNON: The Mounted Police file?

Mr. DONAGHY: The Mounted Police file; I have seen it.

By Mr. Gagnon:

Q. Did you, after the month of June, 1921, have anything to do with the selling of liquor?—A. No sir.

Q. Was the business of buying and selling liquor at that time a legitimate business, according to the laws of the province of Quebec?—A. They were all duty-paid goods, sir.

Q. Where were you buying your liquor?—A. From Boivin and Wilson; from different wholesalers. I cannot recall exactly.

Q. And you were shipping it out of the province?—A. It was shipped from the warehouse, or from Boivin and Wilson, to different parties—and from Hill's warehouse.

Q. Now, coming to your property at Clarenceville. When did you buy that property?—A. I am the sole owner of that property since the 19th day of February, 1924, and took possession of same on the 30th day of March.

Q. What year?—A. 1924—as the sole owner.

Q. That is before you were in the Preventive Service?—A. No.

Q. 1924 or 1925?—A. In 1924; I was in the Preventive Service then.

Hon. Mr. STEVENS: He was acting then.

The WITNESS: I was acting then.

By Mr. Gagnon:

Q. For how long did you act as Acting Preventive Officer?—A. Four or five months, I believe.

Q. Now, would you have any objection to telling us what benefits you made out of the liquor business up to 1921?—A. That is a pretty hard matter. I have not got any books of account; it is pretty hard to say.

[Mr. J. A. E. Bisailon.]

By Hon. Mr. Stevens:

Q. You made an income tax return, I suppose?

Mr. GAGNON: I do not think that would be the best proof.

Hon. Mr. STEVENS: I quite agree with you. It would be an interesting comparison, however.

By Mr. Gagnon:

Q. Mr. Bisailon, did you invest any money in any other business since 1921?
—A. No, sir.

Q. So am I right in assuming that the money you have spent on your farm was money that you had in 1921?—A. Yes, sir—and 1920.

Q. Did you at any time collect, in your capacity of Preventive officer or Customs officer, any money that you did not report to the department in the regular way?—A. No, sir; never. Every cent is accounted for.

Q. How would you proceed in remitting the money that you were collecting to the department?—A. By government bank draft; in a few cases I believe cheques were sent direct.

Q. To the department?—A. To the department.

By Mr. Bell:

Q. On what bank, Mr. Bisailon?—A. It depends; it was fines from different banks and different parties.

Q. Do you recall any one bank in particular?—A. Either the Bank of Montreal,—if there happened to be some cheques that were sent it would be either the Bank of Montreal, the Canadian Bank of Commerce—

Q. Those two, chiefly?—A. Well, there might be the Banque Provinciale as well, but all duties were paid by draft. I believe we began purchasing drafts in the month of June, 1924, to complete our files—the office file as well.

Q. The cheques did not come thereafter?—A. The cheques would come, and we would purchase a draft with the cheque, payable to the Receiver General.

By Mr. Gagnon:

Q. If a man would make a remittance to the Preventive Service by way of an accepted cheque, how would you proceed to make the remittance to the department?—A. If it was made by the Receiver General, this cheque would be presented to the bank by one of the clerks in the office, who would purchase a government bank draft on the Receiver General of Canada.

Q. Would the bank have a trace of these remittances?—A. Yes, sir.

Q. From what bank did you usually buy drafts for remittance to the department?—A. The Banque Provinciale, mostly.

By Hon. Mr. Stevens:

Q. Where?—A. In Montreal, at the corner of St. Hubert and St. Catherine streets, sir.

Q. Was that your personal account?—A. No.

Q. That was a departmental account?—A. The department had no account, because the moment we received a cheque we would send down a clerk to purchase a draft—a government bank draft with that cheque, and remit the money right away—every day, or every second day.

Q. And the same if you received cash?—A. Yes.

By the Chairman:

Q. Your personal account?—A. Had nothing to do with it.

Q. Nothing whatever?—A. No.

Q. Where did you have your personal account?—A. At the corner of St. Hubert and St. Catherine street.

By Mr. Gagnon:

Q. In the same bank?—A. The same bank, but my personal account was separate from the government money.

Q. I understand you had your personal account at that bank?—A. At the same bank, yes, sir.

Q. And if an accepted cheque would come in to your office, you would go to the bank, have the cheque changed into a draft to the order of the Receiver General—A. The Receiver General of Canada.

Q. In other words, buy a draft with that cheque?—A. Yes, sir.

Q. And send it to the department?—A. Yes, sir. That was done by the clerk in the office, where all the collections were made by the chief clerk and his staff.

Q. Now, regarding the barge *Tremblay* case: You told us this morning that you had been in the box at the preliminary investigation, as a witness. At the time you gave your evidence, did you have in your possession your books, letters, and files?—A. No, sir.

Q. The cheques that were presented to you at the time were presented by the Crown Prosecutor?—A. Yes, I believe so, yes.

Q. I understand when you were arrested there was a search warrant issued before your arrest or after?—A. Well, that search—I did not wait for that search warrant because I handed all these documents myself to the chief, Mr. Rioux, all the documents, cheques and everything that I had. I had nothing to hide. I just handed him over the whole thing.

Q. And you were cross-examined? You did not have these papers in your possession from the time you were arrested up to the time you came in the box?—A. No, sir, I never saw them, only a few cheques that were—

Q. Shown to you while you were in the box, on the witness stand?—A. Yes.

Q. You did not have at the time, or the Crown Prosecutor did not have at the time the receipts of the department, covering the remittances for the Farnham Sub-Collector staff?—A. I did not know what he had or what he had not.

Q. Among one of the questions that were put to you there I see that you did not even tell them that the money had been remitted to the department, that the money had been remitted to the department?—A. Every cent.

Q. No, but you did not tell that to the Crown Prosecutor there while you were in the box?—A. Well, Mr. Gagnon, I do not remember what I told him. It was an awful grilling.

Q. And these documents were not before you?—A. No, sir.

Q. And you were asked to render an account of an amount of \$67,000, covering a period of five years?—A. Yes, sir.

Q. Now, Mr. Bisailon, while you were in the Preventive Service in Montreal, from 1924 up to the month of December, 1925, did you have any knowledge of Mr. Knox or of Mr. Duncan, working in the district of Montreal at the same time as your Preventive Officers?—A. Yes, sir.

Q. Would they have something to do with your department?—A. No, sir. They never came near me.

Q. They never came near you?—A. No.

Q. Do you know if they collaborated with any of your officials, if they did not collaborate with you?—A. Not to my knowledge, sir.

Q. Do you not know that?—A. No, sir.

Q. Were you ever asked by them or did you have any—did you ever see them in your office, in the Preventive Service in Montreal?—A. Well, I saw them in December.

Q. Before that?—A. I heard they were around the building. There was quite a collection on the 14th of December. I saw them.

Q. Even with all the goodwill and the experience, the ability and the honesty of any Preventive Officer in charge of the port of Montreal, would it be possible,

[Mr. J. A. E. Bisailon.]

with the help of a few men, let us say ten men, when there are no moieties for the informer, would it be possible to render a satisfactory service to the Department?—A. I do not believe so.

Q. With a salary of \$2,000 a year?—A. I do not believe so.

Q. You were not the only one to know that smuggling had increased for the last two or three years?—A. No.

Q. Does it happen that an officer, whatever his responsibility is, would make suggestions to superior officers in administering the Department, in things which are of common knowledge?—A. Yes, I should think they should.

Mr. GAGNON: Except for the production of those documents which I have asked for, when they are before the committee, I will not question further.

By Mr. Bell:

Q. Mr. Bisailon, will you tell me this, please. What was the date on which you were tried, following the Tremblay case?—A. I believe it was on the eighth of January.

Q. What was the date on which you had turned in your books and documents, before or simultaneously with your arrest?—A. The day of my arrest I was accompanied home by detective Rioux and I had a lot of old cheques.

Q. You do not understand me. When was it? When did it happen?—A. On the twenty-fourth day of December.

Q. 1924?—A. Yes, in the afternoon.

Q. And that having happened, did you come up for a preliminary hearing and then were you committed to stand your trial?—A. No.

Q. So that you had just the trial that you have mentioned, between January and the day when the trial actually occurred, in preparation for your defence, between December twenty-fourth and the date you have mentioned, in January?—A. Yes, but my attorney was away at the time, in Atlantic City.

Q. Returned when?—A. A day or so before the trial.

Q. You went to trial on what date in January?—A. I presume it was on January eighth, if my recollection is right. That is the best of my knowledge.

Q. And I take it that you did not apply unsuccessfully for any postponement?—A. No, sir.

Q. You were ready for your trial?—A. Yes, sir, right away.

By Mr. Gagnon:

Q. Where were your papers at the time? Were they in your possession or in the possession of the Crown Attorney?—A. Everything was in the hands of the Crown Prosecutor and detective Rioux and the authorities in Quebec.

By Mr. Calder, K.C.:

Q. The eighth of January is the day on which the preliminary inquiry began?—A. That is to the best of my knowledge, Mr. Calder.

Q. And the preliminary inquiry, with the evidence for the Crown, went on for some time?—A. I suppose it did.

Q. And you were only heard on voluntary statement. Did you make your evidence at once or did you make it on voluntary statement?—A. No, I could not tell you.

Q. So you were still, from the twenty-fourth of December until the eighth of January, so much under the effect of excitement, that you misstated the origin of your bank account?—A. I certainly was.

Q. About this impossibility that you were in, which my learned friend spoke of, of making a case, are you cognizant of Section 23 of the Customs Act, which imposes upon a man arriving in Canada in a vehicle the obligation to proceed to the nearest Customs ports and make a declaration and answer any questions?—A. Yes, sir.

Q. Supposing you found a man in recent possession of a car, which you believed to be smuggled—Fisher, let us say—could you not ask him at what point that car crossed the line?—A. We often asked them, on different occasions if it was smuggled.

Q. Did you?—A. Yes. It was a common practice to ask him where it came from.

Q. Did you ever seek a report from the point where the car was stated to have crossed the line, to find whether he complied with Section 23 or not?—A. It is too long ago. I do not remember.

Q. It is too long ago?—A. Yes, sir. It is two years.

Q. Because you could have accompanied him down there or found out otherwise whether he had reported to the Customs port?—A. The only thing—I have always said it was a common practice to collect double the duty, and that was our aim in those days.

Q. That was the real reason why you did not prosecute and not the difficulties of prosecutions mentioned by Mr. Gagnon?—A. Well, we never had any direct instructions to prosecute or not to prosecute.

Q. What about this circular which I gave you yesterday, which said “in all other cases prosecute at once.” That is not an instruction?—A. That is from the new—since July, 1925.

Q. You know also that by Section 264 the burden of the proof of proper entry is laid upon the possessor?—A. Yes.

Q. So that the word “knowingly” is countered by the burden laid on the—

Mr. GAGNON: That is also a question of law.

Mr. CALDER, K.C.: I have quoted these two sections to the committee, Sections 23 and 164, which I submit would have afforded Mr. Bisailon ample opportunity to make any case.

The CHAIRMAN: Filed as Exhibit No. 2.

Mr. CALDER, K.C.: I am merely quoting them. I suppose this body takes judicial notice of the Statutes. I know that Mr. St. Pere knows them all.

By Mr. Gagnon:

Q. The men arriving at a port in Canada, I understand would report to the Preventive Service before reporting to a Collector or the officers of the Collector?—A. At the port of entry?

Q. At the port of entry?—A. Yes, they do.

Q. And you have nothing to do with the reporting of these cars, of these goods?—A. The Preventive Service has nothing to do with the reporting?—A. We seize them when we know we are right.

By Mr. Calder, K.C.:

Q. But not to take him down to the port and have him examined by the Port Collector?—A. It never was done.

Q. That is why the Preventive Service was inefficient?—A. Not only in the port, but in the port of Montreal or elsewhere.

Q. Hence the smuggling?—A. Well, I do not know.

By Mr. Gagnon:

Q. Did you ever use that right which was given to you, to examine the people who were arriving with dutiable goods? Did you ever exercise that right?—A. Yes, sir.

Q. People arriving?—A. You mean caught on the street?

Q. People arriving direct from the States to report?—A. They would not report to us. They would report at the port of entry.

Mr. GAGNON: That is all. I am through, but I just want to quote Art. 23 to the Committee.

Mr. CALDER, K.C.: Are you arguing on it?

Mr. GAGNON: No, just drawing the attention of the Committee to what people do when arriving. We do not expect smugglers to report to the Preventive Service.

Mr. CALDER, K.C.: I would ask the smuggler about reporting and if he said "I did not report," he would be a smuggler.

Mr. GAGNON: If he is a smuggler, the Preventive Officer would not catch him, the man would not report his machine.

By Hon. Mr. Stevens:

Q. You received a letter on October 15, 1925, from Mr. W. F. Wilson, addressed to you, *re* seizure 2641, sharply criticizing you for not observing this very regulation that is under discussion, Exhibit 2, and asking you to forward a report immediately, explaining why you violated the instructions of his letter of January 17. Do you recall that?—A. Have you the name, Mr. Stevens?

Q. No, the letter is on file, I will give you the file number. The file number is 14619.—A. Is it in reference to the Champagne case?

Q. Yes, there is a reference in the next one, October 14th, a letter from yourself to Mr. Wilson, regarding the seizure of Mr. Champagne and you accepted \$400 and you said you were sorry you had done it.—A. It was an oversight on my part.

Q. We are trying to get you to explain why you let so many go by. Here are these two cars of Beauchemin and you accepted payment without prosecution.—A. I wanted instructions in the Beauchemin case before taking action.

Q. You had some instructions.—A. I wanted written instructions.

Q. Before you leave the box your counsel brought out in your favour a statement that you had ceased the liquor business what date was it?—A. Thirtieth day of March 1921.

Q. I like to hear you say that. That is one of the few correct answers you can give us on dates that is 1921.—A. In April.

Q. Then you told your counsel you had not subsequent to that day any private investments is that right?—A. I did not previous to that.

Q. Let me put it this way; prior to this date in 1921 April was it?—A. Yes.

Q. April 30th. You had been in the liquor business with Mr. Brien, supplementing your own salary or revenue from that source, that is correct?—A. Yes, sir.

Q. On April 30, 1921, you ceased that business.—A. Yes.

Q. You settled it all up on that date?—A. The account—

Q. Never mind the account. You did, anyway?—A. Yes, sir.

Q. You told your counsel from April 30, 1921 on, you were not engaged in any private business, is that true?—A. From May, 1921, until now I was not interested in any other private business.

Q. May, 1921, when?—A. I mean to say since 30th April, 1921, till this date, I have not been in any enterprise.

Q. Very good. Well now, you supplied Mr. Bureau, at his request, with a statement of the Farnham collections, that is August 6, 1925, and there is also appended to the statement, a statement of your deposits in the Banque Provinciale. (*Exhibit No. 916*). Now then, in 1920, this statement shows a deposit of \$22,413. That is when you were in the liquor business, is that correct?—A. Yes, sir, according to the figures.

Q. In 1921 up to the 30th April, we might as well stop it there, up to April 30th, a deposit of \$14,545. Then you quit the business, did you not?—A. Quit the business.

Q. You had a salary of about, less than \$2,500 with moieties, you told us this morning.—A. Yes.

Q. For the balance of the year of which you were out of business, you deposited in the one account \$4,951, is that right? Just come up and look at this, I think you will recognize it all right. (Shown document.)—A. I do not remember ever supplying this account.

Q. Never mind whether you did, you recognize it?—A. There are figures there.

Q. In 1922 you deposited \$4,099 and in 1923 \$7,389.

Mr. GAGNON: Is that an abstract from his bank account.

Hon. Mr. STEVENS: Yes.

By Hon. Mr. Stevens:

Q. In 1924, \$14,812.—A. In 1924?

Q. Yes.—A. Yes.

Q. Well now, although you were out of business?—A. Yes, sir.

Q. You were getting a maximum up to 1924, of \$2,500, and since it is about the same.—A. That can be easily explained.

Q. That is what we are coming to. You deposited however, these large sums of money.—A. Yes, sir.

Q. What is your explanation?—A. Well, I cannot give them to you off-hand. I will have to have the books and everything, and the mortgage placed on the property, and one thing and another, and will have to have a little time to be accurate in the statement I will make to you.

Q. Can you not give us some general explanation. I could go through it month by month, but that would be tedious.

Mr. GAGNON: Mr. Stevens, excuse me—

Hon. Mr. STEVENS: You brought this on yourself by asking your client to say when he quit the business.

Mr. GAGNON: I did not try to show anything, except that Mr. Bisailon explained he has made a mistake in his evidence in Quebec, because he was—

Hon. Mr. STEVENS: I am not talking about that.

Mr. GAGNON: I will finish just the same. He made the mistake because he did not have the documents in his possession. Now you are cross-examining without showing the documents and he has been in this position since the beginning of the investigation, and you had all kinds of papers furnished, and still you want to show this and that. I have not raised many objections, but my client has been in the box twelve hours and I have cross-examined for about twenty minutes. I do not consider that I can be blamed for stopping the work of the Committee. I understood the rules of evidence would apply, although I do not want to make any legal quibble. This is all entirely illegal, where a man is accused. My client is not accused, but you have been treating him as an accused, but he is a witness, and should be treated as a witness. The question now put is absolutely illegal. You are asking him questions without submitting the documents upon which you are cross-examining him, and if he is to answer upon his bank account, the first thing he should have the opportunity of seeing is the bank account before answering.

Mr. BELL: Is it your suggestion that having made that very grave mistake in Court in 1925, he has never since that time been sufficiently interested to find out what the facts were.

Mr. GAGNON: We never suspected what was being done in the case, otherwise there would have been an investigation.

Mr. BELL: You still take the position that for nearly a year, during which time he admits he gave false testimony, he still has not had interest enough to find out the truth.

Mr. GAGNON: I have no objection whatever to the witness being examined if he is shown the documents.

Mr. BELL: That is not the question I am asking you.

Mr. GAGNON: I will fight the question as a matter of law.

Hon. Mr. STEVENS: Mr. Gagnon asked his client specifically when he ceased his business, and that was the question which I put to him. His client stated he stopped the liquor business on the 30th April, 1921. I am asking his client to state to me how he accounts for these large deposits to his credit.

Mr. GAGNON: There is a great difference between your question and mine. I asked a broad question and you are entering into details with papers before you.

Mr. BELL: Why did he not look them up?

Mr. GAGNON: Give him the papers and he will answer.

The CHAIRMAN: This Exhibit has been filed as No. 91 and was recognized by Mr. Bisailon. The question is perfectly legal, but I understand from the witness it is not easy for him to answer immediately. This Exhibit is filed and you will have an opportunity to examine it, and he can verify it by his own bank-books or cash-books, or any books he has kept previous to coming here, and he will be in a position to answer. If you cannot answer to Mr. Stevens you may say "I have not all the details to answer on the subject." The question is perfectly legal and he can ask for two or three hours to examine the books. In the meantime, this question can be suspended and Mr. Stevens can ask it later on.

By Hon. Mr. Stevens:

Q. Briefly, what is your answer?—A. I cannot answer you right away, Mr. Stevens.

Q. Now then, I want to be fair to you in this matter. Will you produce the papers before the Committee? You can easily obtain a certified statement of your bank account.—A. Yes.

Q. Will you produce the records which you have spoken about regarding the private transactions which will explain these things?—A. Yes.

Mr. CALDER, K.C.: I would suggest the deposit slips.

The CHAIRMAN: You can examine this exhibit if it will be of assistance to you.

WITNESS: I will do that.

Mr. CALDER, K.C.: I have Mr. Legault, but I can more usefully call him to-morrow.

Mr. DONAGHY: It is understood, Mr. Gagnon, your client is going to make up a written statement so we will have a better idea where the moneys came from.

The CHAIRMAN: He has already identified Exhibit 91.

Mr. DONAGHY: Is that the understanding?

Mr. GAGNON: Yes.

Mr. CALDER, K.C.: Showing the source from which the money came.

The CHAIRMAN: You will have this prepared and you will prepare a statement according to the facts, as shown by the books.

Hon. Mr. STEVENS: With a certificate from the bank.

WITNESS: Yes.

The witness retired.

The Committee adjourned until 10.30 a.m., March 18th, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 18—THURSDAY, MARCH 18, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

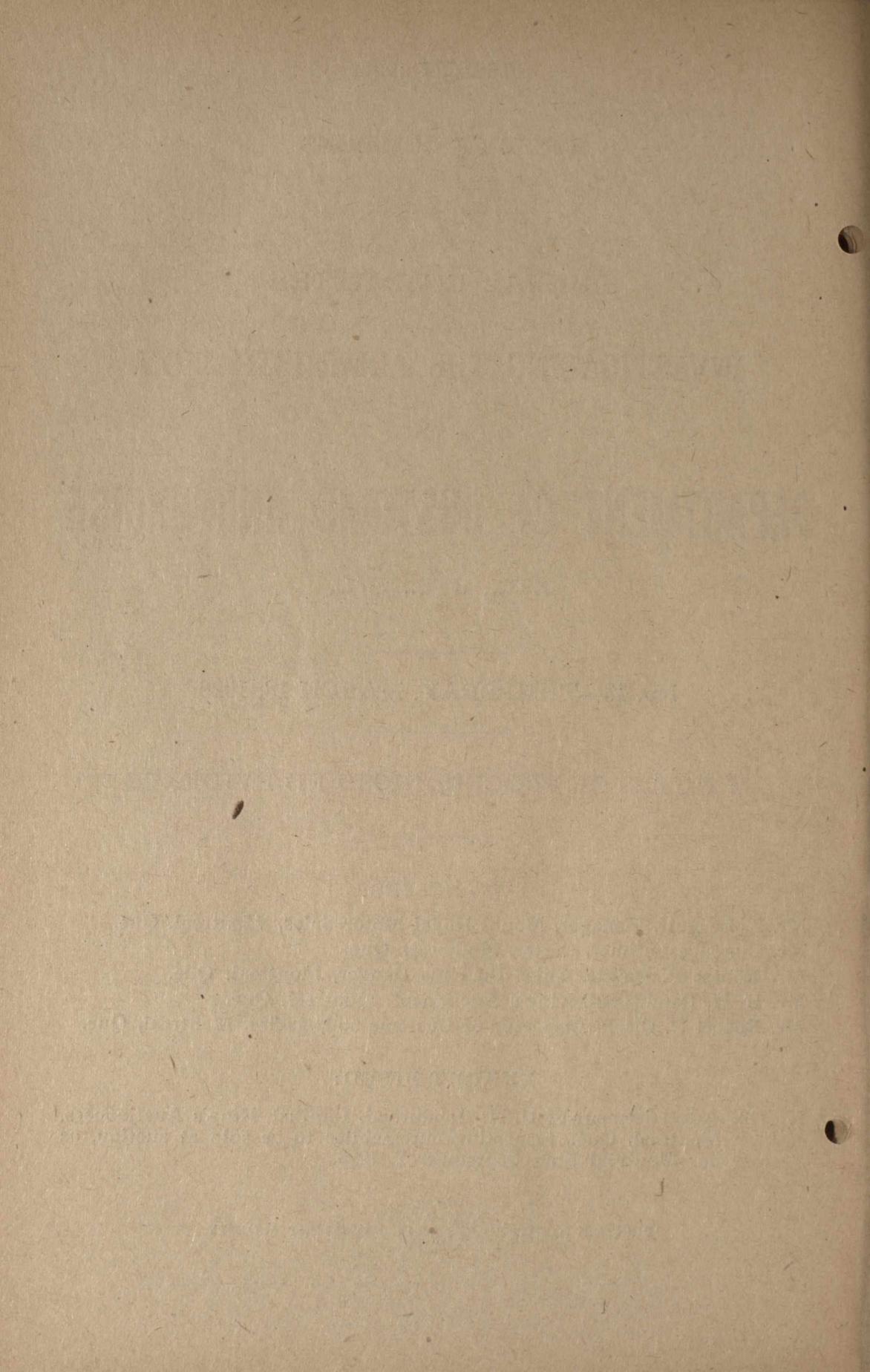
WITNESSES:

- Mr. Z. Legault, Manager, Mount Royal Motor Sales, Montreal, Que.
- Mr. Clarence Latimer, Carter, Montreal, Que.
- Mr. Robert P. Daigle, Chief Customs Gauger, Montreal, Que.
- Mr. U. H. Dandurand, King's Auctioneer, Montreal, Que.
- Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que.

EXHIBIT FILED:

- No. 92—Advertisement of U. H. Dandurand, Limited, King's Auctioneers, Montreal, Que., respecting automobiles to be sold at auction, as per Montreal Star, September 2, 1925.

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1926



MINUTES OF PROCEEDINGS

THURSDAY, 18th March, 1926.

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

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

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

Moved by Mr. Kennedy,—That Mr. Tighe be appointed junior counsel to the Committee.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following questions be submitted to Mr. Kennedy who is now inspecting the port of Montreal, for immediate answer:—

1. Have you examined reports of seizures at the Port of Montreal?
2. If so, did you find all goods properly accounted for?
3. If not, state discrepancies.
4. Did you find any seized goods on hand not accounted for in list of seizures?
5. Were all seizures accounted for by report to department at Ottawa, on Form K-9? If not, state discrepancies.
6. State length of time goods have been held in each case.
7. Why were they not dealt with, and rewards paid to informants?

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of a copy or the originals of all reports made by Special Officer Gould, stationed at New York, *re* Ben Geltner, of New York.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For certain correspondence between Mr. R. R. Farrow, Deputy Minister of Customs, and J. C. Latour, Collector of the Port of St. Johns, Que., early in the year 1922, and having reference to the work of Clarence O. Picher when Acting Sub-Collector at Clarenceville, Que. Also any other correspondence in the hands of the Deputy Minister of Customs having reference to the services of Clarence O. Picher while in the employ of the Customs Department.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Mr. Geo. Hearn, of Elm Avenue, Montreal, be summoned to appear before the Committee this day.

Motion agreed to.

Mr. Doucet pointed out that in his motion as contained in the minutes of proceedings of the Committee of the 16th instant respecting production of papers in connection with Messrs. Cabana and Menard, the latter name was printed "Nenard." Correction to be made.

Mr. Z. Legault, Manager, Mount Royal Motor Sales, Montreal, Que., was called and sworn. Examination in French, interpreted by Mr. Beauchamp, respecting sale of a Jewett sedan automobile to Mr. Lalande by Mr. Legault had

only commenced when Mr. Gagnon raised an objection, on behalf of Mr. Legault, to witness being examined respecting this transaction on account of witness and the car in question being involved in a case now before the Montreal courts. After discussion, the examination of Mr. Legault was postponed.

Witness retired.

Mr. Clarence Latimer, Carter, Montreal, Que., was called and sworn. He was examined regarding cartage by him of liquor from Montreal Customs House at the instance of Mr. Daigle, Chief Customs Gauger.

Witness retired.

Mr. Robert P. Daigle, Chief Customs Gauger, Montreal, Que., was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, respecting his duties.

Witness retired.

A telegram was received from George Hearn, Elm Avenue, Montreal, Que., stating his inability to attend to-day before the Committee as a witness. The Clerk was ordered to telegraph Mr. Hearn to attend to-morrow without fail.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Mr. W. F. Wilson produced the following files, viz:—

1. Preventive Service File No. 13832, *re* seizure of woollen fabrics from D. M. Carruthers, Toronto.
2. Preventive Service File No. 5287, *re* seizure of 15 watches from A. Kaplan, Winnipeg, Man.; seizure of watch staffs and watch jewels from C. F. Gregory, Manager, Canadian Bank of Commerce, Winnipeg, Man.
3. Preventive Service File No. 5175, *re* information *re* smuggling at Niagara Falls and Bridgeburg, Ont.

Files 24D24D25 and 24D24D24 respecting Joseph Schlusser, alias Joseph Goettenberg, together with eleven other files were produced by the Royal Canadian Mounted Police, asked for yesterday.

Mr. U. H. Dandurand, King's Auctioneer, Montreal, Que., was called and sworn. He was examined as to the procedure followed in his automobile auction sale rooms. Witness filed,—

Exhibit No. 92—Advertisement of U. H. Dandurand, Limited, King's Auctioneers, Montreal, respecting automobiles to be sold at auction, as per "Montreal Star," September 2, 1925.

Witness discharged.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que., was called and sworn. Examination was commenced in French, interpreted by Mr. Beauchamp. Mr. Gagnon, counsel for Mr. Bisailon, interposed to retract a statement of his contained on page 445 of the evidence respecting a photographed cheque. Examination of witness was continued almost wholly in English, as to his duties, and automobiles used by him.

Witness released, subject to recall.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, March 18, 1926.

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

Z. LEGAULT called and sworn.

(Examination conducted in French, and translated by Mr. Beauchamp, Official Translator.)

By the Chairman:

- Q. Where do you live?—A. In Montreal.
- Q. What is your name?—A. Zenon Legault.
- Q. What is your occupation?—A. I am a dealer in automobiles.

By Mr. Calder, K.C.:

- Q. You are an automobile dealer in the city of Montreal?—A. Yes, sir.
- Q. Under what corporate name do you carry on business?—A. I am manager of the Montreal Auto Sales.
- Q. Are you the owner of that concern?—A. Yes, sir.
- Q. Have you any partners?—A. I have no partners at the present time.
- Q. Had you any partner in 1925?—A. Yes, sir.
- Q. Who was that partner, or who were those partners?—A. Mr. H. Tremblay.
- Q. Do you recollect having sold an automobile to a Mr. Lalonde?—A. Yes, sir.
- Q. What kind of car was it?—A. It was a Jewett sedan.

ZEPHIRIN LEGAULT est appelé et assermenté.

M. Calder, C.R.:

- Q. Vous êtes marchand d'automobiles à Montréal?—R. Oui, monsieur.
- Q. Sous quelle raison sociale?—R. Je suis le gérant de la Mount Royal Motor Sales.
- Q. Etes-vous aussi le propriétaire de cette maison?—R. Oui, monsieur.
- Q. Avez-vous des associés?—R. Je n'en ai pas actuellement.
- Q. En aviez-vous en 1925?—R. Oui, monsieur.
- Q. Qui?—R. M. H. Tremblay.
- Q. Vous rappelez-vous d'avoir vendu une automobile à un monsieur Lalonde?—R. Oui, monsieur.
- Q. Quelle espèce de voiture était-ce?—R. Un Jewett Sedan.
- Q. De quel modèle?

M. GAGNON, C.R., comparaît pour le témoin et s'oppose à cette question.

La discussion de l'objection formulée par M. Gagnon est faite en langue anglaise.

Mr. GAGNON: Mr. Chairman, I ask permission to appear for Mr. Legault. I appeared for Mr. Legault in Montreal, in a case in which he was before the Montreal courts, on a charge of receiving and smuggling this very car. I think he should not be asked to answer any questions regarding a case which is now

[Mr. Z. Legault.]

pending. He is in the position of an accused person before the courts in Montreal, a criminal court, in a case regarding this very matter, and I do not think it is reasonable to ask him any of these questions, under the circumstances.

Hon. Mr. BENNETT: Is it an indictable offence?

Mr. GAGNON: It is an indictable offence. I know he is protected in any answers he may give here, but it might furnish a link to the Crown to prove the case against him. I think it would be absolutely against the law and against British fair-play to ask him to reply to the Crown and give the Crown a means of convicting him.

The CHAIRMAN: When do you expect Mr. Legault's case to come on, Mr. Gagnon?

Mr. GAGNON: It is on the docket for the month of May, I understand.

Mr. CALDER, K.C.: I do not think my learned friend's position is a good one in law, because we have had an example in Canada of two murderers tried for the same murder separately, and one of the accused was used as a witness against the other. I can conceive of no more aggravated example of that practice. Here we have an issue which is not a trial. It is true that it is on the same facts, but we are not inquiring into the guilt of Mr. Legault; the only point we are inquiring into is the point we have been trying to clear up by the production of documents, which after all are only hearsay. We are now trying to prove that the car which Mr. Bisailon released to Mr. Legault on the strength of certain papers was not in fact the car entered in Mr. Legault's place. Mr. Legault is absolutely privileged. I think you yourself, Mr. Chairman, studied that point and cleared it up, and that you arrived at a conclusion which I think is sound, that any declarations made here are privileged and cannot be quoted under these circumstances.

The CHAIRMAN: It is by leave of the House of Commons, not the Committee.

Mr. CALDER, K.C.: I submit that this evidence is relevant to my case, if there is nothing in the law barring its production. I know that it is unfortunate for Mr. Legault that there should be this hearing and a trial going on simultaneously. But that should not hamper the Committee in any way.

Mr. GAGNON: I think we can get around the difficulty, if it is admitted before this Committee for the purpose of the investigation that this entry paper after investigation has been discovered as not covering the car in question. That would not put Mr. Legault in jeopardy, and I think it would satisfy the Committee.

Mr. CALDER, K.C.: You mean, the production of the deposition?

Mr. GAGNON: If it is admitted before the Committee. Mr. Knox came here and said he had made an investigation regarding this car. Nobody contests Mr. Knox's evidence on that matter. I myself have allowed certain letters written by Mr. Prefontaine, who was the agent for the Jewett cars at Montreal, to be read into the record, making plenty of proof for the satisfaction of the Committee, without causing an admission or a declaration by Mr. Legault under these circumstances. It raises the question not only of whether Mr. Legault is compellable—he is certainly compellable to appear before this Committee—but any declaration he might make here is not only privileged, but he also has the privilege not to answer questions regarding facts concerning a case in which he is accused. That is the point I am taking; it is based on the English law and has been accepted in all the courts of equity and before a parliamentary investigation in England, where a certain deputy was called as a witness and the Privy Council ruled that he had the privilege, although he was compellable, not to answer questions as to the very facts upon which he was before the courts.

[Mr. Z. Legault.]

Mr. CALDER, K.C.: Was he a member of Parliament?

Mr. GAGNON: He was considered just as a witness. He had been brought before the Committee, and in the regular way by leave of the House, was a compellable witness before the Committee, but he refused to answer questions regarding facts upon which he was before the courts, and his contention was sustained by the Privy Council.

The CHAIRMAN: He could not asked to incriminate himself.

Mr. GAGNON: Not only that, he was absolutely protected against all the answers he might give, on the theory that he might give a link to the Crown to prove the case against him.

Hon. Mr. BENNETT: I know the point, and I confess it is a difficult one. Subject to what Mr. Calder is going to say, while I am not going to be a judge in the matter, where the offense is an indictable offense, a man is not compellable; he could not take the stand in his own defence.

Hon. Mr. STEVENS: That is, in a court?

Hon. Mr. BENNETT: In a court, and I do not think it would be a subject matter to be tried before the jury; it would vitiate it entirely, if he was compelled to give evidence in his own behalf or in this way. We must have respect for the laws which we ourselves enact, and we cannot compel a witness to give evidence which might convict him, and which he would not be compelled to give in the courts of the country.

Mr. CALDER, K.C.: All these considerations apply now to something which has actually occurred.

Hon. Mr. BENNETT: This witness is told that although he is a defendant in an action or in a case pending, the parliament of Canada has protected him from his own evidence. It is now being put up to this Committee to ask him questions with respect to a case now pending in the criminal courts. I confess I find it very difficult to bring my mind to agree with that, because after all parliament is quite content with the courts of the country investigating these matters. If this man is guilty, the courts will find him guilty. We are not sitting here as a tribunal to try him. All we have to do is to ascertain certain facts, and if it is possible to get along without this witness, I should certainly like to do so.

Mr. CALDER, K.C.: Will you allow me to offer this consideration? He is indicted for theft, is he not?

Mr. GAGNON: Receiving and smuggling, according to our Article 219, both charges.

Hon. Mr. STEVENS: Is that of the Statute of 1925?

Mr. CALDER, K.C.: I was ignorant of that fact, entirely.

Mr. GAGNON: The very papers we have produced here are on file with the courts in Montreal.

Hon. Mr. BENNETT: Let the matter stand, if you can do so, for the present, until we have had time to consider it. I confess I am unable to bring my mind to the point that he should be asked questions which may incriminate himself.

Hon. Mr. STEVENS: May I ask Mr. Calder and Mr. Gagnon if there are any questions which might be asked Mr. Legault that do not affect his court case? I fully agree with Mr. Bennett in his position, insofar as protecting this witness, or giving him protection in connection with the case in court, but there might be some other information he could give us willingly to-day, that might help us to clear up a very difficult point which we have been referring to all through this investigation.

Mr. GAGNON: Unfortunately, it all comes back to the same question, because, being before the courts on the question of receiving, everybody knows that in the

[Mr. Z. Legault.]

case of receiving we have the right to prove that similar facts have been in his possession, and if we are to question him upon other cars that are likely to have been smuggled, that is likely to come in as proof as well in his case, and we will be in the same position exactly.

Hon. Mr. BENNETT: Was he sent up for trial on charges of receiving, and smuggling?

Mr. GAGNON: He is before the courts on the receiving case, and sent up for trial in the smuggling case.

Hon. Mr. BENNETT: And theft?

Mr. GAGNON: That is still awaiting the action of the court, because we are issuing a commission to the United States. The point is that under Article 219 the Crown has to prove knowledge, and knowledge can be inferred from whatever proof can be made regarding other cars here. I think Mr. Legault, being an accused man, is not a compellable witness before this Committee.

Hon. Mr. BENNETT: Not compellable to answer, you mean.

Mr. GAGNON: Not compellable to answer. That is why I told Mr. Legault to take this position before the Committee. I would not take upon myself the responsibility to be here; he is an accused man, and is compellable, but not compellable to answer as to facts which might give a link to the Crown in the case now before the courts.

Mr. CALDER, K.C.: I believe the Canada Evidence Act applies to this Committee, Mr. Chairman.

Hon. Mr. BENNETT: Because it is a Statute of Parliament, and this is a Committee of Parliament. This is not a court.

Mr. CALDER, K.C.: I know that, Mr. Bennett, but the Canada Evidence Act applies, not only to court proceedings, but to other proceedings under the Federal statute.

Hon. Mr. BENNETT: But those proceedings must be judicial in their character.

Mr. CALDER, K.C.: I am glad this point has been raised at this stage. What rules of evidence am I to go by?

Hon. Mr. BENNETT: There is some amendment to that section, I am sure. It will be found in a small leather-bound volume, I think.

Mr. GAGNON: My contention is that there is no rule of evidence, it is the common law of England.

Hon. Mr. BENNETT: The rules of the Committee have to govern here.

Mr. GAGNON: But the ordinary law of evidence applies.

Hon. Mr. BENNETT: You mean it should?

Mr. CALDER, K.C.: It should, yes. I can foresee that we might be asked on a further application or non-application, as suits the case, and I want some rule to go by.

Mr. GAGNON: I do not say that it has all been lived up to this time.

Hon. Mr. BENNETT: We do not want to be tied by technical rules of evidence; we want to get down to the strict letter of the transaction. I confess that this matter gives me very great difficulty, and that I have no very strongly fixed opinion about it.

Mr. GAGNON: I must say that until we have the ruling of the Committee upon this matter, I will advise my client not to answer any of these questions.

Hon. Mr. BENNETT: If Mr. Calder can go on with something else, we can perhaps leave it for discussion in the meantime.

Mr. CALDER, K.C.: The section reads, "This part shall apply to all criminal proceedings or civil proceedings and other matters whatsoever, respecting which the parliament of Canada has jurisdiction."

Hon. Mr. BENNETT: That comes under Section 91 of the Criminal Code, procedure in criminal law. That is the thing that bothers me about it.

Hon. Mr. STEVENS: Of course, this committee should not lose sight of this fact, however—I am not now suggesting my opinion against the legal opinion of the members of the committee on matters of law. I know nothing about it. It has been admitted before the committee that this branch of smuggling is of national importance. It is a very very grave thing. It must be evident to the committee that it is exceedingly difficult to tie it up with just where the various forms of crime—shall I say—enter into this practice, but as far as possible I think we ought to secure the evidence and the information that will tie it in with one or two cases at least.

Hon. Mr. BENNETT: What Mr. Stevens says about that, Mr. Chairman, I wholly agree with. The difficulty which I experience is that this man is now being tried for smuggling, and in the course of judicial process it will be determined whether he is guilty or not. If he is not guilty by judicial process, any evidence we might take here would, by judicial determination, be regarded insufficient to predicate it upon. If he is guilty the ends of this inquiry are served without having a report upon which the proceedings were taken.

Mr. CALDER, K.C.: In the meantime we must postpone, and postponement means postponement until we can determine whether Mr. Legault has been either acquitted or convicted before we could put to him any question whatever, as to his activities at the border. The object of the question being put to him regarding the Jewett sedan, which has been brought up here is if Legault took a number of cars under a certain device into Canada, we have had Mr. Orr, to whom he made his declarations. It was proven in that particular case that the car that he brought in was not the car that he ultimately covered with his entry papers. I would like to find out to what extent he has been doing that, and the questions put to him on the Jewett sedan are only ascertained facts. Of course if we have to postpone the inquiry into this until Legault is tried it may be a long sitting.

Mr. GAGNON: Legault's evidence is not so very important for the committee.

Mr. CALDER, K.C.: Well, I do not know.

Mr. GAGNON: It is not the best evidence.

Mr. CALDER, K.C.: It is not the best evidence? The way in which these cars were brought in by Legault is the best evidence from Legault. Any other evidence would be hearsay.

Mr. DONAGHY: I would like to ask Mr. Calder if he thinks the witness will be protected if he gives evidence here. Any evidence he gives cannot be used against him.

Mr. CALDER, K.C.: Yes.

Mr. DONAGHY: Do you think this is a proceeding in which the parliament of Canada has jurisdiction?

Mr. CALDER, K.C.: I might say that that does not meet the very strong objection made by Mr. Bennett, and although he cannot be proceeded against by means of declarations which he makes here, yet, throwing the facts into the press might materially injure it.

Mr. DONAGHY: What stand would you take if he were giving evidence in a civil suit. Would he not be compelled to answer in a civil suit and would not the same objection apply as to getting into the press?

Mr. CALDER, K.C.: It is incidentally a wrong that apparently must exist, if you are going to carry on the public business.

Mr. GAGNON: There is a provision in the Act that the laws of evidence in the different provinces, applying to civil cases cover the fact that all the witnesses are compellable, not compelled to appear, but compellable to answer in all civil cases. I think it is Article 35 of the Canada Evidence Act, that in all civil cases in all the courts in Quebec, the provincial statute regarding evidence applies in civil cases.

The CHAIRMAN: I think, under the circumstances, we will suspend Mr. Legault's examination, and we will take the application and your suggestion en delibere, to be discussed by the committee.

Witness retired.

CLARENCE LATIMER called and sworn.

By the Chairman:

Q. What is your name?—A. Clarence Latimer.

Q. Clarence Latimer?—A. Yes.

Q. What is your occupation?—A. I had the mail around there, for Chalut.

By Mr. Calder, K.C.:

Q. What had you around there?—A. I had the mail around there.

Q. Around where?—A. Around the Customs.

Q. How long have you been in the employ of the Customs?—A. I have just been working around there.

The CHAIRMAN: Speak louder. We do not understand you. We do not understand a word.

WITNESS: I have not been working there. I have been working for Chalut.

By Mr. Calder, K.C.:

Q. Who is Chalut?—A. He is a carter.

Q. You were not a customs officer?—A. No.

Q. You were in the employ of Chalut, who was himself under contract to the Customs as a carter?—A. Yes.

Q. Did you ever take out of the customs house two barrels or casks of liquor?—A. Yes sir.

Q. Can you give us the date of that?—A. No sir.

Q. What year was it?—A. I do not know, sir.

Q. You cannot even tell us the year that occurred in?—A. I do not know whether it was 1921 or 1922. I do not know.

The CHAIRMAN: Speak louder.

By Mr. Calder, K.C.:

Q. It was in 1921?—A. It was in 1921 or 1922.

Q. Was that your own idea, taking the barrels of whiskey out?—A. No sir.

Q. Who first suggested it to you? Who first talked to you about it?—

A. Mr. Daigle.

Q. Was Daigle the first man to talk to you about it?—A. Well, they were his.

By the Chairman:

Q. They were his?—A. They were his.

[Mr. Clarence Latimer.]

By Mr. Calder, K.C.:

Q. I am not asking you whether they were his. As a matter of fact they were not his. Was Daigle the first person to raise that subject with you, or did you go to Daigle on your own motion or did he call for you, or did somebody send you to Daigle?—A. He sent for me.

Q. Daigle sent for you?—A. Yes.

Q. Who is Daigle?—A. He is the chief of the gauging department.

Q. Where were you when he sent for you?—A. Well, I used to do their work around there.

Q. I see. Did he phone for you?—A. Well, I used to go up there every morning.

Q. You used to go to Daigle every morning?—A. In case they needed me.

Q. How did Daigle put the proposition to you?—A. Well, he just asked me did I know anybody who would buy it. I said I did not know.

Q. You are quite sure that nobody sent you to Daigle?—A. Yes, sir, I am.

Q. Did you ever state that somebody had sent you to Daigle?—A. I did, sir, but I see that I made a big mistake.

Q. You see that you made a big mistake?—A. Yes sir.

Q. Whom had you mentioned as sending you to Daigle?—A. I mentioned Mr. Bisaillon.

Q. How did you come to make that mistake?—A. Well, around that time, I think he asked me to move some lady there. I moved her and I think it was around that time.

Q. You confused the two things, the lady and the whiskey?—A. Yes, sir. I was so long—

The CHAIRMAN: Speak very loud. We do not understand.

WITNESS: All right, sir.

By Mr. Calder, K.C.:

Q. Now, Mr. Daigle asked you to find a purchaser for this?—A. Yes.

Q. Did he tell you what whiskey it was?—A. I think it was American whiskey; Bourbon.

Q. Did he tell you how he had got it?—A. I did not ask him how he got it.

Q. He asked you to go out and find a purchaser for this liquor?—A. Yes, sir.

Q. Did you go out and find a purchaser?—A. Yes, sir.

Q. Whom did you find?—A. I found a man by the name of Arbour.

Q. Where does he live? I mean where is his place of business?—A. He is a carter.

Q. On Shannon Street?—A. Yes.

Q. Number 49?—A. No sir.

Q. What number?—A. I do not know the number.

Q. Near the Customs House?—A. Yes.

Q. How did you come to go to Arbour?—A. Well, I always heard that he was a kind of a man like that. I did not know him personally.

Q. He was in the market for liquor. Is that it?—A. Yes.

Q. Did you go straight to him? Was he your first prospect?—A. No, I met him on the road, I think.

Q. But he was your first prospect?—A. Yes.

Q. And you closed with him at once?—A. I did not make any deal with him. He wanted to see the stuff.

Q. Did you go back to Daigle?—A. Yes.

Q. And report this matter to him?—A. Yes.

Q. Was there any price mentioned?—A. No, no price.

Q. What did Daigle do then?—A. He said it was all right.

Q. He said it was all right?—A. Yes.

Q. Without any price being mentioned?—A. Without any price being mentioned.

Q. Did he take delivery of the barrels then?—A. In the afternoon, I think, about two or three o'clock.

Q. In the afternoon of the same day?—A. Yes.

Q. Was this in the winter or the summer?—A. I think it was in the winter time.

Q. You know it was in the winter?—A. Yes.

Q. Because you were driving a sleigh?—A. Yes.

Q. Who gave the delivery of the kegs to you?—A. I do not remember the man.

Q. In the first place, where was this whiskey? In the bond down stairs?—A. I was down stairs. I do not know whether it was in the bond or not.

Q. Where did you take delivery of it? On the ground floor?—A. On the ground floor, yes.

Q. You do not remember who delivered it?—A. No.

Q. What did you do? Just load it on the sleigh?—A. Yes.

Q. Where did you take it?—A. To the corner of Laurier and Hutcheson.

Q. Who told you to take it there?—A. Mr. Arbour said he would meet me there.

Q. He said he would meet you there?—A. Yes.

Q. No price had been discussed?—A. No price had been discussed.

Q. He was going to test it on the street, and then you would deliver it to him?—A. I do not know whether he was going to test it on the street or not.

Q. You drove up, and what happened?—A. I drove up and was hoisted out.

Q. You were what?—A. Pulled out of the sleigh.

Q. Were you at the corner when that happened?—A. Yes.

Q. Tell us how it happened that you were taken from the sleigh?—A. I do not know how it happened. I was passing by and was pulled out.

Q. Did you see the people who pulled you out?—A. There were three or four.

Q. Did you see them?—A. My coat was hoisted over my head—

Q. Your own coat?—A. Yes.

Q. Was pulled up over your head?—A. Yes.

Q. And you were hauled out of the sleigh?—A. Yes.

Q. What happened?—A. Then some lady jumped up; I just saw her, and she took the sleigh away.

Q. A lady jumped on to the sleigh and drove away?—A. Yes sir.

By the Chairman:

Q. With the whiskey?—A. Yes.

Q. At what time of the day?—A. I guess it would be around six or seven.

Q. At night or in the morning?—A. At night.

By Hon. Mr. Stevens:

Q. Was it dark?

By the Chairman:

Q. Dark?—A. You know the way it gets dark now.

By Mr. Calder, K.C.:

Q. Were you manhandled in any way?—A. No; I was not hit or anything like that.

Q. Did you strike out? Did you try to defend the precious cargo you had?—A. I defended myself; I covered up my face with my arms as much as I could.

Q. Were they hitting at you?—A. No.

Q. And you were not hitting at them?—A. No, I was glad I did not get hit myself.

By the Chairman:

Q. You were afraid of being hit?—A. Yes.

Mr. CALDER, K.C.: One might almost say you were too proud to fight.

By Mr. Calder, K.C.:

Q. Did you recover your horse and sleigh afterwards?—A. About ten or eleven o'clock that night.

Q. Did you recognize Mr. Arbour among those who received you at the appointed place like this?—A. No.

Q. How did they keep you from seeing them?—A. I met Mr. Arbour about five minutes afterwards.

Q. You did?—A. Yes.

Q. Where?—A. He was looking for me.

Q. He was looking for you?—A. Yes.

Mr. CALDER, K.C.: I thought hi-jacking was confined to the seas.

By Mr. Calder, K.C.:

Q. Did you report this to the police?—A. I had to report it to the police to get my horse back.

Q. You did report it to the police?—A. Yes.

Q. So the police report will fix the date?—A. No. He said "You call up in an hour or so and we might have it."

Q. If you made a report it was put in writing, not by you but by the police, and that would fix the date. You made the report on the same day?—A. It was that night.

Q. On the same calendar day?—A. Yes.

Q. Did you report this back to Mr. Daigle?—A. In the morning.

Q. And what was his comment on the report?—A. He just said nothing at all.

Q. He said nothing?—A. "If it is gone, it's gone".

Q. Did you report it to anybody else?—A. No.

Q. Is this the only time that you have carted liquor from the Montreal Customs House?—A. No, I have taken parcels; I will admit to that.

Q. You took parcels?—A. Yes sir.

Q. Who gave them to you?—A. Mr. Daigle.

Q. Can you tell me to whom these parcels were brought?—A. Mr. Clerk.

Q. Who is Mr. Clerk?—A. He is an inspector in the Customs.

Q. Is that Mr. R. Clerk?—A. Yes sir.

Q. Did you take any elsewhere?—A. Yes, to Mr. Giroux.

Q. Is he a Custom officer also?—A. Yes sir.

Q. Anybody else?—A. I think I was asked possibly to Mr. McLaughlin.

Q. Who asked you?—A. I did not take any to Mr. McLaughlin; I said I took papers to Mr. McLaughlin.

Q. Papers?—A. Newspapers; the Boston and New York newspapers.

Q. That is all you took to Mr. McLaughlin?—A. That is all I can remember.

[Mr. Clarence Latimer.]

Q. At what time did you take the parcels to Mr. Giroux's house?—A. Oh, it was in the afternoon, or around the dinner hour.

Q. On what date?—A. I don't know the date.

Q. Was it going on until lately?—A. I don't know.

Q. You don't know?—A. Not lately.

Q. How far back was the last parcel delivered?—A. Over a year or two years, I think.

Q. Did it extend over a period before that?—A. I only went to Mr. Giroux's about three or four times.

Q. In the same year?—A. No, I cannot say that.

Q. What did you deliver to Mr. Giroux?—A. Some small bottles, and like that—wine.

Q. Were these all sample bottles or were they regular claret and sauterne bottles?—A. No, sample bottles.

Q. Small sample bottles? How large were they?—A. I don't know what they held.

Q. Were they ordinary bottles taken as samples?—A. The regular bottles.

Q. The regular bottles?—A. Yes.

By the Chairman:

Q. How do you know whether it was wine or whiskey in those cases? Do you know it personally?—A. No sir.

By Mr. Calder, K.C.:

Q. You know it was a liquid in bottles?—A. Yes sir.

Q. Did you see the inside of the parcels?—A. That is a thing I would not do, open anybody's parcel.

Q. No, but when you arrived at a destination somebody else might open them before you, or before leaving the Custom House somebody else might wrap them before you?—A. No, I got the parcel handed to me and I handed it in at the door and walked away.

By the Chairman:

Q. You never knew in your life what was in those cartons or parcels or boxes?—A. No.

By Mr. Calder, K.C.:

Q. Have you stated that this stuff was delivered in regular boxes, and that the boxes were opened and emptied before you?—A. That was to Mr. Giroux.

Q. That is what I am asking you.—A. That was to Mr. Giroux.

Q. You saw that then?—A. I saw it.

Q. All right; since you saw, that you did see the contents of these boxes?—A. In them boxes, yes.

Q. What were the contents?—A. Claret and sauterne.

Q. What was done with it?—A. Put it into other bottles—jars.

Q. Poured into jars?—A. Yes.

Q. And the bottles or boxes given back to you?—A. Yes.

Q. And taken back to the Customs?—A. Yes.

Q. And you say that occurred three or four times?—A. Four times, at the most.

Q. And you say now that all you took to Port Surveyor McLaughlin's house were newspapers?—A. Newspapers.

Q. You say that now?—A. Yes.

Q. Did you always say that?—A. No, I said there may have been others went there; I don't know.

Q. You mean other carters?—A. I don't know that.

[Mr. Clarence Latimer.]

By the Chairman:

Q. Do you swear positively you carried only newspapers to Mr. McLaughlin's house?—A. That is what I took to Mr. McLaughlin's house—newspapers.

Q. Personally? Speaking for yourself, personally?—A. What I took to Mr. McLaughlin's house was newspapers.

Q. And if I understand you well, as far as Mr. Giroux is concerned, you brought some wine—some claret and sauterne?—A. Yes.

Q. How many times?—A. Not more than three or four.

Q. When?—A. Over a year or two ago, anyway.

Q. Did you see the bottles or the jugs unwrapped or uncased each time?—A. I saw it just once.

Q. Do you remember that time?—A. I don't know.

Q. Was it the first time or the last time?—A. I don't remember that.

By Mr. Calder, K.C.:

Q. Now, I find at page 126 of your testimony under oath the following questions and answers:

“Q. Did you ever take parcels from the chief gauger's quarters in the Custom House to the surveyor of the port's residence—Mr. McLaughlin?”

A. Not since Mr. Daigle is there.

Q. Did you ever take them?—A. Yes sir.

Q. On many occasions?—A. I cannot say how many.

Q. How many times?—A. Two or three times.

Q. What time was that, or who was the gauger at the time you took these parcels to Mr. McLaughlin?—A. Mr. Cote.

Q. He was then Chief Gauger?—A. Yes sir.

Q. What did the parcels that you took to Mr. McLaughlin's residence contain—was it bottles?—A. Yes sir.”

A. I think I—

Q. Wait a while.

“A. They were handed me in a parcel and I went and delivered them at Mr. McLaughlin's residence as parcels.

Q. There were a good many parcels, were there not?—A. I think mostly two bottles at a time.”

—A. I think, if I am not mistaken, I said there were others; I am not sure of that.

Q. Did you say this or did you not?—A. Yes sir.

Q. Was it true?—A. I don't know; I don't think it was, because I was not there when Mr. Cote was there. In fact; I did not do the work then.

Q. So you do not think it was true—as you stated?—A. I said there were others there beside myself.

Q. You did not say that in the evidence I just read to you?—A. Well, I made a mistake.

Q. Did you ever take liquor to Inspector Bernier?—A. Yes sir.

Q. How many times?—A. Not more than a couple of times.

Q. When?—A. I do not know when.

Q. How many parcels at a time and what did they contain?—A. It was just parcels.

Q. Were these parcels ever wrapped up before you, or emptied before you?

—A. No, they were wrapped up.

Q. Whom did you get them from?—A. Mr. Daigle.

Q. On each of the occasions you speak of, except in the case of Mr. McLaughlin, you got these from Mr. Daigle?—A. Yes.

[Mr. Clarence Latimer.]

Q. And these parcels, you could tell whether they were bottles?—A. You could tell a parcel of bottles.

Q. Full or empty?—A. I guess they were full.

The CHAIRMAN: Did you see them?—A. No, I did not see them.

Mr. CALDER, K.C.: They may have contained olive oil.

The CHAIRMAN: The evidence here is not exactly the same; there is confusion or misunderstanding as to that, and I want to bring every witness to the point.

Mr. CALDER: Did you ever take parcels to the railway station for Mr. Daigle?—A. Yes.

Q. What kind of parcels?—A. Satchels.

Q. What did these contain?—A. I do not know what was in the satchels.

Q. What would be your conclusion from the feel, heft or noise coming from the parcel?—A. There would be no noise.

Q. No noise of liquid going to and fro inside?—A. No, no liquid.

By the Chairman:

Q. No sound?—A. No.

By Mr. Calder, K.C.:

Q. How heavy would these be?—A. Sometimes heavy and sometimes light.

Q. Do you say they would be bottles?—A. There may be bottles once or twice.

Q. Do you say there was no liquid?—A. It might have been liquid, you could tell by weight, I never opened them to see.

Q. Did you ever take any other parcel from the Gauger's Department, the contents of which you knew?—A. Not that I know of.

Q. Sugar?—A. Yes.

Q. To whom did you take this?—A. I think I took some to Mr. Clerk. I am not positively sure of that.

The CHAIRMAN: If you are not sure of something do not mention it. Take sufficient time to recollect these things, and answer very straightly and tell the truth and nothing else. If you are not sure of something, do not try to answer. It is better for any human being, and for yourself.

By Mr. Calder, K.C.:

Q. You knew this was sugar you took up there?—A. I do not mean by knowing, necessarily tasting, and seeing the contents.

Q. But from all the circumstances, and the place it was taken from, the way it felt, and what was done at both ends, do you know what was in it?—

A. I think I took up once some sugar.

Q. Where?—A. To Mr. Clerk's.

Q. Anywhere else?—A. I do not know, I cannot answer that.

By the Chairman:

Q. About the sugar, what quantity, was it three pounds, five pounds?—A. I could not say it was a big bag or small bag, it is so long ago I forget.

Q. Do I understand you do not remember?—A. No, I do not remember quite.

Witness retired.

ROBERT P. DAIGLE called and sworn.

By the Chairman:

Q. Do you wish to give your evidence in French or in English?—A. In French.

(Examination conducted in French and interpreted by Mr. Beauchamp, official interpreter.)

By the Chairman:

Q. What is your occupation?—A. Chief Gauger in Montreal.

By Mr. Calder, K.C.:

Q. I want to ask you a few general questions. I intend asking you certain questions regarding the gauging in Montreal and bonding generally. What articles are subjected to gauging?—A. Mostly alcohol, liquors, wines, brandies, gins, sherries, and clarets.

Q. What other articles?—A. Molasses.

Q. Sugar?—A. Sugar also, sugar is not gauged but it is weighed.

Q. Are there other articles?—A. Coffee also.

Q. Corks?—A. Corks and nuts, sometimes tea also.

Q. Do oils pass through your department?—A. Yes, sir, gasolene, fuel oil, and gas oil.

Q. Different oils used for domestic purposes go through your department?—A. No, but we handle gasoline and fuel oil.

Q. Industrial oil?—A. Yes.

Q. What is done with the cargo of liquor when it reaches the port?—A. The importer makes a report.

Q. Of the said importation?—A. Yes.

Q. Is the cargo placed in bond provisionally while awaiting gauging?—A. It is at the port of arrival, it remains at the port of arrival, either at the wharf or at the railway station, or at the Quebec Liquor Commission.

Q. How is the gauging carried out?—A. I send my gaugers who conduct the gauging along with gaugers for the Quebec Liquor Commission.

Q. Therefore the gauging is carried out in common?—A. Yes, the gauging is carried out by our gaugers and the representative of the trade.

Q. You gauge the contents of the casks and take samples for this purpose?—A. Yes, sir.

Q. How many samples do you take out of each cask for testing purposes?—A. This varies. I am not speaking of the volume of samples, but of the number. When I reach the department, I inform Mr. Adamson and he outlines the work to me.

By the Chairman:

Q. Are you aware Mr. Adamson is dead now?—A. Yes, sir. Then Mr. Adamson told me that with respect to scotch, brandy, gins and wines, it all depends on what you have before you, the contents and the marks. If you are handling a barrel or cask short of two or three gallons, it would be well advised to take samples out of the casks, in case water might have been added to the contents, the barrel not being normal. With respect to rums and alcohols, it would be a sample containing one bottle.

Q. One bottle is a sample from each cask?—A. Yes.

Q. Simply taken from each cask. Therefore the number of samples varies according to the quality and the condition of the package.

Q. And the condition of the package?—A. Yes.

Q. Therefore you take samples from the cask by utilizing a sucker?—A. Yes, sir, a siphon.

Q. Does it happen that you take samples at different depths in the barrels?—A. Yes.

Q. Do you do this at all times? When the contents have settled for some time?—A. No, it was done in the case of the Barge Tremblay. The tests were carried out in this manner for certain reasons. I told the men, the gaugers, to take samples at different depths in all barrels where they detected an odor of perfume or oil.

Q. Coal oil?—A. Yes, coal oil.

Q. You took samples in each barrel?—A. No, we did not take samples in each barrel.

Q. In barrels selected at random?—A. No, where the barrels ran normal, we selected a sample, and where the barrels are normal and regular, we took samples in a cask at random. A sample is taken among five or eight barrels.

Mr. CALDER: The proper intent is, it is taken for every fifth barrel or every eighth barrel?

By Mr. Calder, K.C.:

Q. The samples are emptied into bottles?—A. Yes, sir.

Q. And those bottles are of a set standard?—A. Yes, sir.

Q. Specially made for gauging purposes?—A. No, but specially purchased for that purpose.

Q. What kind of a bottle is it?—A. A short white bottle with a short neck.

Q. Of a design which is easily recognized?—A. Yes, sir.

Q. The sample bottles are all of a certain design, to enable you to distinguish between sampled bottles and pilfered bottles?—A. Yes, sir.

By the Chairman:

Q. What kind of a bottle is it?—A. It is not a special bottle, it is a bottle we purchase from Lyman's, which we always can purchase.

By Mr. Calder, K.C.:

Q. This bottle may be distinguished at a glance from a bottle of Scotch?—A. Yes. The shape of the bottle is not the same.

Q. Then you avoid purchasing bottles similar to bottles that are used in the trade?—A. I continued to purchase bottles like the bottles that were there when I entered the employ of the Department as a gauger.

Q. These bottles contain 26 ounces?—A. Yes, sir.

Q. Where do you send these bottles?—A. We send them to our office, where we have them analysed.

By the Chairman:

Q. The samples are sent to the office?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. How is the gauging carried out?—A. By rods.

Q. Special rods?—A. Special rods, that are recognized by the Customs Department.

Q. Rods that go down a certain distance, according to the density of the liquor?—A. Yes.

Q. To carry out the tests, you use a rod, or what you call a hydrometer?—A. Yes, sir.

[Mr. Robert P. Daigle.]

By the Chairman:

Q. Then, when the testing and gauging are completed, what do the regulations prescribe as to the disposal of the samples?—A. When the testing and gauging are completed, I have done what has been done for the last thirty or forty years. The samples are retained by the gauger, except in the case of goods that are bottled.

By Mr. Calder, K.C.:

Q. That is the practice, but what is the regulation?—A. I believe there is an old bulletin which states that the samples should be returned to the importer.

By Mr. St. Pere:

Q. Could be, or should be?—A. Should be.

By the Chairman:

Q. What else was involved?—A. I understand that Mr. Corbeil, who was on duty before Mr. Cote received a letter from the importers telling him not to return those samples.

Q. What is Mr. Corbeil's first name?—A. J. Z.

Q. Is he still living?—A. Mr. Corbeil is dead.

By Mr. Calder, K.C.:

Q. Mr. Cote also received a letter from the importers to that effect?—A. Yes, sir.

By the Chairman:

Q. Was Mr. Cote a gauger in the department?—A. He was a gauger, according to what I was told.

Mr. CALDER, K.C.: I may say, Mr. Chairman, that there is no doubt as to the practice. I am going to try and point that out to the Committee.

The CHAIRMAN: We would like to have that established before the Committee, if it is possible.

Mr. CALDER, K.C.: "Consolidated and amended instructions respecting the gauging and sampling of liquids, and the weighing of cigars and cigarettes."

By Mr. Calder, K.C.:

Q. Have you a knowledge of a memorandum relating to the gauging and sampling of goods under memorandum No. 1136?—A. That was a memorandum issued on April 20th, 1901, I think.

Q. Bearing the number 1136-B?—A. Yes, sir.

Q. "Samples of spirits drawn from casks and tested at the port are to be returned to the owner or to the importer in due course?—A. That is the rule, but the rule has never been carried out.

Q. What was the importers' objection to the return of the samples?—A. I understand that the importers told Mr. Corbeil that the samples contained in these bottles would probably cause their employees to get drunk, if they were returned to them, to the importers.

Q. If they were returned to the employees, the employees might get drunk on them?—A. Yes, sir.

By the Chairman:

Q. Is it not a fact that the importers told you also that if these samples were returned to them, they might not be useful for trade purposes, showing that they were handled?—A. Yes, that is the fact.

Q. That is, for the purposes of analysis?—A. For the purpose of analysis.

By Mr. Calder, K.C.:

Q. Therefore the samples used for gauging purposes became the property of the gauger, or the chief gauger?—A. They became the property of the chief gauger, who disposed of them as he saw fit.

By the Chairman:

Q. Therefore the chief gauger could give these samples away or sell them, even take the chance of having his fingers rapped by the Liquor Commission?—A. Yes, sir.

Q. Are you the chief gauger?—A. I am.

Q. You have been the chief gauger since 1924?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. And a gauger since when?—A. I have been a gauger since 1922.

Q. For some time liquor has been imported in drums, with an opening that is screwed, a bung-hole with a screw cover?—A. To my knowledge, liquor has not been imported into Montreal in drums of that description.

Q. Therefore you would follow the same practice in carrying out the gauging?—A. Only that there was a difference in the case of the gauging of a steel drum.

Q. Is it only in the case of the barge Tremblay that steel drums were measured?—A. I was told that these drums were measured. I did not measure them.

Q. Can the surplus afterwards found be attributed to miscalculation?—A. I will explain, if you will allow me. When the 1,600 cases of alcohol from the barge Tremblay were transferred to 105 drums, I sent the gauger, who had twenty-two years experience, to carry out the gauging; he conducted the gauging, and he prepared a report and forwarded his report to Bisailon. When the alcohol was sold to the Dominion Distilleries Company it was discovered by the officer, who did not follow the same process that we did, that there was a shortage of 207 liquid gallons. I went to the Dominion Distillery and made a verification. I had the weight of the barrels verified; I compared the weight of these barrels with the report of my assistant; the difference varied between one, two, three and four gallons. Therefore I had one of these drums sent up to my office and these drums were brought up there then and placed in the cellar. I had one of these drums sent up to the Customs office. According to this drum, this drum contained ninety-one gallons, and the report of the official of the Dominion Distilleries Company showed ninety-five gallons.

Q. There was only a difference of four gallons?—A. I made an experiment to determine the capacity of the drum by using water, and we filled up this drum with ninety-five and one-half gallons of water.

By the Chairman:

Q. It contained ninety-five and one-half gallons?—A. We were able to pour ninety-five and one-half gallons into this drum.

Q. The capacity of the barrel was ninety-five and one-half gallons?—A. I called in Mr. Cameron, the gauger of the Board of Trade of Montreal, and we measured the contents of that drum. According to the instruments that we used, we found that that drum had a capacity of ninety-five gallons and a fraction. I asked Mr. McNichol what accounted for that difference. Then Mr. McNichol told me and I saw my error. Though our process is to take the measurement on the outside of the barrel, we are supposed to take the measurement of the inside of the barrel at the same time. The measurement taken on the outside is supposed to give us the measurement of the interior, of the inside of the barrel; that is to say, if our measurement gives us forty inches in length, that means

that there is a length of forty inches on the inside of the barrel, in the case of a drum. Therefore he should have added these two inches, less the thickness of an ordinary steel drum, which is ordinarily about three-sixteenths of an inch.

Q. When you speak of bringing this drum "to our place" you mean where?

—A. I mean the Customs Office, at 51 McGill street.

By Mr. Calder, K.C.:

Q. Now, as regards liquors in cases, how do you proceed to gauge them?

—A. It is only in the case where the packing is irregular that we measure it.

Q. Did you take samples by cases?—A. The Liquor Commission sends us samples.

Q. Is the Liquor Commission the only organization which imports liquor into Montreal?—A. No sir.

Q. How many bottles do you take out of each case?—A. The Commission sends us one bottle for each importation, no matter what the quantity is.

By the Chairman:

Q. After you receive that bottle from the Liquor Commission, do you return it later on?—A. It depends on circumstances. Sometimes we return it, if a request is made for the bottle.

By Mr. Calder, K.C.:

Q. Therefore, if you are to interpret the regulations strictly you should return those samples?—A. Yes sir. The sampling is carried out by process of distillation.

Q. We have reached this point that though there is a regulation, that regulation has not been carried out in practice for a long time, and the samples are a perquisite of the gauger?—A. Yes sir.

By the Chairman:

Q. You mentioned a man named Corbeil in your testimony?—A. Yes.

Q. What were his initials?—A. Z. Corbeil.

Q. Is he still living?—A. Yes sir.

Q. Do you know his address?—A. On St. Dominique street.

Q. Is he still in the employ of the Department?—A. Yes.

Q. In what capacity?—A. He is employed as a sampler.

Q. He is employed there for how long?—A. For twenty years or more.

By Mr. Calder, K.C.:

Q. You heard Mr. Latimer speak of two barrels of whiskey, which were delivered to him?—A. Yes.

Q. Did that liquor come from the sampler?—A. Yes.

Q. Could you tell us from what delivery or cargo those two barrels came?—A. I can.

Q. What brand of whiskey was that?—A. It was American Bourbon "Old Kentucky Chartered Whiskey."

Q. And the cargo came from the United States?—A. No, from France.

Q. I hope it was not manufactured in France?—A. No.

Q. When the Volsted Act came into effect?—A. I do not know anything about that.

Q. It came from France. Do you know what was the quantity of the cargo?—A. I believe it was 3,500 barrels, if I remember rightly.

Q. From how many barrels did you test?—A. We gauged all the barrels, as we usually do.

Q. Did you take samples out of the barrels?—A. I do not quite recall, because the sampling was done in 1922. The barrels were in a bad condition. There was a large quantity of charcoal and sediment. I cannot tell you whether my gauger took samples out of barrels.

Q. He must have taken quite a few samples to fill two barrels?—A. He took quite a few samples.

Q. He took more samples than you did?—A. No sir.

Q. More usually than is customary?—A. No.

Q. You have said 3,600 barrels?—A. 3,500.

Q. With two barrels—that constitutes rather a large percentage?—A. There were two barrels; 50 gallons in both barrels.

Q. That is, the barrels were smaller than the barrels that made up the cargo?—A. Yes.

By the Chairman:

Q. Did each of these two barrels contain 25 gallons?—A. One barrel was full and the other was partly full. There were about 50 gallons in all.

Q. Was that the quantity contained in those two barrels?—A. Yes.

Q. What was the size of the import barrels?—A. About forty gallons.

Q. Therefore you considered that the samples placed in these two small barrels were your property? Where did you place them?—A. I placed them in the cellar of the Customs House.

Q. Then you had them delivered to Latimer?—A. I asked Mr. Genest to deliver them to Latimer.

Q. Are you the party who asked Latimer to find a purchaser for you?—A. I probably did.

Q. He reported the circumstance of the theft to you later on?—A. He did.

Q. Did this not appear rather extraordinary?—A. (No audible answer).

Q. Did you report this theft to Mr. Bisailon?—A. Not to my knowledge.

Q. You considered that this was a theft of something that belonged to you and not a theft of something belonging to the government?—A. Yes sir.

Q. According to the right which you believed you enjoyed, did you distribute much of this sample liquor to people in your department?—A. I did.

Q. Exercising this right which you believed you had, you sent these parcels of which Latimer spoke?—A. I did.

Q. Are there other parties in the department to whom you sent samples?—A. Yes.

Q. Starting with the Collector and going down the line?—A. Yes sir.

Q. Can you tell us, Mr. Daigle, if this practice of distributing samples to the Collector and other employees of the Department has been followed under various regimes?—A. Yes, sir.

Mr. CALDER, K.C.: I intend suspending the examination of the witness here and would like to consult the committee with respect to its going further in view of the frank declaration of the witness that he thought he had a right to distribute. If the Committee would suspend now, we could come together on it.

The CHAIRMAN: We have another thing to decide about the evidence, and we will all discuss that together.

Mr. CALDER, K.C.: I may say this will considerably shorten this question. It will considerably shorten this day's proceedings if we rise and come to a decision as to that.

The witness retired.

The CHAIRMAN: This sitting is adjourned until four o'clock this afternoon.

ROBERT P. DAIGLE est appelé et assermenté.

M. Calder, C.R.:

Q. Je veux vous demander certaines questions concernant le jaugeage, en général, à Montréal. Quelles sont les denrées de commerce qui passent à la jauge?—R. Les alcools, les whiskies, les brandies, les gins, les vins, le port et le sherry, le claret et le sauterne.

Q. Généralement parlant, les boissons alcooliques?—R. Les boissons alcooliques.

Q. Y a-t-il autre chose qui passe?—R. Oui, les mélasses.

Q. Le sucre?—R. Le sucre, on ne le jauge pas, on le pèse.

Q. Ça passe dans votre département?—R. Ça passe dans notre département.

Q. Y a-t-il d'autres denrées qui passent là?—R. Il y a les cafés que nous pesons; nous pesons les bouchons; nous mesurons les noix, le thé quelquefois.

Q. Est-ce que les huiles passent chez vous?—R. Les huiles passent chez nous, pas toutes les huiles: la gazoline, le "fuel-oil", le "gas-oil", l'huile de charbon.

Q. Est-ce que les huiles d'alimentation passent là?—R. Non.

Le président:

Q. Les huiles pour fins industrielles?—R. Pour fins industrielles.

M. Calder, C.R.:

Q. Est-ce que c'est tout ce qui passe dans votre département?—R. Oui.

Q. Quand une cargaison d'alcool arrive au port, qu'est-ce qu'on doit en faire—je veux dire de toute la cargaison?—R. L'importateur fait un rapport de ces importations; il passe ce qu'on appelle un ordre du collecteur—a collector order.

Q. Qu'est-ce que c'est?—R. Il jauge les quart sur les quais.

Q. Est-ce provisoirement, en attendant la jauge, la cargaison est versée dans un "drum"?—R. Non, elle est au point d'arrivée.

Q. Soit à la gare?—R. Soit à la gare, soit sur les quais, ou à la Commission des liqueurs.

Q. Au pied du courant?—R. Au pied du courant.

Q. Comment se fait la jauge?—R. J'envoie mes hommes où est la marchandise, et puis, là ils rencontrent les jaugeurs de la Commission des liqueurs.

Q. C'est un jaugeage en commun entre un jaugeur du département des Douanes et un représentant de la Commission des liqueurs?—R. Un représentant de l'importateur. Il y a plusieurs représentants.

Q. Vous jaugez les tonneaux par leur contenu?—R. Oui.

Q. Vous prenez des échantillons pour en faire l'analyse?—R. Pour en faire l'analyse.

Q. Combien d'échantillons prenez-vous par baril?—R. Ça varie, naturellement; il n'y a rien de "standard" pour nous.

Q. Je ne parle pas du volume de l'échantillon, en ce moment-ci, je parle du nombre d'échantillons?—R. C'est justement ce que je veux vous expliquer. Quand je suis arrivé au département, en 1922, M. Adamson, qui était "acting chief jaugeur", m'a montré l'ouvrage.

Le président:

Q. Est-il à votre connaissance que M. Adamson est décédé, aujourd'hui?—R. Oui. Alors il m'a dit: "Dans les scotchs, les brandies, les vins, tout cela dépend du baril que vous avez devant vous, des marques; si vous avez un baril dans lequel il manque plus de deux ou trois gallons, vous êtes mieux de prendre un échantillon dans ce baril; au cas où il y aurait de l'eau d'ajoutée, le baril n'est pas normal." Dans les barils contenant du rhum ainsi que des alcools, il m'a dit de prendre une bouteille par baril.

M. Calder, C.R.:

Q. Alors le nombre d'échantillons varie suivant la qualité?—R. Suivant la qualité.

Q. Et l'état de l'emballage?—R. Oui.

Q. Dans les importations de barils, vous prenez les échantillons au moyen d'un siphon, en ouvrant la bonde?—R. Oui.

Q. Vous arrive-t-il de prendre des échantillons à différentes profondeurs dans le même baril?—R. Oui.

Q. Et surtout quand le baril a reposé un certain temps?—R. Non. C'est arrivé dans le cas de la barge *Tremblay*, pour des raisons particulières.

Q. A cause du "fusil-oil"?—R. A cause des odeurs de parfums ou d'huiles qu'il y avait dans les "drums" qui avaient été procurés par M. Bisailon. Quand je suis descendu dans la cave dans laquelle les hommes travaillaient, j'ai dit aux hommes: "Dans les barils où vous sentez des odeurs de parfums ou d'huiles, ou d'huile de charbon, prenez un échantillon au début, dans le milieu, et tenez une marque spéciale de cet échantillon."

Q. Généralement, vous ne prenez qu'un échantillon?—R. Oui.

Q. Vous prenez un échantillon dans chaque baril?—R. Pas dans chaque baril.

Q. Dans des barils choisis au hasard?—R. Non. Comme je le disais tout à l'heure, nous prenons des échantillons spéciaux dans le cas où les barils ne sont pas normaux; on prend aussi des échantillons dans les barils qui sont pleins, qui sont réguliers dans les importations. On peut prendre des échantillons par cinq quarts, par huit quarts.

Q. Ces quarts sont pris au hasard?—R. Ils sont tous déposés en ligne et numérotés. Le jaugeur ne peut pas toujours mettre la quantité exacte. Par exemple, si la bouteille contient 26 onces, il ne peut pas arriver à diviser 26 onces en 8. Il ne prend plus d'échantillons quand ses bouteilles sont pleines. S'il les prend dans cinq ou six quarts, il mentionne le fait.

Le président:

Q. Je comprends qu'en outre de l'expérience que vous avez acquise vous usez de votre jugement?—R. Oui.

M. Calder, C.R.:

Q. Ces échantillons sont versés dans des bouteilles?—R. Oui.

Q. Ces bouteilles sont d'un type fixe?—R. Oui.

Q. Spécialement faites pour la jauge?—R. Pas spécialement faites pour la jauge.

Q. Spécialement achetées?—R. Spécialement achetées.

Q. Quelle espèce de bouteille est-ce?—R. C'est une bouteille avec un goulot court.

Q. D'un type assez reconnaissable, n'est-ce pas?—R. Oui.

Q. Vous avez une bouteille d'une certaine forme, laquelle vous permet de dire, au premier coup d'œil, si c'est une bouteille échantillon ou une bouteille abstraite?—R. Oui.

Le président:

Q. Quand elle est enveloppée, dans une valise ou dans une caisse, vous ne pouvez pas le dire?—R. Ce n'est pas une bouteille spéciale portant la marque de la douane. On achète ces bouteilles chez Lyman's. N'importe qui peut les acheter. Ces bouteilles sont aussi affectées aux remèdes.

M. Calder, C.R.:

Q. Elle peut se distinguer à l'œil. Par exemple une bouteille de scotch n'a pas la même forme?—R. Elle n'a pas la même forme.

Q. Vous évitez de prendre des bouteilles qui ont une forme communément spéciale pour les boissons?—R. On n'évite rien. J'ai continué à acheter le genre de bouteilles qu'ils avaient quand je suis arrivé là.

Q. Ces bouteilles contiennent 26 onces?—R. Oui, monsieur.

Q. Où les envoyez-vous?—R. Chez nous, au bureau; on les garde au bureau.

Q. Vous avez un analyste?—R. Oui. Ce n'est pas moi qui vais faire le jaugeage sur les quais.

Le président:

Q. Quand vous dites chez-nous, c'est au bureau?—R. C'est au bureau.

M. Calder, C.R.:

Q. Le jaugeage se fait au moyen d'un flotteur?—R. Non.

Q. Comment se fait-il?—R. Avec des tiges spéciales, lesquelles sont reconnues par le département.

Q. Ce sont des tiges qui descendent plus ou moins profondément dans les tonneaux?—R. Quand nous jugeons un tonneau, nous avons une règle pour prendre la mesure du dehors, la largeur, une règle pour prendre la longueur. . .

Q. Je ne parle pas de cela. Pour faire le "proof"?—R. On se sert d'un hydromètre.

Q. Le "test" et le jaugeage une fois faits, qu'est-ce que le règlement vous prescrit de faire avec le produit de l'échantillon?—R. Je fais ce qui a toujours été fait, à ma connaissance, et ce qui a toujours été fait, depuis que les gens sont au bureau, depuis quarante ans: les échantillons ont été gardés par le jaugeur, excepté dans le cas où les marchandises sont en bouteilles.

Q. Ça, c'est la pratique; quel est le règlement?—R. Je crois qu'il y a un vieux bulletin qui dit que les échantillons doivent être retournés à l'importateur.

Q. Ce bulletin a-t-il été jamais rappelé?—R. Non, jamais. Cependant on m'a dit que M. Z. Z. Corbeil, qui était là avant M. Côté, avait eu une lettre des importateurs de ne pas retourner les échantillons.

Le président:

Q. Quel est le premier nom de M. Corbeil?—R. J. Z. Corbeil.

Q. Est-il vivant?—R. Il est mort. M. Côté aussi avait eu une lettre des importateurs.

M. Calder, C.R.:

Q. Ce monsieur Côté était-il jaugeur dans le département?—R. Il était chef.

Q. Est-ce à votre connaissance personnelle que M. Côté était jaugeur?—R. C'est ce qu'on m'a dit.

M. Calder, C.R.:

Q. Cependant, il y a un memorandum du département des Douanes qui se lit comme suit: *Consolidated and amended instructions respecting the gauging and sampling of liquids and the weighing of cigars and cigarettes.* Avez-vous eu connaissance de ce mémoire-là?—R. Numéro 1155?

Q. C'est 1136B.—R. En quelle année?

Q. Le 20 avril 1901. Ce memorandum dit:

"Samples of spirits drawn of casks and tested at the port are to be returned to the casks or the importer in due course."

C'est là la règle, seulement la pratique a varié pour cette règle-là?—R. Elle n'a jamais été en pratique, à ma connaissance.

Q. L'objection de l'importateur était qu'il ne voulait pas que l'échantillon fut reversé dans le quart?—R. On m'a dit que dans le temps de M. Corbeil, les

importateurs lui avaient dit que les échantillons contenus dans ces bouteilles seraient cause que leurs employés s'enivreraient probablement s'ils leur étaient retournés, et qu'ils préféreraient dans ce cas que M. Corbeil les garde.

Le président:

Q. Est-ce qu'on ne vous a pas dit, à ce propos, que les importateurs ne désiraient pas reprendre leurs échantillons parce que cela ne pouvait leur être utile pour leur commerce, après qu'ils eussent vu que cela avait été manipulé pour l'analyse par les officiers des douanes et leurs jaugeurs?—R. Oui.

M. Calder, C.R.:

Q. Alors, les échantillons, d'après cette pratique-là, restaient la propriété du jaugeur individuel?—R. Du jaugeur individuel ou du jaugeur-chef.

Q. Le jaugeur-chef, qui, naturellement, à son gré, en faisant ce qu'il voulait?—R. Oui.

Q. Alors, d'après vous et d'après la pratique établie, le jaugeur pouvait vendre de la boisson sauf à se faire taper sur les doigts par la Commission des liqueurs, ou encore il pouvait en donner?—R. Oui.

Le président:

Q. Qui est le chef-jaugeur?—R. Je le suis depuis 1924.

M. St-Père:

Q. Vous dites, M. Daigle, que vous êtes le chef-jaugeur depuis 1924?—R. Depuis 1924.

M. Calder, C.R.:

Q. Et jaugeur depuis combien de temps?—R. Depuis 1922.

Q. Maintenant, depuis quelque temps il se fait une importation au moyen de grands bidons et de "drums". Comment procédez-vous dans ce cas-là? Est-ce que ces bidons-là ont une ouverture à virole ou s'ils sont serrés?—R. Ils ont une pompe en fer sur le dessus, mais il n'y a pas eu d'importation à Montréal dans ces drums-là, à ma connaissance.

Q. Alors vous n'avez pas un procédé établi pour cela?—R. Nous avons un procédé établi simplement.

Q. Vous suivez le même procédé certainement?—R. Excepté pour faire le jaugeage d'un "drum" d'acier.

Q. Est-ce rien que dans le cas de la barge *Tremblay* que vous avez mesuré les "drums" d'acier?—R. Ce n'est pas moi qui l'ai mesuré.

Q. Mais on l'a mesuré?—R. Oui.

Q. Est-ce qu'on a attribué au nouveau changement de mesure le fait qu'il y a eu un surplus de rapporté sur la quantité?—R. Oui. Je vais vous expliquer, si vous permettez, le surplus. La barge *Tremblay* a été transvidée. Si je me rappelle bien, les 1,600 ou 1,700 caisses ont été transvidées dans 105 "drums" et quelques gallons. J'ai envoyé mon assistant, un bon homme qui a vingt-deux ans d'expérience. Il a jaugé ces quarts, il a fait son rapport, et j'ai envoyé son rapport, que j'ai signé, à M. Bisailon. Quand l'alcool a été vendu à la Dominion Distillery, l'officier qui n'a pas le même procédé que nous avons, qui marche par la pesanteur au lieu de marcher par le volume, a trouvé une différence de 207 gallons de plus.

Q. Quelle distillerie?—R. La Dominion Distillery. Et j'ai fait la vérification à la pesanteur, de chaque quart qu'elle avait en magasin et j'ai comparé sa pesanteur avec le rapport de mon assistant, et j'ai trouvé que cela avait varié entre un gallon, deux, trois et quatre gallons. Alors j'ai fait monter un de ces

drums-là chez nous. Ces drums-là étaient renvoyés au bureau et mis dans la cave. J'en ai fait monter un et il y avait 91 gallons dans ce quart-là, le drum, et le rapport de l'officier de la Dominion Distillery Products montrait 95 gallons.

Q. Alors il n'y avait rien qu'un écart de quatre gallons?—R. Alors j'ai galonné le drum. J'ai fait une expérience pour déterminer la capacité du drum en employant de l'eau, et on a mis 95 gallons et demi dans le drum.

Le président:

Q. La capacité de ce quart était de 95 gallons et demi?—R. Oui. Alors j'ai fait venir les hommes de M. Cameron, qui est le jaugeur du Board of Trade de Montréal, et nous avons mesuré le drum. Nous avons trouvé 95 gallons et un peu plus, une fraction, d'après les instruments. Alors, j'ai demandé à M. McNichol d'où provenait la différence. Alors il m'a dit: "Je vois mon erreur. Notre estimé pour prendre la longueur d'un quart, quoiqu'on en prenne la mesure en dehors, est fait pour donner la mesure de l'intérieur. C'est-à-dire si notre mesure nous donne 40 pouces de longueur, cela veut dire qu'il y a 40 pouces de longueur à l'intérieur". Dans le cas d'un drum, il aurait dû ajouter à sa longueur obtenue les deux pouces, moins l'épaisseur d'un drum d'acier, ordinairement les 3/16.

Le président:

Q. Quand vous nous dites que ces drums "étaient emportés chez vous", que voulez-vous dire?—R. Au bureau de la douane, 51 rue McGill.

Q. A Montréal?—R. Oui.

M. Calder, C.R.:

Q. Les boissons en caisse, comment procédez-vous pour la jauge?—R. Pas par la jauge. Les bouteilles de Scotch et de Brandy sont toutes régulières: six bouteilles au gallon. Dans les cordiaux, il y a des bouteilles irrégulières qu'on mesure.

Q. Ce n'est seulement que lorsque l'emballage est irrégulier que vous mesurez?—R. Oui.

Q. Est-ce que vous prenez des échantillons par caisse?—R. La Commission des liqueurs nous envoie des échantillons.

Q. La Commission des liqueurs est-elle le seul corps qui importe du vin, à Montréal?—R. Non.

Q. Combien de bouteilles prenez-vous?—R. Nous avons une bouteille par importation.

Q. Quelle que soit la quantité?—R. Oui.

Le président:

Q. Après que la Commission des liqueurs vous a envoyé cette bouteille-là, est-ce que vous la retournez après cela?—R. Cela dépend des circonstances; quand on nous la demande nous la retournons.

M. Calder, C.R.:

Q. Le règlement, cependant, auquel nous avons fait allusion, le règlement 1136B dit: "Bottles and samples taken from cases spirits are to be returned to the case (except wines which are destroyed in distillation). Alors, d'après les règlements strictement observés vous devriez renvoyer les échantillons?—R. Les cordiaux sont dans le même cas, vu que nous procédons par distillation, par le "test".

Q. Alors nous en arrivons à ceci, qui n'est pas contesté, c'est que le règlement prescrit une chose qui n'est pas observée parce qu'il y a une pratique établie depuis très longtemps, que les liqueurs, boissons, prises comme échantillons, sont le privilège du jaugeur-chef, qui peut en disposer?—R. C'est cela.

Le président:

Q. Vous avez parlé d'un nommé Corbeil dans votre témoignage?—R. Oui, monsieur.

Q. Quelles étaient ses initiales?—R. Z. Corbeil.

Q. Vit-il encore?—R. Oui, monsieur.

Q. Connaissez-vous son adresse?—R. C'est sur la rue Saint-Dominique; je ne sais pas quel numéro.

Q. Est-il encore à l'emploi du département?—R. Oui, monsieur.

Q. En quelle qualité?—R. Echantillonneur.

Q. Il est là depuis combien de temps?—R. Depuis vingt ans passés.

M. Calder, C.R.:

Q. Vous avez entendu M. Latimer, ici, parler de deux barils de boisson qu'on aurait livrés; cette boisson-là provenait-elle de l'échantillonnage?—R. Oui, monsieur.

Q. Pouvez-vous nous dire de quelle livraison ou de quelle cargaison ces deux barils provenaient?—R. Oui, monsieur.

Q. D'abord quelle marque de boisson était-ce?—R. American Bourbon Old Kentucky Chartered Whisky.

Q. Et la cargaison venait des Etats-Unis?—R. Non, elle venait de France.

Q. J'espère qu'elle n'avait pas été fabriquée en France?—R. Non.

Q. C'est lorsque l'acte Volstead est entré en vigueur?—R. Je ne connais pas cela.

Q. Alors, c'était arrivé de France. Savez-vous quelle était la quantité de la cargaison?—R. 3,500 quarts, si je me rappelle bien.

Q. Combien de quarts avez-vous jaugés?—R. On a jaugé tous les quarts.

Q. C'est-à-dire vous avez pris des échantillons du tout?—R. Nécessairement.

Q. Avez-vous pris des échantillons de tous les quarts?—R. Je ne me rappelle pas au juste. C'est en 1922, si je me rappelle bien. Les quarts étaient en mauvais état; il y avait beaucoup de charbon de bois dedans et des dépôts, alors nous avons dû prendre une certaine quantité d'échantillons, mais pour dire si j'ai pris ou si mon homme a pris des échantillons de chaque quart, je ne pourrais pas le dire.

Q. Il a dû en prendre assez largement pour constituer deux barils pleins?—R. Oui.

Q. Plus largement que de coutume?—R. Non.

Q. Vous avez dit 3,600 barils?—R. C'est 3,500.

Q. Deux barils, cela fait un pourcentage assez considérable?—R. Deux barils, il y a cinquante gallons dans les deux barils.

Q. C'était des barils plus petits que les barils d'importation?—R. Oui.

Le président:

Q. Vingt-cinq gallons chacun?—R. Non, un qui était plein et l'autre ne l'était pas. Il y avait à peu près cela, cinquante gallons en tout.

Q. C'était la quantité de ces deux barils?—R. Oui.

M. Calder, C.R.:

Q. De quelle dimension étaient les barils d'importation?—R. Si je me rappelle bien,—on en a passé tellement de barils,—quarante gallons, je suppose.

Q. Les échantillons, composant environ cinquante gallons, ont été placés dans les deux petits barils et vous considérez que c'était votre propriété à vous, d'après la pratique établie?—R. Oui.

Q. Où les avez-vous mis?—R. Dans la cave chez nous.

Le président:

Q. Chez vous, vous voulez dire...—R. Au bureau de la douane.

[Mr. Robert P. Daigle.]

M. Calder, C.R.:

Q. Ensuite vous les avez livrés à M. Latimer?—R. J'ai demandé à M. Jeanotte de les livrer à M. Latimer.

Q. Est-ce vous qui avez demandé à M. Latimer de trouver un acheteur?—R. Probablement.

Q. On vous a rapporté les circonstances du vol, plus tard?—R. Oui, monsieur.

Q. Cela paraissait assez extraordinaire. Avez-vous rapporté la chose à M. Bisailon?—R. Pas à ma connaissance.

Q. C'était un vol de ce que vous considérez votre propriété et non pas la propriété du Gouvernement?—R. Oui, monsieur, non pas la propriété du Gouvernement.

Q. En vertu du droit que vous croyiez avoir, avez-vous fait la distribution de la boisson?—R. Oui.

Q. Est-ce vous qui, exerçant le rôle que vous croyiez avoir, avez envoyé le paquet dont M. Latimer a parlé?—R. Oui, monsieur.

Q. Est-ce qu'il y en a d'autres, dans le département, à qui vous en avez envoyé?—R. Oui, à partir du collecteur en descendant.

Q. Pouvez-vous nous dire, M. Daigle, si cette pratique de distribution, au collecteur et aux autres employés du département, par le jaugeur en chef, a toujours été établie et suivie sous tous les régimes?—R. Oui, monsieur.

AFTERNOON SITTING

The Committee resumed at 4 p.m., the Chairman, Mr. Mercier, presiding.

MR. CALDER, K.C.: We will leave the question of evidence for decision until tomorrow morning.

I will call Mr. Dandurand.

U. H. DANDURAND called and sworn.

The CHAIRMAN: Do you wish to give your evidence in English or French?—A. I will give it in English.

Q. Your occupation?—A. Real Estate and Auctioneer.

Q. Montreal?—A. Yes, Sir.

MR. CALDER, K.C.: Mr. Dandurand, under what firm name do you conduct business?—A. U. H. Dandurand, Limited.

Q. That company is entirely under your control?—A. Absolutely.

Q. Are you auctioneer to dispose of forfeited cars ordered sold by the Customs?—A. Yes.

Q. Are you sole auctioneer?—A. I think so.

Q. I mean, of course, the sole one in Montreal?—A. Yes sir, I am the King's auctioneer.

Q. When a car is sent to you to be disposed of by auction, what papers are lodged with you at the same time?—A. Sometimes it is simply a list sent over to sell the following cars, and then it is dealt with accordingly, and it has the seizure numbers and everything.

Q. The seizure number is always given?—A. Yes. And it is duly advertised accordingly.

Q. You reproduce that list in your advertising?—A. Yes.

Q. Will you look at this advertisement from the Star and produce it as a specimen?—A. Yes.

Q. File it as a specimen?—A. Yes, generally they are pretty well alike always. (Exhibit No. 92).

[Mr. U. H. Dandurand.]

Q. I take it you get from the Customs a number of cars with what I may call a delivery note, describing the car by make and year and model?—A. Yes.

Q. And giving the seizure number?—A. Yes, we publish the year number according to the list we get.

Q. At the auctions at which you sell these cars, do you sell only forfeited cars or do you sell other cars as well?—A. We generally sell the government cars and if there are any people left after, we sell a few sometimes, two or three sometimes.

Q. Do you tell the bidders at the auction when you leave off selling government cars and when you begin selling private cars?—A. Absolutely. The seizure number is marked on every wind shield of the car in white letters, that is in liquid chalk the seizure numbers are marked.

Q. Have you ever had complaints from people who bought cars that they bought them under the impression they were government seized and forfeited cars?—A. Never.

Q. Never on any occasion?—A. Not that I know of.

Q. When you have sold a car to a man and he has refused to take delivery of it, do you proceed against him by way of folle enchere?—A. No, it don't happen very often, may be two or three times. Once or twice the deposit was very small, \$10.00 or \$15.00 and we kept the car till the next sale. We allowed the deposit to apply for the next sale.

Q. For the benefit of the next purchaser?—A. No, for the benefit of the government.

Q. You have not proceeded against people who refused to take cars by way of folle enchere, although you have the right?—A. Yes, sir, I would report such a car has been left over. It is generally a wreck or a very cheap car where it is \$10.00 deposit. The man would rather forfeit the deposit than take the car. I would report to the authorities and they would say, wait till the next sale and sell it, and the next sale I would sell it over again.

Q. Will you produce from your books for the information of this Committee a list of all cars sold by you, whether for the government or for private parties, sold by auction, let us say back to January, 1923?—A. It would not be hard as I kept a duplicate copy of every sale. Every sale and the government sales are in this dossier and filed away together.

Q. When you are selling other than government cars do you describe them by serial and motor number?—A. No.

Q. How do you describe them?—A. We do not describe them at the sale, we simply offer them that way. They are shown and described on the file.

Q. You do not advertise the list?—A. Sometimes, we do not, sometimes we say ten or fifteen cars for sale, and other times we mention these.

Q. When did you begin to sell cars forfeited to the government?—A. I would have to consult my books.

Q. About when?—A. I think 1921, I think I had one or two sales in 1921. (Corrected later to 1923).

Q. Before that the disposal of the cars used to be by tender?—A. Yes.

Q. We will go back to the date you began to sell government cars, you will understand I want not only forfeited cars, but all cars sold by auction. Do you remember having knocked down a car to one Ouellette?—A. I remember, I looked up the dossier purposely.

Q. For this evidence?—A. Yes, sir.

Q. That was a Dodge sedan?—A. Yes.

Q. Was Mr. Ouellette personally present at the auction?—A. He was there in the morning.

Q. He looked over the car?—A. Yes, and he was to come back for the sale.

Q. Did he himself bid in the car?—A. No, it was bid in and adjudged to him.

[Mr. U. H. Dandurand.]

Q. Who did the bidding?—A. I don't know.

Q. Was it a Customs Officer?—A. I don't know. All I know is I looked up the car. There were some four or five hundred people there. It was bid to the name of J. Ouellette and it was on the car. I do that on every car.

Q. Had Mr. Ouellette directed you or any one of your employees to your knowledge to bid for him as auctioneers have a right to do?—A. I cannot precisely say who bid it in, it was adjudged to him, I know after pretty good bidding. He was not there as far as I know.

Q. Did you or somebody in your employ, acting for Mr. Ouellette bid for Mr. Ouellette?—A. I am not sure. I think it was the first of May, I would not be sure.

Q. Was any deposit put down by Mr. Ouellette on the car?—A. No. It is customary before a sale that I receive a ten per cent deposit and the deposit must be given. Ten per cent deposit would be given and the balance when they take the car. He was introduced in the morning by Mr. Bisaillon and he said, I think, if I remember right, he said, take his cheque if he bought the car. He was all right. He was a Minister's messenger or something like that.

Q. He said take his cheque and it would be all right.—A. Yes, take his cheque and it would be all right. He had not made up his mind to buy the car unless it was cheap enough.

Q. Had Mr. Ouellette on seeing the car in the morning expressed his satisfaction and intention to buy?—A. I do not know if he expressed his satisfaction. I saw him myself. He intended to buy if the car was cheap enough.

Q. He did not tell you it was a bunch of junk in his estimation?—A. I don't know about that. I understand later on he refused to take the car, and as far as we were concerned, we did not get any word from him, we did not see him again.

Q. Who communicated to you Mr. Ouellette's confirmation in reference to not taking the car?—A. Personally I do not think we got information that he would not take the car. I think the first information we got was that Mr. Brunelle would take the car at so much.

Q. Mr. Brunelle would take the car?—A. That was the first information.

Q. Do you know who put Mr. Brunelle in touch with the situation?—A. I don't know, I never. I asked my son to be positive and he is sure he did not call him in or did not intend to make the sale except Mr. Brunelle came in and looked at the car, and he came in and paid by cheque for the full amount.

Q. You had nothing to do with that?—A. Absolutely not.

Q. You did not put the car on the resale list?—A. We did not consider it was a resale for the simple reason we did not charge commission. If we did resell we would have charged \$65; we did not charge a single cent.

Q. You did not sell by auction?—A. No, it was resold privately, not by us. When I say not by us, it is yes and no. If you followed the modus operandi and take our file our papers will show a sale. A bill is made out, and it shows a cheque for the amount, and he had given a receipt.

Q. Mr. Ouellette was not there to give a receipt and you gave a receipt of your own?—A. My son took for granted a man who made \$200 profit on a car will not complain, and he made out the bill for the full amount. The man would not like to show the whole amount. I saw later by the papers that the car had been sold. He gave a cheque for \$200 to Mr. Bisaillon who brought me back a receipt.

Q. You considered if the car had belonged to Mr. Ouellette it was Ouellette's property?—A. Yes, it was Ouellette's property absolutely inasmuch as we were told it was the Minister's messenger or employee and naturally we did not have to worry about the money, and naturally if he did not come around the next sale, the car would be sold again.

Q. You said the car was not considered as a resale?—A. Not by us.

Q. You state upon your oath it was not resold?—A. Not by us.

Q. At auction?—A. No.

Q. You were agents in affecting a sale to Brunelle?—A. No, the only thing we done was make out a bill under instructions.

Q. Now a paper has been brought here in the shape of a letter in which you advised Mr. Ouellette that you had that day, meaning the date of the letter, sold his car for \$659 or thereabouts, and accounted to him for the purchase?—A. Yes, that is the usual way of proceeding to remit the money.

Q. Did you do this at the suggestion of Mr. Bisailon?—A. Naturally, and gave him the cheque.

Q. Mr. Bisailon appeared upon the scene?—A. We did not see anyone else.

Q. Was Mr. Bisailon on the scene when Brunelle offered to buy the car?—A. To the best of my knowledge he came with him in the morning and introduced him.

Q. I do not mean Brunelle. I mean Ouellette.—A. Yes, I mean Ouellette.

Q. You do not remember whether he came in with Brunelle?—A. I tried to find out from my son. He did not know whether it was a telephone message or whether he came. He could not remember whether Brunelle came alone. He had expected to sell the car for \$200 more.

Q. You gave the cheque to Mr. Bisailon?—A. Yes on the 6th of May and it was cashed in the bank in Three Rivers and it was returned to my bank on the 11th. You have the cheque.

Q. Mr. Dandurand, do you remember any instance in which dealers in stolen cars, without conscious co-operation on your part, did take advantage of the fact that you were the government auctioneer for forfeited cars, drive to your mart and offer for sale by auction cars which they brought in over the border?—A. I would not know, if I did know they would not come in my place.

Q. Have you ever sold cars for Mr. Falcon?—A. A very long time ago.

Q. While you were government auctioneer?—A. I am not positive. I think it was before that.

Q. Did you ever sell a car for Reid of the Robinson Motors?—A. I think I have seen him, I am not positive.

Q. Have you ever sold cars for Z. Legault?—A. I think—I know he bought cars, and I don't know but he did sell one or two.

Q. Did you ever sell cars for Omar Barre?—A. I remember one we sold for him that he had bought at the government sale.

Q. A resale?—A. No, it was not a resale. He bought it at a government sale and got it all fixed up and brought it back for sale, and it came from the government; I know that case.

Q. What would be his object in reselling the car?—A. Make a profit.

Q. Could he not make that profit directly?—A. I remember that car; it was a Packard, but it was in very bad shape. I know this case, because it was a strange car, it was a maroon car, and when it came back, the government seized it again.

By Mr. Gagnon:

Q. That was a car you had sold yourself?—A. That is why I remember it especially.

By Mr. Calder, K.C.:

Q. I congratulate you upon finding one case of deficiency?—A. I don't know, I never heard from the government how it turned out, but the car was seized again.

Q. Did you ever sell cars for Tremblay?—A. Which Tremblay?

[Mr. U. H. Dandurand.]

Q. F. J. Tremblay?—A. Not that I remember.

Q. Or for Dr. Sproule?—A. I do not think so. I am positive I did not. I do not remember the name.

Q. Your lists will show that?—A. I would know that car. I am positive I did not sell any cars for him. That is a well-known name in Ottawa.

By Mr. Gagnon:

Q. When Brunelle bought the Dodge sedan from you, was Mr. Bisailon there?—A. I said I did not know, and my son does not remember; I talked with him about it.

Q. I am asking about you, yourself?—A. I was not there when Mr. Brunelle came back. I am not generally at the auction room, I am at the head office.

Q. You sent a letter addressed to Mr. Ouellette?—A. Yes, sir.

Q. Enclosing a cheque for \$200?—A. Yes, sir.

Q. That is already produced, being the difference between the bid on the Dodge car, and the price that was mentioned at the re-selling price, and that letter was addressed to Mr. Ouellette?—A. Yes. He received it here.

Q. That letter bears your signature?—A. Yes, sir. The letter was mailed from the head office.

Q. Of course you would not have written that letter unless the facts contained in it were true?—A. They were true, we received \$650 and had to account for it. We reported the case of the car sold for \$650 less the amount due by him, \$450 and \$200, and enclosed our cheque for it. That is the sense of the letter.

Q. Since that you have received your cheque back again?—A. I found it with the others.

Q. It was produced, and is already before the Committee?—A. Yes, sir.

Q. It bears your signature?—A. Yes, sir.

Q. This cheque as you notice has been endorsed by the Hon. Mr. Bureau for identification purposes?—A. Only.

Q. And Ouellette's endorsement?—A. Apparently, yes.

Q. Did you remit the cheque yourself, Mr. Dandurand, to Mr. Bisailon?—A. To the best of my recollection, yes. There is no doubt about it, I did not see anyone else.

Q. But you never saw Mr. Bisailon with Mr. Brunelle there?—A. Except in the morning.

Q. With Ouellette?—A. Brunelle—I did not see him at all.

Q. You do not know him?—A. I do not know him, even by sight.

Q. You just mentioned an instance where a car had been sold through you for the government, a Packard car, which was resold by you at the request of Barre?—A. Yes, brought it in in the regular way to be sold.

Q. It had been sold and paid for in the regular way?—A. A long time before that; the car was all overhauled and repainted.

Q. It was bought by Barre at your place?—A. Yes.

Q. And was resold by you at the request of Mr. Barre?—A. Yes, sir.

Q. It was seized afterwards by the Custom officers?—A. That is only hearsay upon my part. That is what I mean, he bought the car, and told us that the car was seized.

Q. Was it Mireault or Paquette?—A. I do not remember the names.

Q. Do you remember that you wrote a letter at the request of Mr. Barre to the Packard people, the Packard Motor Car Company, Limited or to the city of Montreal that this car had been sold by you, and mentioning the number?—A. I do not remember, I may have. We have sold about 800 cars.

Q. Do you know what happened to that car afterwards?—A. No, I never heard any more about it.

Q. You know that Mr. Barre applied to you?—A. As far as I know, it was not Mr. Barre, it was the man who bought it that said to my son that his car had been seized again.

Q. Do you remember whether it was a taxi-driver?—A. I think it was.

Q. Do you remember, if I would suggest the name of Mireault or Paquette?—A. I could not tell you unless I saw the books. We have sold so many that I cannot remember them all, but I am pretty sure it was a taxi-driver.

Q. It was the case of a Customs officer seizing from a taxi-driver a car for the Customs which had been already disposed of through your office for the Customs authorities?—A. Apparently so, yes.

Mr. GAGNON: I think that is all.

The CHAIRMAN: You understand, Mr. Calder, that Mr. Dandurand is released?

Mr. CALDER, K.C.: Yes, sir.

WITNESS: I only had your message last night at twenty minutes after twelve o'clock, or I would have gone to the office and brought the whole thing to you. Sometimes Mr. Carter comes to my office, and gets the particulars of any particular sale we have made. We have everything tabulated, we have a duplicate of sales made since the beginning there, and the government sales are by themselves. If you will tell me exactly what you want, I will be glad to give it to you.

By Mr. Calder, K.C.:

Q. I will see you on Saturday?—A. Very well, you see me on Saturday next. We have sold probably seven hundred or eight hundred cars, and this is the only one since the time we sold for the government.

Q. Since you became the government auctioneer?—A. Yes. That was in 1921, I am pretty sure.

By Mr. Gagnon:

Q. Outside of the sales you are making for the Customs authorities, you have been making private sales for other parties?—A. Yes, for the Quebec Liquor Commission. Next Tuesday I have a sale for the Quebec Liquor Commission, and then I am a city auctioneer and sell properties as well.

Q. Outside of that, would you sell cars at auction at the request of anybody?—A. Not everybody. The way the law is now, we can hardly sell them except for the Quebec Liquor Commission, or sell for well-known firms. I sold fifty-two or fifty-four for one firm.

By Mr. Calder, K.C.:

Q. You find it safer to sell for a just firm than an unjust firm?—A. Yes, it is safer to sell for well-known and reliable people.

By Mr. Gagnon:

Q. I suppose it has been the practice in your office or in your business to do that all along?—A. Right along, and if we are not sure, we do not take the car; we refuse positively to sell it.

Q. If you have any doubt whatever that the man who is offering you a car would not be the owner, you would not offer it to the public?—A. We go farther than that. Sometimes when a car is brought in my son telephones the police to come and see it. As a rule they do not bring a car for auction, it is too public. There are other ways of selling a car much safer than a public sale.

Q. So that when you are selling a car, it is because you are satisfied that the man bringing in the car is the bona fide owner of the car?—A. Yes, sir.

[Mr. U. H. Dandurand.]

By Mr. Calder, K.C.:

Q. I imagine that that circumspection upon your part comes from the fact that you have had some unfortunate occurrences?—A. No. At first ignorance was bliss, possibly, but later on we found out, before we knew that there was such a traffic.

Q. It was to save trouble?—A. Yes, sir.

Q. But my suggestion is that your circumspection arises out of the fact that you had some complaints—I do not know how many—that the cars you had sold were tainted, and received afterwards by the aggrieved and irritated owners?—A. We had about three cases where there was any trouble. One car we sold for a party for \$460, a Ford car, and when the man called for his money the next day he told my son to get the money instead of a cheque. We were suspicious, and we got a couple of detectives in and waited all day, but the man never came back. We paid \$160 in the transaction to the man, who bought it in good faith, there was the government fee, my commission was \$40, and the result was that they got away with about \$800 premium. In another case we sold a big Reo truck to a company here, and they found there was no number on it. It was seized by the city, then the government said they did not know if the duty had been paid on it. It was \$1,020, so I handed the cheque over to the Customs, with a guarantee from a good legal firm, the lawyers of the firm who bought the car, that I would be held free of trouble. I handed over to Mr. Weldon the cheque for \$1,020 less \$100 commission, less government fees, and \$25 of legal fees, and never heard any more about it. So that that was a good wise move too—Safety first.

Q. Are you aware that very frequently—I will not say very frequently, but it has happened with some frequency, that in civil proceedings to replevin cars, your auction certificate, or whatever it is you deliver to the purchaser at auction, has been opposed in court, to bar the right of the vendor?—A. As a proper title?

Q. Yes?—A. I suppose so, but I was never called for any of them.

Q. But you are aware that there have been a number of cases in which a man has said "give me back this car; it was stolen from me," and the party who bought it said he acted in good faith, that he bought it through Mr. Dandurand's firm?—A. I presume so, but I have never been called.

By Mr. Gagnon:

Q. You are the owner of the U. H. Dandurand Company, Limited?—A. Yes.

Q. You were never called into court, if I understand you rightly, to back up by your evidence any document or bill of sale you had made?—A. They were never questioned.

Q. For any cause whatever?—A. For any cause whatever.

Q. Would you tell the Committee, Mr. Dandurand, that when, according to your knowledge or your information, to use the words of my learned friend Mr. Calder, "ignorance is bliss" ceased, and ignorance became trouble, meaning that when you got word that somebody was trying to use your office to sell stolen cars?—A. Yes. We refuse a good many cars. We have had cases where people come to sell a car after hours. I say "no, it is not advertised, and I will not sell it. It has to be duly advertised, and everything regular." We are very careful. There are people we have sold cars for or to that I would not deal with at all now, knowing them, and seeing their names in print as connected with shady transactions. I gave orders not to do business with them in any shape or form.

ROBERT P. CLERK called and sworn.

(Part of this examination was conducted in French and interpreted by Mr. Beauchamp, official interpreter. Subsequently examination was continued in English).

By the Chairman:

Q. Your name?—A. Robert P. Clerk.

Q. What do you do, Mr. Clerk?—A. Inspector of customs and excise, Montreal.

Mr. GAGNON: Before Mr. Clerk is heard as a witness, I want to draw the attention of the committee to page 445 of the evidence in which, upon certain information I made a certain explanation regarding checks bearing my signature. I want to say that I made the declaration according to the information I had in my possession at the time.

Hon. Mr. STEVENS: Page 445.

Mr. GAGNON: Page 445, in which I blamed Mr. Clerk for having had photographed certain checks of mine, in favour of St. Onge. I wish to declare that when I made that declaration I was acting upon information which I controlled, and which through investigation afterwards, and which I found was not true, so if I blamed Mr. Clerk for having had those checks photographed, in due justice to Mr. Clerk I am asking to rectify whatever statement I made at the time. I just want to say that the information which I had at the time may have been confusing, in view of the fact that the account for these photographs was dated July, 1924, and that the car which I had replevined from the customs authorities for Zito had been replevined in the month of March previously, so I blamed Mr. Clerk for having had these checks photographed, in view of certain trouble that might have arisen between Mr. Clerk and myself.

Hon. Mr. STEVENS: Did we not demonstrate afterwards that the payment for the photographs of these checks was made by Mr. Bisailon, your client?

Mr. GAGNON: If I am getting up to make that declaration now, Mr. Stevens, it is not in my capacity as a lawyer for Bisailon, but I made a declaration on my own behalf, as a lawyer, and I am satisfied now that I made the declaration according to information which is not fair to Mr. Clerk, and that is what I want to rectify.

Hon. Mr. STEVENS: You do not want to substitute any other explanation for the one you made?

Mr. GAGNON: If you want to ask me for an explanation I am willing to give it to you.

Hon. Mr. STEVENS: It may not be worth while.

The CHAIRMAN: Anyhow, you withdraw that statement.

Mr. GAGNON: I want to be fair to my client, and if I made a declaration, based on information, which I found afterwards not to be true, I want to put myself very clear before this Committee.

Hon. Mr. STEVENS: Mr. Chairman, I would like to remind Mr. Gagnon in passing that the explanation he made at the time seemed to be a very satisfactory one to give of a most delicate situation and it is a little bit strange that a complete repudiation of that explanation should come now, unaccompanied by any other.

Mr. GAGNON: I am not making any repudiation whatever. I am just pointing out that I made a declaration, based upon documents produced before this Committee, as far as dates are concerned, and as the dates are confusing, and were confusing in my mind, I made this declaration and I want to be fair to everybody, and I want to satisfy this Committee, if I made that declaration on wrong information, that I am willing to rectify at any time any error or any prejudice that has been done to anybody.

[Mr. Robert P. Clerk.]

Hon. Mr. STEVENS: I am not complaining about that. What I am saying is that you withdraw one explanation but there is no other explanation substituted for it.

Mr. GAGNON: I am not withdrawing. I am just correcting.

Hon. Mr. BENNETT: Your explanation has ceased to have any value at all because it is senseless. The explanation you made the other day, with the explanation which you now offer, was a senseless explanation.

Mr. GAGNON: It is an explanation which I gave on information but after having investigated I found that the information which I based myself upon was not true.

Hon. Mr. BENNETT: And your explanation therefore ceases to have any value.

Mr. GAGNON: I am willing to declare before this Committee that the information which I had, which induced me to give that explanation was given to me by my client and I was in very good faith.

Hon. Mr. BENNETT: It was a personal matter.

Mr. GAGNON: Yes.

Hon. Mr. BENNETT: And the information you got was of a personal character and it ceases to have any value, in the light of what you now say. Mr. Stevens asked you if you had any further explanation to offer, and you repeat what you have already said, which has no value whatever. Let us have no misunderstanding about it.

Mr. GAGNON: If there was a misunderstanding my reason in giving that explanation now is to rectify whatever explanation might have been given.

Hon. Mr. BENNETT: What you have explained is that in justice to the witness now, why you desire to withdraw the statement, wherein you said he did certain things, and now you say he did not do those certain things, but the subject matter with respect to which you offer the explanation remains untouched, and with that explanation, as you now make it, there is no explanation made by you at all.

Mr. GAGNON: That was based on information—

Hon. Mr. BENNETT: Do not talk about that.

Mr. GAGNON: —which I found to be untrue.

The CHAIRMAN: The statement of Mr. Gagnon on page 445 is now withdrawn, as far as Mr. Clerk is concerned.

Hon. Mr. STEVENS: And a note made that no other explanation is offered as far as—

The CHAIRMAN: We cannot state that, because the second will speak for itself. Any member can draw any conclusion afterwards.

Hon. Mr. BENNETT (to witness): Do you not speak English very well?

WITNESS: I do, sir.

Hon. Mr. BENNETT: My memory is that you went down there to inspect because you were a bilingualist.

WITNESS: There are sometimes that I am very familiar with the English language but there are some times also when I might not express my ideas in technical language, but if I am allowed, in special circumstances to state in French whatever I have to say, I know that this will accommodate the Committee and I am only too willing to accommodate.

Hon. Mr. BENNETT: Thank you.

The CHAIRMAN: It is your privilege to give your evidence in whatever language you choose. You are perfectly free to do it.

The WITNESS: I have not the least objection to speak English, but as I said a moment ago I might want to express a certain idea, and the proper English expression might not come to my mind in a moment and I would then take the privilege of speaking in French.

Hon. Mr. STEVENS: As far as that is concerned we will meet your wishes.

By Mr. Calder, K.C.:

(Evidence continued in the English language.)

Q. What is your function at the customs house, in Montreal?—A. I am inspector of customs and excise.

Q. What is the extent of your district?—A. Montreal only.

Q. Montreal only?—A. The port of Montreal.

Q. Do you have any other territorial jurisdiction?—A. Absolutely not.

Q. What functions of the customs house are directly under your supervision?—A. My duties, you mean?

Q. Yes.—A. My duties are to perform the functions of an inspector, that is, to see that the regulations of the Department are properly carried out in the port of Montreal and to check-make the inspection of the port, inspect all the books and documents, to see that everything is kept according to regulations. to see that the money is properly remitted to the Auditor General.

By Hon. Mr. Bennett:

Q. Money collected?—A. Money collected—is, properly remitted to the Auditor General; furthermore, all the investigations that come under the port of Montreal are conducted by me.

By Mr. Calder, K.C.:

Q. Do you supervise appraisals?—A. Yes, I do supervise. Well, this—I only have to see that the proper instructions that are given to the appraisers are obeyed.

Q. Have you supervision of the gauger's department too?—A. In the same way. I have no technical functions to perform there, you see. I am not supposed to make any appraisal of any duty on goods, I mean, or to gauge any liquor, but I am supposed to see that the instructions given by the Department to the appraisers are put into force.

Q. Now, we have been told by the gauger this morning very satisfactorily in what way the gauging was done. I want to follow administratively other articles of merchandize. How are textiles examined and appraised?—A. Well, the goods are received in the customs, sent up to the dry goods department; there is a chief appraiser, in charge of the department, with seven assistants. The entry is handed over to the appraiser and, as the case might be, there is a case or two that are sent there; the cases are opened and one of the assistants will examine the goods contained in the cases that are sent there for examination, will compare them with the invoices; then furthermore, the chief appraiser of the division—sometimes there are five or six or seven or eight or ten or twelve invoices attached to the entry, so that he has to go very carefully through all the invoices to see if the duty has been properly applied. Of course it is impossible, in a port like Montreal, to have every case of every shipment coming in appraised, as provided by the law. It is provided for a certain portion, and we examine only a certain portion.

Q. In the matter of textiles, I understand it would be impossible to send the whole cargo to the examining warehouse?—A. Absolutely.

[Mr. Robert P. Clerk.]

Q. So that a selection is made?—A. Absolutely.

Q. What selection is made in the case of textiles?—A. The way it is done, the entry is presented to the Long Room, to our computing clerks to be checked, and there the computing clerk, who has no dealings with the public,—as these clerks are far behind the counters, where the public has no admission,—this entry is given to the computing clerk; nobody can say who it is handed over to, or who it will be handed to, whether it will be Mr. So-and-so, so that that prevents the public from knowing who will check their entries; that is another thing which I suggested in the Customs, since I have been appointed Inspector. Then this clerk goes to the entry, checks the entry, to see if the proper rate of duty has been applied; then of his own free will he will take up, as the case may be, one or two or three cases, and he will put these cases on the warrant. These cases are removed to the examining warehouse for examination. This warrant is presented to the station, to the officer who delivers, as the case may be, either at the station or at the wharf, and the officer in charge of the line where the goods have arrived will deliver these cases to our own carters, who are under contract with the government to cart these goods. These carters will take these goods up to the examining warehouse and the goods are received there and the moment they are received they are sent to the dry goods division—I am speaking about textiles—and then the assistants are directed to have these cases opened and make an examination of the contents of the cases, compare the contents of the cases with the invoice, and turn in the balance of the invoices to the appraiser, who will verify if the proper rate of duty has been applied to the balance of the invoices.

Q. That completes the process?—A. That completes the process.

Q. Tell me—until this examination is over, is the cargo allowed to leave the dock or the railway station?—A. No sir. The moment the goods are landed on the wharf the manifest is sent to the Custom House and there the brokers are obliged to come in immediately and pass their entries, or goods may be allowed to stay on the wharf for thirty days, in case the broker does not present himself to pass the entries. Then these goods are placed on the unclaimed list.

Q. Supposing a car of textiles arrives at Bonaventure Station, it is then put in the freight sheds?—A. Yes.

Q. Then you take your selection for appraisal?—A. Well, the entry has to be passed first.

Q. I know, but after the entry is passed you take your selection for the appraisal?—A. Yes, sir.

Q. And you have that sent to the examining room at the warehouse?—A. Yes, sir.

Q. Until the papers are clear, can the balance of the shipment leave the freight shed?—A. The moment that the entry is passed, or that we have taken hold of the packages that are directed to go to the examining warehouse for examination, the balance of the shipment can be delivered to the owner.

Q. Can be released?—A. It is a general rule that the company will deliver the goods to the importer.

Q. The moment a selection is made for appraisal?—A. Yes, sir. There is no way to leave them there—

Q. Well, is that safe?—A. It is not for me to discuss that question.

Q. You know, Mr. Clerk, we have called you here not only to answer questions, but also to suggest improvements.—A. If I was to suggest for one instant that these goods should be detained in the sheds of the transportation companies, I think that our 21 miles of wharves and sheds which we have in Montreal would not be large enough to contain the goods we would hold there; so, in order to expedite matters, the goods have to be removed, and if they are not removed the importers are fined so much a day for every foot of cases they have there.

Q. How long does it take for an entry to be passed?—A. Since two years I dare say that we have not had any complaint of goods being detained.

Q. How long does it take to pass the entry?—A. The entry can be presented in the morning and it is through at night—through in the same afternoon.

Q. And you think that would give a 21-mile congestion in the freight sheds?—A. I am not only speaking of the freight sheds, but take for instance, the C.P.R. or the G.T.R. at Pointe St. Charles; if for any reason whatever, the department thought fit to hold until such time as you may suggest—I don't know—

Q. One day, which is the process of examination?—A. Yes, but sometimes the brokers will not pass the entries on the one day. Supposing a case with goods came in this morning; the company has got to wait for these goods coming in, and then they send an advice note to the merchant, and when the merchant has this advice note in his possession, he has got to notify his broker, and his broker is not perhaps ready the very first minute to put the entry through. Perhaps he is busy putting through some other entries. Take houses like Blaiklock Bros. or Racine—to name a few who are doing a large business; they are not ready at any moment they have an invoice to proceed to pass the entry.

Q. But until they are ready to pass the entry you are ready to make your selection for appraisal, and the moment you make your selection, the cargo can leave?—A. Yes, but you see—

Q. Then those formalities have been accomplished, and from the moment you make your appraisal, you have told us it takes a maximum of one day to clear the matter up.—A. Yes, but look here; once the entry is passed—but before we get the goods—you may come to pass your entry to-day—quite right; that does not mean to say that we are through with the entry to-night. We may get the goods in the Custom House only twenty-four hours after, but I mean if after twenty-four hours the goods have been in our possession—that may mean thirty-six hours after the goods have been passed.

Q. Supposing a shipment of silk arrives and you make your selection for appraisal and send it to the examining warehouse; how long does it take from the moment your carter or the carter of the merchant takes the goods, until you say "All right; everything is clear"? How long does it take?—A. Well, if the goods arrive in the Customs House in the morning I daresay in the afternoon, about half-past three or four o'clock, unless there is a congestion, unless it is the spring when there is congestion and goods are coming in very heavily,—I daresay in the afternoon about half-past three or four o'clock the appraisers have examined the goods and have signed the warrant.

Q. So that holding the cargo in the freight shed until you satisfy yourself that the goods are as represented on invoice would add one day's delay?—A. I do not mean to say one day. It may mean more than that, because you see, the moment the goods are arriving, the transportation companies have got to notify the importer, and then the importer has got to come in touch with his broker, and then the broker has to prepare the entry and has to come to the Custom House, and it will take another day before he passes his entry. Then the warrant has got to be sent to the wharf, or the station, as the case may be, the goods carted from either the wharf or the station to the Customs, but once the case is in the possession of the appraiser it is through the same day,—it is examined and delivered; but this means that there may elapse four or five or six days before the case arrives, and it is lifted from the station. It does not mean that we are blocking in any way the transaction, but as a general procedure, you could not go quicker than that.

Q. That is precisely what I say; holding the whole cargo pending examination, from the moment you have got the case which you have selected for approval, would only add one day's delay?—A. No, sir, more than that.

Q. Oh, you are beginning again from your manifest, are you?—A. Yes.

[Mr. Robert P. Clerk.]

Mr. CALDER, K.C.: I think the committee has grasped that.

Hon. Mr. STEVENS: Oh yes.

By Mr. Calder, K.C.:

Q. Now, that is only one division of your work, textiles,—or, we will say, all-dry goods. How are groceries examined?—A. The same way.

Q. The same way exactly?—A. It is the same procedure for all goods coming to the examining warehouse.

Q. And the cargoes are released the moment the selection of cases for examination is made?—A. Exactly; once the entry is put through.

Q. Now, it is in the grocery department, is it not,—grocery and pharmacy and drugs department—that the greatest danger of smuggling occurs, is it not?—A. I don't see why.

Q. Well, it is a fact, is it not, that narcotics are smuggled in toothpaste, soap, olive oil, and other differently described containers?—A. The only knowledge I have of narcotics coming in to the Customs in a case to be examined, was in dry goods.

Q. In dry goods?—A. It was in a case of ribbons, and you know how the ribbons unroll?

Q. Yes.—A. It was found in a case supposed to contain ribbons; there were these rolls of ribbons, but the inside part were full of narcotics.

Q. The little centre boxes?—A. Little centre boxes. That is the only case I ever heard of narcotics coming through the Customs. There may have been, but not from my knowledge.

Q. Tell me, in that case were the cases invoiced to a reputable house? What case was that?—A. I cannot remember.

Q. Who was the consignee of that case?—A. I do not remember, because it did not come to me; it was merely reported. The information had been given to the Collector of Customs before the case arrived here, if my information is right, and I had nothing whatever to do with it. The Department never asked me to investigate that case; it is only what I was told.

Q. I am only asking for your recollection. Do you recollect the name of the consignee or the date upon which that consignment arrived?—A. No; the only thing I can say is, I think it happened about a year ago. I do not know the name of the consignee.

Q. There was a K-9 in that case?—A. I had nothing to do with the seizure.

Q. Is it to your recollection it was consigned to a reputable house dealing in ribbons?—A. I heard it was a very reputable house, and they were very much surprised to find some drugs there. As I tell you, I did not even know the house.

Q. They usually are surprised when you find the stuff? Now, in that case, if there were narcotics throughout the shipment, would it not have been a very grave danger to Canada to have allowed that shipment to leave the warehouse while you were examining the selected goods?—A. I do not know if there was more than one case. I am telling you this was not referred to me.

Q. I know, but I am asking you—

Hon. Mr. STEVENS: As a matter of principle—

By Mr. Calder, K.C.:

Q. —as a matter of principle.—A. As a matter of principle.

Q. There was a grave danger if there were other narcotics in that same shipment, to let the balance of the shipment go while the selected cases were being examined?—A. If my information is right, the Collector, Mr. Weldon, was notified that there would be narcotics in that case. If I had been notified instead of Mr. Weldon, this is the step I would have taken; I would have given

[Mr. Robert P. Clerk.]

instructions on the wharf or at the station, wherever these goods came in, to hold the whole shipment, and I would have ordered the whole shipment to the examining warehouse to be examined, but I was not consulted and I did not know anything; I only heard of this after it happened.

Q. Supposing you had not been so lucky and had not had information, and there was, in fact, narcotic drugs in one of the cases, the allowing of the shipment out before examination—no, my hypothesis is not quite correct; supposing there was a little narcotics in each case, because it would not be a very lucky thing to put all the eggs in one basket—supposing there had been a little narcotics in each case, and you had selected one or two for examination and had allowed the rest to go; do you not think the smuggler would have made a good thing out of that regulation?—A. Positively; sure.

Q. That was not the only case in which contraband was discovered? It may have been the only narcotic case, but there was another case in which contraband was discovered, the "Spanish Consul case" as it has been called?—A. Yes sir. One night I was coming out of the Customs and I heard somebody, just as I was getting into my machine to go home, say that they had found some alcohol in one shipment which came to the Customs. I tried to listen to what they were saying, but they went away and I could not find out. The very first thing I did next morning when I came to my office was to enquire about that shipment, and I found out that it was some olive oil that had been imported by the Spanish Consul, or rather—

Q. Mr. C. A. Robeno?—A. Yes, by Mr. Robeno. So I ordered one of my officers to make an investigation of that. We called on Mr.—

By the Chairman:

Q. Meluquerre.

By Mr. Calder, K.C.:

Q. Mr. De Torranze—A. Mr. De Torranze. I called on Mr. De Torranze with one of my officers, and Mr. De Torranze told me he was only acting for a friend of his—

Q. Well, Mr. Clerk, he will probably be called as a witness to these facts later on and there is no use repeating them here. What happened in the case was this, that the entire shipment of olive oil got out of the warehouse before any of it was examined?—A. Absolutely.

Q. And in that case there was one case of alcohol or rather one tin of alcohol out of two in each case?—A. Yes.

Q. That shows the danger of releasing the cargo before examination, doesn't it?—A. Yes, sir.

Q. So that shows if there was a real congestion, it would be of assistance in the development of smuggling, particularly in drugs, alcohol, and other small portable articles of commerce, and this could be prevented by keeping the cargo in the warehouse until sale and examination is made?—A. Well, I must tell you that I am not that much interested in smuggling because it is absolutely out of my jurisdiction. I have nothing whatever to do with the smuggling. I have enough to do in the supervision of the administration of the Port of Montreal without going into the smuggling business because this does not pertain to me, and is left in the hands of another department altogether.

Q. You are interested to this extent, that it is brought to the attention of the Collector of the Port through the Inspector?—A. I am there only to see that the Inspector does his duty.

Q. That is to prevent smuggling? Understand me, I am not suggesting you were remiss in your duty.

(Witness answers question in French through interpreter.)

WITNESS: He has no jurisdiction over smuggling, but when anything that resembles smuggling comes to his knowledge, he endeavours at all times to deal with it, but it is not within his province to look after smuggling.

Voyez-vous, ce que je veux dire c'est ceci: En autant que la contrebande est concernée moi je n'ai absolument rien à faire avec la contrebande. Ce que j'ai à faire c'est. . .

Le président:

Q. C'est de l'empêcher?—R. Justement. S'il vient à ma connaissance un cas de contrebande, c'est mon devoir d'intervenir immédiatement. Mais personne ne vient me donner d'informations, à moi, inspecteur des douanes de Montréal. Par conséquent, je n'ai pas d'affaire à la contrebande; c'est dans un autre bureau qu'on va pour donner informations-là. Si d'une manière quelconque on apprend que quelqu'un abuse des moyens ordinaires de passer une entrée pour faire de la contrebande et que cela vienne à ma connaissance, naturellement je dois intervenir immédiatement. C'est ce que j'ai fait dans le cas du consul espagnol. C'est ce que j'ai fait.

The CHAIRMAN: Furthermore he says nobody ever gives him information about smuggling.

By Mr. Calder:

Q. I am merely pointing out that the allowing of the cargo to leave the warehouse before selected goods have been examined is probably an incentive to smuggling by a misdescription of goods. I may answer that orders might be issued by the department to the effect that no goods should be delivered prior to the inspection by our appraisers of the packages that have been taken to the examiner for inspection. That would be the only safe way to control smuggling in that direction if there is any.

Q. How are liquid groceries, such as oil, olive oil, how are these examined?—A. Well, the goods are sent in the usual way to the department and like this case of the Spanish Consul, when it came up I found out an appraiser had satisfied himself by opening the case and seeing that this package, a tin, was marked olive oil. I said to him, how can you ascertain it is olive oil? Does olive oil weigh the same weight as alcohol? "Oh." He says "No." I say "Did you weigh the tins to see if the weight was proper, if it was alcohol or if it was the proper weight of olive oil?" He said "No." I said "Did you open this tin?" He said "No, we had nothing to open it with." I suggested to the Department that means should be given, instruments should be furnished us in future for all these things that are coming in, and that the tins should be opened and we should have something we could seal the tins with. This has been done, and I have given instructions, not only to do that, but also with packages.

Q. You have been furnished with openers for this purpose, and until you were furnished with can openers or punches, all articles that came in in sealed tins could not be looked at by the inspector?—A. That is right.

Q. You are in a position to open the parcel and test it properly and get a correct description of what is in it?—A. I do not wish to answer this question any other way. You must remember I have been inspector in the port of Montreal only for the last two years and a half.

Q. Disabuse your mind of the idea that I am trying to incriminate you. I am trying to find out about the system and its weakness. You have told us of the Meluquerre incident, and you asked your appraiser how he had been so misled as to find a shipment of 46 cases, half of which turned out to be alcohol later on. You told him that he should open the tins, and you say he asked for something to open the tins with, and there was nothing?—A. Yes.

Q. I am asking you whether by that you mean as far back as you can remember, all similar tins were examined without being punched or opened?—A. I am of the opinion that the lockup was insecure and that the label was looked at and nothing else was done.

Q. I think you may surmise if that was the constant practice Mr. Smuggler would have some idea of it.—A. I suppose so.

Q. And he could float in a tin of olive oil capsules containing narcotics?—A. I suppose so.

Q. It would be a good improvement if a selection were made of certain cases?—A. That is done now at my own suggestion.

Q. It remained undone till the year 1924?—A. Yes.

Q. Who was the Inspector before?—A. There was a Mr. Busby there.

The CHAIRMAN: Every one will carry his own sins.

Mr. CALDER: There will be no scapegoats.

By Mr. Calder K.C.:

Q. Now Mr. Clerk, does the examination of a bonded warehouse come under your supervision?—A. Yes.

Q. Have you examined yourself carefully the fastenings and general protection against leakage of the various bonds in Montreal?—A. I was chief locker and had charge of not only the City of Montreal, but the whole district for 18 years, and I examined all the doors. When I took charge as Chief Locker, I found lots of traps in different warehouses and found cases were disappearing from one special bond.

Q. What bond?—A. That was bond 43.

Q. In whose name?—A. Prevost's name. I found goods were coming out and there were leaks. I changed the locks and I mentioned the matter, but I found after changing the locks there were some goods disappearing and the storeman laughed at me when I caught him. He said you can change the lock every half hour, and as long as you give me five minutes I will have a duplicate key and open the lock, and he opened the lock.

Q. Did you take any steps to have this artist in lock opening dismissed from the bond?—A. I reported him to the Department in Ottawa.

Q. Here?—A. In Ottawa.

Q. Was any action taken?—A. Not that I am aware of.

Q. Did you make an order to the effect that the bond should be condemned?—A. No, it was not condemned, it was abandoned after all this had taken place.

Q. Outside of the Prevost bond, was there any other bond you had reason to inspect for leakage?—A. Yes, in bond 35 I found many traps there.

Q. Whose was that?—A. That was a bond kept by Boyd Bros.

Q. Where is the bond?—A. It is no more.

Q. Where was it?—A. It was at Commissioner Street, but it is no more in existence.

Q. What was the number?—A. 35.

By the Chairman:

Q. The bond is no more existing?—A. No.

By Mr. Calder K.C.:

Q. What was the nature of the leakage in the bond? I mean by leakage the coming out of goods.—A. Goods disappeared without payment of duty.

By the Chairman:

Q. What kind of merchandise was in this bond 35?—A. It was a public bond, all kinds of merchandise.

[Mr. Robert P. Clerk.]

By Mr. Calder K.C.:

Q. Did you have any complaints of pilferage respecting these bonds, the two you have mentioned?—A. Yes.

Q. Were these taken up with the department?—A. Yes. I remember in one instance Mr. Wilson came to bond 43 and he examined a case of silk. I don't know whether it was Mr. Wilson himself but one of his employees, and he walked straight to the case and said open this case, pointing out with his finger the case and the silk was gone and there were some bricks there instead.

Q. What steps were taken to try and fix the responsibility for the pilfering?—A. The only action I could take as Chief Locker was to procure locks and change the locks very often, procure locks from the department and change the locks very often, and change the officers in charge of the different sets of bonds, because an officer had sometimes five or six bonds to look after.

Q. Simultaneously?—A. Yes.

Q. That is a good process?—A. No.

Q. Would he lock the bond every time he went away from it?—A. Yes, my instructions were the bond was to be opened only for the admission of the goods into bond and delivery of the goods out of bond.

Q. While the locker was there?—A. That was to be done in the presence of the locker.

By the Chairman:

Q. Can you give the dates?—A. I was relieved from that department in 1913. We are now in 1926. To be precise, it would be very hard. Unless I could be furnished with my book in which I made my report I could not state. This was in the possession of Mr. Pare.

Q. Mr. Pare is now Chief Locker?—A. Yes.

Q. Has he been Chief Locker since you left?—A. Yes.

By Mr. Calder K.C.:

Q. What is the name of the gentleman who can open locks with such ease?—A. I only know I can remember he was a French-Canadian; I can not remember his name.

Q. It was not Jimmy Valentine?—A. No.

Q. As far as you know no steps were taken by the department to cancel the bond, to condemn it or prosecute anybody or to investigate the pilferage?—A. No, not unless that has been done since.

Q. You mean not before 1913?—A. I mean to say in the specific case you have just said against bond 43 there was no action taken to find out whether or not this man was doing anything of the kind.

By the Chairman:

Q. What was the date?—A. It was before 1913, it may be 1912 or 1911, something about that time. It must have happened between—I left my position in 1913 as Chief Locker, therefore that must have taken place in 1911 and I reported the matter to the department but no action was taken in 1911 against that bond. But shortly before 1913, just a few days before 1913, I can give you the date here if you will let me have the papers, because Mr. Prevost closed the bond of his own accord.

Q. Give us the date if you can, because it is very important. We have general statements here and there but no dates. If you can give us the dates, do so, and when we read the evidence, we can be guided by that evidence?—A. You see, I could not give you exactly the date. The only thing I have is this, that in 1913 Mr. Pare was appointed chief locker. I was then instructed by the Department if possible to remain there for thirty days to initiate him into his now duties. Then after the thirty days in question, Mr. Pare, when

[Mr. Robert P. Clerk.]

he was initiated into the business,—I left him and was assigned to the checking of the manifests. I do not recollect what date I was notified that Mr. Pare was appointed chief locker, but it was in 1913.

Q. Mr. Pare followed you, on the instructions you had to give him?—A. He followed me on the instructions I had to give him. He followed the same routine as I used to follow, that is, he followed the instructions he received from the Department, as I used to do myself.

Q. Who was the Inspector then?—A. Mr. Busby.

By Mr. Calder, K.C.:

Q. How long were you chief locker?—A. Eighteen years. I beg your pardon, thirteen years, if you will allow me to correct that. I was appointed in 1900, and was chief locker until 1913.

Q. Before that were you a locker?—A. Before that I was in business.

Q. During your thirteen years incumbency were any proceedings taken at all against bonds, either for pilfering, leakage, or for any other cause whatsoever, when facts of pilfering were ascertained?—A. In many instances, when I was chief locker, when I found that goods had been pilfered, or that goods had been taken out of bond in any irregular way, and I could trace the goods, I had no hesitation in every instance in making a seizure. I have often then seized these goods, reported the seizure on the regular forms in the regular way to the Department, and I must say that in almost every instance, my seizures were maintained.

Q. That is, where you could find the goods in the possession of the pilferer, or of third parties who were probably receivers?—A. Yes.

Q. But were any proceedings taken against the bond to condemn it, if it was too leaky?—A. No, sir.

Q. Is Mr. Pare your subordinate, or is he independent of you now?—A. He is absolutely under the jurisdiction of the Collector of Customs.

Q. To whom he reports?—A. To whom he reports everything; he is not supposed to report anything to the inspector, and has only had to deal with the Collector of Customs, and with his employees. Mr. Weldon is the sole authority at the port of Montreal.

Q. If you do not mind, I would like to clear up some of the things that have been put into the record already. Mr. Stevens exhibited to Mr. Bisailon photographs of certain cheques, with my learned friend Mr. Gagnon, and Mr. Bisailon stated on oath that you had caused those cheques to be photographed?—A. Never, sir.

Q. That is false?—A. Absolutely false. I had nothing to do with it, and never knew that the cheques were photographed, until such time as Mr. Duncan, of the Preventive service in Montreal, showed me these two cheques photographed. That was the first knowledge I ever had of it.

Q. There were no prints of these photographs in your possession?—A. Absolutely never.

Q. So that that part of it was conscious perjury on the part of Mr. Bisailon?—A. I have no comment to make upon the part of Mr. Bisailon.

Hon. Mr. BENNETT: That is not a proper question, Mr. Calder.

The CHAIRMAN: He has answered already.

Mr. CALDER, K.C.: I stand corrected, Mr. Chairman.

By Mr. Calder, K.C.:

Q. It has been said here that you had certain cars which had been forfeited, for your own use; were those attributed to you by the Department?—A. Yes, sir.

Q. By whose orders?—A. By the orders of the Minister of Customs, who had to give the authority to his Deputy Minister, and I was notified by the Deputy Minister to use this car on official business.

[Mr. Robert P. Clerk.]

By Mr. Doucet:

Q. Was that in writing?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Was it at your request, or at his own initiative?—A. Mr. Bureau and Mr. Farrow were both in Montreal when I was first appointed inspector, and they saw the work themselves. They saw the work that had to be done, and saw that it was absolutely necessary for me, when I had to carry on an investigation—even last week I had to call at over forty places in different parts of Montreal, and I could not do that unless I spent all my life in walking around the city, so that it was absolutely necessary to have a car.

Q. We admit that. What was the first car that was given to you?—A. The first car given to me was a Studebaker, a Big-Six Studebaker.

By the Chairman:

Q. A Jewett sedan?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Had it been forfeited and sold?—A. This car had been seized and forfeited by the Department. It was advertised for sale, if I remember well, if my memory serves me well, or if not advertised for sale, it was to be advertised for sale, when the Minister told me, and the Deputy Minister, that I should take this car and use it, as I required it.

Q. When did you get it?—A. I got this car in about—I have it here I think; I dare say it was in the month of May, if I remember well, of 1923.

By Hon. Mr. Stevens:

Q. When did you get it?—A. I got it in 1923, and it was seized in 1924, I think. Mr. Gagnon can help me in that.

Hon. Mr. STEVENS: You must be wrong there. The car was stolen on May 18th, 1923.

Mr. GAGNON: The 17th of May, 1923.

By Hon. Mr. Stevens:

Q. It was stolen at that time?—A. I think it was in June or July, 1923, that I got the car placed at my disposition.

By Mr. Calder, K.C.:

Q. Now, Mr. Clerk, even at that early date, there was considerable talk around Montreal about stolen cars, and some of them finding their way into the Customs. Did you have any expert examine the assembly record of this car, for the purpose of clearing up any doubt you might have that it was stolen, and for the purpose especially of finding out the true owner?—A. No, sir. I only went by the instructions of the Department. This car was placed at my disposition by the instructions of the Department, and I took it for granted that I could use the car, and that is what I did.

By the Chairman:

Q. Instead of it being put upon the list to be advertised as stolen?—A. And, if I had used that car a few days later, it would have been sold.

Q. And at that sale, everybody would have been allowed to bid?—A. Because it was the rule, when I was appointed inspector of Customs.

Q. You do not answer the question?—A. Absolutely.

Q. When this sale would have taken place, any party could have placed a bid upon the car?—A. Absolutely.

Q. Instead of placing this automobile on sale, the Department told you to take it for your use?—A. Yes, sir.

Mr. CALDER, K.C.: Mr. Chairman, Mr. Dandurand wishes to correct his testimony, where he said he started selling cars in 1921. It was 1923 when he started to sell cars. That error can be corrected.

The CHAIRMAN: The correction will be made.

WITNESS: The Customs Department told me to withdraw that car from the sale, and take it for my own use.

By Mr. Doucet:

Q. That is too vague. Was it the Deputy Minister and the Minister, both of them?—A. Both of them.

By Mr. Calder, K.C.:

Q. Being covered by the Customs seizure, and by the disposal ordered by the Minister, you did not think it necessary to examine the assembly record, or the numbers of the car?—A. No, sir.

Q. You get my point, do you not? It was stolen in May, and you got it in June or July?—A. Yes. If you want to go into this matter, I will go further on.

By the Chairman:

Q. To avoid any discussion, did you know personally if this car was stolen, or not?—A. When this car was handed to me, I was not aware, and no intimation had been made against the car, and I was not aware that it was a stolen car.

By Mr. Calder, K.C.:

Q. I am not suggesting that you were aware that it was a stolen car, but in Montreal particularly stolen cars were almost as plentiful as falling leaves, and it was common talk that a large number of those cars found their way into the Customs. I am merely asking you, did you take any precautionary measures to have somebody, say a Studebaker man, look at the car and advise you whether there was an owner to whom it could be returned?—A. The only precaution I took was that of sending the car to the Studebaker corporation and have it put in good order, and they made the repairs to the extent of \$250., and to that extent they had the car in their possession for over two weeks, and did not call our attention to the fact that this car was a stolen car. I was not going by myself to say to the Minister and the Deputy Minister, "look here, Mr. Bureau, look here, Mr. Farrow, you have placed a car at my disposition; are you aware that it is a stolen car or not?"

By the Chairman:

Q. You had it only in the line of a smuggled car?—A. Only as a smuggled car.

By Mr. St. Pere:

Q. You had no suspicion of it?—A. No, sir, I had no suspicion of it, and if I had some suspicion, I would not have taken that car to the Studebaker corporation in Montreal, and leave it in their possession for over two weeks while they were making reparations on the car, because, as I was just going by myself there, I was going to the manufacturer's agent.

By Mr. Calder, K.C.:

Q. What ultimately became of that car, Mr. Clerk?—A. This car was placed under seizure later on.

By the Chairman:

Q. A civil procedure?—A. A civil procedure in this case. First of all, in July, a little while after I had placed the car in good condition, there was a Mr. Zito, of Putnam, Connecticut, who was referred to me by the Department; he came to me about this car, pretending that it was his own car, and the Depart-

[Mr. Robert P. Clerk.]

ment wrote me asking me to interview Mr. Guy Zito, and find out if he could give any such description as would leave me absolutely free in my mind that he was really the proprietor of the car. He brought me in some certificates from the Chief of Police. The very first thing that I saw on these certificates was that he notified the police in Putnam, Connecticut, twenty-four hours before the car had been stolen, and he notified them that the car had been stolen twenty-four hours before.

By the Chairman:

Q. And you found that strange?—A. So, I thought he was pretty wise. Then the next thing I asked him, I said, "Were there any bumpers on the car?" He said there were two bumpers on the car. Of course, he might have been right in that, because there was only one bumper; the back bumper was missing. I said, "Have you got any other means of identification?" He said, "Yes, there was a scratch on the door." Quite right; that scratch was there. Now, I said, "Have you got any other means of identification?" He said, "Yes, on the back seat there is a burnt cigarette mark." I looked at the back seat, and I said that there was no burnt cigarette mark on there. I said "Have you any spare wheels?" He said, "Yes." I said, "How many have you?" You know these big Studebakers—they are pretty expensive,—they are on the side. He said, "I have one." I thought he had two, so I doubted very much. However if it had been a stolen car somebody would have to pay the export on the stolen wheels.

Q. What did these two wheels look like?—A. The standard.

Q. As far as that is concerned, they were matched?—A. That was just the rim of the tires—you cannot say sometimes, but both of them were used, so I reported the matter to the Department and the decision came that the machine was to be forfeited, that the proof handed over by the claimant was not sufficient, and the instructions were that I was going to continue to use the machine, which I did, until such time as Mr. Gagnon, acting as lawyer on behalf of Zito, placed a seizure on the machine.

Q. In continuing to use the car, did you believe it was the car of Zito?—A. I believed it was Zito's car, but I was not satisfied with the explanation that Zito had given me.

By Hon. Mr. Bennett:

Q. Is it settled yet?—A. No, Mr. Gagnon, attorney of Zito, had seized this car.

Q. Some of the judges will have to decide that yet?—A. No. The Department is willing to hand back the machine to Zito, if Zito calls for the machine personally, or if he sends an attorney, or a proper power of attorney.

By the Chairman:

Q. Then the car will be sent up for trial?—A. According to our Department, this car will not be delivered to anybody, who might claim it in Montreal, but will be delivered to Zito. It has to be re-exported to the United States, but I have to be satisfied first of all that it was Zito's property, or that he comes here to get the car re-exported. That car has to go back through the Customs.

By Mr. Calder, K.C.:

Q. What car did you get to replace that?—A. The deputy told me—"You have to have a car." He said "What kind of a car would you like?" I said "It is not for me to suggest." I got a telephone from Mr. Bureau. He told me, "Clerk, you go and buy a Dodge sedan," and I went and bought a Dodge sedan at the Montreal Motor Sales Company, and I have had that ever since.

By the Chairman:

Q. Brand new?—A. Brand new.

By Mr. Calder, K.C.:

Q. A witness stated that you caused tires to be taken from another car, to be put on your own car. Would you explain that? We have been told here, Mr. Clerk, that there was an interchange of tires from a seized car to your car, that is to the car that had been allotted to you by the Customs. How did that come about?—A. Mr. Bureau told me one day, he said "Clerk, you have to have new tires for the car."

By the Chairman:

Q. "The tires are on the bum?"—A. "The tires are on the bum."

Q. I suppose they were flat only at the bottom?—A. They were flat more than once. I had one puncture and three flats in one day, with those tires.

Hon. Mr. STEVENS: You might just as well have walked.

WITNESS: I might just as well. So he told me "If there is any machine offered for sale or if you see any—"

By the Chairman:

Q. That means being forfeited?—A. That means being forfeited. "If there are any machines that are forfeited by the Crown that are to be offered for sale," he said, "I am quite willing that you remove the tires that you have on your machine, and place them on the other machine" and he said, "Add to them," "But," he said, "You must be very careful. You must understand that once the machine is offered for sale I do not authorize you to go and change the tires, but I authorize you to do so once it is decided that the machine is to be offered for sale, provided it is removed to the place where it will be sold, because I want to sell the machine in the city in which it has been shown."

Q. And as advertised?—A. And as a result of that there was a machine there and there were six new tires—I believe six new tires and I placed the tire I had on the Studebaker on the other machine.

Q. With the blow-out—A. With the blow-out.

By Mr. Calder, K.C.:

Q. How is it that there was a complaint of that on the part of the purchaser?—A. I will tell you. It was a very simple matter in those days; all the machines that were sold in the Customs were sold through private tenders. People had to come to the Customs and offer so much for a car; another party would come in and offer so much more, and so on.

Q. You say it was a sale by tender, by successive tenders?—A. By successive tenders. Anybody was allowed to come and examine the car for eight days in the Department, and make an offer in writing, so a certain party came and made an offer for this car I knew then that the car with the six brand new tires was for sale. An offer was made for the car; the offer was accepted but when it came time for the car to be claimed the party refused to pay for it; so therefore the Department said "You will have to offer that car again for sale," so I put another ad in the paper and we offered that car again for sale. Then it was at that moment, when it was offered for the second time, that I had changed the tires, and this party complained only after the car was sold to another party, that he had bought the car, but he refused the delivery at the time he made an offer for it, so he had no right whatever to the tires or to the car.

The CHAIRMAN: You rendered a good judgment.

By Hon. Mr. Stevens:

Q. Do you remember the date?—A. I could not tell you exactly.

By the Chairman:

Q. Mr. Stevens asks for the date?—A. I do not remember the date.

Q. That was that Provencher—?—A. I do not remember the name.

[Mr. Robert P. Clerk.]

The CHAIRMAN: Is Mr. Clerk released?

Mr. CALDER, K.C.: I think so.

WITNESS: Mr. Chairman, might I be allowed to make an humble petition to the committee? This is the first time that I have ever appeared before a committee, and I have never appeared in the courts, so I must state that I have not much experience in these things. It is my first appearance, as I say; in public.

Hon. Mr. STEVENS: You do very well.

The CHAIRMAN: You do very well. Go to the point. You are allowed to make your statement. We will see what it is.

The WITNESS: It is a very delicate question. I am a very nervous chap, and under the circumstances I feel deeply sorry, I think that I belong to one of the best and most respectable families in Scotland, and I am married with a French Canadian lady who belongs also, to the best society in Montreal. I have seven children and I have been accused of having stolen goods in the examining warehouse. I have been called a thief; I have been accused of being an incompetent officer; I have been accused of being only a tool in hands of politicians. I did resent very much those accusations. My family did resent them. At the present time my wife is under treatment ever since, under a very serious nervous depression. Under the British law, under the British flag, which I am proud to live under, I do not think that any man, whoever he is, no matter if he is the first gentleman of the country, has the right to stand up and throw such dirt into the face of an honest man, who has been honest, who has been true to his country for his whole life, and as great publicity has been given to those accusations which have been brought against me, I humbly request, if it is in my power—I may state first of all that I care more for my honour and dignity and the dignity of my family than I do care for the little position of inspector of customs and excise. Therefore I would ask if it would be possible that the Honourable Mr. Stevens, who has made these accusations against me, would repeat those outside the House of Commons, so that I could give him something else than a rod to fish with.

The CHAIRMAN: This Committee will finish its work, but you must expect that any British citizen, living under the British flag will have justice given where justice is due.

Hon. Mr. STEVENS: We are not through with Mr. Clerk. We did not call Mr. Clerk simply for to-day. I ask that Mr. Clerk be released to-day, not to be discharged.

The CHAIRMAN: You are only released, but you will remain at the disposal of the Committee until you are finally discharged.

WITNESS: Does that mean that I have to stay in Ottawa?

The CHAIRMAN: Yes.

WITNESS: My wife is very sick just now and I would like to return to Montreal with her.

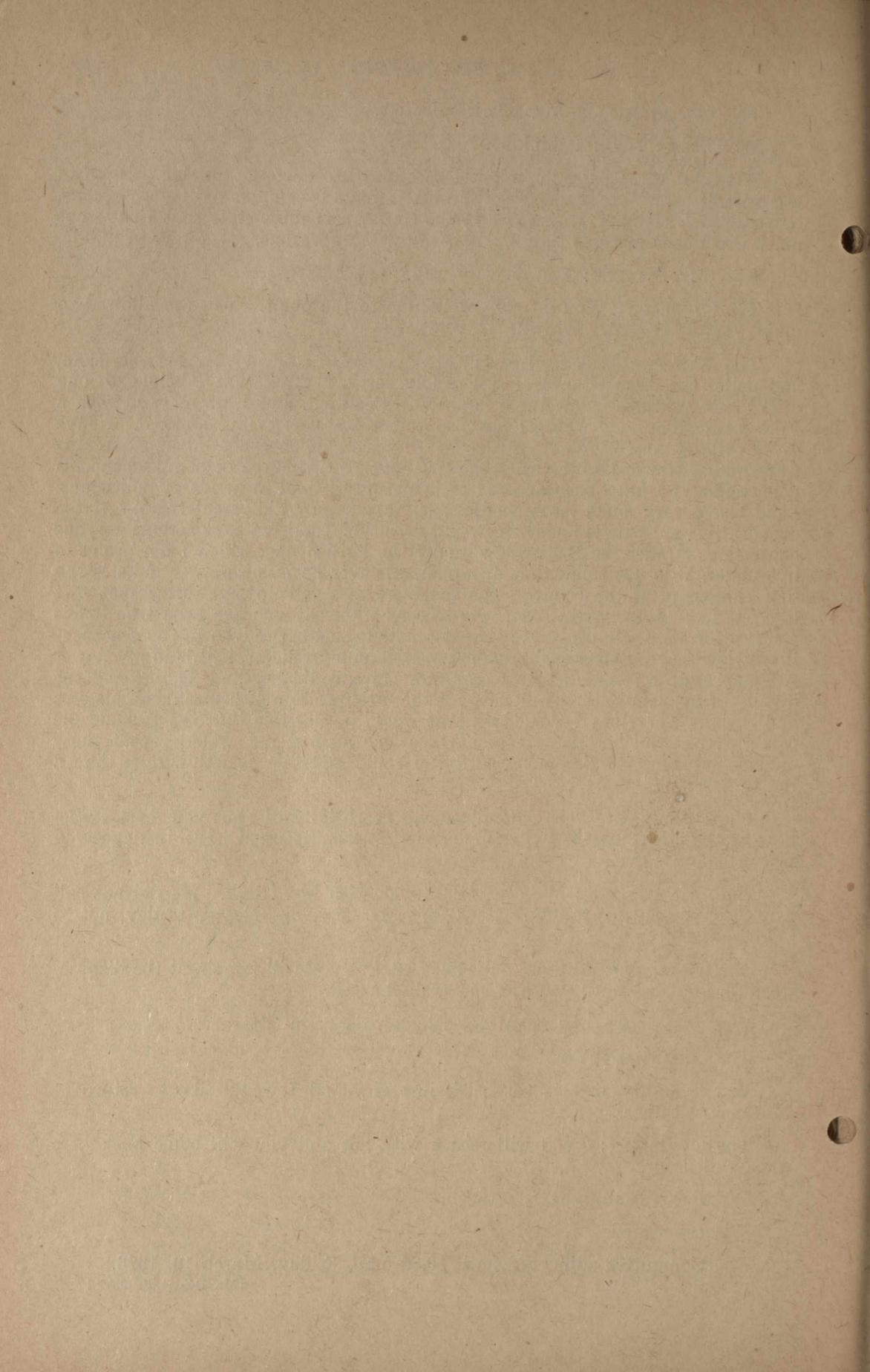
The CHAIRMAN: You will return with her and you will come back here when called for.

WITNESS: Thank you very much.

Witness retired.

The Committee adjourned until 10.30 a.m., Friday, March 19, 1926.

[Mr. Robert P. Clerk.]



SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 19—FRIDAY, MARCH 19, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

- Mr. Z. Legault, Manager, Mount Royal Motor Sales, Montreal, Que.
Mr. William S. Weldon, Collector of Customs and Excise, Montreal, Que.
Mr. Charles Ferminger, Purchasing Agent, Dominion Glass Company Limited, Montreal, Que.
Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise.

OTTAWA

F. A. ACLAND

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1926

EXHIBITS FILED.

- No. 93—Motor Vehicle Service, Quebec. Notice of transfer of ownership of automobile.
- No. 94 (a) to (e)—Five Customs Entry Forms for Home Consumption, covering automobiles imported at Hemmingford, Que.
- No. 95 (a) to (c)—Three Customs Entry Forms for Home Consumption, covering automobiles imported at Hemmingford, Que.
- No. 96—Sylvania Insurance Company questionnaire used in case of loss of automobile of Anthony Vernault (Jewett Sedan).
- No. 97—Cheque No. 2085 of Dominion Glass Company, Limited, dated Montreal, October 7, 1922, to order of Geo. Hall Coal Company, \$2639.06.
- No. 98—Customs Entry Form No. 40080A, dated Montreal, 21st October, 1922, respecting cargo of coal from England, per "Canadian Cruiser".
- No. 99—Steamship "Canadian Cruiser" manifest respecting coal brought from England to Montreal.
- No. 100—Customs invoice, entry number 40080A, respecting coal from Grace Brothers & Co. Ltd., London, England, to Geo. Hall Coal Co. Ltd., Montreal, Que., per "Canadian Cruiser".
- No. 101—Customs Collector's permit for the delivery of goods ex-ship, entry 40080A, cargo coal from England to Geo. Hall Coal Co. per "Canadian Cruiser".

MINUTES OF PROCEEDINGS

FRIDAY, 19th March, 1926.

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

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

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

Moved by Mr. Doucet,—For the production of the report of Customs Inspection Staff on quantities of denatured alcohol shipped by a distillery at Sapperton, B.C., to a firm in Winnipeg for the purpose of making vinegar, but which alcohol was used for other purposes thus evading payment of proper Excise revenue. Such information to give the names and dates, etc., of such transactions.

Motion agreed to.

Hon. Mr. Stevens stated that he was still awaiting production of a report made by Mr. Clerk, Inspector at Montreal, regarding Mr. Bisailon. The Clerk was instructed to communicate with the department.

Mr. Z. Legault was called and sworn. Examination was commenced in French, interpreted by Mr. Beauchamp, and completed in English. Mr. Calder, Counsel for the Committee, filed,—

Exhibit No. 93—Motor Vehicle Service, Quebec. Notice of transfer of ownership of automobile.

Exhibit No. 94, (a) to (e)—Five Customs Entry Forms for Home Consumption, covering automobiles imported at Hemmingford, Que.

Exhibit No. 95, (a) to (c)—Three Customs Entry Forms for Home Consumption, covering automobiles imported at Hemmingford, Que.

Exhibit No. 96—Sylvania Insurance Company questionnaire used in case of loss of automobile of Anthony Vernault (Jewett sedan).

Witness was examined respecting Exhibits Nos. 94 and 95 and in regard to his business as a dealer in wrecked automobiles. He will produce a record of his sales for 1923, 1924 and 1925, with cash books and cheques and bank statement.

Witness retired.

Mr. William S. Weldon, Collector of Customs and Excise, Montreal, Que., was called and sworn. Witness was examined as to the officials and duties of officials at Montreal.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Mr. Weldon's examination was continued.

Witness retired.

Mr. Charles Ferminger, Purchasing Agent, Dominion Glass Company, Limited, Montreal, Que., was called and sworn, and examined respecting a

cargo of coal imported from England on the *Canadian Cruiser* which arrived at Montreal in October, 1922. Mr. Calder filed,—

Exhibit No. 97—Cheque No. 2085 of Dominion Glass Company, Limited, dated Montreal, October 7, 1922, to order of Geo. Hall Coal Company, \$2,639.06.

Witness discharged.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined respecting the coal shipment from England to the Dominion Glass Company Limited, Montreal, through the Geo. Hall Coal Company, which arrived at Montreal in October, 1922. Mr. Calder filed,—

Exhibit No. 98—Customs Entry Form No. 40080A, dated Montreal, 21 October, 1922, respecting cargo of coal from England per *Canadian Cruiser*.

Exhibit No. 99—Steamship *Canadian Cruiser* manifest respecting coal brought from England to Montreal.

Exhibit No. 100—Customs invoice entry number 40080A respecting coal from Grace Brothers & Co. Ltd., London, England, to Geo. Hall Coal Co. Ltd., Montreal, Que., per *Canadian Cruiser*.

Exhibit No. 101—Customs Collector's permit for the delivery of goods ex-ship, entry 40080A, cargo coal from England to Geo. Hall Coal Co. per *Canadian Cruiser*.

Witness retired.

The name of Mr. George Hearn, of Montreal, witness summoned for to-day, being called, Mr. Hearn did not respond.

Moved by Mr. Doucet,—That the following witnesses be summoned for 10.30 a.m. on Tuesday, 23rd March, 1926, viz:—

Staff-Sgt. E. C. Salt, R.C.M.P., 382 Sherbrooke St. West, Montreal, Que.

Sergeant Brown, c/o R.C.M.P. Headquarters, Ottawa (re Spanish Consul case).

M. Dufresne, c/o Automobile Loss Investigation Bureau, Transportation Building, Montreal, Que.

R. Belanger, Customs Locker, Customs Department, Montreal, Que.

O. J. McShane, Asst. Appraiser, Customs House, Montreal, Que.

Antoine Giroux, c/o St. Arnaud & Bergevin, 26 Victoria Square, Montreal, Que.

Motion agreed to.

The Committee adjourned until Tuesday, 23rd March, at 10.30 a.m.

WALTER TODD,

Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, March 19, 1926.

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

ZEPHERIN LEGAULT called and sworn.

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

Mr. GAGNON: Do you think, Mr. Chairman, that this man should be asked to give evidence now?

Mr. DONAGHY: Let us dispose of that when the proper time arrives.

By Mr. Calder, K.C.:

Q. You told us you were associated with a Mr. Tremblay?—A. Yes, sir.

Q. What are his initials?—A. H. Tremblay.

Q. Do you know a party by the name of P. J. Tremblay?—A. Yes, sir.

Q. Is he associated with you?—A. No, sir.

Q. Is he employed by you?—A. No, sir.

Q. What does P. J. Tremblay do?—A. This Mr. Tremblay lives in Plattsburg.

By the Chairman:

Q. In the United States, in the State of New York?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Is he an automobile dealer?—A. Yes, sir.

Q. Have you had any business connections with him?—A. Yes. I have purchased several cars from him.

Q. Were any of the cars you purchased from him entered by him under his name?—A. Not to my knowledge.

Q. Did he ever bring cars in to Montreal, and deliver them at your garage?
A. Not to my knowledge.

Q. Or anywhere else in Montreal, on your account?—A. No, sir.

Q. Did you bring in any automobile bodies by way of Hemmingford, and have them declared at that port, in 1925?—A. Yes, sir.

Q. (Producing papers). These were put to Mr. Bisailon as being those that were entered without body numbers, and you will distinguish between them. Would you state if the copies of these Customs entries refer to entries which you declared at the port of Hemmingford?—A. The entries I made are exhibits 88-A, 88-B, 88-E, 88-F, 88-H, and 88-J.

Q. Then, exhibits "C" and "E" are post entries referring to entries already made?—A. Yes, exhibits 88-A and 88-B refer to those entries.

Q. When you imported a body in that manner, how did you enter it in your books?—A. I purchased cars personally, and resold them to the company.

Q. The company you refer to consisted of you and Mr. Tremblay?—A. The company was the Montreal Motor Sales.

Q. But you and Tremblay were the principal shareholders in that company?—A. Yes, sir.

Q. How was that put in and entered in the books of the Mount Royal Motor Sales?—A. A record was made in the books, I charged it up to the company.

Q. In what personal books or accounts did you make a note of the transaction?—A. I don't think I kept any books.

Q. He does not believe he did; you did not keep, or you did keep a record of these transactions in books?—A. No, I have no books of personal transactions.

Q. In what books of the Mount Royal Motor Sales, if which you are one of the principal shareholders, were these entries?—A. I cannot tell as I am not acquainted with the books.

Q. Who was the accountant?—A. The accountant is Mr.—We have three or four accountants.

Q. Who were these accountants?—A. One was Mr. Lorenzo Parenteau and another Mr. Montet, and another who came to the office at the request of Mr. Parenteau, and whose name I do not remember.

Q. You can tell us in what books you made the entries when the bodies came into your garage?—A. I cannot tell you.

Q. Who is responsible in your company besides yourself and Mr. Tremblay? Who are the shareholders?—A. The only other shareholders are shareholders pro forma.

Q. One shareholder?—A. Yes.

Q. Then you and Mr. Tremblay being the only two effective shareholders in the company, you cannot state in what books you made entries for automobiles and automobile bodies?—A. I personally purchased automobile bodies and being only interested in the company along with Mr. Tremblay, I was not in a hurry to make entries. These bodies were deposited in our garage. We used them accordingly as we wanted to and then they were charged up in our books.

Q. You purchased these cars and resold them at a profit to the Mount Royal Auto Sales?—A. Not necessarily.

Q. You sold them for the same price?—A. Yes.

Q. Why did you make this conversion without a profit?—A. Because I handled things for the purchase of cars for the company, and because the company did not have sufficient funds to purchase the cars by cash.

Q. When the car arrived at the Mount Royal Motor Sales garage you made no entry whatsoever as to the source from whence this body came?—A. No.

Q. Why?—A. I was not compelled to make an entry and it might have been neglect on my part, I don't know.

Q. Then if an entry had been made in your books this car could have been traced later on by the number and description of the car?—A. I did not think it was necessary to make an entry of that body when it reached my garage; I did not think a record was required.

Q. Did you not think that bookkeeping was essential for the information of Mr. Tremblay and Mr. Legault and in case the partnership was dissolved at some time or other?—A. I am not educated in bookkeeping, but we had an accountant come in occasionally to check up the books and I had entries that I gave him from memory. We did not do enough business to warrant us having an accountant employed all the time.

Q. Did you make a bill of sale with your dealers in the United States from whom you bought cars or wrecks? Did you make a bill of sale with your vendors in the United States?—A. No.

Q. Did you make out a bill of sale when you sold a car, a body or parts of a car to the Mount Royal Motor Sales?—A. No.

Q. Did you keep accounts or bills for work done in the garage?—A. No, sir.

Q. Have you any means of stating on what chassis a body was placed?—A. Yes, I knew from memory but not from keeping any record in books.

Q. When you assembled a body on a car and placed it on the chassis and made a complete car, did you keep a record of the various parts that were used in the assembling?—A. I cannot state whether an entry was made in detail or whether an entry was made for the car only, the whole car.

Q. Then there was a time when an entry was made in your books of the value of the car?—A. Mr. Tremblay left me in December.

Q. Because you told us it was not entered in detail, consequently there must have been a cross entry?—A. Yes.

Q. Mr. Tremblay left you in December?—A. Yes, he left me in December and since then our company has been out of funds. An accountant did not come to our garage since November. I kept a memorandum for October, but I have misplaced the memorandum since.

Mr. CALDER, K.C.: He says when I was arrested the memorandum disappeared and I don't know where it is.

WITNESS: I did keep a memorandum of the entries to be made in the company's books and finally when I was arrested I do not know what happened to the memorandum.

Q. Was that memorandum seized at your place of business?—A. No.

Q. Then if that memorandum was not seized, you either misplaced it, lost it or destroyed it?—A. I didn't destroy it.

Q. Then you misplaced it or lost it?—A. I either misplaced it or lost it. Just at the right moment I did not know whether I was going to be called here as a witness. I went to the office to locate the memorandum because I wanted to make entries in my books and account for monies which were owed to me by the company.

Q. When you sold an assembled car, did you make an entry?—A. When I sold a car to a client, yes, I made an entry.

Q. You also made out a bill of sale?—A. Yes.

Q. When you made a sale you made out a declaration of sale similar to the certified copy which I am now showing you.

Mr. GAGNON: Just one minute—

Mr. CALDER, K.C.: That is not incriminating.

Mr. GAGNON: You can give some other instance than this sedan.

Mr. CALDER, K.C.: That is the only one I have here.

Mr. GAGNON: That is not a bill of sale; it is a transfer of a motor vehicle.

Mr. CALDER, K.C.: It is the declaration, and I want to find out if there was a contract or not.

The WITNESS: Yes sir.

Mr. CALDER, K.C.: This is filed by consent as Exhibit 93.

By Mr. Calder, K.C.:

Q. Did you make out any other document or any other contract?—A. Yes, I made out a bill of sale.

Q. Did you make reference in that bill of sale to the Customs entry or reference to the body of the car which was brought in?—A. I don't remember.

Q. Did you keep a book in which you entered the sales of these cars to clients?—A. I believe we kept memoranda in the shape of copies of the bills of sale.

Q. You still have these bills of sale?—A. Yes sir.

Q. Will you produce a bill of sale for a car—for the body of a five-passenger Chrysler sedan, entered on April 12th?—A. That car was sold to J. B. Miller.

Q. Is it the Miller who is known as "Pouce" Miller?—A. Yes.

Q. If you recall it so well, on what chassis was that body assembled?—A. This body was placed on a Chrysler chassis imported by rail.

- Q. Can you tell us about the date when this Chrysler chassis was imported?
—A. It was some time last spring.
- Q. Was it about the month of April?—A. About the month of April.
- Q. Did this occur at about the same time that the body was imported by way of Hemmingford?—A. I cannot say whether there was a considerable lapse of time intervening between the two entries.
- Q. The chassis was declared at the Customs?—A. Yes.
- Q. At Montreal?—A. Yes.
- Q. Was that a burnt chassis?—A. The chassis had been damaged by fire.
- Q. Can you state when you made the declaration of entry whether you gave the numbers of the chassis?—A. I don't remember.
- Q. Did you hand over the Customs entry to Mr. Miller?—A. Yes.
- Q. Can you tell us to whom you sold the automobile assembled on the body of a Hudson seven passenger sedan automobile imported by way of Hemmingford by the King's Highway on April 12th, 1925?—A. Yes, I can tell you.
- Q. I will remind you that in the case of the body for the five passenger Chrysler sedan, and in the case of the Hudson seven passenger sedan you did not give the year of manufacture nor the model.—A. This was a 1924-25 model.
- Q. You knew what model this car was when you made the purchase?—A. Sometimes they manufacture cars of a model that are sold one, two or three years—the same body.
- Q. You could, if that were the fact, have declared that this was a 1923, 1924 or 1925 model A?—A. I was not asked that information. If I had known that that information might have been useful I would have declared it or given it.
- Q. How can you account for the fact that there were no numbers on the bodies when you purchased them?—A. I cannot give you any explanation.
- Q. Were your suspicions not aroused when you got bodies without numbers?—A. No.
- Q. The serial number is the real identification mark for a car, and its parts, unless they are changed?—A. The car is supposed to bear a serial number and a motor number.
- Q. In the expensive cars, like the Hudson, there is a serial number on the body also?—A. There is supposed to be one.
- Q. And that number is the real identification mark for the body?—A. I do not know.
- Q. You do not know when the manufacturer places a serial number which he puts on one body alone and on no other, that that number is a real identification of the body. You do not know that?—A. I have not gone into the matter to that extent. I never went so far as that for the identification, to establish the identity of a car.
- Q. To whom did you sell the car, assembled with the body, which was imported on April 12th, 1925?—A. I sold this car to Mr. Henri Pepin.
- Q. On what date?—A. Last spring.
- Q. On which chassis did you put that body?—A. On a chassis which I bought from Falcon.
- Q. Did Falcon give you the customs entries of that car?—A. Yes sir.
- Q. Do you remember whether that customs entry gave you the number of the chassis?—A. I believe so.
- Q. You gave the customs entries to Mr. Pepin?—A. Yes.
- Q. Who is Mr. Pepin?—A. He is Mr. Pepin, on Gauthier Street.
- Q. Is he an automobile dealer?—A. No.
- Q. Do you recall having imported, about the 24th of March, 1925, a sedan body Studebaker, special six, five passenger?—A. I have not got the original entry. I did not have that entry at all.

Q. Pass on for a moment. Look at 88F.—A. I could make a note of that

Q. Will you take a note of that entry and look it up?—A. Yes.

Q. Second hand Studebaker, Special Six, five passenger sedan, entered March 24, 1925, under No. 120, at Hemmingford. If you do not recollect it, take your time. Would you examine copy of entry 88F, referring to the body of a Nash five passenger, 1923 model, and state on what car that body was assembled, and to whom the car was sold?—A. I do not know. I will make a search for it.

Q. If you do not remember, take your time. Look at 88G and make the same declaration. Would you examine copy of customs entry, 88G, referring to the body for a Willys-Knight car, and make the same statement?—A. I do not recall.

Q. You do not remember either?—A. No.

Q. Therefore would you hand me in Montreal that bill of sale, relating to these cars?—A. Yes, I will.

Q. Are these the only importations which you made of bodies through Hemmingford and chassis through Montreal, which you afterwards assembled and sold?—A. That is about all. They refer to all the machines or bodies and chassis that I sold.

Q. You also imported second hand or damaged cars?—A. I did so.

Q. By way of Hemmingford?—A. Yes.

Q. Would you look at the following entries: 1 Packard second hand, 12 cylinders, 7 passenger touring car, 1920 model, imported through Hemmingford on the 21st of April, Exhibit 94; an entry for a Cadillac second-hand 7 passenger, sedan model, 1919, imported the 4th of October, 1925; a Hudson body, entered the 8th of October, 1925; a Packard single six, entered 18th December, 1925; Packard single six, 1922, entered the 18th of December, 1925.

They form exhibits Nos. 94A, 94B, 94C, 94D and 94E, and say if you entered them?—A. The customs entries?

Q. Yes.—A. That Packard I remember.

Q. Look at this (exhibiting document to the witness) and distinguish the difference between those which you made and those which you did not make.—A. Yes sir.

Q. Would you tell us if you made entries for the following cars at the port of Hemmingford, Quebec?: Entry for April 21, 1925, a second-hand Packard, 12-cylinder, seven-passenger touring car, Model 1920; entry at Hemmingford, October 4th, 1925, second-hand Cadillac, seven-passenger sedan, Model 1919; entry at Hemmingford, October 8th, 1925, second-hand Hudson, five-passenger sedan body, Model 1923; entry at Hemmingford, December 18th, 1925, second-hand Packard, single-six, five-passenger sedan body, Model 1925; entry at Hemmingford, December 18th, 1925, wrecked second-hand Packard, single-six, Model 1922?—A. I made all these entries.

Q. Would you please produce bills of sale showing to what parties you sold these cars, or the bodies or parts of these cars?—A. I have not got all the bills of sale here, but I can tell you to what parties I have sold the cars.

Q. Therefore you will make out a list and produce it for me at Montreal?—A. Yes, sir.

Q. Did you ever cover with the Customs entries just examined the sale of a new car?

Mr. GAGNON: That question should be left aside for the moment, Mr. Chairman. We are pretty near the case in question. I think the witness seems not to be reluctant; he is quite willing to give all the information he can, and I do not think it is absolutely necessary that he should answer this question.

Mr. CALDER, K.C.: My question was, "Did it ever happen to you to have covered the sale of a new car with these second-hand entries, or with these entries

just examined, cars or parts of cars," leaving out of consideration altogether the case now before the courts?

Hon. Mr. STEVENS: Why not put it in this way, that he made a practice of doing so, and then follow it with another question?

Mr. CALDER, K.C.: I will withdraw the question, and my learned friend Mr. Gagnon can make the same objection when I will ask him more directly.

By Mr. Calder, K.C.:

Q. Did you not make a practice of covering the sales of new cars with entries for second-hand cars?

Mr. GAGNON: That will be asking him about the same thing; it is the same thing regarding the Jewett. It would cover that, and would cover the case pending.

Mr. CALDER, K.C.: We have purposely excepted the case pending, Mr. Gagnon.

Mr. GAGNON: It is the same thing, if he admits or answers that question; that covers the whole case as well, even if you except the Jewett car. You prove knowledge in a case of smuggled goods.

Mr. CALDER, K.C.: All right. I will suspend that Mr. Chairman, until Mr. Bennett's return.

Hon. Mr. BENNETT: I was listening to you.

Mr. CALDER, K.C.: Did you hear the question?

Hon. Mr. BENNETT: Yes, I did.

Mr. GAGNON: I will withdraw the objection.

The CHAIRMAN: What does he answer?

The INTERPRETER: The answer is "no."

Mr. CALDER, K.C.: I am asking him this question, whether he knows that this was a frequent practice, on the part of automobile dealers, to import chasses by Montreal and bodies by the highway?

Mr. GAGNON: I want to have the question well understood by the witness, that is why I ask that the question be repeated, and repeated well.

By Mr. Calder, K.C.:

Q. Do you know, Mr. Legault, from personal knowledge, whether this practice of importing chasses by way of Montreal, and bodies by way of Customs ports at the border, is a prevalent one among automobile dealers?—A. I do not know.

Q. I am trying to find the equivalent of the French expression for common report. You do not know this from personal knowledge, or do you know from common report; you do not know it from personal knowledge?—A. No, sir.

Q. Do you know it by common report, or is there a common report to that effect?—A. This was not hidden, this was generally done. This has been done since I have been importing cars.

Q. Was this a common practice among automobile dealers, handling second-hand cars or new cars, to import chasses by one port, and bodies by another?—A. I do not know what others did, or what cars or bodies they entered. I know that all the goods that were to be entered by the nearest ports were entered by way of Hemmingford and had to come to that port.

Mr. CALDER, K.C.: That is all.

Mr. GAGNON: No questions.

By Hon. Mr. Bennett:

Q. Have you a record of how many cars you have sold in the last two years in Montreal?—A. I do not think I have such a record.

[Mr. Z. Legault.]

Q. Have you a record of the cars you sold in 1925?—A. I believe I have bills of sales for the sales of automobiles in 1925.

Q. Where do you bank?—A. My bank?

Q. Yes.—A. At the Royal Bank.

Q. Where at?—A. 52 St. Lawrence St.

Q. Has he got his books with him here?—A. I have not got them here.

Q. What cars you sold during the year 1925 you imported in pieces or as a whole?—A. I believe I did. (Witness now answering questions in English.)

Q. How many did you sell in 1925, what is your memory?—A. I sold between 12 and 15, about 15.

Q. Twelve or 15?—A. Yes.

Q. They all came from the States in pieces?—A. No, sir.

Q. How many came from the States in pieces?—A. Five or six or seven maybe.

Q. That is all?—A. Yes.

Q. Where did you get the rest of them?—A. Montreal.

Q. Have you got anything that will show from whom you got them, which will show where you got them? We will talk about whom you bought them from.—A. I bought some from different firms.

Q. You will talk English to me all right. You have some books haven't you?—A. No, sir.

Q. What? Look here, you are a joint stock company?—A. I can not speak very well.

Q. I will talk slower. You are a joint stock company?—A. Yes.

Q. And the company consists of yourself and Tremblay and who else?—A. I have my brother.

Q. Where is he?—A. He has one share.

Q. Yes, one share, and you and Tremblay have the rest?—A. Yes.

Q. Tremblay lived in Plattsburg, N.Y.?—A. No.

Q. Where is he?—A. He is not the same Tremblay.

Q. The Tremblay in Plattsburg is not the same Tremblay who was in the business?—A. No.

Q. What relation is the Tremblay in Plattsburg to Tremblay in Montreal?—A. No relation.

Q. Who is your agent to get cars in the United States?—A. Mr. Tremblay sold me several cars.

Q. That is not my question, who is your agent?—A. I had the name of a gentleman at Saranac Lake and Mr. Gendron and both brothers Tremblay in Plattsburg and Mr. C. P. Allan in Hudson Falls, and another name, Mr. Walker, sold me a few cars.

Q. That is not Hiram Walker?—A. No.

Q. Not Johnnie Walker?—A. No.

Q. Anybody else?—A. I bought some cars from some other company in the States but they were not my agents.

Q. These men who were your agents, their business was to get cars for you?—A. Yes.

Q. You took delivery of the cars on the other side of the line?—A. No, sir.

Q. Where did you get delivery?—A. This side of the line, Canadian side.

Q. Did you get the body with the car, the chassis and body together?—A. When the car was bought on the other side, it was the body of a wrecked car, and the body was sold to one party and they got the rest, and I do not know what they done with the bodies.

Q. They only sold part to you?—A. What?

Q. You did not buy the whole car?—A. No, one chassis from one man.

Q. You bought one chassis from one agent and another body from another?
—A. Yes.

Q. You got them into Montreal and fixed them into a car again?—A. Yes.

Q. You sold them?—A. Yes.

Q. You made a good profit?—A. A slight profit, sometimes \$100 and sometimes \$200 and sometimes \$400 or \$500.

Q. Depending on the risk?—A. Yes, sir.

Q. I thought so.—A. No risk at all, I don't believe there was any risk.

Q. You bought these cars in pieces, bodies and chassis, and you brought them to your garage and put them together?—A. Yes.

Q. You are a very intelligent man, a very bright business man, you do not mean to tell us you had no suspicions these things were not proper?—A. No, sir.

Q. Do you want us to believe that? Look at these gentlemen around here. Do you want people to believe you did not know these cars improperly came into the possession of somebody when you bought them?—A. I did not know they came into the possession of somebody who sold them because they were mostly wrecked cars.

Q. You did not enquire as to who wrecked them?—A. No.

Q. You were not interested—A. I am not—

Q. You have been doing business in a very large way, I am told Mr. Legault?—A. This is like the rest, information and papers is full of stuff, but when it comes to the time—

Q. When it comes to the time you cannot show anything?—A. You cannot show anything.

Q. Who else is in the business of wrecked cars that you know of in Montreal?—A. Mr. Falcon.

Q. What is his business?—A. Buying cars and selling cars.

Q. Wrecked cars?—A. Yes, and some other cars.

Q. You occasionally made journeys to the border during last year, little journeys for your health down to the border?—A. Well I went to get the goods.

Q. That is what I was coming at. How many times did you come to get the goods, a couple of times a month?—A. About that to cover the entry.

Q. Never mind the entry business. I was asking how many times you made trips to the border, a couple of times a month, maybe once a week?—A. Maybe once a week.

Q. Explain how you would be making trips once a week to get the goods and you only bought five or six cars last year.—A. I had to pass—

Q. Never mind how many entries you passed, I am talking about cars you bought.—A. Once a week, maybe once a day or three times a week, and after that, I might not go for a couple of months.

Q. Well, how was it necessary to make so many trips when you only bought five or six cars in the year?—A. I did not make no trips. I take trips every day for pleasure or anything.

Q. It is anything I am talking about—A. No sir, I have never tried to smuggle anything.

Q. I do not say you tried. I say you succeeded. Now you have been making these trips to the border as you have told us.—A. When I had some business.

Q. You said you made the trips sometimes one, two or three times a week and did not go over for a month, and you only bought five or six cars last year?—A. I guess I bought more than that.

Q. So do I?—A. About their entry—

Q. I am not talking of the entries, how many cars did you buy that there are no entries for?—A. From whom?

Mr. GAGNON: That question—

Hon. Mr. BENNETT: Never mind, I am asking this question.

Mr. GAGNON: Well—

Hon. Mr. BENNETT: Stop right still.

By Mr. Bennett:

Q. How many cars did you buy?—A. I don't know.

Q. Yes, you do, how many? Come on Legault, how many?—A. I can't tell you.

Q. Fifteen?—A. Since I am in that business?

Q. You know what I am speaking about, how many cars did you buy last year for which there is no entry?—A. American cars?

Q. I did not say American?—A. With the Canadian cars, I don't know, maybe fifteen or twenty.

Q. Now we will talk about cars from the other side, how many?—A. Seven or eight, maybe 10.

Q. Come on, how many more?—A. I don't know.

Q. Come on, Legault, tell us the truth about it this afternoon.—A. I am prepared to say the truth and I want to tell you the truth.

Q. Twenty-five?—A. I can't answer you something I don't remember.

Q. I think you are trying to do the best you can, twenty-five?—A. No sir.

Q. Fifty?—A. No sir.

Q. One hundred?—A. No sir.

Q. How many all together? You are doing a big business, the papers say that.—A. Maybe eight or ten, or seven or eight.

Q. How many?—A. I am not sure.

Q. Whom did you arrange with to get them across the boundary?—A. Well, the car was delivered to me at the frontier.

Q. You met them at the frontier?—A. Yes.

Q. You met them at the frontier. Sometimes you got a chassis and sometimes you didn't, and sometimes you got a body?—A. Sometimes I had wrecked cars and brought them in.

Q. So you tell us that you got a chassis sometimes and sometimes a body. Where were they delivered to you?—A. The U.S. Customs two or three times.

Q. I am talking about the times you missed the Customs. What time of the night did you get them?—A. What time at night?

Q. Yes.—A. I never went there at night.

Q. Never went there at night, think carefully.—A. It would be late in the afternoon, never at midnight.

Q. Never at midnight?—A. No.

Q. Of course, you would not be there at midnight, but after midnight in the early morning, the sun rises at four?—A. No sir.

Q. How many chasses were delivered to you at the boundary?—A. At the railroad?

Q. No, delivered to you on the road at the frontier?—A. How many chasses?

Q. By your agents from the other side, how many were delivered to you at the frontier?—A. There was never no chasses delivered to me at the frontier.

Q. Then how many wrecked cars were delivered to you?—A. I do not know. It is only parts of the cars I was to get.

Q. Then how many parts? How many trips? How many deliveries?—A. Seven or eight; five or six; I don't know.

Q. Oh no, more than that. Is that your particular business?—A. In cars?

Q. Yes.—A. Yes sir.

Q. You are engaged in it all the time?—A. Yes sir.

Q. You do not want these intelligent gentlemen to believe that you wasted 365 days to handle five or six cars?—A. No, but last year we rented a place and I spent most of my summer rebuilding that place.

Q. You built the place?—A. I did not build the place, but I made repairs, \$5,000 or \$6,000.

Q. What is your property worth?—A. It is not my own property; we have a lease for seven years.

Q. You put a garage on it?—A. Yes.

Q. Put up a nice garage on it, I am told?—A. Last summer.

Q. How much money did you spend on it?—A. \$5,000 or \$6,000.

Q. And five or six cars at a profit of \$100 apiece— —A. No, we have been losing money—

Q. Ever since this investigation started?—A. That was never bothering me much. I was not afraid to face anybody coming into that garage, because I was all the time in the right, and I was not afraid to show anybody my garage at any time.

Q. You spent \$5,000 or \$6,000 at the garage?—A. Yes.

Q. And put repairs on it last summer?—A. I had to look all around, myself, because my partner did not know anything.

Q. They tell me you are a pretty hard working man, and I believe that is true. How many cars did you bring in which were never entered?—A. Never.

Q. Never any at all?—A. I never brought any cars in that were not entered.

Q. How many cars did you bring in that you arranged the entries with the authorities down there?—A. Arranged the entries?

Q. Oh, you went through a form, but you did not make any real entry.—
A. The only cars I have passed, you have copies before the committee here.

Q. I am speaking of the ones of which we have no copies.—A. None at all.

Q. None at all?—A. No.

Q. How much money did you pay in duties last year?—A. I don't remember.

Q. Have you a bank book?—A. Yes.

Q. Did you pay by cheque?—A. No; cash.

Q. Where did you get the cash?—A. Where did I get the cash?

Q. Out of the bank?—A. Sometimes—

Q. I want your bank books. I want your cheques, and I want your books.
—A. Yes.

Q. Are they here?—A. Yes.

Q. Get them.—A. Right now?

By the Chairman (In French):

Q. Did you bring them with you?—A. No.

Hon. Mr. BENNETT: This may end the thing. I think we should get to the bottom of this, and we may not have to be bothered with many more witnesses. We should clear this up.

By Hon. Mr. Bennett:

Q. Will you repair to your garage, and from the safe extract the books and cheques, and see how much last year you paid this country in duties, on cars, and how much money you got for the cars you sold. Do you understand that?—
A. Yes.

Q. We want that; now get it.—A. It will take me a little time to do that, because we did not make enough business—

Q. Never mind that. I want to see what your business was.—A. All right.

Hon. Mr. BENNETT: Thank you. Now get it.

By Mr. Calder, K.C.:

Q. Mr. Legault, is Mr. Trembly in Plattsburg a relative of your partner's?
—A. No, sir.

Q. What is Mr. Trembly's address in Plattsburg?—A. I don't know his address.

Q. What?—A. I don't know his address.

Q. On what street does he live?—A. I heard he sold his property and moved to some other place; I don't know.

Q. Did you ever go to his place?—A. Last year, yes.

Q. Well, where was his place last year?—A. I could go straight to his place, but I do not know what street it is.

Q. Did you ever write to him?—A. I don't remember.

Q. Did you ever call him by phone?—A. I don't remember.

Q. He had a phone in his place under the name of T. J. Trombly?—A. I suppose so.

Q. Did he spell his name T-r-o-m-b-l-y?—A. I don't know.

Q. Will you look at these two entries and a post-entry, which duplicates one of them, being an entry of October 14th, entry 82 for October, for a second-hand Cadillac Victoria coupe, and an entry—A. On my name?

Q. Wait a while. —and an entry for November 11th, 1925, entry No. 89 for that month, for a secondhand Cadillac seven-passenger sedan, both of them in the name of T. J. Trombly, and state on your oath whether or not those cars were imported for you.—A. I never bought those cars; the only thing—

Q. I am asking you whether they were imported for you?—A. No.

Q. They were not?—A. No, sir.

Q. You have nothing at all to do with them?—A. No.

Q. Do you know a man called C. Bacon (English pronunciation) or Bacon (French pronunciation)?—A. I met a gentleman by the name of Mr. Falcon, and he presented me to a gentleman as Mr. Bacon (English pronunciation).

Q. Bacon? (English pronunciation) or Bacón (French pronunciation)?—A. Bacon. (English pronunciation).

Q. What I mean is, is he a French-Canadian, an English-Canadian, or an American?—A. I don't know.

Q. Did Bacon ever import any cars for you?—A. For me?

Q. Yes? Did Bacon sell you any cars?—A. I don't remember.

Q. You don't remember Bacon selling you any cars?—A. I don't remember. You tell me if he sold a car, and which car, and maybe I will remember it.

Q. Did he ever sell you a secondhand five-passenger Packard sedan?—A. No, sir.

Q. Did he ever sell you a secondhand seven-passenger Imperial limousine?—A. No, sir.

Q. Or a Pierce-Arrow?—A. No, sir.

Q. Or a secondhand seven-passenger Cadillac?—A. I don't remember.

Mr. CALDER, K.C.: That is all.

By Hon. Mr. Bennett:

Q. Will you bring your sales for 1923 and 1924? Your business in 1924 was almost three times as big as in 1925.—A. I sold a few cars, you know.

Q. When? In 1925?—A. My business is buying wrecked cars in Montreal, and I bought in 1923, I think, about 35 or 40 cars at the Central Garage, and put them all in parts, and when I buy a wrecked car, if I need a part, I have the part.

Q. I understand you are a very good mechanic yourself?—A. No, sir—

Q. You know something about cars?—A. Yes, I know something about them.

Q. Will you bring your books for 1923 to show how many cars you sold and how much duty you paid, and also for 1924 and 1925?—A. I don't think I have those books.

Q. Well, I suppose the banks are still there. You can get a copy of your bank statements.—A. Yes.

Q. That is one record that does not disappear. Bring them with you.—A. I do not think they will show you how much money I have in the bank, because I have no money in the bank.

Mr. CALDER, K.C.: It shows how much money went through.

Hon. Mr. BENNETT: Have you only one bank account?

WITNESS: The Banque Canadienne Nationale, and the Royal Bank.

By Hon. Mr. Bennett:

Q. That is two?—A. Two banks; my own banks.

By Hon. Mr. Stevens:

Q. What bank?—A. The Banque Canadienne Nationale.

Hon. Mr. BENNETT: Bring your bank account with you and let us see your sales for 1924-25, and let us see how much you paid for duty to the country.

Mr. CALDER, K.C.: I file the document alluded to in my last question, as Exhibit 95. I also file under the ruling as to matters of course, proof of loss of Anthony Vernault, concerning a Jewett sedan car, as Exhibit 96.

Witness retired.

ZEPHIRIN LEGAULT est rappelé et interrogé de nouveau:

M. Calder, C.R.:

Q. Vous avez dit que vous étiez associé avec le nommé Tremblay?—R. Oui, monsieur.

Q. Quelles sont ses initiales?—R. H. Tremblay.

Q. Connaissez-vous un nommé T. J. Tremblay?—R. Oui.

Q. Est-il associé avec vous?—R. Non.

Q. Employé par vous?—R. Non.

Q. Que fait-il, M. T. J. Tremblay?—R. C'est un monsieur Tremblay qui demeure à Plattsburgh.

Le président:

Q. Plattsburgh, New-York?—R. Oui, monsieur.

M. Calder, C.R.:

Q. Est-il marchand de voitures-automobiles?—R. Oui.

Q. Etes-vous en relations d'affaires avec lui?—R. Oui, j'ai déjà acheté plusieurs automobiles de lui.

Q. Est-ce que quelques-unes des voitures-automobiles que vous avez achetées de lui ont été entrées par lui, sous son nom?—R. Pas à ma connaissance, non.

Q. Vous a-t-il déjà amené, à Montréal, des chars, pour livrer à votre garage?—R. Pas à ma connaissance.

Q. Où ailleurs qu'à Montréal, pour votre compte?—R. Non.

Q. Pendant l'année 1925, avez-vous importé par Hemmingford, et entré en douane à cet endroit, des carrosseries de voitures-automobiles?—R. Oui.

Q. J'ai ici en mains les pièces suivantes: 88A 88B, 88C, 88D, 88E, 88F, 88G, 88H, 88I et 88J, qui seraient des copies d'entrées faites par vous, au port de Hemmingford, de carrosseries de seconde main; voulez-vous regarder ces

formes d'entrées et dire si c'est vous qui avez fait ces entrées-là?—R. "Chrysler sedan body". . .

Q. Faites allusion au numéro de la pièce?—R. 88H, 88G, 88F, 88E, 88B et 88A sont les miennes.

Q. Les deux pièces 88C et 88D sont des entrées après coup complétant deux entrées que vous avez dans les mains?—R. Le Chrysler?

Q. Oui, le 12 avril?—R. Oui, monsieur, 88A et 88B.

Q. Quand vous importez une carrosserie comme cela, comment l'entrez-vous dans vos livres, une fois rendue?—R. J'achetais des chars personnellement, je les revendais à la compagnie.

Q. La compagnie, c'était vous et Tremblay?—R. La Mount Royal Motor Sales Limited.

Q. C'était vous et Tremblay?—R. On était les principaux actionnaires.

Q. Comment la carrosserie était-elle entrée dans les livres de la Mount Royal Motor Sales Limited?—R. Je faisais les charges à la compagnie, je tenais un record, je tenais une note, je les chargeais à la compagnie.

Q. Dans quel livre exactement entriez-vous la note de la transaction?—R. Je ne crois pas que j'avais des livres pour cela.

Q. Vous ne dites pas que vous ne croyez pas, vous dites que vous savez que vous n'en aviez pas?—R. Je ne tenais pas record dans des livres des achats que je faisais personnellement, à mon nom.

Q. La compagnie Mount Royal Motor Sales, dont vous êtes l'un des principaux actionnaires, où entra-t-elle la transaction, dans quel livre?—R. Je ne puis pas dire, je ne connais pas les livres. Moi, je ne connais absolument pas cela.

Q. Qui est comptable?—R. Le comptable est M. . .

Q. C'est en mil neuf cent vingt cinq (1925)?—R. Nous avons eu trois ou quatre comptables.

Q. Voulez-vous donner leurs noms?—R. Il y avait M. Parenteau.

Q. Quelles sont ses initiales?—R. Je crois que c'est Lorenzo.

Q. Qui encore?—R. Ensuite de ça, M. Montet.

Q. Ses initiales?—R. Je ne me rappelle pas ses initiales.

Q. Et puis?—R. A part ça, il y a un autre monsieur qui est venu arranger les livres, à la demande de M. Parenteau.

Q. Dont vous ne vous rappelez pas le nom.—R. Je ne puis pas dire le nom, je ne me le rappelle pas.

M. Calder, C.R.:

Q. Mais vous pouvez nous dire dans quel livre on faisait les entrées de l'arrivée de ces "bodies" que l'on vous aurait vendus?—R. Je ne peux pas dire.

Q. Qui est gros actionnaire de la compagnie à part de vous et de M. Tremblay?—R. Il n'y en a pas. Il n'y a seulement que les actionnaires par forme.

Q. Etant le principal actionnaire avec M. Tremblay, vous deux les seuls actionnaires effectifs de la compagnie, vous ne savez pas dans quel livre on entra les arrivées de chars chez vous, et les arrivées de "bodies"?—R. Non, j'achetais les "bodies" personnellement et je n'étais pas pressé pour les entrer, parce que j'étais le propriétaire de la compagnie, et les "bodies" étaient déposés au garage, et lorsqu'on en avait besoin on s'en servait, et plus tard je faisais les charges pour.

Q. Vous achetiez les chars et les vendiez à profit à la Mount Royal Motor Sales?—R. Non, pas nécessairement.

Q. Vous les revendiez pour le même prix?—R. Oui, pour à peu près le même prix.

Q. Pourquoi faisiez-vous un virement de propriété sans profit?—R. C'est parce que je disposais des fonds pour acheter les chars dont j'avais besoin pour

le bénéfice de la compagnie, et parce que la compagnie n'avait pas de fonds suffisants pour acheter et payer comptant.

Q. Et le char arrivé dans le garage de la Mount Royal Motor Sales, vous n'entriez en aucun endroit comment était arrivé ce char-là ni de quelle source il était venu?—R. Non.

Q. Pourquoi?—R. Ah! pourquoi. Parce que je n'étais pas forcé de le faire, et peut-être que c'était une négligence—je ne sais pas.

Q. Cela pouvait aussi servir à retracer le char, plus tard, si vous faisiez une entrée? Si vous aviez une entrée dans vos livres du jour où la carrosserie est arrivée chez vous, au Mount Royal Motor Sales, par son numéro et sa description, un peu plus tard, on aurait pu retracer cette carrosserie-là, n'est-ce pas?—R. Je n'avais pas à penser à cela, parce que je ne croyais pas qu'il fallait tenir ces carrosseries en record, et les dates d'entrée.

Q. Mais pour l'information de MM. Legault et Tremblay, principaux actionnaires, un peu plus tard, pour établir leurs comptes, pour dissoudre leur société, est-ce que cette tenue de livres n'était pas nécessaire?—R. Moi, je ne suis pas instruit beaucoup dans les livres, et on avait un comptable qui venait une fois par deux mois, une fois par trois mois. Alors, on ne faisait pas assez d'affaires pour payer un comptable continuellement, et des fois on laissait cela aller, et finalement, par mémoire, je faisais entrer ces achats par le comptable, lorsqu'il venait faire le relevé des livres et "checker" différentes affaires.

Q. Faisiez-vous des contrats de vente avec vos vendeurs aux Etats-Unis?—R. Non.

Q. Faisiez-vous des contrats de vente quand vous disposiez des carrosseries, parties de chars ou chars complets, à la Mount Royal Motor Sales?—R. Des contrats de vente, oui.

Q. Je veux dire vous-même, quand vous-même, Zéphirin Legault, vous vendiez un char, une carrosserie, ou une partie de char, à la Mount Royal Motor Sales, exécutiez-vous un contrat?—R. Non.

Q. Tenez-vous des comptes d'ouvrage, au garage?—R. Non.

Q. Avez-vous aucun moyen de dire sur quel châssis la carrosserie avait été placée?—R. Oui, parce que je connaissais les achats.

Q. De mémoire, oui; mais dans des livres?—R. Non, dans des livres je ne peux pas lire.

Q. Quand vous aviez assemblé la carrosserie sur un châssis pour en former un char complet, teniez-vous compte de cela dans les livres de la Mount Royal Motor Sales? Teniez-vous compte de l'assemblage définitif et de la source des différentes pièces assemblées?—R. Je ne peux dire si c'est entré en détail ou si tout le char est entré.

Q. Alors, il y avait un moment, quand le char était complètement assemblé, et après avoir été vendu, où il était entré dans vos livres; parce que vous m'avez dit qu'on ne l'entraînait pas en détail, alors on l'entraînait en gros?—R. Moi, M. Tremblay m'avait laissé dans le mois de décembre, et depuis ce temps-là la compagnie était à bout d'argent, et le comptable n'est pas venu depuis le mois de novembre, je crois, faire des entrées, et je tenais cela seulement à la mémoire. Je m'étais gardé un mémoire des entrées qui devaient être faites dans les livres de la compagnie, et, finalement, lorsque j'ai été arrêté, dans le mois de janvier, je ne sais pas ce qu'est devenu ce mémoire.

Q. A-t-il été saisi chez-vous?—R. Non.

Q. Alors, s'il n'a pas été saisi chez-vous, c'est vous qui l'avez égaré, perdu ou détruit?—R. Je ne l'ai pas détruit.

Q. Alors vous l'avez égaré ou perdu?—R. Egaré ou perdu.

Q. Egaré ou perdu?—R. Oui.

Q. Juste au bon moment?—R. Je ne savais pas si j'étais pour être appelé ici, moi, parce que j'ai fait des efforts pour retrouver ce mémoire-là, pour que ce soit entré dans les livres, parce que l'argent des chars, des "bodies", que

j'achetais, était supposé être chargé à la compagnie, et la compagnie était supposée me redevoir, me donner en échange un billet, une reconnaissance quelconque.

Q. Quand vous vendiez le char, une fois qu'il était assemblé, repeint, prêt pour la vente, faisiez-vous une entrée de vente quelque part?—R. Au client?

Q. Oui?—R. Oui.

Q. Vous faisiez aussi un contrat?—R. Un contrat de vente, oui.

Q. Comme celui dont je vous montre une copie certifiée, en date du 16 octobre, pour un char Jewett Sedan?—R. Qu'est-ce que vous voulez savoir pour cela?

Q. Vous exécutiez un contrat pour les fins d'enregistrement, comme celui que je vous montre-là?—R. Oui.

M. Calder produit ce document comme exhibit 93.

Q. Exécutiez-vous un autre contrat de vente que celui-là?—R. Je donnais un "bill of sale", un contrat de vente.

Q. Dans ce contrat de vente là, faisiez-vous allusion à l'entrée de douane? Parliez-vous de l'entrée en douane du "body" que vous aviez assemblé sur le char?—R. Sur le contrat de vente?

Q. Oui, sur le contrat de vente?—R. Je ne crois pas, je ne me rappelle pas.

Q. Teniez-vous un livre dans lequel vous entriez ces ventes là aux clients, du char assemblé, mis à neuf?—R. Non, rien que sur des feuilles de contrat. Je ne peux pas vous donner des renseignements. Je crois qu'on tenait un mémoire de cela certainement, parce qu'on avait la copie du contrat.

Q. Vous les avez encore ces contrats-là?—R. Oui.

Q. Voulez-vous produire le contrat par lequel vous avez vendu un char sur lequel se trouvait une carrosserie de Chrysler Sedan, cinq passagers, entrée le 12 avril?—R. Ce char-là a été vendu à M. Miller.

Q. Son premier nom?—R. J.-B. Miller.

Q. Celui qu'on appelle communément "Pouce" Miller?—R. Oui.

Q. Puisque vous vous rappelez si bien, voulez-vous nous dire sur quel châssis vous avez assemblé ce "body"?—R. C'est sur un châssis Chrysler qui a été importé par le chemin de fer.

Q. Pouvez-vous nous dire vers quelle date?—R. Le printemps dernier.

Q. Vers le mois d'avril?—R. Oui, à peu près dans le mois d'avril.

Q. Au même moment ou à peu près vers la même époque où vous importiez la carrosserie par Hemmingford?—R. Je ne sais pas s'il y a un espace de temps considérable; je ne me rappelle pas.

Q. Le châssis est passé par la douane?—R. Oui.

Q. A Montréal?—R. Oui.

Q. Est-ce que c'était un char brûlé, celui-là?—R. Endommagé par le feu.

Q. Vous rappelez-vous si dans votre entrée vous avez donné les numéros du châssis?—R. Je ne me rappelle pas.

Q. Avez-vous remis à M. Miller les entrées de douane?—R. Oui.

Q. Occupons-nous maintenant d'une entrée en douane d'un Hudson Sedan, sept passagers, carrosserie seulement, 12 avril 1925, importée par Hemmingford par le chemin du Roi: vous rappelez-vous à qui vous avez vendu le char sur lequel vous avez assemblé cette carrosserie?—R. Oui. —carrosserie, 7 places, 1925?

Q. Sept places, oui?—R. Oui.

Q. Vous dites 1925, voulez-vous dire 12 avril 1925?—R. La date à laquelle la carrosserie a été passé.

Q. Le modèle?—R. Le modèle, la carrosserie aussi.

Q. Je vous fais remarquer que dans le cas du Chrysler Sedan, cinq passagers, vous n'avez pas donné le modèle auparavant, et dans le cas du Hudson, sept passagers, vous n'avez pas donné le numéro du modèle non plus, c'est-à-dire ni l'année, ni le numéro?—R. C'est un modèle 1925, 1924 ou 1925.

Q. Vous saviez quel modèle c'était quand vous l'avez acheté?—R. Bien, des fois, ils font des chars qui sont vendus deux ans, trois ans, le même modèle.

Q. Alors, vous pouviez dire si c'était un modèle 1923, 1924 ou 1925? Vous servant de votre expérience vous pouviez déclarer cela à la douane?—R. On ne me l'a pas demandé. Si j'avais su que cela pouvait être utile, je l'aurais déclaré.

Q. Comment expliquez-vous qu'il n'y avait pas de numéro sur la carrosserie quand vous l'avez acheté?—R. Je ne peux pas vous donner d'explications. Quand il y en avait, il y en avait; quand il n'y en avait pas, il n'y en avait pas.

Q. Cela ne vous a pas donné un soupçon lorsque vous aviez ces carrosseries sans numéros?—R. Non.

Q. Le numéro de série, c'est la véritable identification d'une automobile ou de ses parties, à moins qu'on ne les change?—R. Il est supposé y avoir le numéro de série, le numéro de moteur.

Q. Dans les chars de valeur assez élevée, d'un Hudson, est-ce qu'il n'y a pas un numéro sur le "body" aussi?—R. Il est supposé y en avoir.

Q. Et ce numéro-là, c'est la véritable identification de la carrosserie, n'est-ce pas?—R. Je ne le sais pas.

Q. Vous ne savez pas que quand le manufacturier met un numéro de série, numéro qu'il met sur une carrosserie seule, et sur aucune autre, que ce numéro c'est la vraie identification de la carrosserie?—R. Je n'ai jamais été aussi loin que cela pour l'identification des carrosseries.

Q. Le Hudson Sedan 7 passagers, carrosserie importée le 12 avril 1925, à qui avez-vous vendu le char sur lequel cette carrosserie a été assemblée?—R. A M. Henri Pépin.

Q. Vers quelle date?—R. Le printemps dernier.

Q. Sur quel châssis avez-vous mis cette carrosserie-là?—R. Sur un châssis que j'ai acheté de M. Falcon.

Q. Vous a-t-il donné les entrées de douane de ce châssis-là?—R. Oui, monsieur.

Q. Vous rappelez-vous si ces entrées de douane donnaient le numéro du châssis?—R. Je crois que oui.

Q. Et vous avez remis les entrées en douane à M. Pépin?—R. Oui, monsieur.

Q. Quel est ce M. Pépin?—R. M. Henri Pépin, sur la rue Gauthier.

Q. Commerçant d'automobiles?—R. Non.

Q. Vous auriez importé, vers le 24 mars 1925, une carrosserie Sedan Studebaker Special Six, cinq passagers?—R. Laissez-moi voir l'entrée.

Q. Je n'ai pas l'entrée originale?—R. Je ne me rappelle pas cette année-là du tout.

Q. C'est bon, passons cela pour le moment.—R. Je peux prendre note de cela et je vous le donnerai.

Q. Oui, voulez-vous prendre note de cela. Maintenant voulez-vous regardez 88F, l'entrée pour un Nash Sedan, cinq passagers, modèle 1923 et dire si vous rappelez sur quel char vous avez assemblé cette carrosserie, et à qui vous l'avez vendu? Si vous ne vous en rappelez pas prenez-le en note?—R. Je ne me rappelle pas, je vais le prendre en note.

Q. Voulez-vous regarder 88G, l'entrée d'un Willis Knight, et faire la même déclaration?—R. Je ne me rappelle pas, je vais le prendre en note.

Q. Voudrez-vous me faire parvenir, à Montréal, pour production ici, vos contrats de vente en rapport avec ces chars-là?—R. Oui, monsieur.

Q. Sont-ce les seules importations que vous avez faites de carrosseries, par Hemmingford, et de châssis, par Montréal, que vous avez ensuite assemblés et vendus?—R. C'est à peu près tout, cela.

Q. Vous avez aussi importé des chars avariés?—R. Oui, monsieur.

Q. Par Hemmingford?—R. Oui, monsieur.

Q. Voulez-vous regarder les entrées suivantes: un Packard de seconde main, douze cylindres, sept passagers, modèle 1920, importé par Hemmingford, le 21 avril 1925; une entrée pour un Cadillac de seconde main, sept passagers modèle 1919, importé le 4 octobre 1925; une carrosserie de Hudson, l'entrée est du 8 octobre 1925; un Packard single six, entrée du 18 décembre 1925, et un Packard single six 1922, entrée du 18 décembre 1925, qui formeraient ensemble la pièce 94 A.B.C.D.E., et dire si vous avez fait les entrées?—R. Les entrées de douane?

Q. Oui.—R. Ce Packard-là, je me rappelle.

Q. Regardez-les et distinguez entre celles que vous n'avez pas faites et celles que vous avez faites?—R. Oui, monsieur.

Q. Voulez-vous produire les contrats par lesquels vous avez disposé de ces chars ou de ces parties de chars?—R. Je n'ai pas les contrats de tous les chars, mais je peux dire où les chars se sont vendus, par exemple.

Q. Faites une liste, que vous me donnerez à Montréal?—R. Oui.

Q. Ne répondez pas à cette question, à moins que l'on n'y fasse aucune objection. Vous est-il arrivé, en aucune occasion, de couvrir avec les entrées de douane que nous venons d'examiner la vente d'une automobile neuve—je ne parle pas du cas qui nous occupe dans le moment; à part cela, vous est-il arrivé de couvrir la vente d'une automobile neuve avec les entrées de douane sur les parties d'une automobile?

M. Gagnon s'oppose à cette question.

La discussion de l'objection que vient de formuler M. Gagnon est faite en langue anglaise.

M. Calder, C.R.:

Q. N'aviez-vous pas l'habitude de couvrir la vente d'une automobile neuve avec les entrées d'une automobile de seconde main?—R. Non.

Q. Savez-vous, M. Legault, de connaissance personnelle, si cette pratique d'importer des châssis, par Montréal, et des carrosseries, par d'autres ports de la frontière, est répandue parmi les marchands d'automobiles?—R. Je ne sais pas.

Q. Vous ne le savez pas par connaissance personnelle. Maintenant, le savez-vous par oui-dire; savez-vous si c'était généralement su?—R. Ce n'était pas caché.

Q. Ça se faisait généralement?—R. Je l'ai fait depuis que j'importe des automobiles.

Q. Est-ce que cela se faisait généralement dans le commerce que vous pratiquiez?—R. Dans le commerce d'achat d'automobiles de seconde main?

Q. Non, parmi ceux qui trafiquaient les automobiles de seconde main, les automobiles d'occasion, les automobiles neuves, est-ce que la pratique était répandue d'importer des carrosseries par Hemmingford ou par d'autres ports de la frontière, et des châssis par Montréal?—R. Je ne sais pas ce que les autres passaient. Je sais bien que toutes les marchandises qui devaient entrer par le port le plus proche passaient par Hemmingford.

L'hon. M. Bennett:

(Les questions suivantes sont posées en langue anglaise et traduites au témoin par M. Beauchamp, interprète officiel.)

Q. Avez-vous un dossier du nombre d'automobiles que vous avez vendues à Montréal depuis deux ans?—R. Bien, je ne crois pas avoir cela.

Q. Avez-vous un dossier des automobiles que vous avez vendus en 1925?—

R. Je crois que j'ai les contrats des ventes d'automobiles que j'ai faites en 1925.

Q. A quelle banque faites-vous affaires?—R. A la Banque Royale.

Q. Quelle succursale?—R. 52, Saint-Laurent.

Q. Avez-vous vos livres de banque avec vous, ici?—R. Non.

Q. Toutes les automobiles que vous avez vendues en 1925, vous les avez importées en tout ou en partie?—R. Je crois que oui.

Q. Combien en avez-vous vendues en 1925?—R. Douze à quinze, une quinzaine.

Q. Elles venaient toutes des Etats-Unis, en parties?—R. Non.

Q. Combien en est-il venu des Etats-Unis, en parties?—R. Cinq ou six, peut-être sept.

Q. Où avez-vous pris le reste?—R. A Montréal et des différentes parties de la province.

(Cet interrogatoire est continué en anglais.)

WILLIAM S. WELDON called and sworn.

By the Chairman:

Q. Your name?—A. William S. Weldon.

Q. Your occupation?—A. Collector of customs and excise.

Q. Montreal?—A. Montreal.

By Mr. Calder, K.C.:

Q. Does your title indicate that you are at the head of the customs house in Montreal?—A. Yes.

Q. Mr. Clerk was your subordinate, Mr. Clerk, the inspector?—A. The inspector?

Q. Yes.—A. It was never made clear to me.

Q. It was never made clear to you whether he was responsible to you or not?—A. No, never.

Q. I see. Did he work on the contrary assumption?—A. I think so.

Q. How about Mr. Bisailon? Is he directly responsible to you?—A. Not at all.

Q. He reports directly to the chief preventive officer?—A. Right.

Q. Without previous reference to you?—A. Absolutely.

Q. Has that been his constant practice?—A. Yes.

Q. As well as his assigned duty?—A. Yes.

Q. Did he consult you in connection with the Jewett sedan which was seized and to justify which certain entry papers, which I now show you, were exhibited?—A. Yes, he did.

Q. He did. Were you surprised at his breaking from his routine for that purpose?—A. I certainly was.

Q. Now, it has been stated here that after a conference with him and examination of these documents you expressed yourself as perfectly satisfied and reported that the car should be released—it has been reported in writing by Bisailon?—A. It is wrong.

Q. Will you tell us what occurred at the interview at which those papers were submitted?—A. To the best of my recollection Mr. Bisailon was in my office with Mr. Gagnon and he brought those two entries to me, apparently to have me state that that was the car in question. I looked at those entries and I said to Mr. Bisailon, I said "Mr. Bisailon, you know your own business. If I were you I would submit those to the Department"

Q. Yes?—A. That is all.

Q. So you did not express yourself as satisfied that these papers covered that car, and you did not direct its release?—A. Positively did not.

Q. As a matter of fact, Mr. Weldon, was it evident from those papers that any body would be covered by the body entry and any chassis, by the chassis

entry?—A. Unfortunately on this chassis entry there is no notation of the serial number or the engine number.

Q. So any chassis, Jewett sedan would be covered by that?—A. Yes.

Q. Will you look at the body entry?—A. On that there is no body number. "Body to be placed on, chassis serial number so and so; motor number so and so." Exactly.

Q. There is no body number?—A. No.

Q. Consequently any body could be covered?—A. Exactly.

Q. If a man had plotted to use these two entry forms to cover the stolen car he could have done so?—A. He could.

By Mr. Gagnon:

Q. Mr. Weldon, do you remember on the occasion when I was there the exact words that you said?—A. It is pretty hard to remember the exact words.

Q. May I suggest that you said to Bisailon that he was supposed to know his business and whatever he would do, to report, to send the papers to the department, would that be right?—A. That is right.

By Hon. Mr. Stevens:

Q. Mr. Weldon, I have not the evidence given yesterday by Mr. Clerk, but Mr. Clerk inferred in his evidence that you had absolute control of the customs business at the port of Montreal, as Collector of Customs. Is that correct.—A. There is a very marked improvement in that direction during the last three months.

Q. I see. Now, Mr. Weldon, when was Mr. Bisailon appointed Chief Preventive Officer? Do you recall approximately?—A. If I remember it, it was in the spring of 1923 or 1924.

Q. About June, 1924?—A. Yes.

Q. Approximately will do.—A. Yes.

Q. When was Mr. Clerk appointed inspector?—A. I think he was appointed before that.

Q. Yes?—A. I should think about 1921 or 1922.

Q. He told us yesterday, I think it was,—just a moment, I think I can give it to you here. He said he was inspector two years, if I recall rightly. Just a moment. We might as well get this right. I want to get it right, if we can get it, for a moment.

The CHAIRMAN: The witness may prefer to see his own evidence while here.

Hon. Mr. STEVENS: The question was asked, and this is his own sworn statement. He said he had for the past two years been inspector.

By Hon. Mr. Stevens:

Q. Would that be about right?—A. Yes, I thought it was a little more than that.

Q. It is not important, other than to get it in a general way. During the past two years, prior to we will say three months ago, which we will exempt for the moment, have you been able to exercise your rights and your authority as collector of Customs as you did previously?—A. It was not quite as free.

Q. It was not quite as free?—A. No, sir.

Q. When Mr. Bisailon was appointed chief preventive officer, did he exhibit to you the form of a letter, or did he convey to you verbally that he was independent of you?—A. I am not quite sure whether he showed me a letter or told me, but I presumed naturally from his position that he would be independent of me, acting under the Preventive service at Ottawa.

Q. It was his right, to be independent?—A. Yes.

Q. Did Mr. Bisailon, during his period of holding that office, exercise any authority that you felt belonged to you?—A. I cannot say that he did.

Q. Prior to the appointment of Mr. Clerk as inspector at Montreal, how long did he act as inspector without being confirmed in that position, or before he was confirmed in that position?—A. It seemed a very short while.

Q. Was it between the period that Mr. Busby was withdrawn?—A. Yes.

Q. Mr. Busby was withdrawn early in 1922, was he not?—A. About that time.

Q. During Mr. Busby's ten years or more, of inspection, did you find an embarrassment or difficulty because he was not fulfilling the duties?—A. I must tell the truth, I did not.

Q. Since Mr. Clerk has been acting as inspector and since he has been confirmed as Inspector of the port of Montreal, Mr. Busby has not inspected your port?—A. No, sir.

Q. That is true?—A. That is right.

Q. How long have you been collector?—A. A little over eight years.

Q. What were you before you were appointed collector?—A. I was an employee of the Windsor hotel for eighteen years.

Q. But you were collector for the last eight years?—A. Yes.

Q. What was Mr. Clerk's position prior to his being appointed inspector?—A. He was comparing manifests in the record office.

Q. I plead a little bit of ignorance in this matter. When you say that he was comparing manifests in the record office, what do you mean?—A. For instance, every package that comes in to us is manifested, whether by mail, express, or freight, and there are three copies of the manifests which must be compared; one at the depot, and one at our office, and to make sure that every package has been accounted for on the manifest, we compare those manifests with the other manifests at the depot, changing them around to make sure that they are clear before everything is cleared; so that it was up to him to see that so many numbers were there, besides checking the packages. For instance, Mr. Stevens, he would have to put an entry through, and if there was anything wrong it would be detected; a clerk might overlook putting it through, and it was his duty to put that right.

Q. How many would he have at that work?—A. I think there were three when I went there.

Q. I think he told us yesterday that there was a manifest clerk subject to the chief locker?—A. That is what I understood.

Q. This manifest clerk's work was to compare the two copies of the same document?—A. Three copies, as a matter of fact.

Q. Just to see that the entries compared?—A. To see that every package was properly cleared and the revenue collected.

Q. Can you tell me what the duties of an inspector are at a port like Montreal?—A. I would say that the inspector of a port like Montreal, or any other port, would be the same as a firm of auditors going through any man's business.

Q. That is, he would have to be fully qualified to do that work?—A. Yes.

Q. That would involve being master of the accountancy of the port?—A. Generally.

Q. He would have to have an intimate knowledge of how the accounts were kept; is that correct?—A. Yes.

Q. He would have to have a complete mastery of the methods of making intricate entries?—A. Yes.

Q. He would also have to know all about the various forms used in the Customs' business?—A. Yes.

Q. How many forms are used, roughly speaking?—A. That is a pretty big contract.

Q. I think perhaps it is an unfair question, but just in a general manner. Mr. Weldon, would you say a couple of score?—A. I would say that, easily.

Q. Easily a couple of scores of forms?—A. Yes, black entries and red.

Q. And those forms cover a great variety of business entries?—A. Yes.

Q. Then he would also have to know, or have an acquaintance with, all of the bulletins of instruction issued by the Department?—A. Yes.

Q. In order to check up and see that the various clerks had done their work properly?—A. Exactly.

Q. He would have to know in a direct way the classification of the clerical work, such as entry clerks and regular clerks?—A. Beginning at ordinary excise clerks, who might be filing records; then, manifest clerks, then computing clerks, then to the gaugers, then the appraisers and assistant appraisers.

Q. Just a moment, Mr. Weldon. The appraisers are divided up into different classes of business?—A. Yes.

Q. The appraisers in each class are more or less specialists in their line?—A. Exactly.

Q. They value the goods?—A. They compare the goods with the value on the invoices, and the entries that are passed.

Q. They must be men of skilful attainments?—A. They must be men with certain knowledge.

Q. Then the gaugers?—A. Then the gaugers.

Q. And the weighers?—A. Yes.

Q. And the lockers?—A. The lockers and the tide surveyors, and the surveyor who is the chief executive officer of the staff.

Q. And yourself?—A. And yours truly.

Q. So that the inspector of a port like Montreal should be master of all these branches of business?—A. He would require to be, in order to be a proper inspector.

Q. Therefore, a man in order to hold that position ought to have a very complete training through the various branches of the Customs' service?—A. Yes.

Q. Through promotion—I will leave that out. He ought to have a training in the various branches?—A. Exactly.

Q. If a man were engaged, we will say, as a gauger, for one illustration, for a period of thirteen years, and then was appointed an appraiser of dry-goods for another twelve years, that would scarcely qualify him for being an inspector of the port of Montreal?—A. I would hardly think so.

Q. Let me put it in another way. Suppose a man was a locker; what are the duties of a locker?—A. For instance, there are so many bonded warehouses throughout the city where importers can put their goods in bond until they are prepared to pay the duty and take them out later on; it is their duty to see that there is a receiving order with each one of these red entries, to receive goods in and in order to deliver them when the time comes to deliver them, for payment of duty or export dues.

Q. It does not take a trained accountant to do that?—A. No.

Q. The men who are supposed to do the locking business are honest men?—A. Yes, good strong honest men.

Q. They have to have the physical capacity to lock a door and unlock a door and read simple documents?—A. And be honest.

Q. That is the real qualification?—A. Yes.

Q. The manifest clerk, his duty is to compare three documents of the same character and check off the entries to see if they are correct?—A. In the manifest room there will probably be twenty-six to thirty clerks, because

there are three or four rail routes and when the shipping season is on there are probably seven or eight steamers at the same time, and when the manifest is reported in the morning it is recorded by one of the men in the manifest room. When the duties are paid or a warehouse notice is made of it, these are acquitted in the manifest room to show that entry has been passed. Mr. Clerk occupied another room and was directly engaged in re-checking of this work to see if the men had done their work.

Q. His duty was to take and re-check the documents?—A. Yes.

Q. Coming back to where we were a little while ago, did Mr. Clerk as Inspector of the Port of Montreal, interfere in your business, your operations as Collector or in your duties as Collector?—A. Well, there were certain instructions given, I thought should be given to the Collector of the Port.

Q. There were certain instructions given to Mr. Clerk which you think ought to have been given to you or to the Collector?—A. Yes.

Q. The duty of the Inspector being that of auditor it would necessarily follow it was not his business to manage the Port?—A. Absolutely.

Q. And Mr. Clerk during his period of office did arrogate to himself some action?—A. Yes.

Q. In connection with the management of the Port?—A. I do not know whether he arrogated it to himself or whether he had instructions to do so.

Q. He exercised them?—A. Yes, that is the word.

Hon. Mr. STEVENS: I am at a little disadvantage in not having his evidence before me, but he made a statement yesterday in regard to certain transactions.

We will suspend the examination till after lunch.

The Committee adjourned till four P.M.

AFTERNOON SITTING

The Committee resumed at 4 o'clock, Friday, March 19th, 1926.

WILLIAM S. WELDON, examination continued.

The CHAIRMAN: Under the same oath already given you will continue your examination.

The WITNESS: Yes.

By Hon. Mr. Stevens:

Mr. Weldon, we had reached the point where you had described the duties of various officers, and I was going to ask you a question that arose out of Mr. Clerk's evidence yesterday. In his evidence yesterday Mr. Clerk was referring to the smuggling of narcotics in a certain shipment and he made this rather startling statement. The question was put by Mr. Calder, I think. Yes. The question is:

"Now, in that case, if there were narcotics throughout the shipment would it not have been a very grave danger to Canada to have allowed that shipment to leave the warehouse while you were examining the selected goods?—A. I do not know if there was more than one case. I am telling you this was not referred to me.

Q. There was a grave danger if there were other narcotics in the same shipment, to let the balance of the shipment go while the selected case were being examined.—A. If my information is right, the collector,

Mr. Weldon, was notified that there would be narcotics in that case. If I had been notified instead of Mr. Weldon, this is the step I would have taken; I would have given instructions at the wharf, or at the station, wherever these goods came in, to hold the whole shipment, and I would have ordered the whole shipment to be examined, but I was not consulted and I did not know anything; I only knew of this after it happened."

Now, I would like to ask you, Mr. Weldon, if this statement is correct, that you knew, or were advised of a shipment containing narcotics?—A. If I had been advised I would certainly have held it all.

The CHAIRMAN: Before you answer, I understood yesterday Mr. Clerk said "if he had been advised instead of Mr. Weldon"—he did not put any blame on you.

Hon. Mr. STEVENS: I am reading the evidence. He says "If my information is correct, the collector, Mr. Weldon, was notified that there would be narcotics in that case". Were you notified?

WITNESS: I cannot tell you without knowing which case it was.

Hon. Mr. STEVENS: It is a case where—do you recollect, Mr. Calder, what case it was?

Mr. CALDER, K.C.: That is the Fryvogel case. The name was not mentioned so far. Mr. Clerk told me afterwards that it was the Fryvogel case. Those are the circumstances: Fryvogel asked this reputable firm if they could bring in a little parcel in their cases and quite unknown to this firm he camouflaged a considerable tin of narcotics, as a roll of ribbon, and put it in the ribbons in the case. I understand you were notified it would be in one particular case?

WITNESS: Yes.

By Hon. Mr. Stevens:

Q. You were notified, Mr. Weldon?—A. Yes.

Q. What action did you take?—A. I immediately got after the case, and got the narcotics for the Mounted Police.

Q. You got the case?—A. I certainly did, and what they were looking for, and more than that I examined the rest of the shipment in the bonded warehouse to make darn sure that there was not anything else.

Q. You did examine the whole shipment?—A. Positively.

Q. That clears that point up. Reference was made to the very loose manner in which the various bonds were locked and kept locked and the manner in which the locker's duty was done. Did the lockers come under your jurisdiction?—A. Naturally they were under a chief locker. Those are the men who are in charge of the bonded warehouse which I spoke of this morning.

Q. Mr. Clerk referred to bond 43, in Prevost's name— —A. I think that is the St. Francois Xavier.

Q. He says "I found goods were coming out and there were leaks. I changed the locks and I mentioned the matter, but I found after changing the locks there were some goods disappearing, and the store man laughed at me when I caught him". Was that ever reported to you?—A. Not to me.

Q. Did Mr. Clerk ever draw your attention to these various discrepancies in connection with the bonds?—A. I have no recollection of it at all.

Q. No recollection of it being brought to your attention?—A. No recollection whatever.

Q. Had he brought it to your attention you would have?—A. I would have certainly gone after the chief locker.

Q. But he did not bring it to your attention?—A. No sir.

Q. You were not there when he was chief locker?

The CHAIRMAN: Just a minute.

Hon. Mr. STEVENS: I asked Mr. Weldon if he was collector when Mr Clerk was chief locker.

WITNESS: No, I was not.

Hon. Mr. STEVENS: I asked him if he had the inspector report these discrepancies to him.

By Hon. Mr. Stevens:

Q. Have you received any complaints from business men, customs brokers and others, in reference to delays in getting their entries through your port?—

A. Yes.

Q. Would you give us some brief description of what these complaints consisted of?—A. Well, for instance, if John Jones would give his papers to a broker to pass the entry on Friday, that broker would get around to pass that on Monday. The merchant in the meantime will probably not get his goods until next Thursday or Friday, when he gets his papers from the broker, and he charges us up with the delay. He says "You were a week in passing that entry. Why did you not get the goods through sooner." The fact is that the brokers are living in their hat, and they have not got the money to pay for the entries, and they leave it there until they get the cash.

Q. Did you ever discuss this with the Minister of Customs?—A. I never had much chance.

Q. You never had much chance?—A. No.

Q. Did you ever discuss it with Mr. Clerk?—A. I think once I discussed it with Mr. Bureau.

Q. You discussed it with Mr. Bureau on one occasion?—A. Yes.

Q. In your office?—A. No, in the long room. The goods would remain there because the exporters did not have the money to pay the brokers for it, and they did not have a very large bank account, and they would not pass the entries until they got the money.

Q. You complained to Mr. Bureau of the delay?—A. Yes.

Q. Was Mr. Clerk there when you made that statement?—A. I think there were three or four there at the time.

By the Chairman:

Q. Do you remember which person was there at the time, at the moment?—A. I am not sure at the moment.

By Hon. Mr. Stevens:

Q. Tell us what the result of the confidence was or what happened at the conference.—A. They told the broker they had better get the entry passed, that they were cluttering up this office with entries for goods, and that they were going to remain there for two days or a week, or indefinitely, and in the meantime they put the blame upon us. There were other cases, when four or five ships came in together at the end of the week, all that freight was thrown into heaps at the wharf. Mr. Stevens' case may be at the farthest end of the shed before they could get to it to deliver it. That happens invariably in the summer time.

Q. Was there any criticism of this staff, as to the manner in which the work was being done in the office?—A. Yes.

Q. What was the criticism?—A. As a matter of fact there is always delay when the heavy season is on.

Q. As collector, could not you attend to it?—A. I could attend to it, if it was left to me alone.

Q. Were you interfered with? Why could not you attend to it?—A. I am frank in saying that some of the computing clerks are not worthy of being computing clerks.

[Mr. William S. Weldon.]

Q. They are not qualified?—A. They may be qualified, but for some reason or other they do not like to work.

Q. You are the collector of the port of Montreal, and you have, as I understand it, a large staff, and I presume that you have clerks there that are incompetent and lazy? Can not you discipline them?—A. I can simply report them and from Ottawa they will be told that if they do not tighten up a little they will be disciplined.

By the Chairman:

Q. As a matter of fact, did you report them, Mr. Weldon?—A. Some of them I did.

By Hon. Mr. Stevens:

Q. Were they dismissed?—A. No.

By the Chairman:

Q. Or reprimanded?—(No audible answer.)

By Hon. Mr. Stevens:

Q. Do you infer that your authority as collector was interfered with?—A. I cannot say. I cannot hire a man; neither can I fire him. I cannot even suspend him.

Q. You cannot even suspend him?—A. I cannot even suspend him.

Q. You cannot discipline him at all?—A. I can tell him what I think about him, but that is as far as it will go. I know what I would do if I had charge of it.

Q. Now, the port of Montreal is a very large port. Did Mr. Bureau, the Minister of Customs for some years, keep in close touch with you?—A. To be honest with it, I saw Mr. Bureau four times in four years.

Q. Did he ever visit the head office in Montreal?—A. He did, frequently.

Q. But he did not get in touch with you?—A. No sir.

Q. Either to upbraid you or to complain or to compliment you?—A. Neither. I take it as a compliment that everything was all right. That is why he did not come to me.

The CHAIRMAN: No news is good news.

By Hon. Mr. Stevens:

Q. So you would not like to say he ignored you?—A. It would be ungentlemanly if I said such a thing.

The CHAIRMAN: You would not like to be ungentlemanly.

Hon. Mr. STEVENS: He wants to be fair.

By the Chairman:

Q. Did you write him to get some interview?—A. No.

By Hon. Mr. Stevens:

Q. When some requests were made for promotions in the staff under your jurisdiction, presumably, we will say, by the Civil Service Commission, were you consulted?—A. Yes, sir, on every occasion.

Q. And you made your report?—A. I have to make out my A and B reports in duplicate. "A" signified what the men are doing in the present position, and "B" what I think that they will do if they are promoted.

Q. That is to the Civil Service Commission?—A. Not in many cases were the men appointed that I recommended.

Q. Not in many cases were the men appointed that you recommended. Did you recommend Bisailon to be appointed chief preventive officer of Montreal?

—A. I certainly did not.

Q. You certainly did not?—A. No.

By the Chairman:

Q. Do I understand that the Civil Service Commission makes the nomination, Mr. Weldon?—A. Yes.

Q. Because I always thought that there was no interference?—A. They interview the Department.

Mr. DOUCET: The Department makes the recommendation, Mr. Chairman. Do not get away from that.

By Mr. St. Pere:

Q. Who gives the rating to the Civil Service Commission as far as promotion is concerned, for the employees? Is it the collector or the inspector for the port?—A. I do in the first place, but there is a circular issued to the inspector, that he will receive a certain report for such recommendation.

Q. The collector of customs is perfectly at ease to correct the inspector?—A. No, the inspector corrects the collector.

Mr. ST. PERE: It is very funny that the employee corrects the boss.

Hon. Mr. STEVENS: Who is the boss?

Mr. ST. PERE: The collector should be the boss.

The CHAIRMAN: Unless the work is divided by departments. Then you have to have heads. Each head is his own boss.

By Hon. Mr. Stevens:

Q. You, as collector, Mr. Weldon, have made recommendations?—A. Yes sir.

Q. On members of your staff, for purposes of promotion?—A. Yes.

Q. You state however, that frequently, more frequently—put it another way: You say that rarely do those whom you recommend receive the promotion?—A. That is correct.

Q. You did not recommend Mr. Bisailon?—A. No sir, I was not asked to.

Q. You were not asked to?—A. No.

Q. You made no report on him at all?—A. None whatever.

Q. Did you make a report on Clerk, when he was promoted to the position of inspector?—A. No sir.

Q. I do not know, Mr. Chairman, whether I would be fair in asking Mr. Weldon the next question, but I think it is a fair question. I will put it in any case. In the case of Bisailon, who has since been dismissed, had you been asked your opinion of him as an officer, for the purpose of promotion to the high position of chief preventive officer, would you have recommended him for promotion.

The CHAIRMAN: Wait a minute. You are not obliged to answer such a question, because it is a matter of opinion.

Hon. Mr. STEVENS: I want his opinion. This witness is the collector for the port of Montreal, the most qualified man to judge of a subordinate's qualifications for the position.

The CHAIRMAN: What you say may be right, but that is not proven. You cannot draw a conclusion that any man who knows Mr. Weldon—I know him personally, but as a commissioner and as one who is making an investigation, I would like to know how he can draw such a conclusion.

[Mr. William S. Weldon.]

Hon. Mr. STEVENS: I do not agree with you, Mr. Chairman.

The CHAIRMAN: This is gratuitous information only.

Hon. Mr. STEVENS: I want the information anyway.

By Hon. Mr. Stevens:

Q. Let me put the question again, Mr. Weldon. As collector of the port of Montreal, you had Mr. Bisailon under you in a subordinate position. Had you been asked as to his qualifications for the position of Chief Preventive Officer, would you have recommended him?—A. I think I would have hesitated.

Q. I will ask you another question. Mr. Clerk had been locker, and chief locker for some thirteen years. Then he was computing clerk for a number of years following that, up to about 1923. Were you asked your opinion upon the promotion of Mr. Clerk?—A. I was not.

Q. Or for a report?—A. No, sir.

Q. You were not asked?—A. No, sir.

Q. And you made no report upon him?—A. None whatever.

Q. I will ask you the same question in regard to that, in connection with Mr. Clerk. Had you been asked your opinion as Collector of the port of Montreal, as to his qualifications for the position of Inspector of the port of Montreal, replacing Mr. Busby's inspection, would you have recommended him?

The CHAIRMAN: The same words. The witness is not obliged to answer such a question.

WITNESS: I will give the same answer as I gave to the former question.

By Hon. Mr. Stevens:

Q. In other words, you would have hesitated very much to have done so?—A. Yes.

Q. Mr. Weldon, have you had any knowledge conveyed to you, or information conveyed to you of the smuggling of liquor in large quantities by boats through the canal, in the port of Montreal?—A. I think there was one particular shipment about July, 1923.

Q. I think I can help your memory a little. I remember an instance myself, which is one I would like to get some information upon, the barge Frank H— do you remember that?—A. There was one such name as that, but I did not come across it personally.

Q. You do not know of it personally?—A. No, I know there was such a thing in the port, but I had nothing to do with it.

The CHAIRMAN: He does not know anything about it.

By Hon. Mr. Stevens:

Q. Under your instructions, did you ever detain a vessel in the canal?—A. Yes, I detained one called the Jean Mack.

Q. The Jean Mack?—A. Yes, sir.

Q. She was suspected of having contrabrand liquor on board?—A. As a matter of fact, she had 1,000 cases on board.

Q. Was she under temporary seizure?—A. No. They wanted to get their clearance papers, but that was about eight o'clock in the evening.

Q. She was held pending the issuing of clearance papers?—A. I said I would not grant any clearance papers, that the office was open between the hours of nine o'clock in the morning and five o'clock in the evening, and that I would not grant clearance papers after that hour.

By the Chairman:

Q. Do you remember the date?—A. It was the 18th of July, 1923. I communicated with the Deputy Minister in the morning, and he told me to hold it.

By Hon. Mr. Stevens:

Q. It was still held?—A. It was still held.

Q. And he told you to still hold it?—A. Yes, sir.

Q. How long did you hold it?—A. Two or three days.

Q. Did you give the vessel her clearance papers?—A. Finally I was notified from Ottawa to permit them to unload it.

Q. At the wharf?—A. To permit them to unload it at the Dominion Distillery plant.

Q. What became of the liquor?—A. After that, I could not say what became of it.

Q. When you say you permitted them to unload it, did you pass any clearance papers?—A. It was a bonded warehouse. It was put into bond.

Q. It was unloaded at the Dominion Distillery plant, and put into bond at the Dominion Distillery?—A. Yes.

Q. Under instructions from Ottawa?—A. Yes.

Q. Having regard to smuggling generally, have you received from time to time information that there was smuggling going on?—A. I have been told several times about boats that were suspected, upon the River St. Lawrence.

Q. To whom would you give that information?—A. Before Mr. Bisailon was elected, or appointed, I would give it to one of our Preventive officers—not Preventive officers, one of our officers who was entitled to make the seizures.

Q. One of the Preventive staff?—A. We had no officer immediately named a Preventive officer; any of the officers in the port could go ahead and make the seizure.

Q. Such as landing waiters?—A. Landing waiters, or examiners, any of the staff.

Q. Then, when Mr. Bisailon was appointed to the Preventive staff, you reported to him?—A. I reported to him.

Q. I seem to recall in the files here a case where you were mixed up in the reporting of a seizure; I have forgotten the name of it now. Did you have any difficulty with Mr. Bisailon when you made these reports to him as chief preventive officer?—A. I remember one particular instance. I told him what I had heard, and that he ought to get after them. These boats were supposed to unload below the city of Montreal. A few days after that, I asked him again if he had done anything. He said they had been trying to get at it, but could not get at it, that they had not found anything. How far he went to it I do not know.

Q. As collector, did you receive the co-operation of Mr. Bisailon as chief preventive officer?—A. Well, I thought I did.

Q. You thought you did?—A. I did.

Q. Was it effective assistance?—A. It did not bring any results.

Q. Would you care to express an opinion upon the efficiency of the Preventive staff in Montreal?—A. That is a very hard question to answer.

Mr. CALDER, K.C.: Without swearing.

By Hon. Mr. Stevens:

Q. The Preventive staff was separate and outside of your jurisdiction?—A. Absolutely.

Q. And if you expressed an opinion, it would be of another staff than your own?—A. Yes, sir.

Q. However, let me ask this question. After Mr. Bisailon was appointed chief Preventive officer for the port and district of Montreal, did your opinion of his qualifications improve at all?—A. Not particularly. I did not pay much attention to them. He was outside my jurisdiction altogether.

Q. There is another question I would like to ask you, Mr. Weldon. When Mr. Clerk was made chief inspector of the port of Montreal, replacing Mr. Busby, was there assigned to him as his immediate assistant one of the trained officers of the port?—A. As an inspector?

Q. Well, as his immediate assistant, I think?—A. I think it shows three of the staff.

Q. Let me ask it in a different way. Was Mr. Bernier assigned to him?—A. Mr. Bernier was made assistant for the Excise Department prior to merging with the Customs.

Q. Just an inspector?—A. Yes.

Q. A trained man?—A. He is yet.

Q. A good inspector?—A. Yes, sir.

Q. Was he specially assigned to Mr. Clerk?—A. Not that I am aware of.

Q. Was he assigned as his assistant?—A. He seemed to have a separate office altogether.

Q. Did he act as Mr. Clerk's assistant?—A. I do not think he did. He is particularly on Excise work.

The CHAIRMAN: You mentioned a moment ago that Mr. Busby was given about three other assistants.

Mr. CALDER, K.C.: He said Mr. Clerk.

WITNESS: Mr. Longtin, Mr. Cypihot and I think one of Mr. Busby's old staff, Mr. Bernard.

By Hon. Mr. Stevens:

Q. Maybe that is the man I have in mind. Was he the man specially assigned to Mr. Clerk?—A. He was sent down from Ottawa. He was originally on Mr. Busby's staff.

Q. He was sent down from Ottawa?—A. He was sent down from Ottawa to assist Mr. Clerk in assembling his staff.

Q. Is he there still?—A. Yes, sir.

Q. Who carried on the examination of the books and records chiefly in the inspection work of the port of Montreal, in the last two years?—A. It was done by the staff I have named.

Q. Who would personally have the most active part to play?—A. I think, from his knowledge, that Mr. Bernard would. He knows the routine of inspection.

Q. That is my information?—A. I think that is right.

By Mr. St. Père:

Q. What about this inspection, Mr. Weldon? I am quite anxious to know the way your books are audited?—A. For instance, the key to the whole situation is the manifest number that comes on each parcel which is delivered to this country; that is where we start from. That is the source of supply for all our revenue, that they should see that all these manifests are taken care of, as I explained this morning. In one way or another, there must be the common idea of creating the manifests. Then it is up to the proper officers to go through the books, to see that the entries are all made, subject to the inspection of the authorities at Ottawa.

Q. Are all these employees appointed by the Civil Service Commission?—A. Yes, at the present time.

Q. Have they usually been experts in their special line, for instance silk?—A. Take Mr. Lavoie, I think he is an efficient officer in the dry-goods

business. I remember when I was a boy passing the Entrance 45 years ago. His father was in the Customs service, and he has grown right up in the dry-goods business. I think he was in the same business as I was.

Q. You have been manager for years, and I have known you for years as manager of the Windsor Hotel. You spoke this morning about the goodwill you would give to the management of the Port of Montreal. Kindly explain to the Committee what you understand of the management of the Port of Montreal or the Collector.—A. Generally speaking to see that the revenue is collected. That is the management of the Port; to see we get one dollar for every one hundred cents that is coming to us.

Q. As far as recommendations of the employees are concerned, would you suggest that the recommendation of the Collector, as far as the promotion of any employee is concerned, should supersede anyone brought forward before the Civil Service Commission by the Inspector of any one of his subordinates? I should think where a Collector has a daily view of a man's work he ought to be best qualified to tell whether a man is worth the promotion he seeks. He should be a very capable man; he may lose a lot of time, but he may be a good man and lose a lot of time through sickness. He probably will give good service, but physically may not be very strong, but I would give that man an opportunity.

By Hon. Mr. Stevens:

Q. That question of sickness reminds me that we asked a question of a witness the other day about times he was absent. When an employee is ill does he give you a medical certificate?—A. Yes, he must produce a medical certificate if he is more than four days ill.

Q. I notice an employee by the name of Brien was absent some eighty-two days through sickness in one year. Do you recall that? It is rather a long period.—A. I know who you mean, I cannot recall that particular date.

By Mr. Doucet:

Q. May I ask this question, have you a fairly good knowledge of the French language?—A. I was born down there among them in Quebec, down near my friend Mr. St. Pere.

Q. When Mr. Busby was relieved from the Port as Inspector of the Port of Montreal, the claim was made it was done because the Inspector of the Port should have a perfect knowledge of both languages or be bilingual. Having had some knowledge of the work done by Mr. Busby at the Port would you maintain it is necessary for the Inspector to have a knowledge of both languages to perform his duty in that position?—A. He could not perform it more honestly if he possessed both languages. It would be more beneficial if he did have them.

The CHAIRMAN: I hope you will not insist, Mr. Doucet, on that matter. It is very slippery ground.

Mr. DOUCET: The public is entitled to know whether the Inspector is a competent honest man, and that a qualified man should not be replaced on the plea of his not being familiar with both languages.

Mr. ST. PERE: If the Inspector has to deal with the general public, it would be more advantageous if he could speak both languages.

Mr. DOUCET: We all know that, and my friend Mr. St. Pere knows I stand for bilingualism. Mr. Busby stayed there for years and performed his work satisfactorily and he was removed at a certain date for the plea—

By Mr. St. Pere:

Q. Is that the plea?

Mr. DOUCET: That is the only plea the Department has furnished.

[Mr. William S. Weldon.]

By Mr. Doucet:

Q. What I want to get is this, whilst Mr. Busby was doing inspection work in Montreal his work was satisfactory, and could not be more satisfactory than it was?—A. Not if he knew five languages.

Q. At the same time I understand that it would be better for a Customs official speaking both languages—and do the Customs officials at the Port of Montreal speak both languages?—A. Nearly every one.

Q. We have had them before the Committee and they are familiar with both languages?—A. Yes.

By Mr. St. Pere:

Q. Now, Mr. Weldon, you say you were brought up near my place?—A. Yes.

Q. You know I am a broad-minded man?—A. Yes.

Q. Did it ever come to your knowledge that Mr. Busby objected to the promotion of a French-Canadian because he was a French-Canadian?—A. Positively, I do not recall it.

Q. Well, I am not accusing Mr. Busby, but I am telling you of rumours that were spread around town.—A. I do not know about it.

By Mr. Kennedy:

Q. You have been Collector at the Port of Montreal for seven or eight years?—A. Yes.

Q. You have been complaining of lack of co-operation amongst the officials under you or working with you?—A. Yes.

Q. Was that peculiar to the seven or eight years or to a particular number of years, these particular difficulties?—A. I cannot speak of anything before I was there.

Q. Did you have that trouble for the whole seven or eight years?—A. I wouldn't say that.

Q. What part of it?—A. It has improved the last six months considerably.

Q. What about the other part?—A. To be honest about it they made me feel as though I was not wanted there.

Q. When?—A. I don't know—

Q. During the whole period?—A. Pretty nearly.

Q. It has improved in the last six months?—A. I am in touch with the Department more during the last six months than during the past four years.

The CHAIRMAN: I think it has improved everywhere.

By Mr. Kennedy:

Q. In your opinion is smuggling increasing or decreasing? Has it been increasing over a period of seven or eight years?—A. I really think it has. With the advent of the automobile and prohibition in the United States, there is an incentive to go out and do business where they did not do it with the old horse and cart.

Q. These are the chief factors, the automobile and prohibition in the United States?—A. Yes.

Q. The automobile facilitates the shipping of liquor and other goods coming back?—A. Yes.

Q. There have been various estimates made of the amount of smuggling into Canada, have you any idea of what the volume of smuggling would be?—A. Nobody can estimate that.

By Mr. Donaghy:

Q. No statistics are kept of that?—A. No, they keep no books, these fellows.

Q. Other people have been making estimates without books or figures?

—A. They cannot do that. I defy any man to do that.

Q. You cannot give us any estimate?—A. No.

By Mr. St. Pere:

Q. Were there any representations made to you by a French-Canadian grocer who is in Montreal to the effect that your staff in the grocery department of the Customs Office did not have a sufficient bilingual staff?—A. I must tell the truth, nobody ever said that to me.

Q. People are writing some funny letters.—A. We have Mr. Laemelle, Mr. Rivet, McShane and Cavanagh, and that shows they are pretty well divided.

Q. The English speaking fellows on the staff, most of them can speak French?—A. Cavanagh can speak French and so can McShane. Yes, they can all speak some French.

By the Chairman:

Q. They can be understood?—A. Yes.

By Mr. Donaghy:

Q. I want you to tell me something of the classification of your organization. You have one branch called the Appraisal Branch?—A. Yes.

Q. What other branches have you?—A. We have the computing staff in the Long Room, and the record office where the records are kept, and the Manifest Room and the examining staff, the man outside on the wharf and the depots and tide surveyors.

Q. An Examining Branch?—A. Yes, to see that everything is properly attended to when the invoices go out and we have a gauging and weighing staff, and we have a warehouse staff to take charge of goods brought in for storage, and take charge of packages brought in for examination, and also a staff for the delivery of things.

Q. Which is the most complicated branch of those you have mentioned, the most difficult to understand?—A. The most complicated?

Q. Yes.—A. It is very essential to have a proper computing staff.

Q. They would have to have some knowledge of accounting?—A. No, they would have to have some knowledge of the tariff and regulations.

Q. That seems to be pure accounting?—A. When they go to the Appraisal Department the appraiser should know what he is examining to see that it is properly entered for duty.

Q. That comes from a knowledge of merchandise?—A. Yes.

Q. Really, the most complicated branch is the Computing Branch?—A. Yes.

Q. A man to be able to exercise a proper inspection for this branch would have to have some knowledge of accounting?—A. Some general knowledge.

Q. He would not have to have any special knowledge of the qualities of merchandise?—A. He could not take that up in a short time. Invariably computing clerks are promoted to Assistant Appraisers.

Q. I take it from the remarks you made you are a believer in the promotion idea in the Customs service?—A. Yes.

Q. That a man should start his way at the bottom and work to the top?—A. If it is in him at all.

Q. You have been eight years at the top of this very important port at Montreal?—A. Yes sir.

Q. Now we hear very high reports of you and I take it you found no difficulty in managing your business if they leave you alone?—A. It would be very much simpler.

Q. When you were appointed to this position, taken from the Windsor Hotel, and put into this very important position, were you able to handle it for the first few years?—A. I had a very fair idea—I was not taken from the Windsor Hotel to do that as a matter of fact.

Q. Where were you taken from?—A. The City Council.

Q. That is a still higher college, but you did not learn very much?—A. I had five years experience before that.

Q. Where?—A. Right in Montreal.

Q. What position?—A. Attending to Customs House entries for one of the biggest houses in Canada.

Q. For how long?—A. I was on their Customs Department for five years and passed their entries.

Q. Did you find during the first two years of your incumbency of this office you were able to perform the duties?—A. I had to keep studying it up night and day.

Q. I take it you are always studying?—A. Yes, something new every day.

Q. Did you find you were able to perform your duties?—A. I think so, I did not fall down.

Q. Now taking the analogy of your own case and comparing it with that of Mr. Clerk, who had been some eighteen years in the Customs at Montreal, he would be in just as favourable a position as you?—A. I am not thinking of any man's position. I had not only been in the Customs House work.

Q. If he had a bare knowledge of accountancy he would not be able to handle the Computing Branch?—A. No.

Q. Irrespective of who the man might be, that would be so?—A. Yes.

Q. That would necessarily follow?—A. Yes.

Q. If Mr. Clerk had a bare knowledge, or I might say a fair knowledge of accountancy he would be able to inspect properly, the most complicated branch?—A. Yes, he would naturally.

Q. Being able to inspect the most complicated he would not have trouble inspecting a minor branch?—A. Sometimes the minor branches give the most trouble.

Q. In general, all appraisers' work is similar, but we have an officer who has had eighteen years in the Port of Montreal?—A. If he were an appraiser he would know the difference between the different kinds of goods, and the values.

Q. As a matter of fact a man eighteen years at the Port of Montreal and a fair knowledge of accountancy, and keeping his eyes open, could learn a great deal of the work?—A. If it is in him, he should.

Q. If it is in him?—A. Yes.

Q. Now I do not know whether you answered the question plainly or whether it was put plainly. Assuming you have full honesty and integrity on the part of the Inspector, would bilingualism be an additional qualification for the position in the Port of Montreal?—A. I would certainly suggest that he should have a man who was a French-Canadian on his staff.

Q. You say if the head inspector were not a bilingualist, that it would be necessary to avail himself of the services of an assistant who was?—A. It would be a good idea.

Q. If he was a bilingualist it would not add to the qualifications?—A. We are different in Montreal from any other city in Canada.

Q. A man really needs two languages?—A. Yes.

By Hon. Mr. Stevens:

Q. Was Mr. Clerk ever through the various offices in the Computing Room?—A. I could not say so.

Q. He was not a Computing Clerk, was he?—A. Not that I am aware of.
Mr. CALDER: That is all, Mr. Weldon, I may recall you.

By the Chairman:

Q. You are released until recalled.

Mr. CALDER: I may recall him this afternoon. I want to get over the preliminary witnesses first.

(The witness retired.)

CHARLES FERMINGER, called and sworn.

By the Chairman:

Q. Your occupation?—A. Purchasing Agent.

Q. Montreal?—A. Dominion Glass Company, Limited, Montreal.

By Mr. Calder:

Q. Mr. Ferminger, as Purchasing Agent of the Dominion Glass Company, Limited, did you buy any coal in the summer of 1922 being Yorkshire Washed Nuts and English Bituminous Gas Coal?—A. Yes, a full cargo.

Q. On what steamer was it transported?—A. The Steamship "Canadian Cruiser".

Q. And arrived when?—A. Arrived Montreal the beginning of October, 1922.

Q. From whom did you purchase that?—A. From W. R. Grace & Company, but on account of not having facilities for discharging, I instructed George Hall Coal Company to discharge the coal and handle it and take charge of the necessary Customs entries.

Q. Ultimately that coal was delivered to you in Montreal?—A. Ultimate delivery was completed the following spring. We took it during the winter.

Q. It was stored with the George Hall Company in the meantime?—A. Yes; it was really stored in the Canada Cement Company's yard in the east end, because they found the boat was too heavy when they came upstream, and they could not go into the George Hall Company's yard.

Q. Were you presented with an account for duty on that cargo?—A. We were presented with an account by the George Hall Company on or about October 5th, 1922.

Q. You paid that account?—A. We paid that account by cheque on—if I am right—October 7th, two days afterwards.

Q. Will you look at a cheque now shown you, being a cheque on the cheque form of the Dominion Glass Company Limited, addressed to the Bank of Montreal, to the order of George Hall Coal Company, for the sum of \$2,639.06, signed "Dominion Glass Company Limited, by"—I am afraid this is another illegible signature.—A. Mr. Laurie or Mr. Greer.

Q. It is countersigned "John Sterling, Treasurer," and dated October 7th. Will you state whether that is the cheque which you paid for that account?—A. (Referring to document). Pardon me, that is Mr. A. H. Greer, the General Manager.

Q. It might be anything.—A. That is the original document.

Mr. CALDER, K.C.: This cheque is now detached from Customs and Excise Preventive Service file 10892, and filed as Exhibit 97. It is endorsed "Pay to the order of Collector of Customs; George Hall Coal Company, Charles C. Buckholz;" endorsed "Pay to the order of the Bank of Montreal; W. E. Weldon, Collector of Customs, Montreal." This latter endorsement is by a rubber stamp. It is further endorsed "Bank of Montreal, October 27, 1922."

By Mr. Calder, K.C.:

Q. Was there any complaint as to the sufficiency of that cargo, later on?—

A. When we finally cleaned up delivery to our client, we found we were short some 450 odd net tons, and in making a claim for refund of freight the question came up about obtaining a refund of duty on that proportion which was short-landed.

Q. Where did you go to have this refund put through? What did you do?

—A. We naturally approached the George Hall Coal Company, as they were the people who were putting through the entry, and would naturally have charge of the obtaining of refunds, and we asked them to obtain the entry number so that the necessary short-landed certificate and refund form could be filled out and presented to the Customs for a claim, and for several days I phoned and phoned trying to get this number, and finally I was advised that no entry could be located.

Q. Ultimately, did you satisfy the Customs that this entry had been passed, and what steps did you take to do that?—A. Failing to get the information, we referred the matter back to the Canadian Government Merchant Marine, with whom we had a claim for the freight, and they came back and gave us—pardon me; we were given a number eventually, but it was found on investigation that that entry number was not correct; it covered a different cargo of coal altogether. Then we approached the Canadian Government Merchant Marine, and they gave us an entry number which proved to be the correct number. That was some time about December, 1923.

Q. Did you have occasion then to see the entry form corresponding to that number?—A. I finally received from the George Hall Coal Company a copy of the entry.

Q. Now, from that copy, will you state whether this coal had been entered free, or duty-paid?—A. According to the copy, the coal had been entered as “free.”

Q. And as what classification of coal?—A. Anthracite.

Q. Did your coal fall under that classification?—A. No sir, ours was bituminous nut gas coal.

Q. There is a duty on bituminous coal, but no duty on anthracite?—There is a duty of thirty-five cents per net ton on English bituminous coal.

Q. You have seen the papers declaring the cargo to the Customs?—I have seen the copy—oh, the original import?—A. Yes. That came through my hands in the first place.

Q. How was the cargo described in that invoice and bill of lading?—A. As English washed screened nuts.

Q. Was the word “bituminous” used?—A. Not to my recollection.

Q. Then what happened after you had received the copy of the entry form?—A. After receiving the entry number from the Canadian Government Merchant Marine, I completed the short-landing certificate, and turned it over to the George Hall Company to make the claim for refund, and we eventually received from the government \$159 which was the amount of duty covering approximately 450 short net tons.

Mr. CALDER, K.C.: That is all, Mr. Ferminger.

The CHAIRMAN: It is understood that the witness is discharged.

Mr. CALDER, K.C.: Yes.

Witness discharged.

WILLIAM FOSTER WILSON recalled.

The CHAIRMAN: Mr. Wilson, you will continue your evidence under the same oath you have already taken.

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. Mr. Wilson, you have before you a file which deals, among other things, with an import of coal by the Dominion Glass Company, entry of which was put through by the George Hall Coal Company or their brokers. Will you turn up that entry form, and produce, if you can, the original entry forms upon which this cargo was first put through?—A. Yes.

Mr. CALDER, K.C.: Mr. Chairman, may I detach that from the file, rather than put the whole file in?

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: I now detach both copies of entry number 40080-A, dated the 21st of October, 1922, for a cargo of anthracite washed, screened nuts, coal, per S. S. "Canadian Cruiser," exported from England, and file both copies as Exhibit 98. The committee will note that the error or false entry, or whatever it is, is in entering it as anthracite. I think it may have been obvious to any appraiser that no anthracite coal comes from England.

By Mr. Calder, K.C.:

Q. This matter was investigated by you, Mr. Wilson, when complaint was made, was it not, or was investigated by officers under your direction?—A. May I explain that the matter was first brought to the attention of the Department, and on the 16th of February, 1924, the Commissioner wrote the Collector of Customs in Montreal with regard to the matter. That is what started it.

Q. Will you read that letter into the record?—A. (Reading):

"File 120-152.

FEBRUARY, 16th, 1924.

Collector of Customs and Excise,
Montreal, P.Q.

Subject: Re Tariff Status of Cargo of Coal

SIR: It appears that a cargo of coal invoiced as Yorkshire washed screened nuts, imported by the George Hall Coal Company, Limited, of your city, from Messrs. Grace Bros. and Company Limited, London, England, and entered under your entry number 40080-A as anthracite coal, which has subsequently been amended by your entry number 45065-A to the rate of thirty-five cents per ton as bituminous coal, is believed by the importers to be entitled to free entry as originally entered.

Would you please furnish the Department with a full report with respect to this importation, giving the particulars as to why it was originally allowed free entry as anthracite coal, and also as to why it was later classified for duty purposes as bituminous coal.

I have the honour to be,

Sir,

for the Commissioner."

Q. Have you got on the file the report that was made in consequence of that demand?—A. Yes sir.

[Mr. W. F. Wilson.]

Q. Will you read that into the record?—A. (Reads):

“MONTREAL, February 20, 1924.

The Commissioner of Customs and Excise,
Ottawa, Ontario,

SIR: Referring to departmental letter of the 16th instant, file 120152, regarding a shipment of “Yorkshire Washed Screened Nuts” imported by the George Hall Coal Company, Limited, Montreal, from Messrs. Grace Bros. & Co., Ltd., London, England, and entered under Montreal entry No. 40080-A, as “Anthracite coal”, but subsequently amended by Montreal entry No. 45065-A, to the rate of 35 cents per ton as “bituminous coal”—

I beg to forward herewith a report from Mr. A. E. Giroux, superintendent customs excise examiners, relative to this matter.

I have the honour to be, Sir,

Your obedient servant,

(Sgd) W. S. WELDON,
Collector of Customs and Excise.”

The enclosure referred to reads:

“MONTREAL, February 19, 1924,

W. S. WELDON, Esq.,
Collector of Customs and Excise.

DEAR SIR: Returning the enclosed letter re tariff status of cargo of coal, I beg to state that at first sight the cargo might have looked to be anthracite coal, but after serious consideration I came to the conclusion that it should be bituminous coal, as not a ton of anthracite coal is produced in the Yorkshire district, according to coal experts, and the entry was amended accordingly.

Yours truly,

(Sgd) A. E. GIROUX,
Sup't C. and E.”

Q. Now, so that the appraiser and examiner who passed the entry was A. E. Giroux, of the port of Montreal?—A. Well, I cannot say that.

Q. From that report?—A. It would appear like it.

Q. Do you know what broker put through the entry? Can you discover that from the file?—A. If you will let me see these entries, I will tell you; that last exhibit.

By Hon. Mr. Stevens:

Q. You mean “personal”?—A. Antonio Giroux & Co.

By the Chairman:

Q. Antonio Giroux & Co.?—A. Yes sir.

By Mr. Calder, K.C.:

Q. Was there any further investigation in this matter?—A. Yes.

Q. Will you dig out the report that was made upon such further inquiry?—

A. Upon receipt of the collector’s report in the department I find that the Dominion appraiser made a memorandum to the commissioner, in which he cited the information received from the collector and as a result of that the following letter was written. Shall I read it?

Q. Yes, please.—A. (Reads):

"MARCH 6, 1924.

R. P. CLERK, Esq.,
Inspector of Customs and Excise,
Montreal, Que.

SIR: The department considers that you should investigate the circumstances in connection with the entry of bituminous coal by the George Hall Coal Company, as per copy of entry 45065-A, of 16th January last.

You will note by the memorandum, of Mr. Watson, Dominion appraiser, attached to the copy of entry, that free entry is stated to have been made for this coal in December, 1923, although the invoice for the coal is dated London, September 12, 1922.

If the coal was actually shipped from England in September, 1922, why was entry delayed until December, 1923, and payment of duty deferred until 16 January, 1924.

Please return the enclosed papers with your reply.

I have the honour to be, Sir,

Your obedient servant,

Commissioner."

Q. Is there a reply to that letter?—A. On March 12, 1924. (Reads):

"MONTREAL, March 12, 1924.

R. R. FARROW, Esq.
Commissioner of Customs and Excise,
Ottawa.

DEAR SIR: I beg to acknowledge receipt of your letter of the 6th instant, asking me to investigate the circumstances in connection with the entry of bituminous coal passed by the George Hall Coal Company as per entry 45065A of January 16th.

I have asked Mr. Superintendant A. E. Giroux for a full report and I now beg to enclose his letter, which, in my opinion, covers the information you wish to get.

I have the honour to be, Sir,

Your obedient servant,

(Sgd) ROBERT P. CLERK,
Inspector Customs-Excise."

Q. Will you read Mr. Clerk's enclosed reply?—A. Perhaps I should read a letter which Mr. Clerk wrote to Mr. Giroux.

Q. Yes.—A. (Reads):

"MONTREAL, March 19, 1924

A. E. GIROUX, Esq.,
Sup't Customs-Excise,
Montreal.

DEAR SIR: The Department has asked me to investigate the circumstances in connection with the entry of bituminous coal entered by the George Hall Coal Co. as per entry 45065A, passed on the 16th of January last.

Please note that this shipment was invoiced from London, England, on the 12th of September, 1922, and an entry for same was passed in December, 1923.

Please explain the delay for passing this entry. I also note that this entry was amended on the 16th of January last. Kindly furnish me with a detail account and reason that induced this entry to be amended.

Your early reply will oblige,

Yours truly,

(Sgd.) ROBERT P. CLERK,
Inspector Customs-Excise."

Q. You are now reading Mr. Giroux' report?—A. Yes. This is Mr. Giroux' report. (Reads):

"Port of Montreal,
MARCH 12, 1924.

R. P. CLERK, Esq.,
Inspector Customs & Excise,
Montreal.

SIR:—In answer to your letter of the 11th instant, in connection with entry of bituminous coal imported by the George Hall Coal Company I beg to relate the following facts:

"The manifest 53697 was remitted to me after the close of navigation for the season of 1922, with other manifests. It was during the winter of 1923 that upon examination of these different documents I found manifest of coal still open, and as the cargo of coal was consigned to the Bank of Montreal without the name of the consignee appearing, it took me some time to ascertain from the Canadian Government Merchant Marine, Limited, who they were but he eventually discovered that the consignees were the George Hall Coal Co. and thereupon did everything possible to have the entry passed. Then came the rush season of navigation. The manifest was mixed up with other papers, and in the fall, going over all the documents I noticed that this manifest was not closed yet, and insisted on getting any entry. The entry, so far as I can see, by the document on hand, must have been presented to the Customs on October 21, 1922, but for reasons I cannot detect, was not accepted in the manifest room until December 14, 1923.

A free entry, 40080A was passed to clear the cargo, but not being satisfied with the classification of goods, I made a thorough investigation and came to the conclusion that the coal should have been entered at 35 per cent per ton and insisted that the entry should be amended, which was done by amended entry 45065A.

Hoping that this information will prove satisfactory, and that I did my utmost to properly settle the case.

I am, sir,

Your obedient servant,

(Sgd.) A. E. GIROUX,
Supt. C.E."

Q. What is the date of the corrected entry, according to the report?—A. On which duty was paid?

Q. Yes.—A. The duty was paid, according to this customs stamp here, on the "1/2," 1924.

Q. That would be the 1st day of February, 1924.—A. I presume so.

Q. Or the 2nd of January, 1924?—A. According to the order in which it is taken, yes.

Q. And Mr. Firminger has told us that he had started to make inquiries about it in December. You see the entry here on top?—A. The date of the entry

on the top is the 16th of January, 1924, so the duty must have been paid on the 2nd of February.

Q. Can you discover from the file how the duty was paid, or who paid the duty?—A. The entry reads: "Imported by the Geo. Hall Coal Co." It is an amended entry, that is an amended prime entry for 40080A, and this entry was also passed by Antonio Giroux & Co.

Q. Is there any trace in the file as to how the duty was paid in the second instance, that is, whether it was by cheque from Antonio Giroux or by cash?—A. I do not see anything here showing that in this examination.

Q. There is something about the manifests not showing you who the consignee was. Have you got the manifest. Will you detach from the file, and file as exhibit 99 the ship manifest?—A. Yes, that is to say the ship's manifest covering a portion of this cargo of coal.

Q. Will you also put in the original Customs invoice under the entry number 40080-A?—A. Yes.

Q. As Exhibit No. 100?—A. Yes.

Q. Will you also put in the Delivery Warrant which was prepared, according to its date, on the 21st October, 1922, under entry No. 40080-A showing by the stamp that it was passed on December 14th, 1923, at the manifest room. Who would these papers be prepared by, the same person who prepared the entry forms in the ordinary course of affairs?—A. Yes. Here is the stamp on the top, on this part of the entry paper.

Q. That would be prepared at the same time as the entry paper?—A. Yes. (Marked as Exhibit No. 101.)

The Committee adjourned till Tuesday next, March 23, at 10.30 a.m.

