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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. 20—TUESDAY, MARCH 23, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. W. F. Wilson, Chief of Protective Service, Department of Customs and Excise.

Mr. Antonio Giroux, Clerk, Montreal, Que.

Mr. A. E. Giroux, Superintendent of Customs and Excise, Montreal, Que.

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

EXHIBITS FILED:

No. 102—Bank of Montreal (McGill Street Branch) cheque dated Montreal, Feb. 1, 1924, signed by Antonio Giroux & Cie, per A. Giroux, in favour of Collector of Customs, $2,639.06.

No. 103—Memo dated Ottawa, March 27, 1924, from "J. B.", Minister of Customs and Excise to Mr. Wilson, respecting son of Mr. Giroux, Assistant Surveyor at Port of Montreal.

No. 104—Letter (C-E P.S. File No. 120152) dated April 28, 1924, from Mr. W. F. Wilson to Mr. R. R. Farrow, with two letters attached from Mr. Moore to Mr. Wilson, dated April 7, 1924 and April 28, 1924, all respecting cargo of coal imported from England.

No. 105—Letter dated May 17, 1924 (File No. 120152) from Mr. Farrow to Mr. Wilson, acknowledging receipt of Mr. Wilson's letter (Exhibit No. 104), and stating that matter referred to therein submitted to Minister for consideration.

MINUTES OF PROCEEDINGS

TUESDAY, 23rd March, 1926.

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

Present: Messrs. Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Père and Stevens—7.

The minutes of the last meeting were read and approved.

The Chairman announced the receipt of a letter from Mr. Phillipe Brais, Joint Crown Prosecutor, Montreal, stating his inability to appear before the Committee as a witness before Easter. A suitable date will be agreed upon later.

The Chairman read a letter from Commissioner Starnes, Royal Canadian Mounted Police, to the effect that Mr. Hearn of Montreal, called last week as a witness but who did not appear, is believed to be at the Belmont Hotel, New York.

The Clerk was instructed to telegraph a summons to Mr. Hearn calling for his appearance here on 12th April. A similar summons to issue to Mr. Egan, who should have appeared as a witness on 26th February.

The Chairman read a letter from Mr. Farrow to the effect that he had been in communication with Mr. Clerk by telephone who stated that he had not made any report in 1925 respecting Mr. Bisaillon. *Ordered,* That Mr. Clerk be summoned to appear as a witness on Thursday, 25th March.

Moved by Hon. Mr. Stevens,— That Mr. Farrow be requested to produce copy of instructions issued March thirteenth, 1926, file number 126325, *re* export of liquor, together with the said file.
Motion agreed to.

Moved by Mr. Doucet,—For the Customs files, Preventive Service files and Port files containing all documents, letters and telegrams, *re* seizure of liquor from one Moses Aziz of Caraquet, New Brunswick, on May fourteenth, 1925; again on July 14th, 1925.
Motion agreed to.

Moved by Mr. Doucet,—For the production of Customs files, the Preventive files and the port file, containing all the documents, letters, telegrams and reports in connection with the violation of the Customs and Excise regulations by the following vessels, viz:—

Schooner Ermynthrude
Schooner Lucy R.
Schooner Bay Queen
Schooner Forrester
Schooner Salvatrice
Schooner Lois A. Conrad
Schooner Buema
Schooner Eddie James
Schooner Lewis H. Smith
Schooner Adeliza D.
Steamer Mimima
Steamer Bermeo
Schooner Alcala
Schooner Patrick and Michael
Schooner Alfrata
Schooner Mary Smith
Schooner Edna May
Schooner Noble H.
Schooner Mary F. Hyde
Steam Tug Sea Bird

Steamer Pro Patria
Schooner Annie B.
Schooner D. C. Mulhall
Schooner W. C. Smith
Motor Boat Cosy
Schooner Frank L. C.
Steamer Sadie Mae
Schooner Tomoka
Steamer Canadian Otter
Steamer Wyke Regis
Schooner Francis E. Moulton
Schooner Inez C.
Schooner Petewawa
Schooner Hazel
Schooner Brumhilde
Motor Boat Annie May
Steam Trawler La Somme
Motor Boat Daisy C.
Schooner Arabia
Schooner Maggie and Esther
Schooner Edna H.
Schooner Katie—Margaret
Motor Boat Alase
Steamer Herbert Green
Schooner Carrie O.
Schooner Una
Schooner Winnifred M.
Schooner Reginald R. Moulton
Motor Boat Rambler
Motor Boat Buffalo
Schooner Frank J. Brouton
Schooner Minto
Sloop Sigdrifa
Schooner Florence May
Motor Boat Spark Plug
Schooner Rising Sun
Schooner Bridget V. Freeman
Schooner Alice
Schooner No law
Schooner Alameda
Schooner Cecil C. Boak
Schooner No Tow
Schooner Grace and Lou
Motor Boat Margery C.
Motor Boat Aver—M.
Motor Sloop Winona
Schooner Antonia
Schooner Vincent White
Schooner Eddie James
Schooner Mary Duff
Schooner J. H. Sinclair
Schooner Grace P. Brown
Schooner Joyce Smith
Schooner J. H. MacKenzie
Motor Boat Kiora
Schooner Patara
Schooner Ida M. Zim
Schooner W. C. Kennedy
Schooner D. D. MacKenzie
Schooner Annie
Schooner Annie—B. M.
Motor Boat Jeanne d'Arc.

Motion agreed to.

Moved by Mr. Doucet,—For the Customs files, Preventive Service files and port files, containing all documents *re* seizure of one Studebaker automobile and one Willys Knight automobile from one Charles Cabana, Sherbrooke, Quebec, on or about January 7th, 1926.

Motion agreed to.

Moved by Mr. Kennedy,—That Mr. R. D. Tighe, Assistant Counsel to the Committee, 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 the help necessary by the Clerk and his assistants, for the benefit of the committee.

Motion agreed to.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined further 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. 102—Bank of Montreal (McGill Street Branch) cheque dated Montreal, Feb. 1, 1924, signed by Antonio Giroux & Cie, per A. Giroux, in favour of Collector of Customs, $2,639.06.

Exhibit No. 103—Memo dated Ottawa, March 27, 1924, from "J. B.," Minister of Customs and Excise, to Mr. Wilson, respecting son of Mr. Giroux, Assistant Surveyor at Port of Montreal.

Exhibit No. 104—Letter (C-E P.S. File No. 120152) dated April 28, 1924, from Mr. W. F. Wilson to Mr. R. R. Farrow, with two letters attached from Mr. Moore to Mr. Wilson, dated April 7, 1924 and April 28, 1924, all respecting cargo of coal imported from England.

Exhibit No. 105—Letter dated May 17, 1924 (File No. 120152) from Mr. Farrow to Mr. Wilson, acknowledging receipt of Mr. Wilson's letter (Exhibit No. 104), and stating that matter referred to therein submitted to Minister for consideration.

Witness retired.

Mr. Antonio Giroux, clerk, Montreal, Que., was called and sworn. He was examined in French, translated by Mr. Beauchamp, 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, and in regard to which cargo he acted as Customs Broker.

Witness retired.

The Committee rose at 1 p.m.

The Committe resumed at 4 p.m.

Moved by the Hon. Mr. Stevens: For production of Customs and Preventive file also Port Preventive seizure file for seizure No. 5270, Montreal.

Motion agreed to.

The examination of Mr. Antonio Giroux was concluded.

Witness discharged.

Mr. Albert Eugene Giroux, Superintendent of Examiners, Customs and Excise, Montreal, Que. was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, 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.

Witness retired.

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

WALTER TODD.
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, March 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 FOSTER WILSON recalled.

By the Chairman:

Q. You will continue to give your evidence under the oath you have taken already?—A. Yes.

By Mr. Calder, K.C.:

Q. Mr. Wilson, on Friday I asked you how the duty on the cargo of coal was finally paid, as far as the Customs was concerned, whether it was by cash or cheque, and you told me at the time you did not know; have you discovered since?—A. Yes, on further examination of the file, I find it was paid by cheque.

Q. Will you find the cheque by which the duty was paid?—A. (Witness produces cheque.)

Q. Will you now produce and file as Exhibit 102 a cheque dated at Montreal 1st February, 1924, drawn on the Bank of Montreal, McGill Street Branch, and reading:

> "Pay to Collector of Customs or order $2,639.06, Antonio Giroux and Comany, by A. Giroux, endorsed by stamp: Pay to the order of Bank of Montreal, W. S. Weldon,"

which cheque was deposited in the Bank of Montreal, 2nd February, 1924?—A. Yes.

Q. Will you look at the file and summarize the situation between the last letter which you wrote, the letter of March 26th, which you read, and being a report of A. E. Giroux, superintendent, until the time when your yourself were charged with the matter. Is it correct to state there were several letters passing between the various heads of departments, expressing dissatisfaction with the report of Mr. Giroux?—A. Yes.

Q. What time did you come into the case first, and in consequence of what correspondence?—A. On the 27th March, 1924, the following paper (Minister's Memo) was received by me:—

EXHIBIT No. 103

> "Memo for Mr. Wilson: There is robbery which is apparent on the face of the papers attached hereto, committed by the son of Giroux, who is assistant surveyor at the Port of Montreal. I desire this matter investigated thoroughly and the guilty parties punished.
>
> J. B., the Minister."

Q. In consequence of this order of Mr. Bureau, did you conduct an investigation?—A. Yes.

Q. Did you make a report?—A. Yes.

Q. Will you detach from the file, and produce of record the report which you made? You now produce report dated April 28th, 1924, and referring to file of the Customs and Excise Preventive Service No. 120152, reading as follows:

EXHIBIT No. 104

"R. R. FARROW, Esq.,
Commissioner of Customs and Excise,
Ottawa.

SIR,—The records received with your letter of the nineteenth instant are herewith returned.

The second paragraph of your letter reads:—

'It appears from the papers attached that this cargo of coal was entered free at the port of Montreal on the 21st October, 1922.'

The coal was entered free at Montreal on the 14th December, 1923, —entry 40080A. An amending entry paying duty—entry 45065A—was passed on the 1st February, 1924.

The Preventive Service has been giving attention to matter and there are herewith handed to you two reports made by Special Officer Moore, dated seventh and twenty-eighth instant, together with all the records mentioned therein. There are so many things irregular that it would make too long a report to elaborate each one. A careful scrutiny of the exhibits will throw different light on the fourth paragraph of your letter.

This is a serious matter and well worthy attention.

I have the honour to be,
Sir,
Your obedient servant,

W. F. WILSON,
Chief, Customs-Excise Preventive Service."

Q. Will you now annex to this letter the reports quoted, namely, the reports of Special Officer Moore, dated 7th and 28th April, to form one exhibit, 104. Was this the final report made by you on this matter?—A. Yes, sir.

Q. Has any action been taken on the matter at all since?—A. That report was acknowledged by the Commissioner on the 17th May, 1924, file 124152, as follows:

EXHIBIT No. 105

"W. F. WILSON,
Chief, Customs-Excise Preventive Service,

SIR,—I beg to acknowledge receipt of your letter of 28th ult., respecting irregularity in connection with the entry of a cargo of coal consigned to the George Hall Coal and Shipping Corporation, Montreal, from Grace Bros. and Co., Ltd., London, England. I note from your letter that the free entry for this coal which arrived on the 25th September, 1922, was passed on 14th December, 1923, and that the amended duty entry was passed on the 1st February last. The papers in this connection have been submitted for the consideration of the Honourable the Minister of Customs and Excise."

Q. Will you produce and file that as Exhibit 105?—A. Yes.

Q. From that on, was any action taken?—A. The file does not show that there was any action taken.

Q. You yourself received no instructions what ever?—A. None.

Hon. Mr. STEVENS: Could I see the Exhibit? Mr. Chairman, I would like to ask Mr. Wilson, in view of the fact that we have had this matter,

which Mr. Wilson is thoroughly acquainted with, placed on the record in the form of simply a recital of the letters—I would like to ask Mr. Wilson if he would briefly state to the Committee the points arising out of these things. I appreciate it is desirable to have these records also.

Mr. CALDER, K.C.: I was under the impression that records speak for themselves, but it would be useful to have a brief summary.

Hon. Mr. STEVENS: I think a brief summary of the facts of the case would be enlightening.

WITNESS: The cargo of coal arrived at Montreal on the 25th September, 1922.

By the Chairman:

Q. Mr. Wilson, I understand that what you are going to say is taken out of the records.—A. This is all based on the records.

Q. Corroborated by the records filed?—A. Yes, for my own information I made these notes from the records. The cargo was completely unloaded from the steamship on the 15th October, 1922. The Dominion Glass Co. cheque in favour of the Hall Coal Co. for the payment of duty of $2,639.06 is dated 7th October, 1922. That cheque is endorsed by the Hall Co. to the Collector of Customs and was handed into the Customs on the 26th October, 1922 by A. Giroux & Co. in payment of other duties, that is to say, duties payable by other importers. Incidentally, that means that Giroux and Co. must have kept other importers' cheques or money equal to $2,639.06. At the time my officer was investigating the matter, he endeavoured to ascertain who these other parties were, but on account of the condition of the books of Giroux & Co. he was not able to ascertain it. The ship's manifest was still open in November, 1923; that is to say it had not been acquitted by the Customs. Entry 40080A was passed on the 14th December, 1923.

By Hon. Mr. Stevens:

Q. Who made the entry out?—A. Antonio Giroux & Co. as brokers. The amended entry 45065A on which the duty properly payable was paid, was passed on the 1st February, 1924. If I could have access to the delivery warrant it occurs to me there is a point there that I might bring out. Before coming to that, while I have these papers here, I might say this matter did not arise in the department until a refund was applied for on account of the shortage of 454.3 tons of coal.

Q. On the application of the Dominion Glass Co.?—A. The application of the Geo. Hall Coal and Shipping Corporation. Then, on the 9th of January, 1924, there is a letter under the heading of Antonio Giroux & Company, signed by "A. Giroux." This letter was addressed to the Collector of Customs. Perhaps you do not want me to read it; it is simply a certificate signed by Mr. Giroux that there was a shortage.

By the Chairman:

Q. Will you give us the date of it?—A. It is dated the 9th of January, 1924.

Hon. Mr. STEVENS: You might as well read it.

The CHAIRMAN: Any member of the Committee who would like to refer to any of these documents will find a very easy way of doing so.

WITNESS: It is quite short. I will read it if you like. (Reading):

> "I, A. Giroux, the undersigned, Attorney of the George Hall Shipping Corporation, do solemnely declare that the goods claimed short and forming part of a cargo of 7,540.24 tons of bituminous coal, covered by entry 40080-A, passed on December 9th, 1923, were short landed

S.S. Canadian Cruiser, as per officer's return and certificate of the agents of the vessel hereto attached, and that the same therefore, did not enter into consumption in Canada."

That was sworn before J. W. Haynes at Montreal, on the 7th day of January, 1924.

It was necessary for the purposes of the drawback that there should be a certificate signed by the Customs officers, and this short landing certificate is made and sent to the Canadian Government Merchant Marine for 454.3 net tons short landed, and a further certificate on the same paper to the same effect is signed by A. T. Haynes, Customs officer, and A. Giroux, Superintendent of Customs, and Henry McLaughlin, Surveyor of Customs, dated the 30th of October, 1923.

I may say that I have never been able to satisfy myself as to why these officers or how any of these officers could make such a certificate over a year after the importation.

Then, on the drawback claim, the refund claim No. 7134, at the bottom, the following form is provided:

I, , the undersigned Customs Officer, certify that on the day of , 19 , examined the said goods and entry, and invoice thereof, and find that 454.3 arrived short ex ship as per certificate attached.

A. GIROUX."

It will be observed that there are no dates in that certificate which is signed by Mr. Giroux. It will also be observed in the exhibit submitted in the report made to me by special officer A. C. Moore, certain correspondence between the Dominion Glass Company and the George Hall Coal Company, and between the Dominion Glass Company and some Customs officers in Montreal, and others, regarding this matter, that sets forth the facts pretty well of the inquiry made by the George Hall Company and the Dominion Glass Company regarding the payment of duty, and on one occasion in the beginning of this correspondence it will be observed, to make it short, that the importers were given a wrong entry number.

By Mr. Donaghy:

Q. Mr. Wilson, does that appear there?—A. Yes, sir.

Q. That the purchasers, the Hall Coal Company became aware that they had received a consignment short some 300 tons?

Mr. CALDER, K.C.: That appears in the testimony of Mr. Ferminger.

WITNESS: This collector's permit for entry 40080-A, that is to say, the permit, the delivery warrant for the coal, is dated at the top the 21st October, 1922. It bears a Customs stamp showing that the permit was received in the manifest room on the 14th December, 1923.

By Hon. Mr. Stevens:

Q. Where had that been for over a year?—A. Well sir, I do not know that.

Q. Just a minute, Mr. Wilson. I think there is something to be said at that point. Was there not another investigation ordered; did not Mr. Clerk the Inspector conduct some investigation prior to December, 1923?

Mr. CALDER, K.C.: Mr. Stevens, that investigation was merely in the shape of getting a report from Giroux. A succession of reports came from Giroux. That is all the investigation there was.

Hon. Mr. STEVENS: Yes, but there was something to investigate and report on the matter.

By Hon. Mr. Stevens:

Q. He wrote to Giroux; is that right, Mr. Wilson?—A. That was in 1924, sir. There is another small observation to make on this delivery warrant. A Customs duty paid stamp appears on it, and then it was obliterated. It is unusual for a duty paid stamp to appear upon a permit of this sort for re-entry. However, these are enough of the details, I think.

Q. This original cheque, which was paid by the Dominion Glass Company, the importers of this coal, went to the collector of Customs, did it not?—A. On the 26th October, 1922, in payment of other duties.

Q. You do not know what other duties it covered?—A. No, sir.

Q. But it had nothing to do with this shipment?—A. No, sir.

Q. Nothing?—A. Nothing.

Q. Nothing whatever?—A. Nothing whatever.

Q. In other words, Antonio Giroux & Company used this cheque to pay duties for other shipments and other importations altogether?—A. Yes.

Q. The cheque itself was returned to the Dominion Glass Company, bearing the endorsement of the Collector of Customs?—A. It would, after being cashed on the 26th of October.

Q. It did, as a matter of fact?—A. Yes.

Q. That would indicate to the Dominion Glass Company, that their cheque had gone properly through the Customs Department?—A. Yes.

Q. Although it had gone through for Dominion Glass Company entries?—A. Yes.

Q. That is correct?—A. Quite right.

Q. Then this manifest remained outstanding for over a year; that is correct, is it not?—A. Yes.

Q. And in December, 1923, Mr. Giroux, Sr., who was the father, I understand, of the Customs Broker, Mr. Giroux, made a free entry; is that correct?—A. Well, a free entry was made by Antonio Giroux & Company, as brokers.

Mr. DOUCET: By the son.

By Hon. Mr. Stevens:

Q. By the son, and that was in 1922?—A. No, the 14th December, 1923; that is the first entry.

Q. Who handled that entry in the Customs Department inside; that is what I am getting at?—A. The declaration on the back of the entry was taken by a name which looks like "H. Hamil."

Q. Is that a Customs officer?—A. Yes, sir. He signs for the collector; he takes the declaration for the collector.

Q. Is it customary for a document like that to remain outstanding for a year and three months?—A. No, sir. I also notice on the original entry of the 21st of October, as it appears on the delivery warrant, "1922," and above it, also in pencil, possibly "'23."

Q. That would indicate that whoever was handling that particular document was seeking to pass it through as if it were a 1923 entry; is that your deduction?—A. Well, it would still be wrong, because the entry was not passed until the 14th December, 1923.

The CHAIRMAN: The document must speak for itself.

Hon. Mr. STEVENS: The document does speak, with a pencil mark of "1923" above "1922."

By Hon. Mr. Stevens:

Q. Is that correct, Mr. Wilson?—A. Yes, sir.

The CHAIRMAN: Mr. Wilson is not sure of it, and he is not obliged to answer the question.

Hon. Mr. STEVENS: I cannot quite agree with you, Mr. Chairman; I am asking Mr. Wilson as an expert officer of the Department this question.

By Hon. Mr. Stevens:

Q. Now, Mr. Wilson, the Department, or the Exchequer, was defrauded of the sum of over $2,600 during that period?—A. Yes.

Q. Up until restoration was made in February, 1924?—A. Yes. The duty was not paid.

Q. In other words, there is clear evidence of fraud, is there not?—A. Well, it is entirely irregular.

Q. Well, if the original payment by the Dominion Glass Company, given in good faith, the original cheque given in good faith, had been passed through for other duties, receiving the endorsation of the Customs Collector, and returned to them with that endorsation, they believing that the duty had been paid, while all the time that entry had been made as free, would that not be definite evidence of fraud?—A. Yes.

By Mr. Donaghy:

Q. In other words, the Customs brokers Giroux & Company stole that money for the time being?—A. That is what it means.

Q. The Customs brokers?—A. Yes.

By Hon. Mr. Stevens:

Q. Whose signature is that, Mr. Wilson, do you know?—A. "A. Giroux."

Q. Who is "A. Giroux"?—A. The Customs broker. The stamp of the broker is above it, "Antonio Giroux & Company."

Q. And "A. Giroux" is the same Mr. Giroux as the tide-surveyor of the port of Montreal?—A. I have been told so.

Q. I do not think there is anybody who questions it? Is there?—A. No, sir.

Q. Now, Mr. Wilson, another point; had it not been for the application of Hall & Company, as a result of a claim by the Dominion Glass Company, for a shortage, or a refund of duty, there would have been nothing to disclose to the Department that this $2,600 and some odd, had been stolen by the Customs broker?—A. Unless—

By the Chairman:

Q. Before you answer that question, I want to ask you one. What was the refund in the case of George Hall, the exact amount?

Mr. CALDER, K.C.: $2,639.06.

The WITNESS: The Chairman said "refund."

Hon. Mr. STEVENS: The refund was $159.00.

The WITNESS: $159.00 refund.

By the Chairman:

Q. And can you explain where the balance of the cheque came from?

Hon. Mr. STEVENS: I wonder if you would mind letting him answer my question?

Mr. CALDER, K.C.: I am calling the Messrs. Giroux immediately afterwards.

By Hon. Mr. Stevens:

Q. Will you please answer my question.—A. If the manifest had been inspected within the year, as it should have been, and the manifest was still open, it would then have been detected that the cargo had not been entered. However, over a year had elapsed, and apparently there was no inspection, and

what would have happened if this application for refund had not been made, it is impossible for me to say. If you will refer to the ship's manifest itself you will find on it an erasure. I am only speculating when I say that I do not know whether or not that temporarily closed the manifest until it was subsequently cancelled by the entry. I have not been able to decipher what the erasure was.

Q. I see there was apparently something written on the manifest which was later erased, and it is difficult to determine what that was?—A. Yes.

Q. But it might be presumed to be a notation which would cancel the manifest?—A. No, I cannot say that.

Q. But it could be a matter of presumption that it might be?

The CHAIRMAN: I think the best way to clear up a presumption is to call Mr. Giroux, who is here, and who will explain the cheques and everything. That is the best way to get at that.

Mr. CALDER, K.C: Apparently there is some serial number which has been erased.

By Hon. Mr. Stevens:

Q. But, in any case, you can answer the question to this effect, that it was subsequent to the application for refund that this matter was adjusted and a payment made for the duty to the Collector?—A. Yes; that application for refund is what opened up the subject.

Hon. Mr. STEVENS: Exactly.

By Mr. Donaghy:

Q. What kind of coal enters duty free?—A. Anthracite.

Q. Was this originally passed as anthracite?—A. It must have been—

Q. Originally passed as anthracite?—A. Yes.

Mr. CALDER, K.C.: On specimen invoices.

By Mr. Donaghy:

Q. And investigation showed that it was bituminous and was dutiable? A. Yes sir.

By Hon. Mr. Stevens:

Q. But the Dominion Glass Company knew it was not anthracite, and paid the duty?—A. Yes; they issued their cheque on the 7th of October in payment of the duty, and the cargo was only unloaded on the 5th of October.

Mr. DONAGHY: The broker was able to perpetrate this fraud by falsely describing the coal as anthracite on the manifest, so it went through duty free?

Mr. CALDER, K.C.: On what is called the Collector's permit.

The WITNESS: It went through duty free on the 14th of December, 1923.

By Mr. Donaghy:

Q. Look at this manifest and say whether my statement is correct or not. I want to know if the broker was not able to perpetrate this fraud by entering this coal as anthracite duty free.—A. The entry 4080 shows it as having been duty free as anthracite, and the permit shows a cargo of anthracite washed screened nuts.

Q. So the manifest appeared to show a cargo that should enter duty free? —A. Yes sir, up to that time.

By Hon. Mr. Stevens:

Q. You said something about inspection, Mr. Wilson. These documents had not been inspected during that year?—A. If that manifest were still open it would have been discovered if the inspection had been complete. On the

other hand, if there was an inspection and that manifest had been cancelled by what is now an erasure, the inspecting officer then ought to be able to discover it was wrong.

By the Chairman:

Q. Are you personally aware that there was no inspection during 1923?—A. No sir.

By Mr. St. Pere:

Q. If the inspector had gone over these entries the fact that the cargo was entered as anthracite could have deceived the inspector, even if he had made a close inspection of everything?—A. No sir.

Q. How do you explain that?—A. As it was, there was a false entry number—a wrong entry number given the importers when this subject of refund first came up, as the exhibit will show. To answer your question, if a manifest bore a cancellation entry number, and it was a wrong number, the inspector would go to that entry number and he would then see whether or not it corresponded with the cargo as mentioned on the manifest. If it was right, there was nothing wrong, and if it was not right, he would discover it, if I understand your question correctly.

By Mr. Doucet:

Q. As a matter of fact, Mr. Wilson, the coal was unloaded in October, 1922?

The CHAIRMAN: 1923.

By Mr. Doucet:

Q. 1922, and the ship's manifest was not closed until December 1923—A. Yes sir.

Q. Then an inspection of these manifest papers would have disclosed the fact that a cargo of coal unloaded fourteen months previously had not been closed?—A. Yes. That is to say, if there had been a wrong number on the ship's manifest, it should be, as all manifests should be checked against the entries—

By Hon. Mr. Stevens:

Q. There was a wrong number?—A. I cannot say. The manifest is there, and there is an erasure on it. What was originally there I cannot tell from an examination of the document.

By Mr. Doucet:

Q. When was a Customs entry made to close the manifest?—A. On the 14th of December, 1923.

Q. Supposing there was a cancelling entry on the ship's manifest, and there were no Custom entry papers made; then the inspector would have been able to find something wrong?—A. Certainly.

By the Chairman:

Q. But if the number is false, and if that manifest should not have been the regular file, the inspector could not find it—if he goes by numbers.

Mr. CALDER, K.C.: By the number alone he would not find it.

The WITNESS: If there had been a wrong entry number cancelling the manifest, a close inspection would show that it was wrong.

Hon. Mr. STEVENS: Would disclose it.

By Hon. Mr. Stevens:

Q. This omission or delay in closing this manifest ought to have been disclosed in the annual inspection?—A. Yes, if—

Q. And was not?

Mr. DONAGHY: Let him finish his answer.

The WITNESS: —if it had not already been cancelled by some number which has been erased there.

Hon. Mr. STEVENS: Precisely.

By Mr. Doucet:

Q. But to be cancelled, there would have been an entry?—A. Yes sir.

Q. And there was no entry made?—A. There was no entry made for the coal until the 24th of December, 1923.

Q. Fourteen months later?—A. Yes.

Q. So, could the inspector have seen by an inspection of that manifest that it had not been closed?—A. Unless he was misled for the time being by a wrong cancelling number, which he could discover.

Q. But having that cancelling number on the ship's manifest, and going to the Custom entry to be able to check his manifest, he would have found immediately there was no such entry made?—A. Correct.

Witness retired.

Mr. CALDER, K.C.: I wish to call Mr. Antonio Giroux, and while he is being examined, will you order that Mr. Giroux, the father, be excluded?

The CHAIRMAN: Mr. Antonio Giroux, will you please come forward? I will ask Mr. Giroux, Senior, to retire to the Library, where he may inspect the Library if he wishes, until called for.

ANTONIO GIROUX called and sworn.

(Examination conducted in French and interpreted by Mr. Beauchamp, Official Interpreter, sworn to act as such.)

By the Chairman:

Q. What is your name?—A. Antonio Giroux.

Q. What is your occupation?—A. I am a clerk.

Q. You live in Montreal?—A. I live in Montreal.

By Mr. Calder, K.C.:

Q. In 1922, you were a Customs broker in Montreal?—A. Yes sir.

Q. Doing business under the name of Antonio Giroux?—A. Yes, Antonio Giroux and Company.

Q. Where was your office located?—A. 212 McGill street.

Q. Will you please examine this cheque produced as Exhibit 97, and state whether it passed through your hands?—A. Yes.

Q. You received from the George Hall Coal Company this cheque to pay the Customs entry on a cargo of coal?—A. Yes, sir.

Q. When you received instructions to make the Customs entry of that cargo of coal what instructions were given to you?—A. I received the invoices.

Q. Will you look at Exhibit No. 100, and say if that is the invoice which you had in hand or the duplicate invoice which you had in hand when you made the entry?—A. To the best of my knowledge this is the invoice.

Q. That is the only document that was given to you?—A. I can recall with difficulty.

Q. What document is ordinarily given to you to make an entry of that nature?—A. The invoices and bills of lading.

Q. Was the ship's manifest also given to you?—A. No, sir.

Q. Do you remember whether the invoice conformed to the bill of lading in the description of the articles?—A. The bill of lading or the invoice?

Q. Yes. Did the bill of lading describe the cargo as being a cargo of washed, screened nuts?—A. I do not remember having noticed.

Q. In any event you do not remember having noticed a difference between the bill of lading and the invoice?—A. No.

Q. Is it the Customs official or the broker who writes out and fills out the Customs entry?—A. The Customs broker or his office.

Q. Will you look at the Customs entry and say if it was you who filled it out.—A. That is not my writing.

Q. Whose writing is it?—A. It is rather difficult to say.

Q. It was the writing of one of your employees?—A. It is quite probable.

Q. I suppose, as chief of your establishment, you controlled it?—A. In so far as it was possible.

Q. And for greater surety you must have compared it with the invoice? —A. Owing to the large amount of business we handle we cannot do this every day.

Q. Did you frequently make entries amounting to $2,639?—A. No, sir.

Q. In a request for such an important Customs entry as that, do you attend to it personally?—A. Not necessarily.

Q. Did you do it in this case, yes or no?—A. Do you mean the writing on the entry? That is not my writing on the entry.

Q. I ask you to make a comparison of the entry with the invoice.—A. I can with difficulty answer. I do not remember.

Q. In any event, before sending the account to the George Hall Coal Company, to be sent to the Dominion Glass Co. you must have ascertained, at least, seen what the amount of duty was that was payable on the cargo.—A. We did not send the account immediately, if I remember well.

Q. When did you send the account?—A. Our arrangements with the company were to send it at the end of the month. We forward a statement at the end of the month.

Q. Your entry was dated 21st of October, 1922?—A. Yes, sir.

Q. And the cheque in payment of the Customs duty was dated seventh of October, 1922. You must have received the cheque before making the entry? —A. Yes, sir.

Q. And having received the cheque for the amount determined, $2,639.06, based on the duty payable for bituminous coal, your office entered the cargo as anthracite, which did not call for the payment of any duty?—A. The entry is made as anthracite.

Q. Did you apply the cheque of $2,639.06 on the entry?—A. No.

Q. You did not apply it on that entry?—A. No.

Q. As a matter of fact, the entry was a duty free entry?—A. As prepared, yes.

Q. If you had presented yourself at the Customs with the cheque and the entry the cheque would have been refused because the entry did not justify it? —A. Yes, sir, quite probably.

Q. It is certain or they would have asked you for justification to justify the cheque?—A. Yes.

Q. The Collector's permit, No. 101, which I show you now, was it prepared in your office?—A. Yes, sir.

Q. By comparison with the invoice, Exhibit No. 100?—A. All the documents are prepared together.

Q. And that invoice?—A. Yes, sir.

Q. You will note in the permit, and in the specimen invoice, there are two things, the word "anthracite" is inserted and— —A. Yes, sir.

Q. And therefore the word "anthracite" and the word "Yorkshire" went completely through the Customs Department?—A. Yes, sir.

Q. And left the Customs Department completely in the dark in respect to the nature of the cargo?—A. Yes, sir.

Q. In 1922, who were the employees in your office?—A. I had several.

Q. What are their names?—A. Romuald Bergevin.

Q. What is his occupation?—A. Insurance agent.

Q. For what company?—A. Great West.

Q. What other employees?—A. Lionel Poirier.

Q. What is his occupation?—A. I believe he is in the Customs office.

Q. In what department was he?—A. The last time I saw him he was in the express department.

Q. What other employees?—A. Wm. Mathers.

Q. What is his occupation?—A. I have not seen him for some time.

Q. What other employees?—A. Miss Rhea Bergevin.

Q. Did Miss Bergevin attend to the entries also?—A. I am not sure whether she attended to the entries or the bookkeeping.

Q. What is her present address, and what are her duties at the present time?—A. As far as I know she is employed at Laura Secord's.

Q. What other employees?—A. Some young messengers.

Q. They would not have anything to do with the entries?—A. No, sir.

Q. Then you have the names of all the members of your staff who could attend to entries?—A. I believe I have.

Q. You have named three employees, could you not tell us whose name is on the permit order 100?—A. No.

Q. I would suggest to you entry 98, and cheque 102 are in the same hand-writing, in respect to the hand-writing.—A. I cannot say.

Q. Who made out the cheque?—A. It looks as if Miss Bergevin made the cheque out.

Q. Would a subordinate employee make two radical changes indicated in the specimen permit, without your knowledge or advice?—A. If they decided to pass a cargo duty free, they would have entered the word "anthracite."

Q. Surely you do not permit one of your subordinates to decide a question like that, especially the altering of a permit by altering one word and striking out the other?—A. I must have given the order myself.

Q. Having received the cheque for $2,639.06 to pay for the entry of bituminous coal, you made the change that permitted a cargo to enter as duty free? —A. Will you please show me the cheque. (Witness examines cheque.) I made no changes on the document.

Q. Which means to say you made no changes on the specimen, or permit, or bill of lading?—A. I made no changes on the entry and the permit order.

Q. On the entry and permit order, you made quotations which from a Customs standpoint changed the nature of the cargo.—A. The change altered the nature.

Q. You ordered the changes, or must have ordered them?—A. To revert to my previous answer, I must have ordered the changes made. I must have ordered them. I would like to change the word order to I must have suggested them.

Q. And suggestions on the part of a boss to a subordinate employee are equivalent to orders?—A. (No answer).

Hon. Mr. STEVENS: What is his answer?

The INTERPRETER: No answer.

By Mr. Calder, K.C.:

Q. He acquiesced. I understood he said yes. He might not have said yes, but he nodded.

WITNESS: If it is not precisely a question and you note the thing, and I ask you to note along with me, the Head Office, or the head of an office, usually gives orders and employees comply with these orders.

Q. It is easier to copy an invoice than to change, and these changes must have been made purposely to enter coal duty free.—A. I could not state myself.

Q. What other object could the change aim at?—A. There may be no other object.

Q. When do you go over your books to establish your cash account?—A. The books have not balanced for a long time.

Q. Where are your books?—A. They are destroyed.

Q. Therefore if you did not utilize the cheque made out on October 7th, 1922, to pay the cargo of coal, you must have applied it to pay other Customs duties.—A. It looks like that.

Q. You had a current account with the Customs Department?—A. No, sir.

Mr. CALDER, K.C.: The point of the question is this, Mr. Chairman. He had no open account with the Customs Department. It is not the habit of brokers, so that it was not to pay a balance that he turned this cheque in; it was deliberately applied to other entries. His answer is "yes."

The INTERPRETER: Customs brokers have no account with the Customs.

By Mr. Calder, K.C.:

Q. Do you recollect to what Customs official the entry and permit order were presented, to have them put through?—A. In the first instance, the entry and permit order are presented at the manifest room.

Q. Could you tell to what clerk in the manifest room the permit and entry order is presented?—A. That is rather difficult.

Q. Is there any record by which it is possible to trace the clerk or the party to whom the entry and permit were entered at the Customs office; are there any initials or entries of any description?—A. I do not see any.

Q. But your clerk made a sworn statement before a Customs official?—A. There is the signature of a Customs official.

Q. Therefore there are two signatures, that of your clerk and the collector, or collector's employee, on the permit, a sworn statement endorsed upon the entry?—A. Yes, sir.

Q. Can you tell us what person signed those?—A. It is difficult.

Q. Is the sworn statement taken when the documents are presented?—A. The first move is to present the documents at the manifest room, and, after that, the sworn statement is made.

Q. Are the invoices presented at the same time that the sworn statement is made, and the documents presented?—A. Yes, sir.

Q. I mean the Home Consumption collector's permit, and the specimen invoice?—A. All the documents are presented.

Q. It would have been easy for the Customs official, no matter who it was, to have noted the change?—A. Not at all; it would have been easy, but he did not have time to do it.

Q. And, it was on that that one banked to pass the cargo duty free?—A. Yes. This officer has nothing to do with the checking of the documents, or the comparison of the documents.

Q. Therefore, you counted on the fact that only the documents you drafted, the Customs entries you prepared, would be examined in passing the cargo duty free, and therefore it was on that that you were banking, on the document with the changes, and not on the original document?—A. Certainly.

Q. Therefore, when the transaction, the whole operation, was completed, you stood to benefit to the extent of a cheque for $2,639.06, which you had received but not paid out?—A. Yes, sir.

Q. When did you hear that this detail was known or could be discovered?—A. Almost immediately after the entry was made.

Q. How were you alarmed for the first time?—A. I heard that the coal department was inquiring about the coal cargo.

Q. Who informed you of that?—A. My father.

Q. Then, what did you do?—A. I took steps to make a reimbursement.

Q. What steps did you take to make a reimbursement?—A. I made a supplementary entry, a post-entry.

Q. You state that this was almost immediately afterwards?—A. I cannot exactly recall what delay occurred.

Q. Was it within a month?—A. I believe it was within a month.

Q. Do you swear that positively?—A. I cannot.

By the Chairman:

Q. Did you make that reimbursement by cheque?—A. I made the reimbursement by cheque.

By Mr. Calder, K.C.:

Q. Was this when you were worried for the first time?—A. No.

Q. How long afterwards?—A. The cheque is dated February 1st, 1924.

Q. And the entry?—A. The amended entry is dated February 1st, 1924.

Q. Was it on the 1st February, 1924, you amended the entry for the first time?—A. You will note that the entry was amended on the 1st February, 1924.

Q. You say that your first step looking to the reimbursement was on the 1st of February, 1924?—A. Yes, sir, the amendment, or the amended entry might have been prepared before the payment was made.

Q. And the amendment was made by applying a stamp?—A. This is when payment is made.

Q. On what documents did you make the amendment?—A. On a document or form similar to this one produced.

The CHAIRMAN: That sheet of paper is glued to the other papers.

Mr. CALDER, K.C.: It is the same form, and the same date. They are duplicates of one another.

The CHAIRMAN: What you call a supplementary one is a sheet of paper glued to it.

Mr. CALDER, K.C.: No, Mr. Chairman, that is on the claim for a refund.

By Mr. Calder, K.C.:

Q. Then you state you amended the entry in the month that followed the transaction?—A. I prepared the post-entry, or the supplementary entry.

By the Chairman:

Q. As a matter of fact, do you remember whether there were any supplementary entries made?—A. There was a supplementary entry made.

Mr. CALDER, K.C.: I have Exhibits 97 to 101 here.

The CHAIRMAN: I saw something about it—

Mr. CALDER, K.C.: Yes, and I wanted to see it.

By Mr. Calder, K.C.:

Q. Did you mention this state of things to Mr. Giroux, Senior?—A. No sir.

Q. Therefore, Mr. Giroux at that time could believe that there was a mistake, and not intent?—A. Yes sir.

Q. Therefore, he could insist on your going to the Dominion Glass Company, which is a corporation in good standing, and get a cheque immediately for the Customs Department?—A. That is what he did; I mean, that he asked that I do that.

Q. And you told him you would do that?—A. I told him I would do that.

Q. And the cheque was kept waiting for fourteen months from the 21st of October, 1922, to the 1st of February, 1924?—A. Not between the payment and the request.

Q. Therefore, thirteen months elapsed seeing the request was made within one month after the entry, and the entry was made on October 21, 1922? That is to say, it was changed, but the original and the duplicate copies of the original referred to 1922-23, and all the papers referred to 1922?—A. (No audible answer).

Q. Did you make the change on the form from October twenty-first, 1922 to October twenty-first, 1923?—A. No, sir.

Q. Then, when you state that you were worried one month after the entry was made, you meant one month after October first, 1923?—A. I mean that.

Q. And something like thirteen months after having received the cheque, Exhibit 97?—A. Yes, sir.

The CHAIRMAN: What was the amount of that cheque.

Mr. CALDER, K.C.: $2,639.06.

By Mr. Calder, K.C.:

Q. Then it was at the time that the investigation was made on the part of the Dominion Glass Company and of the George Hall Coal Company that your father noticed the thing?—A. No, sir.

Q. You told him that you were worried, because the Dominion Glass Company made an investigation or asked for an investigation?—A. No, sir. Father told me after the entry was made; he said he would make an investigation to know the quality of the coal.

By the Chairman:

Q. Did you not say before that your father told you he would make an investigation of the coal? I understand that is what you said, or that third parties were going to make an investigation?—A. Yes.

Q. Who informed you of that?—A. My father.

Mr. CALDER, K.C.: The question which was begun and not finished was that somebody was asking for an investigation and the answer was interrupted.

By Mr. Calder, K.C.:

Q. I understood that you were told that somebody was making an investigation. Then, when did your father say he would make an investigation of the quality of the coal?—A. I believe it was about a month after the passing of the entry.

Q. He did not have to go far for his investigation. He only had to investigate the specimen form drawn up by the exporter and the collector's permit drawn up by you and ask you why you made the changes. Did he ask you that question?—A. Yes.

Q. Then, when Mr. Giroux, your father, asked you this question, what answer did you give him?—A. I told him I was going to attend to it and see if I had the cheque to make the payment.

Q. That was not an explanation of the change, Mr. Giroux. If he asked you why there was a difference between the Collector's permit and the entry

on one side, and the specimen form of invoice on the other, it was not an answer to say to him, "I will see if I received the cheque or not." Did you explain the change to him or not?—A. No, I did not explain it to him.

By the Chairman:

Q. I want to ask a question. Why did he tell you he would make an investigation?—A. Because he said he had been advised that the Yorkshire Coal was bituminous.

By Mr. Calder, K.C.:

Q. He did not express any curiosity on the subject of the difference between the documents?—A. Yes, after he examined them; after he got the information.

Q. And this was a month afterwards?—A. Yes, sir.

Q. It did not take very long to discover if the Yorkshire was bituminous or not. The first encyclopedia at hand would enlighten you on that.—A. No.

Q. When was it decided to amend the entry?—A. Immediately after.

Q. Between those times did you tell your father you had received the cheque, between the first question which he put to you about the change, and the amendment of the entry, did you tell your father that you had received the cheque?—A. No.

Q. In what month would the amended entry have been made, according to you?—A. The preparation?

Q. In December, 1922?—A. In December, 1923.

Q. Then when you say 1923, you revert to your original position that the entry was made in 1923?—A. I don't believe so.

The CHAIRMAN: What date was the shipment?

Mr. CALDER, K.C.: The shipment, permit, specimen invoice, are all 1922. The Customs' entry, the original is 1922, corrected above by 1923, but the duplicate which was retained at the same time was a carbon copy, and bears date 1922. What I have been trying to get from the witness is this; as to when he says the first transaction was. These figures he gives me are 1922, or 1923, and I would like to have him bound down to either one or the other.

The CHAIRMAN: Will the witness admit there was a supplementary entry made?

Mr. CALDER, K.C.: The witness' statement is—I asked him, how soon after the transaction any change was made, and he says a month after. I say the change was made fourteen months afterwards. He says the entry was made in 1923, but the way he is going on on that basis, he goes back to 1922.

WITNESS: (In English) I never said 1922.

The INTERPRETER: It might have been made in 1922, it was not put through.

By Mr. Calder, K.C.:

Q. What do you mean by putting through?—A. It might have been prepared in the office in 1922, and for some reason or other it was not put through.

Q. The declaration was made at the Customs' Department, on October 21st, 1922. Is that not the Customs entry?—A. That is the entry, yes.

Q. Is the sworn entry made at the Customs immediately upon the entry?—A. If the entry was prepared beforehand.

Q. Therefore, the date must have been changed in the sworn statement?—A. Therefore, the form was prepared in 1922.

Mr. CALDER, K.C.: The same day there is a sworn statement, and therefore it is close enough. At all events, he has sworn to it. He makes the sworn statement. If the entry is manifested, and the entry must have been manifested, because it was entered, it would be sworn. The entry was manifested in 1923,

the date is on the stamp. Therefore, instructions were given that it should be sworn, and that is why the statement is on October 21st, 1922? The date must have been changed when the sworn statement was made.

Mr. DOUCET: Not "must", but "should".

By Mr. Calder, K.C.:

Q. He cannot make a declaration before the manifest?—A. That is what I say. I say the one there, October 21st, is the date of the entry, and the manifest was presented on October 21st, 1922, and the stamp was put on subsequently, later on.

Q. That is how the thing was put through under your oath?—A. I do not believe so.

Q. Therefore, you are not certain the thing went through like this?—A. No, sir.

Witness retired.

The Committee adjourned until 4.00 P.M.

AFTERNOON SITTING

TUESDAY, March 23, 1926.

The Committee resumed at 4.00 P.M., the Chairman, Mr. Mercier, presiding.

Mr. CALDER, K.C.: I will recall Mr. Giroux.

ANTONIO GIROUX recalled.

(The witness continued his evidence in French which was translated by Mr. Beauchamp, Official Interpreter.)

The CHAIRMAN: Mr. Giroux, you are giving evidence under the oath you have already taken.

By Mr. Calder, K.C.:

Q. You told us, I believe, that you never handled the manifests?—A. No sir.

Q. Consequently you are not the one who has made the scratches which appear on this document?—A. No sir.

Q. Did you handle the Customs entry or its duplicate since its first production?—A. No sir.

Q. You cannot explain how the figures which appear in the corner were struck out or removed by ink?—A. No sir.

Q. And it was in the month of December 1923, that the amended Custom entry was prepared?—A. Yes sir.

Q. From that moment it was clear you should have turned into the Customs Department the amount of $2,639.06?—A. Yes sir.

Q. How is it that an interval of a month elapsed before restitution was made?—A. It was a matter of getting the money.

Q. Was that money given to you by your father?—A. No sir.

Q. Did you intervene personally with the Customs officials to prevent prosecution?—A. No sir.

Q. Did you or your father interview the Minister or any person with a view to preventing prosecution?—A. Not to my knowledge.

Q. You learned this morning by the reading of a note produced that the Minister ordered an investigation and a prosecution if necessary?—A. Yes sir.

Q. You do not know in any way how the Minister's order was not followed up?—A. I do not.

Q. Where was your office located in Montreal?—A. 212 McGill street.
Q. Is that close to the Customs building?—A. About five minutes walk.
Q. In what building is it?—A. The Cartier Building.
Q. At the corner of Notre Dame street?—A. Exactly.

Mr. CALDER, K.C.: That is all.

Hon. Mr. STEVENS: Pardon me, Mr. Calder, if I did not get it all, because in these translations there have been series of questions, and I may have missed this, although you may have asked it.

By Hon. Mr. Stevens:

Q. Who are the members of the firm of Giroux & Company? I think the witness could answer these simple questions wthout translation. Who were the members of Giroux & Company, the Customs brokers?—A. (In English) Myself and my mother. The bank asked my mother to be in for the granting; I was too young to get a grant alone, myself.
Q. How long did you run that business?—A. Four or five years.
Q. When did you close your office as a Customs broker?—A. October, 1924.
Q. Have you any books?—A. No, I have not.
Q. No records at all?—A. No records at all.
Q. Are they burned?—A. Well, I did not have much of them, but I have been moving since, and did not find any necessity to keep these small records.
Q. When were they destroyed?—A. Last summer.
Q. 1925?—A. 1925.
Q. That would be after the investigation?—A. After this?
Q. After the investigation by the Department?—A. Yes.
Q. When you made restitution by the issue of that cheque of February 1st, 1924, did you have any understanding with any person that you would not be prosecuted in this matter?—A. No.
Q. Did you discuss it with anybody?—A. I did not.
Q. With no one?—A. Nobody.
Q. Did you discuss it with your father?—A. Not even with my father.
Q. What duty did you pay with the first cheque? That is, the cheque of the Dominion Glass Company.—A. It would be very hard to say.

Hon. Mr. STEVENS: Was it Hall & Company?

By Hon. Mr. Stevens:

Q. (Continuing) The first cheque anyway; you know the cheque to which I refer.—A. It would be hard to say.
Q. It was a large sum.—A. Yes, but even so—it might be many entries.
Q. Have you no recollection at all?—A. No recollection at all; I cannot say.
Q. To whom in the Custom office did you pay it?—A. To cashier A.
Q. It was handed to him?—A. Yes.

Hon. Mr. STEVENS: That is all.

By Mr. Donaghy:

Q. How old are you?—A. 28.
Q. What year did you start as a Customs broker?—A. 1920, I guess.
Q. You were then over age?—A. Just over.

Mr. DONAGHY: That is all.

The witness discharged.

M. ANTONIO GIROUX est appelé et assermenté.

Le PRÉSIDENT: Voulez-vous donner votre témoignage en français ou en anglais?

Le TÉMOIN: En français.

Le PRÉSIDENT: Quel est votre nom?

Le TÉMOIN: Antonio Giroux.

Le PRÉSIDENT: Qu'est-ce que vous faites?

Le TÉMOIN: Je suis commis.

Le PRÉSIDENT: Vous demeurez à Montréal?

Le TÉMOIN: Je demeure à Montréal.

M. Calder, C.R.:

Q. En l'année 1922, vous étiez courtier de douane, à Montréal?—R. Oui, monsieur.

Q. Faisant affaires sous la firme Antonio Giroux & Cie?—R. Antonio Giroux & Cie.

Q. Où aviez-vous vos bureau?—R. 212, rue McGill.

Q. Voulez-vous regarder un chèque qui a été produit ici sous la cote 97, et dire si vous l'avez eu entre vos mains?—R. Oui, monsieur.

Le PRÉSIDENT: Quel exhibit est-ce?

M. CALDER, C.R.: N° 97.

Q. Vous l'aviez reçu de la Dominion Glass Co.?—R. Non, monsieur.

Q. De la George Hall Coal Co., pour payer l'entrée en douane d'une cargaison de charbon?—R. Oui, monsieur.

Q. Quand vous avez reçu instructions de faire l'entrée en douane de cette cargaison de charbon, quelle documentation vous a-t-on remise?—R. Des factures.

Q. Voulez-vous regarder l'exhibit n° 100 et dire si c'est l'envoi que vous aviez en mains lorsque vous avez fait l'entrée?—R. Au meilleur de ma connaissance, c'est ce document.

Q. Est-ce que c'est le seul document qu'on vous ait donné?—R. Je pourrais difficilement me rappeler.

Q. Quel document vous remet-on, ordinairement, pour faire une entrée de cette nature-là?—R. Des factures et des billets de connaissement.

Q. Est-ce qu'on vous a remis aussi le "ship's manifest"?—R. Non, monsieur.

Q. Vous rappelez-vous si l'envoi était conforme au connaissement, ou au "bill of lading", dans la description des articles?—R. Le connaissement et les factures?

Q. Oui, le "bill of lading" décrivait-il la cargaison comme étant du "Yorkshire washed screen nuts"?—R. Je ne me rappelle pas d'avoir remarqué.

Q. A tout événement, vous ne vous rappelez pas d'avoir remarqué une différence de description entre le connaissement et l'envoi?—R. Non.

Q. Est-ce le douanier ou le courtier qui dresse l'entrée de douane sur la forme?—R. Le courtier, son bureau.

Q. Voulez-vous regarder, maintenant, l'entrée en douane et dire si c'est vous qui l'avez dressée?—R. Ce n'est pas mon écriture.

Q. De quelle écriture est-ce?—R. Difficilement, on peut le dire.

Q. C'était l'écriture d'un de vos employés?—R. Il est fort probable.

Q. Et je suppose que, comme chef de votre entreprise, vous l'avez contrôlée?—R. En autant que c'est possible.

Q. Et, pour plus de sûreté, vous avez dû la comparer avec l'envoi?—R. Sur la quantité d'ouvrage on ne peut pas faire cela tous les jours.

Q. Faites-vous souvent des entrées au montant de $2,639?—R. Non.

Q. Dans une commande d'entrée aussi importante que celle-là, n'avez-vous pas vaqué personnellement à l'examen des papiers?—R. Pas nécessairement.

Q. L'avez-vous fait dans ce cas, oui ou non?—R. Ce n'est pas mon écriture qui est sur l'entrée.

Q. Je demande si vous avez fait la comparaison de l'entrée avec l'envoi?—R. Je pourrais difficilement répondre, je ne m'en rappelle pas.

Q. A tout événement, avant d'envoyer un compte à la George Hall Coal Co., pour être transmis à la Dominion Glass, vous avez dû tout au moins voir quelle était la douane payable sur l'entrée?—R. Nous n'avons pas envoyé le compte immédiatement, si je me rappelle bien.

Q. Quand l'avez-vous envoyé, le compte?—R. Les arrangements avec la compagnie étaient que nous envoyions un état, pour notre courtage, à la fin du mois.

Q. Mais, votre entrée est datée du 21 octobre 1922?—R. Oui.

Q. Et le chèque en paiement de la douane est daté du 7 octobre 1922, vous auriez donc reçu le chèque avant de faire l'entrée?—R. Oui, monsieur.

Q. Et, ayant reçu le chèque pour une somme déterminée de $2,639.06, basée sur la douane payable pour le charbon bitumineux, votre bureau a entré la cargaison comme de l'anthracite qui ne paie aucune douane?—R. L'entrée est faite comme anthracite.

Q. Le chèque de $2,639.06, l'avez-vous versé sur l'entrée?—R. Non.

Q. Comme question de fait l'entrée était une entrée en franchise?—R. Telle qu'elle est préparée, oui.

Q. Et si vous vous étiez présenté à la douane avec le chèque et l'entrée, on aurait refusé le chèque parce que l'entrée ne le justifiait pas?—R. Il est fort probable.

Q. C'est certain, ou on vous aurait demandé des explications pour justifier le chèque?—R. Oui.

Q. Le "Colector's permit", pièce 101, que je vous présente maintenant, est-ce préparé dans votre bureau?—R. Oui, monsieur.

Q. Par comparaison avec l'envoi n° 100?—R. Tous les documents sont préparés ensemble.

Q. Sur cet envoi-là?—R. Oui.

Q. Et vous remarquerez dans le "permit" et dans la forme d'envoi "Spécimen", en les comparant, deux choses: d'abord qu'on a inséré le mot "anthracite" et ensuite qu'on a mis le mot "Yorkshire", n'est-ce pas?—R. Oui.

Q. Et cette insertion et cette omission, prises ensembles, déroutaient complètement la douane quant à la nature de la cargaison?—R. Comment?

Q. L'insertion du mot "anthracite" et l'omission du mot "Yorkshire" avaient pour effet de dérouter complètement la douane sur la nature de la cargaison?—R. Oui, monsieur.

Q. A cette époque-là, quels étaient les employés de votre bureau?—R. En mil neuf cent...?

Q. 1922?—R. Il y en avait plusieurs.

Q. Quels sont leurs noms?—R. Roméo Bergevin.

Q. Qu'est-ce qu'il fait aujourd'hui?—R. Agent d'assurances.

Q. A quelle compagnie?—R. Great West.

Q. Qui encore?—R. Lionel Poirier.

Q. Que fait-il?—R. Je crois qu'il est au bureau des douanes.

Q. Dans quel département?—R. La dernière fois que je l'ai vu à la douane, il était au département de l'express.

Q. Qui encore?—R. William Mathers.

Q. Qu'est-ce qu'il fait?—R. Je ne l'ai pas vu depuis.

Q. Qui encore?—R. Mademoiselle Rhéa Bergevin.

Q. S'occupait-elle de faire des entrées aussi?—R. Je ne me rappelle pas si au temps elle s'occupait des entrées ou de la comptabilité.

Q. Quelle est son adresse et ses fonctions, à l'heure qu'il est?—R. D'après ce que j'ai su dernièrement elle était commis chez Laura Secord.

Q. Qui encore?—R. Des jeunes messagers, dont je ne me rappelle pas au juste.

Q. Ceux-là ne faisaient pas des entrées?—R. Non.

Q. Vous nous avez maintenant nommé tout le personnel chez vous qui pouvait faire des entrées?—R. Je crois que oui.

Q. Maintenant, vous nous en avez nommé trois: Est-ce que vous ne pouvez pas dire de quelle écriture est le "entry permit", "permit order", pièce XX numéro 100, si je ne me trompe pas.—R. Non.

Q. Je vous suggère que l'entrée, pièce 98, et le chèque, pièce 102, ont été écrits de la même main, sauf la signature. (Le témoin compare les deux documents en question).

Q. N'est-ce pas?—R. Je ne pourrais pas dire.

Q. Qui a écrit le chèque?—R. Ça l'air de Mademoiselle Bergevin.

Q. Croyez-vous, monsieur Giroux, qu'il eut été possible à un employé subordonné de faire les deux changements radicaux que je vous ai indiqués, dans le "permit order", sans votre connaissance ou votre conseil?—R. Voici, s'ils ont décidé de le passer en franchise, il fallait qu'ils mettent le mot anthracite.

Q. Mais vous ne permettiez pas à un employé subordonné de décider si une cargaison devait être passée en franchise ou en douane, surtout en altérant le "permit order", en insérant un mot et en en rayant un autre?—R. J'ai dû donner l'ordre moi-même.

Q. Vous avez dû donner l'ordre vous-même. Alors, ayant reçu un chèque de $2,639.06 pour payer une entrée de charbon bitumineux, vous avez vous-même fait le changement qui a laissé entrer la cargaison en franchise?—R. Pourriez-vous me montrer le chèque? (Le témoin examine le chèque). Je n'ai pas fait de changements sur les documents.

Q. Ce qui veut dire que vous n'avez changé ni le connaissement ni le "specimen invoice"?—R. Je n'ai fait aucun changement sur les documents.

Q. Mais sur l'entrée et sur le "permit order" vous avez fait des inscriptions qui, au point de vue douanier, changeaient la nature de la cargaison?—R. Le changement changeait la nature de...

Q. Et c'est vous qui les avez ordonnées ou qui avez dû les ordonner?—R. Pour revenir à ma dernière réponse, j'ai dû les ordonner.

Après que la traduction de cette réponse est faite par l'interprète officiel, le témoin se corrige de la manière suivante: "J'aimerais à remplacer le mot "ordonner" par celui de "suggérer".

Q. Et les suggestions d'un chef d'entreprise, pour ses subordonnés, ce sont des ordres? (Le témoin ne répond pas).

Q. Votre réponse, c'est rien? (Le témoin fait un geste).

Q. Comment voulez-vous que le sténographe inscrive un geste dans ses notes?—R. Ce n'est pas une question exactement, je crois; vous constatez vous-même.

Q. Et je vous demande de constater avec moi?—R...

Le président:

Q. C'est une question générale: Quand un chef suggère quelque chose, les employés le font; quant le "boss" le dit, on le fait?—R. En général.

M. Calder, C.R.:

Q. Maintenant, comme il est plus facile de copier un envoi que de le changer, les changements ont dû être faits expressément pour entrer la cargaison en franchise?—R. Je ne pourrais pas dire expressément.

Q. Quel autre but le changement pouvait-il atteindre?—R. Aucun autre.

Q. Quand faites-vous le relevé de vos livres de façon à constater l'état de la caisse, ou quand le faisiez-vous dans le temps? A quels intervalles?—R. Les livres n'ont pas balancé pour longtemps.

Q. Teniez-vous des livres dans ce temps-là?—R. Oui, monsieur.

Q. Où sont-ils?—R. Ils sont détruits.

Q. Alors, si vous n'avez pas payé le chèque du 7 octobre 1922, sur la cargaison de charbon, vous avez dû l'appliquer à payer d'autres comptes à la douane?—R. Ç'en a tout l'air.

Q. Vous étiez en compte avec la douane; vous aviez un compte courant à la douane?—R. Non, monsieur.

Q. Alors, sans avoir la nécessité de payer une balance, vous avez appliqué le chèque sur d'autres entrées?—R. Sans avoir de...?

Q. De balance à payer. Si vous eussiez été en compte avec la douane, vous auriez versé le chèque pour une balance; mais, n'étant pas en compte avec eux, vous avez dû appliquer le chèque délibérément sur d'autres entrées?—R. Oui; les courtiers n'ont pas de compte à la douane.

Q. Vous souvenez-vous à quel douanier l'entrée et le "permit order" ont été présentés?—R. En premier lieu?

Q. En premier lieu, pour passation?—R. Ces entrées sont présentées au "manifest room".

Q. Pouvez-vous dire à quel commis du "manifest room" elles sont présentées?—R. C'est difficile.

Q. Il n'y a aucun "record" par lequel on puisse retracer la personne à qui cette entrée a été présentée,—pas d'initiales, ni d'entrées quelconques?—R. Je n'en vois pas.

Q. Cependant, votre commis, M. Poirier, si je ne me trompe pas,...?—R. (Le témoin regarde un document que lui montre M. Calder) Exactement.

Q. ...a fait une déclaration assermentée devant un douanier?—R. (Le témoin examine un document). Il y a une signature d'un douanier.

Q. Les deux signatures, celle de Poirier et celle du collecteur ou de son agent, apparaissent sur une assermentation à l'endos de cette entrée?—R. Oui, monsieur.

Q. Pouvez-vous dire quelles est la personne qui a signé cela?—R. (Le témoin examine un document). Difficilement.

Q. Est-ce que l'assermentation est prise au moment où on présente la déclaration?—R. Le premier mouvement est de se présenter au "manifest room".

Q. Et ensuite?—R. Ensuite l'assermentation est faite.

Q. Est-ce que, au moment où on fait la déclaration assermentée et où on la fait signer, on présente en même temps les envois?—R. Oui, monsieur.

Q. Par envoi je veux dire le "home consumption collector's permit" et le "specimen invoice"?—R. Tous les documents sont présentés en même temps.

Q. Il eut été facile, par conséquent, pour le douanier, quel qu'il soit, de constater le changement?—R. Aucunement.

Q. Il aurait été facile?—R. Il aurait été facile, mais il n'a pas le temps de le faire.

Q. Et c'est là-dessus qu'on comptait un peu pour passer l'entrée en franchise?—R. Cet officier n'a rien à faire à la comparaison des documents.

Q. Et l'on comptait, à travers la filière administrative, qu'on ne regarderait que votre "collector's permit" et l'entrée que vous aviez dressée vous-même?—R. Je n'ai pas dressé l'entrée moi-même.

Q. Non, mais votre bureau?—R. ...

Q. On comptait sur le fait qu'on n'examinerait que les documents que vous aviez fait dresser et qu'on ne regarderait pas les documents attachés, pour passer l'entrée en franchise?—R. ...

Q. Soyons de bon compte, monsieur Giroux. C'était bien là-dessus qu'on comptait, qu'on examinerait les documents avec les changements et non pas le document original?—R. Certainement.

Q. Alors, à la fin de l'opération, vous vous trouviez à avoir bénéficié complètement d'un chèque de $2,639.06 que vous aviez reçu et que vous n'aviez pas versé?—R. Oui.

Q. Quand avez-vous appris que l'on savait ce détail ou qu'on pouvait le découvrir?—R. Presque immédiatement après le passage de l'entrée.

Q. Quand cela? Quand avez-vous été alarmé pour la première fois?—R. J'ai su que le département des charbons s'enquérait sur la qualité du charbon.

Q. Qui vous a appris cela?—R. Papa.

Q. Alors, qu'est-ce que vous avez fait?—R. J'ai vu à faire le remboursement.

Q. Qu'est-ce que vous avez fait pour opérer un remboursement et quand?—R. Une entrée supplémentaire.

Q. Alors, vous dites que c'est presque immédiatement après?—R. Je ne peux pas me rappeler le délai au juste.

Q. Etait-ce dans un délai d'un mois?—R. Je crois que c'est dans un délai d'un mois.

Q. Jurez-vous cela positivement?—R. Je ne peux pas, non.

Le président:

Q. Avez-vous fait ce remboursement-là par chèque?—R. J'ai fait le remboursement par chèque.

M. Calder, C.R.:

Q. Au moment où vous avez été inquiété pour la première fois?—R. Non.

Q. Combien de temps après? Le chèque est daté du 1er février 1924?—R. Et l'entrée?

Q. Et l'entrée amendée est du 1er février 1924. Est-ce le 1er février 1924 que vous avez amendé l'entrée pour la première fois? Vous remarquez que l'entrée a été amendée le 1er février 1924 et vous dites que vos premiers pas vers la restitution ce fut l'amendement de l'entrée?—R. L'amendement a pu être préparé avant que le paiement soit fait.

Q. Et l'amendement a été fait par l'application d'une étampe?—R. C'est quand le paiement est fait.

Q. Sur quel document auriez-vous fait l'amendement?—R. La même forme que celle-ci.

Q. Alors, vous dites que vous auriez amendé l'entrée dans le mois qui a suivi la transaction?—R. Préparé une entrée supplémentaire.

Le président:

Q. Comme question de fait y eut-il des entrées supplémentaires de faites?—R. Il y eut une entrée supplémentaire.

M. Calder, C.R.:

Q. Avez-vous déclaré cet état de choses à M. Giroux, père?—R. Non.

Q. Par conséquent, M. Giroux pouvait croire à ce moment-là qu'il y avait eu erreur et non pas dessein?—R. Oui.

Q. Et croyant cela, il était en droit d'exiger que vous alliez à la Dominion Glass, qui est une corporation solvable, pour avoir immédiatement le chèque pour la douane?—R. C'est ce qu'il a fait.

Q. M. Giroux lui-même ou si vous y êtes allé?—R. Non, j'entends: il a demandé que je le fasse. C'est ce qu'il a dit.

Q. Et vous lui avez dit que vous le feriez, je suppose?—R. Oui, j'ai dit que je le ferais.

Q. Et le chèque s'est fait attendre pendant quatorze mois, du 21 octobre 1922 au 1er février 1924?—R. Pas depuis la demande.

Q. Alors, treize mois, puisque la demande s'est faite dans le mois qui a suivi l'entrée. L'entrée a été faite le 21 octobre 1923; c'est-à-dire qu'elle a été changée, mais l'original, lui, le duplicata et l'original portent 1922 et 1923 et tous les papiers réfèrent à 1922. Est-ce vous qui avez fait le changement du 21 octobre 1922 au 21 octobre 1923 sur la forme?—R. Non.

Q. Alors, quand vous dites que c'est un mois après l'entrée que vous avez été enquiété, vous voulez dire que c'est un mois après le 21 octobre 1923?—R. Je veux dire cela, oui.

Q. Et quelque chose comme treize mois après avoir reçu le chèque exhibit 97?—R. Oui.

Le PRÉSIDENT: Quel était le montant?

M. CALDER, C.R.: $2,639.06.

Q. Alors, ce n'est qu'au moment où on a commencé à faire une enquête, de la part de la Dominion Glass et de la George Hall Coal Co., que votre père s'est aperçu de la chose?—R. Non.

Q. Vous m'avez dit ceci: "J'ai été inquiété par la Dominion Glass qui faisait une enquête ou des demandes"?—R. Non.

Q. Qu'on demandait. . .—R. Je vous ai dit que papa, après la passation de l'entrée, m'a dit qu'il ferait une enquête pour savoir la qualité du charbon.

Le président:

Q. Est-ce que vous n'avez pas plutôt dit: "J'ai appris qu'une enquête sur le charbon serait faite"?—R. Oui.

"Q. Qui vous a appris cela?—R. Papa."—R. Oui.

M. Calder, C.R.:

Q. J'ai compris qu'on vous avait dit que des gens faisaient une enquête, pas vous-mêmes?—R. Non.

Q. Alors, quand votre père vous a-t-il dit qu'il ferait une enquête sur la qualité du charbon?—R. Je crois vous avoir répondu.

Q. Répondez de nouveau?—R. Environ un mois après la passation de l'entrée.

Q. Alors, il n'avait pas loin à aller pour son enquête; il n'avait qu'à examiner le "specimen form" dressé par l'exportateur et le "collector permit" dressé par vous et vous demander pourquoi vous aviez fait le changement? Est-ce qu'il vous a posé cette question-là?—R. Oui.

Q. Et une fois posée qu'est-ce que vous avez répondu à la question?—R. J'ai répondu que j'étais pour voir si j'avais reçu un chèque pour faire le paiement.

Q. Ce n'est pas une explication du changement, cela, M. Giroux. S'il vous demandait: Pourquoi y a-t-il eu différence entre le "collector's permit", d'une part, et le "specimen form of invoice", de l'autre? Ce n'était pas une réponse de dire: Je vais voir si j'ai reçu le chèque ou non. Lui avez-vous expliqué le changement?—R. Non, je ne le lui ai pas expliqué.

Le président:

Q. Pourquoi vous a-t-il dit qu'il ferait une enquête?—R. Il m'a dit qu'il s'était informé et que le "Yorkshire coal" était bitumineux.

M. Calder, C.R.:

Q. Il n'a pas exprimé sa surprise quant aux différences qu'il y avait entre les documents?—R. Après qu'il a eu les renseignements, oui.

Q. Et ceci était quand?—R. Un mois après.

Q. Ça n'a pas pris très longtemps pour découvrir si le charbon "Yorkshire" est bitumineux ou non; la première encyclopédie venue pouvait éclairer M. Giroux là-dessus. Or, une fois fixé, est-ce qu'il vous a demandé d'amender l'entrée?—R. Immédiatement après.

Q. Entre temps aviez-vous dit à votre père que vous aviez reçu le chèque? —R. Entre temps?

Q. Entre la première question qu'il a faite au sujet des divergences et l'amendement de l'entrée, avez-vous dit à votre père que vous aviez reçu le chèque?—R. Non.

Q. Dans quel mois l'entrée amendée aurait-elle été faite, suivant vous?—R. La préparation?

Q. Oui.—R. En décembre.

Q. En décembre 1922?—R. 1923.

Q. Alors, quand vous dites un mois après, vous revenez encore à 1923, mais l'entrée originale a été faite en 1922?—R. Je ne le crois pas.

Q. Cette entrée originale a été faite en 1922?—R. Elle a peut-être été faite, elle n'a pas passé.

Q. Qu'est-ce que vous voulez dire par "passé"?—R. Elle a pu être faite en 1922 dans le bureau, et pour une raison quelconque elle n'a pas passé.

Q. Elle a été déclarée aux douanes le 21 octobre 1922, est-ce que ce n'est pas là l'entrée?—R. C'est l'entrée, oui.

Q. Est-ce que la déclaration en douane assermentée n'est pas suivie immédiatement de l'entrée?—R. Oui. Si l'entrée a été préparée avant, alors la date aurait dû être changée dans la déclaration.

Q. Lionel Poirier prend dans votre bureau la forme qui a été dressée chez vous, et que vous dites être de 1923?—R. La forme a été dressée en 1922.

Q. Le même jour M. Poirier, votre commis, va faire une déclaration assermentée?—R. Ce n'est pas le premier mouvement qu'il fait.

Q. Enfin, c'est un mouvement assez rapproché?—R. Le premier mouvement, il se présente au "manifest room".

Q. Enfin il est assermenté?—R. Si l'entrée est manifestée.

Q. Elle a dû être manifestée puisqu'il a été assermenté?—R. Elle a été manifestée en 1923, la date est sur l'étampe.

Q. Alors, pourquoi Poirier s'est-il rendu à la douane pour se faire assermenter, et pourquoi l'assermentation est-elle du 21 octobre 1922?—R. La date aurait dû être changée quand la déclaration a été assermentée. Il ne peut pas déclarer avant de manifester.

Q. C'est ce que je vous dis. Je dis qu'il est allé là le 21 octobre, date de l'entrée, qu'elle a été manifestée le 21 octobre 1922 et que cette étampe a été appliquée après coup. C'est comme cela que ça s'est passé, sous votre serment? —R. Je ne le crois pas; sous mon serment, je ne le crois pas.

Q. Vous n'êtes pas certain que c'est comme cela que ça s'est passé?—R. Non, monsieur Calder.

(La séance du Comité est levée jusqu'à 4 heures cet après-midi.)

Le Comité reprend la séance à 4 heures de l'après-midi sous la présidence de M. Mercier.

L'interrogatoire de M. ANTONIO GIROUX est continué.

Le PRÉSIDENT: Sous le serment que vous avez déjà prêté, monsieur Giroux.

M. Calder, C.R.:

Q. Vous m'avez dit, je crois, que vous n'aviez jamais eu en mains le manifeste?—R. Non.

Q. Par conséquent, ce n'est pas vous qui avez fait le grattage du numéro qui paraît avoir été fait?—R. Non.

Q. Avez-vous eu en mains, depuis sa première production, l'entrée en douane et son duplicata?—R. Non, monsieur.

Q. Vous ne pouvez pas expliquer, par conséquent, comment il se fait qu'on a gratté et biffé, à l'encre, les chiffres qui paraissent dans le coin? (Le témoin examine les documents qui lui sont montrés par M. Calder)—R. Non, monsieur.

Q. Et c'est dans le mois de décembre que l'entrée amendée a été préparée,—décembre 1923?—R. Oui.

Q. Or, dès ce moment-là il était clair que vous deviez verser à la douane le montant de $2,639.06?—R. Oui, monsieur.

Q. Comment se fait-il qu'il y a eu un intervalle d'au moins un mois avant que la restitution ne soit faite?—R. La question de trouver l'argent.

Q. Est-ce que cet argent-là vous a été fourni par votre père?—R. Non.

Q. Etes-vous intervenu personnellement auprès des autorités douanières pour empêcher une poursuite?—R. Non, monsieur.

Q. Vous et votre père, avez-vous interviewé soit le ministre ou d'autres personnes pour arrêter les poursuites?—R. Pas à ma connaissance.

Q. Vous avez appris, ce matin, si vous ne le saviez pas d'avance, que le ministre avait ordonné une enquête, et, s'il y avait lieu, une poursuite?—R. Oui, monsieur.

Q. Par la lecture de la note produite?—R. Oui.

Q. Et vous ne savez pas, d'aucune façon, comment il se fait qu'on n'ait pas donné suite à l'ordre du ministre?—R. D'aucune façon.

Q. A quel endroit aviez-vous vos bureaux?—R. 212, rue McGill.

Q. Est-ce près de la douane, cela?—R. Cinq minutes de marche.

Q. Dans quel édifice est-ce?—R. Cartier Building.

Q. Au coin de la rue Notre-Dame?—R. Exactement.

(Le témoin termine son témoignage en anglais.)

ALBERT EUGENE GIROUX called and sworn.

(Examination conducted in French and interpreted by Mr. Beauchamp, Official Interpreter; the French evidence follows the English translation).

By the Chairman:

Q. Do you wish to give your evidence in French or in English?—A. French.

Q. What is your name?—A. Albert Eugene Giroux.

Q. What do you do Mr. Giroux?—A. Superintendent of Examiners, Customs and Excise, for twenty-two years.

By Mr. Calder, K.C.:

Q. When a broker comes to pass an entry what document does he bring along with him?—A. He brings his complete entry.

Q. Filled out by himself?—A. Filled out by himself. This consists of the permit, the invoice. We have a form which we call "file back", for reference.

Q. The entry and the permit are forms which you furnish to the brokers? —A. They furnish them themselves. We sometimes furnish these ourselves. The brokers usually supply their own documents.

Q. Is the bill of lading annexed to these documents?—A. The bill of lading usually comes with the entry. Generally the bill of lading is attached or goes with these documents.

Q. And where is the manifest lodged?—A. In the Manifest Room. There is a special department for the manifests.

Q. Who deposits the manifest?—A. The Transportation company.

Q. Therefore the broker, the bearer of the entry, of the permit, of the invoice and the bill of lading goes to the Manifest Room?—A. Correct.

Q. In the Manifest Room the first thing they do is to compare the entry with the manifest?—A. They deposit their entry at the wicket where the merchandise is located and the clerk named for that department compares it.

Q. Is there any entry on the manifest to reveal what clerk examined and compared the manifest with the entry?—A. Well, I don't know. That clerk is not known because we have a clerk for the Grand Trunk, for the C.P.R. and for the express and for the shipping companies. Now, when the entry is compared with all the documents those documents are stamped in the Manifest Room.

Q. They are stamped?—A. With the date of comparison. Probably he puts his initials on them. I do not occupy myself with that.

Q. Are those initialled stamps to be found on the manifest?—A. Not on the manifest but on the Customs entries.

Q. Why not on the manifest?—A. When it is a comparison of two documents they put the date. Ordinarily they put the date on the date when it is compared and they put the stamp on the permit and on the entry on the date on which it is compared.

The CHAIRMAN: The question asked by Mr. Calder is "why not on the manifest".

The INTERPRETER: "Therefore the manifest must bear the date of the comparison."

By Mr. Calder, K.C.:

Q. The manifest should bear the date of the comparison?—A. The manifest is closed when the entry is passed.

Q. What do you mean by "closing the manifest"?—A. The manifest is closed with the entry.

Hon. Mr. STEVENS: I wish really you would let the translation be made.

Mr. CALDER, K.C.: I am sorry I was not aware of that—

Hon. Mr. STEVENS: You have three or four questions together.

By Mr. Calder, K.C.:

Q. Is that entry made even in a case of a duty free entry similarly?—A. Yes.

Q. And the cargo cannot be delivered?—A. Unless there is that comparison with the manifset and the order or permit to take delivery is signed. First, the cargo is discharged on the wharf and the wharves are called "sufferance warehouses." Now, the cargo could not be given out unless it is being sent to a warehouse. If it stays on the wharf—ordinarily the coal stays on the wharf for a considerable time because the wharf is considered as a warehouse and the coal remains on the wharf, we might say, all winter, while they do not require it.

By the Chairman:

Q. It is in open air bond?—A. A sufferance warehouse.

Q. Would you look at the manifest, Exhibit 99, and state whether you see the date of the Customs entry?—A. I see the Customs entry number, but I do not see the date of entry.

Q. Is the backing next to the manifest—A. No. No, it is attached to the documents that accompany it. It is used later on as reference.

The CHAIRMAN: Is this a complete record, Mr. Calder?

Mr. CALDER, K.C.: Yes, that constitutes all the record, except the bill of lading.

WITNESS: (In English): Except the bill of lading.

By Mr. Calder, K.C.:

Q. You will note that the manifest number is 53697.—A. Yes, sir.

Q. And all other documents, taking number 40080A, that is the permit, backing, entry, and specimen invoice. (No answer).

Q. I understand the serial number was attached to all documents in the manifest room at the same time.—A. Serial number was 53697. In the case of the manifest, we start on the 1st April each year with No. 1 and follow along with that number consecutively till the 31st March the following year. And therefore the numbers 53697 and 40080A, they do not agree because they are not in the same department.

Q. How do you mark the manifest to make it agree with the other documents?—A. The manifest agrees accordingly as it is presented from the 1st April to the 31st March next year.

Q. How do you bridge the difference between these numbers?—A. The bridge is the entry number which constitutes the manifest.

Q. Which closes the manifest?—A. Closes the manifest.

Q. The same transaction is carried out in the long room as from the 1st April each year?—A. There are different cashiers, one known as Cashier A., Cashier B, and Cashier R, and a plain cashier without a letter classification. Each cashier has his own series of numbers, and each transaction starts the 1st April each year, and depends on the work done by each cashier.

Q. When the entry is closed up by comparison of the entry with the manifest, the cashier in the long room attaches his number. In this case 40080A was stamped on the assignment and at the same time the official in charge of the manifest places number 40080A after the document has gone from the long room?—A. Yes.

Q. Then number 40080A is attached after the manifest went from the long room?—A. Yes, sir.

Q. At that time a sworn statement or declaration has been taken or made? —A. Yes, sir.

Q. Will you look on the back of the entry from Exhibit 98, and state on what date the sworn declaration was made?—A. On October 21st, 1922.

Q. Consequently there is no doubt in your mind that the declaration preceded the assignment of No. 40080A made on October 21st, 1922?—A. I see a certain thing here which does not tally or agree. The entry was transacted in the manifest room in November, 1923. The stamp is there.

Q. Do you believe it is possible for Lionel Poirier to have made a statement under oath on October 21st, 1922, and that they waited almost a year to make the Customs' entry; do you believe that, according to your system?—A. That date is not put on the document at the Customs' office; it is probably placed on the document at the broker's office.

Q. Was that given at the broker's office?—A. No, that is not the Customs official's writing, below. Below the signature is "Hamill."

Q. He is a Customs' official?—A. Yes, sir.

Q. At the Customs' office?—A. Yes. According to me, it is evident that the entry was deposited at the manifest room on November 29th, 1923, and that is the first transaction that has to be carried out to pass the entry.

Q. Mr. Giroux, can you give us any imaginable reason why your son should have passed an entry in 1922, and dated the sworn statement in 1921?—A. I do not know anything about it.

Q. Did you not try to verify that by locating a number close to 40080A? —A. That was not in my prerogatives or duties.

Q. You carried out an investigation?—A. I conducted an investigation regarding the classification or the quality of the coal, and the duty that was to be collected on that coal.

Q. At what time did you decide to conduct that investigation?—A. After I secured or got the entry.

Q. When did you get the entry?—A. I must have got the entry a few days after it was put through.

By Hon. Mr. Stevens:

Q. What date, approximately?—A. It must have been November or December; the first days in December.

Q. Of what year?—A. 1923 probably, the date it was passed.

Q. That is not 1923, that is 1922?—A. No.

Mr. CALDER, K.C.: The date on the manifest and its duplicate is the "21st October, 1922," which is corrected on the original, but not on the duplicate, by writing "1923" above "1922."

Hon. Mr. STEVENS: There is a correct date, Mr. Calder, when this coal was landed. There is no doubt about that. Which is the correct date?

Mr. CALDER, K.C.: The coal was landed in October, 1922, and was completely delivered before this entry was made.

WITNESS: My official date is on the stamp affixed. My official date is the date mentioned on the stamp affixed at the manifest room.

By Mr. Calder, K.C.:

Q. Must that stamp be initialed in order to control it?—A. Largely or generally, the stamp is initialed.

Q. In this case, the stamp was not initialed?—A. No, but I know the writing of the party who put the words "one cargo."

Q. Who was it?—A. Roddy Finlayson. He is dead now.

Hon. Mr. STEVENS: Mr. Calder, the date I was asking about is this; you asked Mr. Giroux, I understand, what date these documents came into his hands?

Mr. CALDER, K.C.: He said a short time after the entry was made or passed.

WITNESS: Or put through.

Mr. CALDER, K.C.: Now he says the entry was put through in October, 1923.

WITNESS: In November.

Mr. CALDER, K.C.: Because it bears a stamp to that effect, although its own tenor and the declaration under oath on the back of it all evidently show that it was drawn at any rate and sworn to in October, 1922, but the man who put the stamp on the corner is, very unfortunately, now dead.

The CHAIRMAN: He says he does not see the initial on the stamp, but that he recognizes the writing by the name "Finlayson," which Finlayson is dead.

By Mr. Calder, K.C.:

Q. Can you explain why, instead of placing his initials on the stamp, Mr. Finlayson placed a serial number and afterwards removed it, or rubbed it out with a pen?—A. I cannot answer for his work.

Q. You never asked him?—A. No sir, certainly not.

Q. Here is the collector's permit, Exhibit No. 101, prepared on October 21st, 1922?—A. The Collector's permit—I believe we see Mr. Finlayson's initials here.

Q. According to the tenor or the purport of this permit, it was prepared on October 21st, 1922?—A. It could have been prepared on October 21st, but I see on the permit the same stamp as on the entry, November 29th, 1923, with the initials of "R. Finlayson."

Q. Can you explain the scratch on the manifest, below the typewritten line? —A. It looks to me like an entry regarding the entry of coal, a quantity of coal.

Q. Does it not look like No. 53697, which was so carefully removed from other documents?—A. I do not know anything about that.

Q. Does that not seem to be the case?—A. I do not see the figures.

Q. You see the 5, the 6, and the 7?—A. I have no microscope here.

Q. Is the number 53697, which appears there, not the number that was removed from the Customs' entry, or scratched out on the Customs' entry?—A. That is not a number, that is a quantity.

Q. This quantity rather appears to be the same number as in the Customs' entry?—A. No, sir.

Q. The quantity is placed there, with the stamp?—A. In that case they marked " 1 cargo ". Sometimes they mention or put down the quantity in tons or pounds.

Q. Is that not the number 53697?—A. It appears to be that.

Q. And is not the cargo 6,732 tons, and 600 pounds?—A. There might have been an error. I do not know that department.

Q. There must have been an error, because the entry number is never placed on the manifest stamp?—A. The entry number is always stamped in the Long Room.

Q. When you received a manifest and noted that it was not closed, was the number on the manifest?—A. I do not think so. I cannot recall all the details two years back. What freshens my memory is the fact that the coal was consigned to the C.P.R. in Montreal; I got in touch with the company, with a Government Merchant Marine Company, to find out to whom this cargo of coal was consigned.

Q. In your report at page 701, a report that you furnished on March 12th, 1924, addressed to R. P. Clerk, Inspector Customs and Excise, Montreal, you say, " 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 56937 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 Company, 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 an entry. The entry, so far as I can see by the document on hand, must have been presented to the Customs on October 21st, 1922, but for reasons I cannot detect, was not accepted in the Manifest Room until December 14th, 1923."

Q. To whom did you apply in the Canadian Government Merchant Marine Limited to obtain this information?—A. I applied to the official who looks after the Customs affairs; Mr. Cree, possibly.

Q. Then it was not during the winter?—A. I don't remember.

Q. Then why did you state it in your letter?—A. Because I received all the manifests. I received these manifests for my own satisfaction; it is not my personal work. During the winter I revise all the work done during the previous season.

Q. Why did you state it was during the winter of 1923, in your report to Mr. Clerk?—A. I fancy it was in 1924 that I made that report.

Q. You made that report in 1924, in the month of March, consequently you must have known what winter it was. I will read the balance of the paragraph:

"I am certain that I revised this entry at the end of 1923."

A. Because the entry was not put through beforehand I could not know anything about it.

Q. (Reading):

"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 Company, and thereupon did everything possible to have the entry passed. Then came the rush season in navigation."

Q. That was during the season of 1923?—A. It must be that, if it was in the report.

Q. (Reading):

"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 an entry."

A. Very well; I recall that.

Q. It was during the winter of 1923 that you examined the manifest?—A I recall that.

Q. Consequently you examined the manifest during the winter of 1923?—A I saw that manifest during the winter of 1923.

Q. And it was in the winter of 1923, before the reopening of navigation that you made an investigation to find out who the consignee was, and you discovered it was the George Hall Coal Company?—A. Probably.

Q. And that manifest was mixed up with other documents?—A. Oh, it was November or December that I took steps to have the Custom duty paid.

Q. (Reading):

"He eventually discovered that the consignees were the George Hall Coal Company, and thereupon did everything possible to have the entry passed."

A. During the fall—

Q. No, because you say "then came the rush season."—A. Oh well, maybe.

Q. Then what did you do before the re-opening of the season of navigation, to have the entry put through, because you state you did everything that was possible to discover—A. Who was the consignee?

Q. No, no, to have the entry put through. "Thereupon did everything possible to have the entry passed."—A. I do not recall having done anything at the time; I am not sure. It was only when I saw the manifest in the fall along with other papers that I had the entry put through.

Q. About what month in 1923 did you see the manifest for the first time? What month in the winter of 1923?—A. The manifest must have been handed to me.

Q. At what date?—A. I could not say the date.

Q. What month?—A. There passed through my hands that winter 697 manifests, not manifests of one sheet only. Certain manifests have from three hundred to three hundred and fifty sheets, like that.

Q. In what month were you given the manifests of the year 1923?—A. I could not tell you. They come every day. I could not recollect.

Q. In what month did you communicate with the Canadian Merchant Marine for information?—A. You ask me concerning things of two years ago.

Q. You are the only one who knows.—A. It is impossible to tell everything that happened in two years preceding.

Q. State exactly if you do not remember and that will do.—A. I do not remember.

Q. In what month did you apply to the George Hall Coal Company?—A. I do not know but I do not think it was during the winter; it may be during the winter.

Q. In what month did you do everything possible to pass the entry?—A. I commenced—

Q. What did you commence?—A. I commenced first to find out who the consignee was.

Q. That was already done?—A. It was done at the same time. As I said, it was probably in April, as I prepared for the navigation of 1923, I think.

Q. Yes?—A. 1923; and it took a great deal of work to organize the season of navigation; the preparation of administration for navigation was very considerable and at that time I had, since 1924, for two years, the control of the coal. That perhaps should be in parenthesis. The work involved considerable work to me, together with the other functions which I had to perform. I asked the department in 1924 to relieve me of those functions and they relieved me of those functions in 1925.

Q. Do you affirm that it took you more than one day to have from the Canadian Government Merchant Marine the name of the consignee, when you gave them the date of the manifest, the name of the steamer?—A. I am positive that I did not have it immediately.

Q. How long did it take you to get it?—A. I could not tell you.

Q. At the most?—A. Probably three or four days.

Q. Three or four days?—A. Probably.

Q. To discover, with the date and the name of the ship in hand, the consignee on the manifest?—A. There is nothing startling in that.

Q. It astonishes me.—A. It does not astonish me, when we have experience of the work.

Q. It took you from three to eight days to have that information. You say that under oath?—A. I will tell you how it takes so long. In the winter time the navigation companies do not have all the documents in their hands in the office. All their principal employees are in Halifax; therefore it takes such a long time to take that information in the winter, from the navigation companies.

Q. You state that you telephoned.—A. I telephoned. I did not go to Halifax.

By Hon. Mr. Stevens:

Q. But that is not ten months though, is it?—A. (In English) I beg your pardon?

Q. That is not ten or twelve months?

(No audible answer.)

By Mr. Calder, K.C.:

Q. Do the navigation companies remove their documents from Montreal to Halifax?—A. They remove their decuments but not all their documents.

Q. In the case of the duplicate of the manifest, would that be left in Montreal?—A. As regards the duplicate of the manifest, I am not sure; probably. The employees who are engaged in that work are not in the office in the winter time, or they are absent for a few days.

Q. You said that you addressed, if your memory serves you, Mr. Cree? —A. I called Mr. Cree, first, I believe. I could not state that it was Mr. Cree who gave me the information; Mr. Cree is the employee who looks after the vessels. I could not remember exactly if it was to him that I spoke but Mr. Cree is always the first man whom I call.

By the Chairman:

Q. He is in charge of that department?—A. He looks after the ships, yes.

By Mr. Calder, K.C.:

Q. At the time you wrote to Mr. Clerk the report of the 12th of March, 1924, was the stamp on the corner of the document?—A. The manifest stamp?

Q. Yes.—A. It must have been on there.

Q. Was it there? In making the report you must have examined the date.—A. We cannot accept any entry without the stamp being on the entry. The verifiers in the long room would not accept an entry unless the stamp of the manifest is affixed to the entry.

Q. The manifest was closed in 1924?—A. Yes. The entry was passed. The entry was passed in 1923; there is no doubt about it; the entry was put through in 1923.

Q. In making your report to Mr. Clerk you examined all the documents to make your report?—A. Certainly. I have examined them before.

Q. Before we go any farther will you tell me what date is entered on the green stamp on the corner?—A. 40080 A.

Q. The date of the entry, on the top corner?—A. There is another date also; November 29th, 1923.

Q. You said you have another date further on?—A. Yes, there is the date by the Chief Clerk of the Manifest Room; it is dated December 14th, 1923.

Q. Which of the two dates is the date of the acceptance of the entry? —A. The final date is the 14th of December, 1923.

Q. This date bears witness to the fact that the Customs entry returned to the manifest room on December 14th, 1924. That stamp is not initialed.—A. It is never initialed.

Q. Any person having the stamp could affix it to the document.—A. There is only one party whose duty it is to put the stamp on, to put the date.

Q. Then there is no person who could obtain the stamp?—A. There is only one person who can have the stamp.

Q. There is only one person who can have the stamp?—A. Yes.

Q. There are parties who can obtain the stamp?—A. I do not know that, these stamps do not go out of the office.

Q. At what time did you discover your son was interested in the entry?— A. When I received the entry, December 1923.

Q. I suppose you asked him why he delayed so long to have the entry put through?—A. No, that is not what I told him. I told him that cargo should be bituminous coal and should be dutiable to the extent of 35 per cent. I cannot say whether that was on the same date.

Mr. DOUCET: Pardon me,—

WITNESS: 35c a ton.

By Mr. Calder, K.C.:

Q. You did not think of asking him why he delayed thirteen months to have the customs entry put through?—A. I was more interested in—

Q. Give us an answer, yes or no, you asked him or you did not ask him; say yes or no.—A. The words yes or no are not French words.

By Hon. Mr. Stevens:

Q. What was his answer?—A. I do not remember if I did ask him positively.

Q. As Superintendent of Customs and Excise Examiner you thought this should have been—you must have been interested in accounting for, or finding out what accounted for the delay; why the brokers could pass entries thirteen months after arrival.—A. It is not in my department.

Q. In what department is it?—A. In the Manifest department.

Q. Because it was not in your department, you were not interested in this matter, not even as father, you are not interested in the fact that your son delayed thirteen months to put the Customs entry through.—A. I told him as father, to pay the Customs duties.

Q. Did he tell you he received the money to pay the Customs duties?—A. Not immediately.

Q. He told you subsequently?—A. Yes.

Q. Is it not a fact that at the dates mentioned, October 29th, and December 14th, 1923, the Dominion Glass Co. and the George Hall Coal Co. were informed or notified to get their tally.—A. I am not absolutely certain as to that.

Q. Did you not state anything to your son?—A. I told him to see the Dominion Glass Co. about the coal, not about the refund of duty. I do not recall exactly if I phoned or if I went. I do not recall whether I went to the office or phoned, probably I went.

Q. Is it not a fact that the first time you started looking into the matter of the manifest, and inquiring about the cargo, was when the Dominion Glass Co. and George Hall Coal Co. started to investigate about the short landing certificate?—A. I had no knowledge about the claim at first. The documents regarding claims do not come to me. I see the claim after it is accepted.

Q. I will have to ask you the same question. Is it not a fact that the first time you took steps about the manifest was when the George Hall Coal Co. put in a request for a short landing certificate at the request of the Dominion Glass Co.?—A. I cannot state.

Q. Can you state the opposite?—A. I do not recall the facts exactly.

Q. At all events, the claim was probably under way.—A. Under way. Whether it was the same day I received the Customs entry, or whether after I took steps in that respect, I do not know.

Q. I am not asking you what day you received the manifest. I am not asking you about the same day you saw the manifest again. I am asking you if it was the first time. I am asking you whether it is not true that the first time you dealt with the manifest at all was in December, when you got this late entry?—A. I attended to it when I had the entry in my hands. That was my habit.

Q. The first time you had the entry, that is the first time you attended to the matter.—A. I cannot state exactly.

Q. It was in the month of October, so that the first time you attended to the manifest was at that time, when you got the entry?—A. No, I attended to it, as I stated to you a while ago.

Q. You, or your employees?—A. I am telling you to the best of my knowledge.

By Mr. Donaghy:

Q. Mr. Giroux, as a result of the investigation you made, did you form any opinion as to who the employee of the Customs' office was who had acted in collusion with your son?—A. Some employee?

Q. I am going to ask that to be translated?—A. I can answer it this way. I do not think there was any Customs' employee in collusion with my son.

Q. Did you, as a result of your investigation form any opinion of the name of the employee in the Customs' Department who was guilty of negligence in not seeing what was on this ship's manifest in the way of dutiable coal?—A. No, sir.

Q. You formed no opinion?—A. No, sir.

Q. Is there nothing in the documents or the initials on them to show who was guilty of negligence in that shipment of coal?—A. The employee who received the documents signed them or initialed them on the day they were presented.

Q. Who?—A. "R. F."

Q. Who is that?—A. "R. Finlayson."

Q. Is that the dead man?—A. He is dead now.

Q. You place it on him?—A. I do not place it on anybody.

By the Chairman:

Q. You merely state the facts?—A. I merely state the facts, on the initials I see on the paper.

By Mr. Calder, K.C.:

Q. Do you state that when you received the entry on December 14th, 1923, you did not know that the George Hall Coal Company had put in a claim?—A. I did not know. I probably signed the short landing certificate.

Q. Before that day?—A. Yes, certainly. It may be the day the short landing certificate was signed. It is rather a matter of routine. I signed short landing certificates on the good faith of the transportation company.

Q. If you signed them on the good faith of the transportation company, why did you make them wait nearly a year, because they did not have their entry?—A. Well, you see, I might not have known at the time that this certificate applied to that cargo.

By Hon. Mr. Stevens:

Q. Do you mean to say, Mr. Giroux, that you would sign a short landing certificate, authorizing the return of duty already collected, amounting to $159?—A. Not authorizing. Certifying to that shortage.

Q. Well, certifying to the shortage—which would result in the return of $159 of revenue, without knowing, or checking the cargo from which it came? A. We did not check it. An officer signed it, and the Steamship company could give us their certificate, and they pay themselves for the shortage; so, if the declaration is not right, they would not give us a certificate, without being sure that they are going to refund the freight that they paid on that shortage.

Q. In other words, if a transportation company presented a certificate, declaring that there was a short weight in a given cargo, you would sign it?—A. I do not sign personally first.

Q. I do not care whether you sign first or second you sign it if they present it to you?—A. I confer first.

Q. That is, you would countersign without investigating?—A. Without investigating. We are sure. We are morally certain that the company would not give us a certificate that would not be correct, because they would refund the money on freight short on that shortage.

By Mr. Donaghy:

Q. It is made by the Canadian company?—A. Certainly.

Q. And your Department was interested in it?—A. Yes.

By Hon. Mr. Stevens:

Q. Let us get this clear. You signed these short landed certificates merely on the say so of the transportation company?—A. Not the say so.

Q. Did you check them?—A. Not myself, personally.

Q. Did you check them with the documents?—A. Which documents.

Q. With the documents appertaining to the shipment?—A. They were checked. I do not remember exactly, but there was a big file attached to the certificate.

Q. Did you put that Customs' entry on there?—A. No, sir.

Q. Who did?—A. The Merchant Marine. I cannot see it from here.

Q. Come up here and look at it. That is your signature on it?—A. That is not my writing.

Q. That is the entry number?—A. I don't know if it was there at the time.

Q. Do you mean to say you would sign it in blank?—A. No, sir.

Q. It would be in blank, if the number was not there?—A. Very often there is no number.

Q. And you sign them in blank?—A. We sign on the certificate of the Steamship company. You have not got all the file here. There was a big file, certified by the exporter at the time.

Q. Of a certain vessel, covering a certain Customs' entry?—A. We did not know at the time; we would not know.

Q. Did you sign a certificate which authorized the return of duty amounting to $159?—A. Yes.

Q. Surely you checked it, did you not?—A. No. I did not check it personally.

Q. Do you ever check it?—A. I did not check it personally.

Q. You put your signature on without checking?—A. I put it on on Mr. Haynes' signature.

Q. For the return of Customs' duty, you would sign it without making an investigation of the documents; for the return of some Customs' duty, in this case $159, you would sign or countersign it without comparing it with the documents referred to in this case, No. 40080-A?—A. The documents would not tell me.

By the Chairman:

Q. Must I understand, Mr. Giroux, that you attached your signature to this document from the Canadian Government Merchant Marine company, dated October 30th, 1923, after A. Haynes, the Customs' officer had placed his signature there?—A. Yes, sir.

Q. Is Mr. Haynes a Customs' officer in the port of Montreal?—A. Yes.

Q. Is he living?—A. Yes, sir.

Q. Then, must I understand that after this document is signed, the claimant must establish his proof to obtain a settlement?—A. Yes, sir.

Mr. CALDER, K.C.: It is only a preliminary document, Mr. Chairman.

By the Chairman:

Q. Therefore, this document signed by Mr. Haynes and by yourself does not entitle the claimant to get a settlement in cash immediately, or at once?—A. No, sir.

Hon. Mr. STEVENS: Nobody suggested that.

By the Chairman:

Q. I understand the way the question was put, it was that you signed this document, and after you signed it, it lost some money to the Treasury of the Government of Canada?—A. No.

By Mr. Calder, K.C.:

Q. Then when you signed that document, you knew that the company, in order to justify itself, had to produce the Customs' entry?—A. Not necessarily.

Q. Therefore, you know that before a cent of Customs' refund could be paid to the George Hall Coal Company, or to the Dominion Glass Company, the Customs' entry had to be produced to establish that the Customs' duty had absolutely been paid?—A. Absolutely.

Q. That is, the entry covering the shortage; the Customs' entry had to be found or located, in order to establish that the duty had been paid?—A. No.

Q. Then you handed them back the money or made a refund without proof of payment?—A. It is not on that document that we make a refund.

Hon. Mr. STEVENS: The whole question was whether Mr. Giroux identified this claim with the shipment of coal that came on that vessel. It is clear from these documents that if he had given the slightest attention and fully described Yorkshire coal on such and such a vessel, he must have known that it was the same thing, that this claim was before the Government prior to the entry of December 14th, months after.

Mr. CALDER, K.C.: We have arrived at this point, that Mr. Giroux stated quite positively, I think, that in order that they might get the refund on the document first shown to him, they would have to produce the entries.

WITNESS: They did know that.

Mr. CALDER, K.C.: I put it to him then that it was after that entry appeared, the entry appeared again. He has an explanation, and I would like to know what it is.

The CHAIRMAN: Let him give it, and that will be the last answer for to-night.

WITNESS: This small form of short landing certificate may be signed. Mr. Haynes, the Customs' official, is the party who signs first, he knowing about the shortage; the second certificate here is an official certificate which entitles them to a claim, but between the production of the Customs' entry, something may intervene between the two, but as to that I do not know.

By Mr. Calder, K.C.:

Q. How is that? As soon as we have the Customs' entry with the certificate between the two documents that were shown to you, the first one, which is the preliminary document, and the final document, the claimant must produce the Customs' entry?—A. Yes, perfectly.

Q. It was after he put in his claim that the Customs' entry was produced? —A. As to that, I do not know.

The witness retired.

The CHAIRMAN: This Committee stands adjourned until to-morrow morning at 10.30. All witnesses summoned but not heard will please be here at half past ten to-morrow morning.

The Committee adjourned until 10.30 a.m., Wednesday, March 24th, 1926.

M. ALBERT EUGÈNE GIROUX est appelé et assermenté.

Le président:

Q. Voulez-vous rendre votre témoignage en français ou en anglais?—R. En français.

Q. Quel est votre premier nom?—R. Albert Eugène Giroux.

Q. Qu'est-ce que vous faites?—R. Je suis surintendant des examinateurs de la douane et de l'accise, depuis vingt-deux ans.

M. Calder, C.R.:

Q. Lorsqu'un courtier se présente pour passer une entrée, quels documents doit-il apporter avec lui?—R. Il apporte son entrée complète, n'est-ce pas.

Q. Dressée par lui-même?—R. Dressée par lui-même. Cela consiste dans le permis, l'entrée, la facture. On a une forme qu'on appelle "file back". C'est pour les références, plus tard.

Q. L'entrée et le permis sont des formes que vous fournissez aux courtiers mais qu'ils remplissent eux-mêmes?—R. Soit qu'on les fournisse nous-mêmes, ou les courtiers ordinairement fournissent leurs propres documents. Ça dépend.

Q. Le connaissement est-il annexé à ces documents-là,—le "bill of lading"? —R. Le "bill of lading", généralement, doit aller avec l'entrée,—généralement.

Q. Et le manifeste, où est-il logé, lui?—R. Dans la chambre des manifestes. Il y a un département spécial pour les manifestes.

Q. Qui est-ce qui dépose le manifeste—R. La compagnie de transportation.

Q. Alors, le courtier, porteur de l'entrée, du permis, de l'envoi et du connaissement, se présente au "manifest room"?—R. Parfaitement.

Q. Au "manifest room", la première chose qui se fait c'est de comparer l'entrée avec le manifeste?—R. Il dépose son entrée au guichet d'où vient la marchandise et le commis nommé pour ce département compare.

Q. Y a-t-il quelques entrées quelconques sur le manifeste pour révéler quel commis a examiné et comparé le manifeste avec l'entrée?—R. Bien, je ne sais pas. Ce commis-là est connu, parce qu'on a un commis soit pour le Grand-Tronc, soit pour le Pacifique, soit pour l'express, soit pour les vaisseaux.

Q. Connu par sa fonction?—R. Connu par sa fonction. Maintenant, voici: quand l'entrée est comparée avec tous les documents, ces documents sont étampés, à la chambre des manifestes.

Q. Ils sont étampés?—R. Avec la date de la comparaison. Probablement qu'il met ses initiales là-dessus.

Q. Ces étampes initialées doivent-elles se trouver sur le manifeste et sur l'entrée?—R. Pas sur le manifeste, mais sur les entrées.

Q. Pourquoi pas sur le manifeste, puisque c'est une comparaison des deux documents?—R. Ils mettent la date, ordinairement. Ils mettent la date du jour où c'est comparé, mais on met l'étampe sur le permis et sur l'entrée, du jour où c'est comparé.

Q. Alors, le manifeste, lui, doit porter la date de la comparaison?—R. Voici, le manifeste est fermé quand l'entrée est passée.

Q. Qu'est-ce que vous voulez dire, quand vous dites que le manifeste est fermé?—R. Le manifeste se ferme avec une entrée.

Q. Est-ce que cette entrée se fait même lorsque c'est une entrée en franchise?—R. Pareillement.

Q. Et la cargaison ne peut être livrée aux consommateurs à moins qu'il n'y ait cette comparaison de manifeste et que l'ordre ou permis de prendre une livraison soit signée?—R. D'abord, la cargaison est déchargée sur les quais, n'est-ce pas? et puis—les quais, on appelle cela des "sufferance warehouses"—... Maintenant, la cargaison ne doit pas être sortie à moins qu'elle aille dans un entre-

pôt. Si elle reste sur le quai—ordinairement le charbon reste sur les quais pendant un temps considérable, parce que le quai étant considéré comme un entrepôt en souffrance, le charbon reste sur les quais on pourrait dire tout l'hiver, tant qu'ils n'en ont pas besoin: "sufferance warehouses".

Q. Voulez-vous regarder le manifeste, pièce 99, et voulez-vous me dire si vous trouvez sur ce manifeste la date de l'entrée?—R. Je vois le numéro de l'entrée, mais je ne vois par la date de l'entrée.

Q. Vous n'avez pas la date?—R. Non.

Q. Au manifeste on annexe, au "backing", n'est-ce pas?—R. Non, pas au manifeste; à l'entrée.

Q. A l'entrée et aux documents qui l'accompagnent?—R. C'est une référence pour plus tard.

Q. Vous remarquerez que le numéro du manifeste est le numéro. . . ?—R. 53697.

Q. Maintenant, voulez-vous remarquer que toutes les autres pièces portent le numéro 40080A. Je vous montre le permis; je vous montre le "backing"; je vous montre l'entrée, et je vous montre l'envoi specimen.

Le président:

Q. Is this a complete report?—A. Yes, That constitutes a complete report, except the bill of lading.

Mr. Calder, C.R.:

Q. Je prends pour acquis que le numéro de série est annexé à tous les documents dans la chambre de manifeste?—R. Le numéro de série est 53697, et dans le cas du manifeste nous commençons le 1er avril de chaque année du N° 1 et nous allons consécutivement jusqu'au 31 mars suivant, et le numéro 53697 et le numéro 40080-A ne peut pas s'accorder avec cela.

Q. Ne peut pas s'accorder avec le numéro 40080-A?—R. Non, parce que ce sont différents départements.

Q. Alors, comment numérotez-vous ou marquez-vous le manifeste pour le faire concorder avec les autres documents?—R. Le manifeste s'accorde à mseure qu'il est présenté, du 1er avril au 31 mars suivant.

Q. Alors, comment faites-vous le pont entre les deux documents en question? —R. Le pont, c'est le numéro d'entrée qui ferme le manifeste au "long room". Ils font la même transaction au "long room". On commence au numéro 1 au 1er avril, de même. Mais comme il y a plusieurs caissiers: M. A. M.B., M.C., M.E., et ce qu'on appelle le conseiller "plain"—sans lettre. . .

Q. Illettré?—R. Illettré si vous le voulez.

Q. Chaque caissier a sa série séparée; c'est-à-dire, ils n'ont pas chacun leur série. C'est-à-dire, chaque transaction commence le 1er avril de chaque année; cela dépend de l'ouvrage de chaque caissier.

Q. Quand l'entrée est fermée par la comparaison de l'entrée avec le manifeste, le caissier du "long room" affixe son numéro.—R. Oui.

Q. Dans ce cas aussi, le N° 40080-A?—R. A été étampé.

Q. Et en même temps celui qui ferme le manifeste met le N° 40080-A sur le manifeste même?—R. L'entrée retourne au manifeste après avoir passé par le "long room".

Q. Alors que cela revient sur le "long room" où le N° 40080-A a été affixé? —R. Parfaitement.

Q. A ce moment-la la déclaration a été prise?—R. Certainement.

Q. Voulez-vous regarder à l'endos de l'exhibit 98 et dire à quelle date la déclaration a été faite?—R. Le 21 octobre.

Q. 1900. . . ?—R. 1922. Seulement. . .

Q. Attendez. Par conséquent, vous n'avez aucun doute en votre epsrit que la déclaration qui précède le N° 40080-A a été faite le 21 octobre 1922?—R. Je

vois une certaine chose qui ne s'accorde pas ici. L'entrée a été présentée dans la chambre des manifestes le 29 novembre 1923, l'étampe est là.

Q. Oui. Croyez-vous qu'il soit possible que, Lionel Poirier faisant sa déclaration sous serment le 21 octobre 1922, qu'on ait attendu près d'un an pour faire l'entrée? ,Le croyez-vous en vertu de votre système?—R. Ceci. . . ; la date est mise là; cette date-là n'est pas mise au bureau; elle est mise probablement ou généralement au bureau du courtier.

Q. Est-ce qu'il y a un douanier au bureau du courtier?—R. Non. Ce n'est pas l'écriture du douanier, là.

Q. En bas?—R. En bas. c'est signé Hamel.

Q. C'est un douanier?—R. Oui.

Q. Au bureau de la douane?—R. Oui. Mais seulement l'entrée, d'après moi, c'est évident qu'elle a été déposée à la chambre des manifestes, novembre le 29, 1923, et c'est la première transaction qui doit se faire pour passer une entrée.

Q. Pouvez-vous donner une raison imaginable pourquoi le bureau de votre fils, passant l'entrée en 1922, aurait daté l'assermentation de 1921?—R. Je n'en connais absolument rien.

Q. Avez-vous cherché à vérifier, en découvrant d'autres entrées portant des numéros s'approchant de 40080-A?—R. Ce n'est pas dans mes attributions.

Q. Vous avez conduit une enquête, dans le temps?—R. J'ai conduit une enquête sur le charbon même, sur la qualité du charbon et sur le droit qu'ils devraient payer.

Q. A quel moment avez-vous décidé de conduire cette enquête-là?—R. Après que j'ai eu l'entrée.

Q. Quand avez-vous eu l'entrée?—R. J'ai dû avoir l'entrée quelques jours après quelle a été passée.

(Ici, l'honorable M. Stevens pose quelques questions en anglais, auxquelles le témoin répond dans la même langue.)

Le TÉMOIN: Ma date officielle est l'étampe fixée par la chambre des manifestes.

M. Calder, C.R.:

Q. Est-ce que cette étampe doit être initialée pour qu'on la contrôle?—R. Je ne vois pas d'initiales.

Q. Est-ce qu'elle doit être initialée?—R. Généralement, elle l'est.

Q. Et dans ce cas-ci elle n'a pas été initialée?—R. Qu'est-ce que c'est que ce rayé, là (Le témoin examine le document) Non, mais je connais l'écriture de celui qui a mis "one cargo".

Q. Qui est-ce?—R. Roddy Fynlayson. Il est mort, malheureusement; ce n'est pas de ma faute.

Q. Pouvez-vous expliquer pourquoi, au lieu de mettre ses initiales, Fynlayson a mis un numéro de série et l'a ensuite effacé à la plume?—R. Je ne peux pas répondre de son travail.

Q. Vous ne le lui avez jamais demandé?—R. Parfaitement, non.

Q. Voici le permis du collecteur, exhibit 101, qui paraît avoir été dressé le 21 octobre 1922?—R. Le permis du collecteur, ah! ah! je crois qu'on va voir l'initiale de Finlayson, ici.

Q. D'après sa teneur, le permis aurait été dressé le 21 octobre?—R. Il peut avoir été préparé le 21 octobre, mais vous voyez sur le permis la même étampe que sur l'entrée: novembre le 29, 1923, avec les initiales de Finlayson.

Q. Pouvez-vous expliquer le grattage qui se trouve sur le manifeste, en bas de la ligne au clavigraphe?—R. Bien, cela m'a l'air du tonnage, la quantité de charbon.

Q. Est-ce que cela ne vous a pas plutôt l'air d'être une reproduction du numéro 53697 que l'on a si soigneusement gratté dans les autres entrées?—R. Je ne connais rien là-dedans.

Q. Est-ce que ça ne vous paraît pas cela?—R. Je ne vois pas les chiffres.

Q. Vous voyez un 5, un 7, un 6?—R. Bien, je n'ai pas de loupe.

Q. Si c'est le numéro 53697, c'est le même numéro qu'on aurait gratté sur l'entrée, oui ou non?—R. Ça été gratté? Je ne le sais pas, moi.

Q. Si le numéro qu'il y avait là est le numéro 53697, c'est le même numéro qui aurait été gratté sur l'entrée?—R. Cela, ce n'est pas un numéro; c'est une quantité, cela.

Q. Seulement, cette quantité se trouve par extraordinaire être la même chose que le numéro?—R. Non, ici, avec l'étampe on met la quantité du charbon et là-bas ils ont mis "One cargo". Des fois ils mettent la quantité de tonnes ou de livres.

Q. Est-ce que ce n'est pas le numéro 53697, cela?—R. Ça me paraît cela.

Q. Et la cargaison n'est-elle pas 6,732 tonnes et 600 livres?—R. Il a pu y avoir erreur; je ne connais pas ce département-là, je ne m'en occupe pas. Il y a certainement eu erreur parce que jamais on ne met le numéro d'entrée sur l'étampe du manifeste. Le numéro d'entrée s'étampe toujours au "long room".

Q. Quand vous avez reçu le manifeste, et que vous vous êtes aperçu qu'il n'était pas fermé, le numéro était-il sur le manifeste?—R. Je ne crois pas; je ne peux pas me rappeler tous les détails, il y a deux ans. Ce qui me rafraîchit la mémoire, c'est que la quantité de charbon étant consignée à la Banque de Montréal, je me suis mis en communication avec la compagnie de la Marine marchande pour savoir à qui cette cargaison était consignée.

Q. Je prends votre rapport produit à la page 701 de la preuve, rapport que vous auriez fourni le 12 mars 1924 à M. R. P. Clerk, inspecteur des douanes et de l'accise, à Montréal, et qui se lit comme suit:

"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."

A qui vous êtes-vous adressé, à la Marine marchande canadienne, pour avoir ce renseignement-là?—R. A celui qui s'occupe de la douane, probablement M. Cree; je ne sais pas, je ne peux pas le dire au juste; ça fait longtemps de cela. J'ai téléphoné.

Q. Pendant l'hiver?—R. Ce n'est pas pendant l'hiver, il y a erreur dans cette affaire-là.

Q. Alors, ce n'est pas pendant l'hiver?—R. Bien, je ne le crois pas.

Q. Pourquoi l'avez-vous affirmé dans votre rapport?—R. Bien, parce que j'ai reçu tous les manifestes. La deuxième copie que je reçois du manifeste, je reçois cela pour ma propre satisfaction, ce n'est pas mon travail personnel. Je revise toujours l'hiver l'ouvrage qui est fait la saison précédente.

Q. Pourquoi avez-vous affirmé que c'était durant l'hiver de 1923, dans un rapport que vous faisiez à M. Clerk, et qui était, je crois, le second que vous lui adressiez?—R. Bien, il me semble que c'est en 1924 que j'ai fait ce rapport-là, n'est-ce pas?

Q. Vous avez fait le rapport en 1924, au mois de mars. Par conséquent, vous deviez savoir quel hiver c'était?—R. Bien, c'était l'hiver... Je suis sous l'impression que j'ai revisé cette entrée, et j'en suis certain, à la fin de l'année 1923; parce que l'entrée n'avait pas été passée avant; je ne pouvais rien connaître de la chose.

Q. Je vais vous lire la balance de ce paragraphe-là:

> "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 every thing possible to have the entry passed. Then came the rush season of navigation."

C'est dans l'année 1923?—R. Bien, si c'est cela.

Q. "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."—R. Très bien, là, je me rappelle.

Q. Par conséquent, vous avez examiné le manifeste dans l'hiver de 1923?—R. J'ai connu ce manifeste-là dans l'hiver de 1923.

Q. C'est dans l'hiver de 1923, avant la reprise de la navigation que vous avez fait votre enquête pour savoir qui était le consignataire, et vous avez découvert qui était le consignataire, savoir George Hall Coal Co., n'est-ce pas?—R. Probablement. Et ce manifeste-là s'est trouvé mêlé avec d'autres documents, et ce n'est seulement qu'à la fin, en novembre ou décembre, que j'ai fait des démarches pour avoir l'entrée et pour faire payer les droits. A la fin de l'automne. Dans tous les cas, je ne me rappelle pas les dates.

Q. Vous dites ceci: "He eventually discovered that the consignees were the George Hall Coal Co. and thereupon did everything possible to have the entry passed".—R. During the fall.

Q. Non, parceque après vous dites: "Then came the rush season of navigation."—R. Ah! oui. May be.

Q. Qu'est-ce que vous avez fait, avant que la navigation s'ouvre, pour faire passer l'entrée?—R. Bien...

Q. Parce que, vous dites que vous avez fait tout ce qui était possible?—R. Pour découvrir qui était le consignataire.

Q. Non, non, pour faire passer l'entrée. C'est ce que vous dites: "and thereupon did everything possible to have the entry passed"?—R. Bien, je ne me rappelle pas que j'aie rien fait dans le temps. C'est seulement en revoyant le manifeste, à l'automne, avec mes autres papirs que j'ai fait passer l'entrée.

Q. Vers quel mois, en 1923, avez-vous eu le manifeste pour la première fois? Dans quel mois de l'hiver de 1923?—R. Bien il a dû m'être remis... Je ne sais pas.

Q. A quelle date?—R. Bien, je ne peux pas dire la date.

Q. Quel mois?—R. Je reçois. . . J'ai reçu, il m'est passé entre les mains, cet hiver, 697 manifestes, non pas des manifestes d'une feuille, certains manifestes ont jusqu'à 300 à 350 feuilles comme cela.

Q. A quel mois vous a-t-on remis les manifestes de l'année 1923?—R. Ah, je ne peux pas... Ça me vient tous les jours. Je ne peut pas me rappeler.

Q. Dans quel mois vous êtes-vous adressé à la Canadian Merchant Marine, par téléphone, pour avoir un renseignement?—R. Bien, vous me demandez des choses, monsieur Calder, de deux ans.

Q. Vous êtes le seul à le savoir.—R. Oui, mais est-ce qu'on peut se rappeler tout ce que l'on fait dans la vie deux ans précédemment.

Q. Dites-donc simplement: "Je ne m'en rappelle pas" et je serai satisfait de cela, forcément.—R. Je ne m'en rappelle pas.

Q. Dans quel mois vous êtes-vous adressé à George Hall Company?—R. A George Hall Coal Company?

Q. Oui.—R. Je ne pense pas que ce soit dans l'hiver. Je ne sais pas, mais je ne crois pas que ce soit dans l'hiver de 1923. Peut-être, mais je ne sais pas.

Q. Dans quel mois avez-vous fait tout ce qui était possible pour faire passer l'entrée?—R. J'ai commencé probablement...

Q. Qu'est-ce que vous avez fait pour commencer?—R. J'ai commencé d'abord à connaître qui était le consignataire.

Q. C'était déjà fait, cela?—R. Bien, ç'a été fait en même temps.

Q. Ensuite?—R. Et comme je viens de vous dire, c'était probablement en avril, puisque je me préparais pour la navigation,—1923, je suppose, je ne sais pas; oui, 1923. Et cela me demande beaucoup de travail pour organiser la saison de navigation. La préparation de l'administration pour la navigation est assez considérable et j'avais, dans ce temps-là, j'avais jusqu'à 1924, depuis 22 ans, le contrôle du charbon, qui était... Cela, c'est entre parenthèse; ce travail était beaucoup trop considérable pour moi, pour mes fonctions, avec les autres fonctions que j'avais à remplir. J'ai demandé en 1924 au département de me relever de ces fonctions et on m'a relevé en 1925.

Q. Affirmez-vous que cela vous a pris plus d'une journée pour avoir de la Canadian Merchant Marine le nom du consignataire, alors que vous leur aviez donné la date du manifeste et le nom du steamer?—R. Je suis positif que je ne l'ai pas eu immédiatement.

Q. Combien cela vous a-t-il pris de temps pour l'avoir?—R. Ah, je ne sais pas.

Q. Au plus?—R. Bien, mon Dieu, ça peut faire trois ou quatre jours, ou huit jours, je ne sais pas.

Q. Trois ou quatre jours, ou huit jours?—R. Peut-être.

Q. Pour découvrir avec la date et le nom du bateau en mains le consignataire du charbon?—R. Il n'y a rien d'étonnant là dedans.

Q. Moi, cela m'étonne.—R. Pas moi, quand on a l'expérience du travail. Je vais vous dire pourquoi.

Q. Non, il est inutile de nous dire pourquoi, dans le moment. Ça vous a pris de trois à huit jours pour avoir cette information-là? Vous affirmez cela sous serment?—R. Je vais vous dire pourquoi cela prend tant de temps. L'hiver, les compagnies de navigation n'ont pas tous les documents en mains au bureau, les principaux employés sont à Halifax ou à Saint-Jean; alors, c'est pour cela que ça prend tant de temps à avoir des informations, l'hiver, de toutes les compagnies de navigation.

Q. Et vous dites que vous avez téléphoné?—R. Certainement, j'ai téléphoné; je ne suis pas allé à Halifax.

Q. Est-ce que les compagnies transportent à Halifax la documentation de Montréal?—R. Elles transportent leurs livres, pas toute la documentation.

Q. Le double du manifeste, elles le laisseraient à Montréal?—R. Le double du manifeste, je ne sais pas, probablement. Seulement que, les employés qui s'occupent de ce travail-là ne sont pas dans les bureaux l'hiver ou sont absents pour quelques jours.

Q. Vous dites que vous vous êtes adressé à M. Cree?—R. Probablement, M. Cree. D'abord, je ne peux pas affirmer que c'est M. Cree qui m'a donné l'information. M. Cree est employé pour s'occuper des vaisseaux. Je ne peux pas me rappeler exactement si c'est à lui que j'en ai parlé. C'es toujours M. Cree que j'appelle le premier.

Le président:

Q. Il est en charge du département, là?—R. C'est lui qui voit aux vaisseaux.

M. Calder, C.R.:

Q. Au moment où vous écriviez à M. Clerk le rapport du 12 mars 1924, l'étampe était-elle sur le coin de la documentation?—R. L'étampe du manifeste?

Q. Oui?—R. Elle devait être là.

Q. Etait-elle là?—R. Bah!

Q. En faisant un rapport vous avez dû examiner.—R. On ne peut pas accepter une entrée sans que l'étampe soit sur l'entrée. Les hommes au "long room" n'acceptaient pas une entrée sans que l'étampe du manifeste soit affixée sur l'entrée.

Q. Le manifeste à ce moment-là était clos, en 1924?—R. Certainement. Il n'y avait pas de doute qu'il était passé en 1924, puisque l'entrée était passée en 1923.

Q. En faisant votre rapport à M. Clerk, vous avez examiné toutes les pièces pour faire votre rapport?—R. Certainement; je les avais examinées avant.

Q. Avant que nous allions plus loin, voulez-vous me dire quelle est la date de l'entrée à l'étampe verte dans le coin?—R. 40080A?

Q. Non, non, la date de l'entrée au coin supérieur, c'est là-dessus que vous vous guidez?—R. Il y a une autre date plus loin encore: novembre 29, 1923.

Q. Le 29 novembre 1923?—R. Oui.

Q. Et vous dites que vous avez une autre date plus loin?—R. Oui, il y a la date du "chief clerk" et la date du "manifest room", décembre 14, 1923.

Q. Laquelle des deux dates est la date d'acceptation de l'entrée?—R. La date finale est le 14 décembre 1923. Les chiffres sont là, je ne peux pas dire autre chose.

Q. Cette date de décembre 14 fait voir que cette entrée est revenue à la chambre des manifestes le 14 décembre 1924?—R. Oui.

Q. Cette étampe-là n'est jamais initialée?—R. Non, jamais.

Q. N'importe qui peut l'initialer?—R. Il y a seulement un homme qui peut l'avoir.

Q. Il y a des gens qui peuvent l'obtenir?—R. Ah, mon Dieu, ces étampes ne sortent jamais du bureau.

Q. A quelle époque avez-vous découvert que votre fils était intéressé dans cette entrée-là?—R. Quand j'ai su l'entrée—le 14 décembre 1923.

Q. Je suppose que vous lui avez demandé pourquoi il avait tant retardé à passer l'entrée?—R. Non, ce n'est pas cela que je lui ai dit. Je lui ai dit que d'après moi cette cargaison de charbon devrait être du charbon bitumineux et devrait payer trente-cinq cents la tonne. Je ne sais pas si c'est le même jour.

Q. Vous n'avez pas songé à lui demander pourquoi treize mois après l'arrivage il n'y avait pas d'entrée?—R. J'étais plutôt intéressé...

Q. Non, non, mais vous lui avez demandé, ou vous ne lui avez pas demandé? —Les mots oui ou non sont dans la langue française, vous savez?—R. Oui, oui... Je ne sais pas. Je ne me rappelle pas si je lui ai demandé dans le temps.

Q. Comme chef des examinateurs, ça devait intéresser vivement le service, cela, que des courtiers passaient des entrées treize mois après l'arrivée?—R. Ceci ne dépend pas de mon département.

Q. Dans quel département est-ce?—R. Dans le département des manifestes.

Q. Et, parce que ce n'était pas dans votre département, cela ne vous intéressait pas, pas même comme père, de savoir pourquoi votre fis retardait de treize mois ses entrées?—R. Comme père, je lui ai demandé de payer les droits.

Q. Est-ce qu'il vous a dit à ce moment-là qu'il avait reçu l'argent pour acquitter les droits, treize mois auparavant?—R. Pas immédiatement.

Q. Il vous l'a dit par la suite?—R. Eh bien, oui.

Q. N'est-il pas vrai qu'aux dates que vous avez citées, le 29 novembre 1923 et le 14 décembre 1923, la Dominion Glass et la Geo. Hall Coal Co., étaient à faire une enquête pour se faire remettre un "short landing"?—R. Cela, je ne sais pas absolument.

Q. Ne l'avez-vous pas dit à votre fils, vous, à propos du charbon?—R. Je lui ai demandé de voir la Dominion Glass, à ce propos-là. Le jour où j'y suis allé, ou que j'ai téléphoné,—je ne me rappelle pas exactement si je suis allé au bureau ou si j'ai téléphoné,—probablement que j'y suis allé.

Q. N'est-il pas vrai, M. Giroux, que la première fois que vous vous êtes occupé du manifeste, en aucune façon, et que vous ayez été inquiété, en aucune façon, à propos de cette cargaison, ça été lorsque la Dominion Glass et la Geo. Hall Coal Co. ont commencé à s'intéresser dans le "short landing certificate"?—R. Eh bien, je n'ai pas eu connaissance de la réclamation. D'abord en première instance ces documents-là ne viennent pas à moi pour une réclamation.

Q. Je vais être obligé de vous poser de nouveau la question et de vous demander s'il n'est pas vrai que la première fois que vous vous êtes occupé du manifeste c'était comme conséquence de la demande pour "short landing certaificate" faite par la Geo. Hall Coal Co. à la demande de la Dominion Glass?—R. Je ne peux pas dire cela.

Q. Pouvez-vous dire le contraire?—R. Je ne me rappelle pas exactement les choses. Dans tous les cas, la réclamation était probablement en marche, mais que ce soit le même jour que j'ai revu l'entrée ou que j'ai fait des instances, je ne me rappelle pas.

Q. Je ne vous demande pas le jour où vous avez revu le manifeste, je vous demande si la première fois que vous vous en êtes occupé, en aucune façon quelconque, a été à la suite de la réclamation de la Geo. Hall Co.?—R. Je m'en suis occupé quand j'ai eu l'entrée entre les mains; ç'a été mon départ.

Q. Pour la première fois, quand vous avez eu une entrée?—R. Quelques jours après le 14 décembre.

Q. C'est la première fois que vous vous en êtes occupé?—R. A mon point de vue; c'est ma routine.

Q. C'est la première fois que vous vous en êtes occupé?—R. Je ne peux pas dire exactement; c'est ma routine de m'en occuper.

Q. Est-ce la première fois que vous vous êtes occupé du manifeste, quand vous avez reçu l'entrée?—R. Non, je m'en étais occupé, comme je vous l'ai dit tout à l'heure; on s'employait...

Q. Ou plutôt vous vous y employiez?—R. Je vous dis ce que je sais, au meilleur de ma connaissance.

M. Calder, C.R.:

Q. Dites-vous que lorsque vous avez reçu l'entrée, vers le 14 décembre 1923, vous ne connaissiez pas à ce moment-là que la George Hall Coal Co. faisait une réclamation?—R. Bien, je ne sais pas; probablement que j'ai signé le "Short Landed Certificate".

Q. Avant cette date-là?—R. Bien oui; certainement, on signe le "Short Landed Certificate". . . Je ne savais pas; c'est plutôt une affaire de routine;

cela, c'est signé. . .; on met foi en la compagnie de navigation qui nous donne un certificat de "Short Landed". Je ne devrais pas dire cela; on signe les "Short Landed Certificates on the good faith of the transportation company".

(Ici le témoin est questionné en anglais et répond dans la même langue.)

Le président:

Q. Dois-je comprendre que vous avez apposé votre signature sur ce document en date du 30 octobre 1923, émanant des bureaux de la Canadian Government Merchant Marine, Limited, après que M. A. Hains, également un officier de douane, eut signé ce "Short Landed Certificate"?—R. Oui.

M. Hains est-il un officier de douane du port de Montréal aussi?—R. Oui, monsieur.

Q. Est-il vivant lui?—R. Oui.

Q. Maintenant, dois-je comprendre qu'après que ce document-là est signé ils sont obligés de faire leur preuve pour avoir le "refund", après?—R. Oui, c'est seulement le document préléminaire.

Q. Maintenant, ce document signé par M. Hains et par vous-même ne leur donne pas le droit, après sa signature, d'avoir leur argent immédiatement? —R. Ah, non.

M. Calder, C.R.:

Q. Seulement, au moment où vous signiez ce document-là, vous saviez que pour se justifier, il fallait que la compagnie trouve l'entrée de douane?—R. Pas nécessairement. Pourquoi l'entrée de douane? Pas en signant ce document-là.

Q. Non. Comprenez-moi bien M. Giroux. Quand vous avez signé ce document-là, vous saviez qu'en routine de douane, avant qu'ils touchent un seul sou de "refund" il fallait trouver l'entrée?—R. Certainement. Bien, l'entrée couvrant le "Shortage".

Q. Il fallait trouver l'entrée pour prouver que la douane avait été payée? —R. Non, monsieur.

Q. Alors, vous leur remettiez de l'argent sans preuve de paiement?—R. Ce n'est pas sur ce document qu'on remet l'argent.

Q. C'est entendu; là encore vous partez par la tangente. Quand vous avez signé ce document que M. Stevens vous a montré, vous saviez qu'avant que la Dominion Glass ou la George Hall Coal Co. puissent toucher un seul sou de restitution de douane, il fallait trouver l'entrée de douane pour prouver le paiement de la douane?—R. Ah, parfaitement.

Q. Et c'est après cela que l'entrée est arrivée?—R. Je ne sais pas. Quand est-ce qu'on a signé cela? Ces documents-là se signent. . . C'est ce document-là que j'aurais dû voir; c'est ce qui fait foi de tout.

(Ici, M. Stevens pose au témoin des questions en anglais, lequel y répond dans la même langue.)

M. Calder, C.R.:

Q. Quelles sont les explications que vous voulez donner?—R. Voulez-vous me passer ce document?

Q. D'abord, donnez votre explication?—R. Sur quoi?

Le président:

Q. Sur ce que vous avez dit tout à l'heure; sur ce qui n'est pas correct, si vous ne nous avez pas compris ou si vous vous êtes mal exprimé?—R. Cette petite forme de "Short Landed Certificate" peut se signer du moment que l'officier qui est chargé. . . M. Hains, c'est l'officier de douane qui signe le premier,

n'est-ce pas, qui lui a connaissance du "shortage". Maintenant, le deuxième certificat, ici, c'est le certificat officiel qui donne droit à la réclamation.

Q. Oui, mais entre les deux intervient la production de l'entrée?—R. Cela, je ne le sais pas.

Q. Comment?—R. Du moment qu'on a l'entrée avec le certificat.

Q. Entre les deux, entre le premier papier qu'on vous a montré, qui est le papier préliminaire, comme vous l'avez dit, et le papier final, le réclamant doit produire l'entrée?—R. Parfaitement.

Q. Et c'est après sa réclamation que l'entrée a été produite?—R. Ah, cela, je ne le sais pas.

Le Comité s'ajourne au lendemain matin, à 10 heures 30.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 21—WEDNESDAY, MARCH 24, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Albert Eugene Giroux, Superintendent of Examiners, Customs and Excise, Montreal, Que.

Mr. Louis D. Parizeau, Senior Customs Officer, Montreal, Que.

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

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1926

MINUTES OF PROCEEDINGS

WEDNESDAY, 24th March, 1926.

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

Present:—Messrs. Donaghy, Doucet, Goodison, Kennedy, Mercier and Stevens—6.

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

Moved by Mr. Doucet,—For the files containing all correspondence, telegrams, exchanged between the Customs and Excise Department or any branch thereof and the Honourable E. M. Macdonald and all others *re* the appointment of the Captain of Patrol Boat No. 5, together with a copy of the log book of such Patrol Boat, as well as any complaints made in relation to the ineffective work of such Patrol Boat in the waters of the Northumberland Strait during the season of 1925.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following witnesses be summoned to give evidence before this Committee on Friday next, March 26th, 1926:

Gerald Kitts, Montreal; Oscar Clement, Prefontaine Motor Sales, Montreal; Mr. Prefontaine, Prefontaine Motor Sales, Montreal; Mr. G. E. M. Hunter, Montreal; Captain Joseph Carter, 120 St. James Street, Montreal.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of a report by Chief Inspector Busby about the year 1913 on the condition of certain of the King's bonds in the Port of Montreal which at the time were under the jurisdiction of Chief Locker Clerk.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before the Committee of Armond Gadbois, 3008 St. Lawrence Boulevard, Montreal, Que., on Friday next, March 26th, 1926.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before the Committee of Dr. Ernest Poulin, 2942 St. Lawrence Boulevard, Montreal, Que., on Friday next, March 26th, 1926.

Motion agreed to.

Moved by Mr. Doucet,—For the production of all correspondence, telegrams and documents relating to the appointment of,—Martin Burns, Margaree Harbour, N.S.; Arsene Burns, Murray, N.S.; John C. Bourinot, Port Hawkesbury, N.S.; G. C. Berringer, Lunenburg, N.S.; Victor Boutillier, Chester, N.S.; A. A. Chisholm, Margaree Forks, N.S.; Harris Lohnes, Mahone Bay, N.S.; Ernest Philpot, Port Hawkesbury, N.S.; Camille Guignard, Little Shippegan, N.B.; Narcesse Lieger, Caraquet, N.B., to the Preventive Staff of the Department of Customs and Excise.

Motion agreed to.

Mr. Doucet complained about the non-production of certain departmental files asked for by motion some weeks ago. The Clerk was instructed to ask for the production as soon as possible.

Mr. Calder, Counsel to the Committee, stated that as the Quebec Legislature prorogues to-day, Mr. Bissonnet should now be available as a witness.

Mr. Albert Eugene Giroux, Superintendent of Examiners, Customs and Excise, Montreal, Que., was recalled. He was examined partly in French, interpreted by Mr. Beauchamp, and partly in English, 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, and in regard to which witness' son, Mr. Antonio Giroux, acted as Customs Broker.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Moved by Hon. Mr. Stevens,—That the auditors be authorized to examine all private bank accounts of Messrs. G. A. George and Lee George and J. P. Bulger, and that the banks be requested to allow examination of said accounts.

Motion agreed to.

The Chairman read a memorandum from the auditors respecting the records in the office of the Peerless Overall Company, Rock Island, Que. *Ordered*, That Mr. Bissonnet and Mr. Moore, Book-keeper, be summoned to appear before the Committee on Friday, 26th March.

The Chairman read a memorandum from Mr. Nash, chief auditor, in reference to a burglary committed at the office of the Boston and Maine Railway office at Rock Island, Que. last night, when all outward freight records, 1921 to 1925, were stolen.

The Chairman also read a memorandum from Mr. Nash to Mr. Calder, respecting this matter. *Ordered*, That Mr. Calder be authorized to take any necessary steps to secure these records and to protect them.

Mr. Albert Eugene Giroux was further examined in English, to which he replied in French, interpreted by Mr. Beauchamp, as to the coal shipment to the Dominion Glass Company, Limited, Montreal. At the request of Hon. Mr. Stevens, witness wrote an order on the Banque Canadienne Francaise authorizing the bank to furnish the Clerk of the Committee with a statement of the witness's bank account and returned cheques for the years 1919, 1920, 1921, 1922, 1923, 1924 and 1925.

Witness discharged.

Mr. Willie Duval, called as a witness, was discharged, at the request of Mr. Calder.

Mr. Louis D. Parizeau, Senior Customs Officer, Montreal, Que., was called and sworn. He was questioned in English, to which he replied in French, interpreted by Mr. Beauchamp, respecting overtime alleged to have been performed by Mr. Bisaillon. Witness will produce a record of overtime credited to Mr. Bisaillon.

Witness discharged.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise, was recalled and examined as to the coal shipment from England to the Dominion Glass Company, Limited, Montreal.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, March 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.

ALBERT EUGENE GIROUX recalled. (Examination continued in French.)

(The French version will be found at the end of the English translation.)

By Mr. Calder, K.C.:

Q. Would you examine the Customs Refund Claim 7134 which forms part of exhibit 104 and state if it is the Customs Refund Claim produced with reference to the cargo of coal we discussed here yesterday?—A. It must be the Customs Claim because it is signed by the Geo. Hall Coal Company.

Q. You will note that this whole document has been filled out in typewriting?—A. Yes.

Q. Including the date of the 4th January, 1924, at the bottom of the document?—A. It is the 9th of January.

Q. Was this document referred to you in the ordinary course of events? —A. This document was referred to me after the 9th January.

Q. It is clear that the Geo. Hall Coal Company was under the impression on the 9th of January, 1924, that the Customs duty had been paid and the entry had been put through on October 7th?

Hon. Mr. STEVENS: What date is that?

Mr. CALDER, K.C.: 1922.

WITNESS: I do not know anything of the matter.

By Mr. Calder, K.C.:

Q. I went on to say that that is the necessary conclusion from the document itself?—A. I see December 9th.

Q. Do you not see the date October 7th, 1922, written in typewriting?— A. It was rubbed out; it was rubbed out by the same party who rubbed out all the other typewriting except the date.

Q. It was done by the same ink, penned by the same hand?—A. It appears to be that.

Q. It is clear that when the document was prepared in typewriting and that it was dated January, 1924, it would appear the Customs duties had been paid and the entry had been put through on October 7th, 1922?—A. It would appear an idiotic process to have prepared a document and to rub it out simply for the purpose of multiplying the writing or to do scribbling. I do not know what the people were thinking about it, but I know I signed after January 9th.

Q. Then you do not want to recognize the logic of the following proposition, that on the 9th of January, the Geo. Hall Coal Company was still under the impression they had paid the Customs duty and that the entry had been put through on October 7th, 1922?—A. I can not recognize what I do not know, not even the logic of the situation. I have no logic to discuss.

Q. If, on the 9th of January, 1924, the George Hall Coal Company was still under the impression that the Customs duty had been paid, and the entry put through in October, 1922, therefore it was that up until December, 1922, you had not made the discovery, and in December, 1923, you had not yet made the discovery of the true facts which you told us about yesterday?—A. How could I know whether the George Hall Coal Company knew about it or did not know about it?

Q. That is your answer; is that an honest answer?—A. That is an honest answer.

By the Chairman:

Q. Is it good logic to believe that the George Hall Coal Company believed that they had paid the Customs' duty when they handed in their cheque?—A. I do not think there is any doubt as to that.

By Mr. Calder, K.C.:

Q. It is just as good logic to believe that when the George Hall Coal Company wrote putting in a claim, alleging that they had paid the Customs' duty on the 7th of October, 1922, they believed they had paid that Customs' duty?—A. They must have been under the impression that they had paid the Customs' duty.

Q. On that date, and upon the entry made on that date?—A. On that date, and that the entry had been put through on that date; that must have been their impression, yes.

Q. Then up to the 9th of January, 1924, you had not stated to the George Hall Coal Company that you had discovered the true state of things in December, 1923?—A. It is a matter of from December to January.

Q. Is it from December to January?—A. Yes.

Q. In January you had not stated to the George Hall Coal Company that you had discovered the real state of things in December?—A. I had no reason to state it to them; I was looking after the rectification, or the correction of the Customs' entry.

Q. And the rectification of the Customs' entry was to be used by the George Hall Coal Company to make out its claim; then, on the 9th of January, the company made a statement which set forth the opposite of what actually happened?—A. Well, the entry was made.

Q. Do not speak of the correction, speak of the original entry in typewriting?—A. The entry in typewriting, which is wholly rubbed out or scratched out, which is struck out and replaced by something else.

Q. The entry was put through in December, was it not; you stated that this indicates the 9th of December, in typewriting?—A. Well, lower down in the document.

Q. I am speaking to you about the typewriting?—A. It is the 7th of October, which is rubbed out.

Q. December is written in ink?—A. Yes, and then later on the "1923."

Q. Then at the outset, the George Hall Coal Company certified that they had entered the import of coal and paid the Customs' duty on the 7th of October?—A. This has been changed to read the "7th of December," and instead of "1922", "1923" has been put in. That is what appears there, on the document.

Q. That was false, then?—A. Oh, I did not do that.

Q. But you accepted it?—A. I accepted it later on here. I do not accept it.

Q. Pointing to your signature and the date of it. Wait a minute. It is false, that the Customs' duty was paid on December 7th?—A. Yes, but I do not certify as to the date.

Q. Will you state whether it is false or not?—A. It is false.

Q. To your personal knowledge?—A. It is false.

Q. It was false then, to your personal knowledge; the Customs' duty having been paid by the George Hall Coal Company on October 7th, 1922, and the Customs' duty not having been paid yet by your son, who only paid it in February, 1924?—A. It was false, but I do not certify anything as to that.

Q. It was false then?—A. Yes, but I do not certify anything as to that.

Q. I am not asking you that. It was false?—A. It was false.

Q. Therefore, you accepted a false declaration?—A. No, sir.

Q. "I, the undersigned Customs' officer, certify that I have examined the said goods and entry and invoice thereof, and found—" Then your signature here is not acceptance of the proof of the fact?—A. My signature bears testimony to the fact that there were four hundred and fifty-four tons short landed. That is all I know.

Q. Your signature covers the whole statement, does it not?—A. No.

Q. You corrected the entry in the month of December, 1923. You said yourself, December, 1923.—A. December, 1923?

Q. Yes.—A. I had it corrected. I asked to have it corrected.

The CHAIRMAN: I would like to know, and I assume the members of the committee would like to have before this committee that corrected sheet of entry. We have not got it yet.

Mr. CALDER, K.C.: Yes, it is there. There is no doubt about the entry being made.

The CHAIRMAN: File it as an exhibit.

By Hon. Mr. Stevens:

Q. Would you be kind enough to proceed with your examination in English? I think you can talk English just as well, with the reservation that if there is any point on which you do not find it easy to express yourself in English you can revert to French?—A. In that case I would rather finish it in French.

The CHAIRMAN: It is your right.

Hon. Mr. STEVENS: It is your privilege, of course, but I thought you might want to help the committee.

The WITNESS: I think it would be more convenient for the members of the committee, but I might lose my way.

Hon. Mr. STEVENS: Well, it is your privilege.

By Mr. Calder, K.C.:

Q. The declaration on the modified stamp, which forms part of Exhibit 104 shows that the amendment was made on the first of February, 1924, by amending entry No. 45065-A?

The CHAIRMAN: That was what was referred to as the supplementary entry?

Mr. CALDER, K.C.: As the amending entry or post entry I think they call it.

Hon. Mr. STEVENS: Amending entry.

By Mr. Calder, K.C.:

Q. Will you tell us when and where the changes were made?—A. I do not know anything about that.

Q. Were they made by the George Hall Coal Co'y.?—A. I do not know.

Q. When you say "I saw for the first time—" were the changes on it?—A. I do not remember that, it was two or three years ago.

Q. But you have an excellent memory which permitted you yesterday, without reference to the documents, to remember the date of the 29th of November and the 14th of December?—A. Because you showed them to me.

Q. Not at that time, I did not show them to you.—A. I stated that date, according to the entries which you showed me.

The CHAIRMAN: I think he said that.

Mr. CALDER, K.C.: I was holding very carefully the document in my hand because he made the declaration in his letter that the entry was on December fourteenth, when, as a matter of fact the entry was November 29th and at that time the date of December fourteenth had not come out at all. However, that is a matter of discussion from the testimony. We will not go into it now.

The CHAIRMAN: We can refer to the evidence.

The WITNESS: I stated these dates from the entries which you showed me.

By Mr. Calder, K.C.:

Q. Then you do not recall if the entry reached you the first time typewritten or whether it reached you with the typewriting struck out and replaced by writing in ink?—A. I cannot recall that.

Q. There are only three places where that could have been done,—at the George Hall Coal Company's office, in the Customs, or at your son's place.—A. There was no reason for it to be made at the Customs.

Q. Then it was made either by the George Hall Coal Company or by your son?—A. I do not know; one of the two places.

By the Chairman:

Q. When these documents are entered in the office, could that document be obtained by anybody?—A. The moment the document enters into the possession of the Customs it becomes the property of the Department.

Q. If those documents are obliterated in any way afterwards, it follows that that was done in the Department of Customs?—A. No. My impression is that the document was prepared in advance and was changed before being produced in the Customs.

Q. That is your opinion?—A. That is my opinion. It seems to be quite correct also.

By Mr. Calder, K.C.:

Q. The effect of the changes, if the George Hall Coal and Shipping Corporation did not make them, would have been to hide from the whole world, including the George Hall Coal Company, the Dominion Glass Company and the Customs that the money was received thirteen months before. You do not know?—A. I do not know anything about that.

Q. That was not the effect of the change, to hide from the Dominion Glass Company, from the George Hall Coal Co. and the Customs that the money was received on the seventh of October and was not yet paid on the ninth of January, 1924?—A. I do not know anything about that.

By the Chairman:

Q. It is evident that it was paid on the seventh of October?—A. It is evident, but I personally do not know anything about it.

The CHAIRMAN: Do not try to equivocate. Respond when a question is logical. It is as clear as day.

The WITNESS: It is evident. I do not know anything about it.

By the Chairman:

Q. The change had for effect the hiding of the defalcation?—A. Yes.

Hon. Mr. STEVENS: It is very confusing.

By Mr. Calder, K.C.:

Q. At the time that you accepted the statement or, not to quibble on words, at the time that you signed the statement, you yourself or your son knew that it was false?—A. No.

Q. Who else knew it?—A. I did not know that it was false because I would not have signed it before the duties had been paid.

Q. But, Mr. Giroux, you said that at the time you controlled the entries; you knew it was a free entry in the Customs?—A. Yes.

Q. Consequently you knew that the Customs duty was not paid?—A. Yes, but at what date did I sign that?

Q. You said that in December you controlled it and you discovered a free entry?—A. Yes.

Q. Consequently, in January you knew that the entry was free?—A. What date in January?

Q. It does not matter about the date. You knew it from the first of January?—A. Yes.

Q. Since you knew it from the month of December, in January you knew it was false, that the Customs duty had been paid and that it was paid in December, 1923?—A. In January, I knew it.

Q. If you knew it in January, the declaration having been made in January, you signed it, knowing it to be false?—A. When did I sign it?

Hon. Mr. STEVENS: What year?

Mr. CALDER, K.C.: 1924.

By Mr. Calder, K.C.:

Q. After the ninth of January?—A. I signed it, Mr. Calder, after the amended entry was passed.

Q. Yes, but when the amended entry was passed you knew that the Customs was not paid?—A. The entry was made in February.

Q. Then you knew from the beginning of the month of December that the Customs duty had not been paid?—A. Yes.

Q. In consequence you accepted a false statement and you countersigned it?—A. No, sir.

Q. Then I cannot make anything out of it. You knew that the duty had not been paid on the seventh of December, 1923?—A. The seventh of December?

Q. You knew that?—A. I knew it after the fourteenth of December, when I saw the entry; that is to say after—

Q. Then, on the fourteenth of December you knew that the Customs duty had not been paid at that time?—A. Yes.

Q. Had not been paid at that time?—A. Yes.

Q. Consequently, when you accepted the statement which said that the duty had been paid on the seventh of December, 1923, you accepted a false statement, which you knew to be false?—A. No, because I claim that I did not sign that statement before the first of February.

Q. That does not make any difference.—A. Yes, because I was satisfied that the duties were paid.

Q. But not on the seventh of December, 1923?—A. Not paid as on the seventh. At the moment the duties were paid I was satisfied.

Q. Not bothering about the date?—A. Yes.

Q. All right. The bill of lading and the specimen invoice reached the Customs broker?—A. Yes.

Q. The Customs broker has two classifications for the same article—one duty free classification, and the other a dutiable classification?—A. Yes.

Q. He changes or alters the description on the Customs permit or the Customs entry?—A. Yes.

Q. He brings it to the Long Room?—A. Yes.

Q. It is checked in the manner in which this (indicating) is checked?—A. Yes.

Q. And he puts the duty money in his pocket?—A. That might happen.

Q. And nothing in the whole operation which you have described is aimed at preventing that? The thing happened, did it not?—A. Yes.

Q. Then it may happen again?—A. Yes.

Q. And it may have happened?—A. Yes.

Q. The question which I am asking you is—it could happen?—A. Yes, that could happen.

Q. In the whole operation which you have described, is there any move aimed at preventing that, and if there is any, what is it?—A. Well, it is very difficult, I believe.

Q. To prevent?—A. Well, you want to make me state the means or method of preventing that?

Q. No, not the method of preventing that, but to find out if there is, in your system, something which may prevent that.—A. This is done with the computers in the Long Room.

Q. Regardless of the responsibility?—A. They attend to it.

Q. Would you indicate in the system which you have described to us one operation which aims at preventing that—that which we have noted in this case?—A. I am not ready to say at this moment.

Q. I will point one out to you.—A. I would be very glad if you would.

Q. If you would order all those who check documents to write their names in full as having checked those documents, and if you gave them instructions to shake off their laziness and handle four documents instead of two, and to place their signatures on all four documents, they could not help but notice, for instance, that this "Yorkshire washed nuts" had been changed into "anthracite".—A. Probably, but it is not up to me to give those orders.

Q. Even though you are the Chief Examiner?—A. I am not the Customs Collector to give those orders.

Q. You are the chief of your department?—A. Yes, I am, but the whole record is completed when it reaches me.

The above is a translation of the evidence which was given in French, at the end of this French evidence, the examination was continued in English.

MERCREDI, le 24 mars 1926.

L'interrogatoire de M. ALBERT E. GIROUX est continué.

Le PRÉSIDENT: Sous le serment que vous avez prêté hier, monsieur Giroux, vous allez continuer votre témoignage.

M. Calder, C.R.:

Q. Monsieur Giroux, voulez-vous regarder le "customs' refund claim" N° 71-34, qui forme partie de la pièce 104, et dire si c'est le "customs' refund claim" qui a été produit, référant à la cargaison de charbon dont nous avons parlé hier? —R. Ça doit être celui-là parce qu'il est signé par la George Hall.

Q. Vous remarquerez que ce document a d'abord été rempli au clavigraphe? —R. Oui.

Q. Y compris la date du 4 janvier 1924 qui se trouve au bas?—R. Le 9 janvier.

Q. Est-ce que ce document vous a été référé dans le cours ordinaire des affaires?—R. Il m'a été référé après le 9 janvier.

Q. Il est clair que le 9 janvier la George Hall Coal Co. était encore sous l'impression que la douane avait été payée et l'entrée faite le 7 octobre 1922?—R. Ah! je ne connais rien là-dedans.

Q. Bien, attendez. Il est clair qu'à ce moment-là, le 9 janvier, puisqu'ils ont fait une déclaration sur une forme remplie au clavigraphe, récitant que la douane avait été payée et l'entrée faite le 7 octobre, il est clair que, le 9 janvier 1924, ils croyaient encore à cet état de choses? C'est une déduction absolue, cela, n'est-ce pas?—R. Bien, voici; je vois 7 décembre, ici.

Q. Est-ce que vous ne voyez pas "7th day of October, 1922" au clavigraphe? —R. Ça été effacé.

Q. Par la même personne qui a effacé tout ce qui se trouve au clavigraphe, sauf la date du document, pour le remplacer par d'autres entrées?—R. Je ne sais pas.

Q. Ça été fait de la même encre et de la même main?—R. Cela paraît.

Q. Monsieur Giroux, il est clair que lorsqu'on a dressé la pièce au clavigraphe, et qu'on l'a daté 9 janvier 1924, l'on croyait encore que l'entrée avait été faite et la douane payée le 7 octobre 1922? Ç'aurait été un procédé idiot que de faire une pièce et ensuite l'effacer pour le plaisir de faire du griffonnage? —R. Je ne sais pas ce que les gens pensaient. Je sais que j'ai signé moi, après le 9 janvier.

Q. Alors, vous ne voulez pas reconnaître la logique de la proposition suivante: que le 9 janvier 1924 la George Hall Coal Co. croyait encore avoir fait l'entrée et payé la douane le 7 octobre?—R. Je ne peux pas reconnaître ce que je ne connais pas.

Q. Pas même la logique?—R. Je n'ai pas de logique à faire.

Q. Si, le 9 janvier 1924, la George Hall Coal Co. était encore sous cette impression, c'est donc que vous n'aviez pas, en décembre 1923, fait la découverte que vous nous avez communiquée hier?—R. Comment pourrais-je le savoir que la George Hall le savait ou ne le savait pas.

Q. C'est votre réponse? C'est une réponse honnête? Est-ce que c'est une réponse honnête?

Le président:

Q. Monsieur Giroux, il est de bonne logique de croire que lorsque la George Hall Coal Co. a donné son chèque elle était depuis ce moment-là convaincue que les droits étaient payés—R. Il n'y a pas de doute.

M. Calder, C.R.:

Q. Il est de toute aussi bonne logique de croire que, quand elle écrivait une réclamation alléguant qu'elle avait payé la douane le 7 octobre, elle le croyait?—R. Ah, elle devait être sous l'impression que les droits étaient payés.

Q. A cette date-là, et l'entrée faite à cette date-là?—R. Ah, cela. . .

Q. Cela devait être son impression?—R. Ah bien! oui.

Q. Donc, jusqu'au 9 janvier, vous n'aviez pas déclaré à la compagnie George Hall qu'en décembre vous aviez découvert le véritable état de choses?—R. De décembre à janvier?

Q. Oui. En janvier vous n'aviez pas encore déclaré à la compagnie George Hall que vous aviez découvert le véritable état de choses en décembre?—R. Je n'avais pas aucune raison de leur dire. Je travaillais à faire rectifier l'entrée.

Q. Et la rectification de l'entrée en douane devait servir à la George Hall Coal Co. pour faire sa déclaration?—R. Absolument.

Q. Cependant, le 9 janvier ils faisaient une déclaration où ils exposaient le contraire de ce qui est arrivé?—R. Bien, l'entrée était faite. . .

Q. Ne parlez pas des corrections, parlez de l'entrée originale, au clavigraphe. —R. L'entrée au clavigraphe qui est tout effacée?

Q. Qui est biffée et remplacée par d'autre chose, oui.—R. (Le témoin examine un document). L'entrée a été passée, n'est-ce pas, en décembre?

Q. Vous dites qu'au clavigraphe cela indique le 9 décembre?—R. Ah bien! plus bas.

Q. Je vous parle de la clavigraphie.—R. "Sept octobre", qui est effacé, "décembre" écrit à l'encre ensuite,—1923.

Q. A l'origine, d'après le document lui-même, George Hall certifiait qu'il avait entré l'importation et payé la douane le 7 octobre. Cela a été changé pour se lire 7 décembre, et au lieu de 1922 on a mis 1923?—R. C'est cela qui apparaît.

Q. C'était faux, cela?—R. Ah. . . Ce n'est pas moi qui l'ai fait.

Q. Mais vous l'avez accepté?—R. Je l'ai accepté plus tard, ici, (indiquant un endroit sur un document). Attendez un peu, je n'accepte pas. . .

Q. Attendez un peu. Il est faux que la douane ait été payée le 7 décembre? —R. Oui, mais je ne certifie pas là-dessus.

Q. Voulez-vous dire si c'est vrai ou faux?—R. C'est faux.

Le président:

Q. Mettez-vous donc dans la tête que ce qui est là vous ne pouvez pas l'effacer par votre témoignage.—R. Je ne peux pas l'effacer.

Q. Vous le direz plus tard.—R. Cela apparaît.

Q. Plus tard vous le direz quand on vous posera une question générale. Ce sont toutes des questions générales. Les documents sont là, il n'y a pas un avocat qui peut refaire ces documents-là, ils existent. Vous n'avez qu'à répondre ce que vous constatez, et, plus tard, à une question spécifique, vous donnerez les explications que vous désirez donner.

M. Calder, C.R.:

Q. C'était faux, à votre connaissance personnelle, les droits de douane ayant été payés par la George Hall Coal Co., le 7 octobre 1922, et la douane n'étant pas encore payée par votre fils, qui l'a payée seulement en février 1924?—R. C'était faux, mais je ne certifie rien là-dessus.

Q. C'était faux?—R. Oui. Mais je ne certifie rien là-dessus.

Q. Je ne vous demande pas cela. C'était faux?—R. C'était faux.

Q. Et vous avez accepté une déclaration fausse?—R. Non, monsieur.

Q. Alors, votre signature, ici, n'est pas une acceptation de la vérité des faits?—R. Ma signature constate qu'il y avait 454 tonnes "short-landed"; c'est tout ce que je constate.

Q Votre signature couvre toute la déclaration, n'est-ce pas?—R. Non.

Q. "I, the undersigned, customs' officer, certify that....",—pas de date,— "I have examined the said goods...."—R. Maintenant, quelle date?

Q. Après le 9 janvier.—R. Après, très bien, mais quand?

Q. C'est à vous de nous le dire.—R. Après que j'ai eu l'entrée corrigée.

Q. Et vous avez corrigé l'entrée au mois de décembre 1923. Vous nous l'avez dit vous-même.—R. Décembre 1923?

Q. Oui.—R. Je l'ai fait corriger, je l'ai demandé.

Q. Pouvez-vous dire quand et où les changements ont été faits?—R. Ah, je n'en sais rien.

Q. Ont-ils été faits par la George Hall Coal Co.?—R. Je ne sais pas.

Q. Quand vous avez vu la feuille, pour la première fois, est-ce que les changements y étaient?—R. Je ne me rappelle pas cela. Il y a deux, trois ans. Je ne me rappelle pas.

Q. Mais, vous avez une excellente mémoire qui vous a permis, hier, sans référence aux documents, de vous rappeller les dates du 29 novembre et du 14 décembre?—R. Parce que vous me les avez montrées.

Q. Non. A ce moment-là je ne vous les avais pas montrées.—R. J'ai déclaré ces dates d'après les entrées que vous m'avez montrées.

Q. Et vous ne vous rappelez pas si l'entrée vous est parvenue pour la première fois au clavigraphe seulement, ou la clavigraphie biffée et remplacée à l'encre?—R. Ah, je ne peux pas me rappeler cela.

Q. Il n'y a qu'à trois endroits que cela a pu être fait: chez George Hall, à la douane, ou chez votre fils?—R. Il n'y avait aucune raison pour que cela soit fait à la douane.

Q. Alors, ça été fait par la George Hall Coal Co. ou par votre fils?—R. Je ne sais pas. Une des deux places.

Q. C'est cela.

Le président:

Q. Une fois ces documents-là entrés à la douane, est-ce que quelqu'un peut en obtenir la possession?—R. Du moment que le document entre en possession de la douane, il devient la possession du département.

Q. Alors, si ces documents sont changés de quelque façon après, il faut que cela soit fait dans le département des douanes?—R. Non. Mon impression est que ce document a été préparé d'avance et a été changé avant d'être produit à la douane.

Q. C'est votre opinion?—R. C'est mon opinion et ça m'a l'air bien correct aussi.

M. Calder, C.R.:

Q. L'effet des changements, si la George Hall Coal and Shipping Corporation ne les a pas faits, aurait été de cacher à tout le monde, y compris la George Hall Coal Co. et la Dominion Glass Co. et la douane, que l'argent avait été reçu treize mois auparavant?—R. Je ne connais rien là-dessus.

Q. Cela n'a pas été l'effet?—R Comment?

Q. Ce n'était pas l'effet des changements de cacher à la Dominion Glass, à George Hall et à la Douane, que le paiement avait été reçu le 7 octobre et n'avait pas encore été versé le 9 janvier 1924?—R. Je n'en connais rien.

Le président:

Q. Lorsque c'est logique, répondez. Il est évident que si la George Hall Coal Co. a payé le 9 octobre...—R. Il est évident qu'elle était sous l'impression que les droits étaient payés. Moi, personnellement, je n'en connais rien.

Q. Ne cherchez pas à éviter de répondre aux questions. Répondez quand c'est logique.—R. Non, c'est évident que je n'en connais rien.

M. Calder, C.R.:

Q. Et le changement avait pour effet de cacher la défalcation?—R. Il n'y a pas de doute.

Q. Et au moment où vous avez accepté la déclaration, ou, pour ne pas nous chicaner sur les mots, au moment où vous avez signé la déclaration, vous seul et votre fils saviez qu'elle était fausse.—R. Non

Q. Qui autre le savait?—R. Je ne savais pas qu'elle était fausse parce que je n'aurais pas signé cela avant que les droits aient été payés.

Q. Mais à ce moment là vous nous dites que vous aviez contrôlé les entrées, et vous saviez que c'était une entrée libre en douane?—R. Oui.

Q. Par conséquent, vous saviez que la douane n'avait pas été payée?—R. Mais oui; mais à quelle date ai-je signé cela?

Q. Vous aviez dit qu'en décembre vous aviez contrôlé?—R. Parfaitement.

Q. Et que vous aviez découvert une entrée libre?—R. Oui.

Q. Par conséquent, en janvier vous saviez que l'entrée était libre?—R. En janvier, à quelle date?

Q. N'importe quelle date. Vous le saviez à partir du premier janvier?—R. Parfaitement

Q. Puisque vous le saviez à partir du mois de décembre, en janvier vous saviez qu'il était faux que la douane était payée et qu'elle avait été payée le 7 décembre 1923?—R. En janvier, je le savais.

Q. Vous le saviez en janvier, la déclaration était faite en janvier. Vous l'avez signée la sachant fausse?—R. Quand l'ai-je signée?

Q. Après le 9 janvier?—R. Je l'ai signée, M. Calder, après que l'amendement a été passé.

Q. Oui, mais quand l'amendement était passé vous saviez que la douane n'était pas payée?—R. L'amendement a été fait en février, n'est-ce pas?

Q. Alors, vous saviez à partir du mois de décembre que la douane n'avait pas été payée?—R. Oui.

Q. Et qu'elle n'avait pas été payée le 7 décembre 1923?—R. Oui.

Q. Par conséquent, vous acceptiez une déclaration fausse et vous le contresigniez?—R. Non.

Alors, je n'y comprends rien.—R. Parce que je n'ai pas signé cela avant que l'"amended entry" ait été passée.

Q. Vous saviez que la douane n'avait pas été payée le 7 décembre 1923?—R. le 7 décembre?

Q. Vous saviez cela?—R. Je l'ai su après le 14 décembre, quand j'ai vu l'entrée, c'est-à-dire après.

Q. Oui. Alors le 14 décembre vous saviez que la douane n'avait pas été payée?—R. Oui.

Q. N'avait pas été payée du tout à ce moment-là?—R. Oui.

Q. Par conséquent, quand vous avez accepté une déclaration qui disait que la douane avait été payée, le 7 décembre 1923, vous acceptiez une déclaration fausse?—R. Non.

Q. Que vous saviez fausse?—R. Non, parce que je prétends que je n'ai pas signé cette déclaration avant le premier février.

Q. Cela ne fait pas de différence?—R. Oui, parce que j'étais satisfait que les droits étaient payés.

Q. Mais pas le 7 décembre 1923? Pas payés du 7?—R. Du moment que les droits étaient payés, j'étais satisfait.

Q. Qu'importe la date?—R. Ah, oui.

Q. Vous admettrez, M. Giroux, que, d'après le système établi, cette opération d'entrer en franchise en changeant le "collector's permit" et "l'entry form", en y introduisant des divergences dans l'envoi spécimen et le connaissement, pouvait être faite très facilement?—R. Pas le billet de connaissement.

Q. Le connaissement et l'envoi spécimen arrivent à un courtier?—R. Oui.

Q. Le courtier a deux classifications pour le même produit: l'une en franchise, l'autre en douane?—R. Oui.

Q. Il change ou varie la description sur le "collector's permit" et l'entrée en douane?—R. Oui.

Q. Il l'apporte au "long room"?—R. Oui.

Q. Elle est "chèquée" de la façon dont celui-ci a été "chèqué"?—R. Oui.

Q. Et il met la douane dans sa poche? Cela peut se faire, d'après le système?—R. Cela peut se faire.

Q. Et rien dans toute l'opération que vous avez décrite n'est destiné à empêcher cela?—R. Bien, la chose a été faite, n'est-ce pas?

Q. Oui, alors elle peut se faire encore?—R. Ah!. . .

Q. Elle a pu s'être faite?—R. Ah!. . .

Q. La question que je demande est celle-ci. . .—R. Oui, cela peut se faire.

Q. Dans toute l'opération que vous avez décrite, y a-t-il un seul mouvement destiné à empêcher cela, et, si oui, lequel?—R. Bien, c'est très difficile, je crois.

Q. D'empêcher?—R. Bien, voici, vous voulez me faire dire le moyen d'empêcher cela?

Q. Pas le moyen d'empêcher cela, mais ce qu'il y a actuellement dans votre système qui puisse l'empêcher?—R. Ceci est avec les computateurs, au "long room".

Q. Quelle que soit la responsabilité?—R. C'est eux qui y voient.

Q. Voulez-vous m'indiquer, dans le système que vous avez décrit, une seule opération qui soit destinée à empêcher ce que l'on a constaté dans ce cas-ci?—R. Je ne suis pas prêt à en voir dans le moment.

Q. Je vais vous en indiquer un.—R. Oui, je serais bien content.

Q. Si vous ordonniez, à tous ceux qui contrôlent les papiers, d'écrire leur nom au long comme les ayant contrôlés, et si vous leur donniez l'ordre de secouer leur paresse et de toucher quatre documents au lieu de deux, et de mettre leur signature sur les quatre, ils ne pourraient pas ne pas s'apercevoir que le Yorkshire Washed Nut avait été changé en anthracite?—R. Probablement, mais ce n'est pas à moi à donner ces ordres.

Q. Quoique vous soyez l'examinateur en chef?—R. Je ne suis pas le collecteur des douanes pour donner ces ordres.

Q. Vous êtes le chef de votre département?—R. Oui, mais toute l'affaire est complétée quand cela arrive à moi.

(L'honorable M. Stevens pose les questions suivantes en anglais auxquelles le témoin répond dans la même langue.)

By Hon. Mr. Stevens:

Q. Now, Mr. Giroux, I think in your evidence you told us that the manifests were deposited in the Manifest Room of the transportation company?—A. Well, it is generally done, sir.

Q. You can secure from the Manifest Room any manifest you desire?—A. The manifest stays in the Manifest Room.

Q. You can secure a manifest if you want it for checking purposes?—A. Sure.

Q. You often do get them from the Manifest Room?—A. When we require them.

Q. Is it your duty to check the manifests during the winter months?—A. It is not my duty.

Q. Well you have been making a practice of doing it?—A. For my personal satisfaction. I don't know that I checked every manifest. I checked a manifest pertaining to my department.

By Mr. Calder, K.C.:

Q. The Coal Department?—A. Yes.

By Hon. Mr. Stevens:

Q. You did however state, I think, to Mr. Duncan or you intimated, that you had so many of these. You stated you did not know if it was upstairs in the Manifest Room, but stated it is in the winter when you discover any errors. You say "I do not check the manifests with the entries when they are passed. It is only in the winter. I have just finished checking up the season now. We had 793 ships' manifests during the season. Some were very bulky." That is

your sworn statement to Mr. Duncan?—A. Yes, I check them and it is all right. I examine them all just the same. When I said I had examined 793 of them, they were not all manifests upon which there was no entry. I checked them and it is all right, I repeat it again.

Q. You did check 793 manifests, did you?—A. 793 last year.

Q. You checked them all?—A. Well checked them all, I saw them. Wait a minute now—

Q. Did you check them all?—A. I checked, but not all on two different occasions, from May to October when I can not check them.

Q. During the winter you check all these manifests?—A. Not all during the winter.

Q. Is it your duty to check all the manifests?—A. No, sir.

Q. Do you only check some of them?—A. I generally see every one of them. It takes me a whole year, but I am not obliged to do that.

Q. How long have you filled this present position?—A. Twenty-two years.

Q. You are what, Superintendent of Examiners?—A. Customs Examiner.

Q. You are Chief of the staff?—A. Of the Examiners.

Q. Now if an entry was wrong, if a wrong entry was made, it would be detected when it was checked, would it not?—A. It would be detected in the Long Room.

Q. When the entry was made?—A. Yes.

Q. If a false entry was made, that is, if the goods on the entry were falsely described, the Long Room would not discover that?—A. They should.

Q. How would they discover it?—A. By checking all the documents.

Q. Then the Long Room ought to have discovered this error when the original entry was made in 1922?—A. Well, it is up to them.

Q. Now you said coal was looked after by your Department, and you used the word "open bond," that is outside bond?—A. Yes, out on the wharf, where there are thousands and thousands of tons.

Q. There are very large quantities of it, and it has got to be handled that way for convenience?—A. Yes.

Q. What quantity of coal comes into Montreal during the year, a million tons?—A. More than that, especially now since three or four years we got a terrible amount of English coal.

Q. Does that all pass through your hands?—A. Not now, I have been discharged from the work.

Q. I mean within a year?—A. Yes.

Q. You handled it all, and the documents?—A. Yes. The reason I have asked the Department to relieve me from the duty is it is getting too heavy.

Q. You have had wide experience in handling coal?—A. Yes.

Q. In all your experience in handling any coal from England did you ever know of Yorkshire Washed Nut being described as free, and entitled to free entry?—A. Not now.

Q. Free, in all your experience?—A. I don't know anything about it.

Q. Just a moment. In all your experience, and you have just stated you have had wide experience in handling coal imported from England, did you ever know Yorkshire Washed Nut coal to be entitled to free entry?—A. I enquired. It is only since five, three or four years we have been getting English coal. My experience has always been with American coal.

Q. Did you ever know a single entry of Yorkshire Washed Nut coal being made as free coal outside of this?—A. I don't remember any one.

Q. You said a moment ago manifests were closed, that is a technical term meaning documents are checked and— —A. Closed with an entry.

Q. Closed with an entry. What entry closed a manifest?—A. Any entry.

Q. An entry through the Customs free or dutiable?—A. Yes.

Q. Is it not a regulation of the department that all manifests must be closed within thirty days?—A. Yes. In a port like Montreal it might not be done all the time, because it may be done at small ports.

Q. It is a regulation that manifests shall be closed within thirty days, that is correct?—A. There is a regulation.

Q. With the department?—A. Yes.

Q. As a general rule, manifests are closed within thirty days? Of course there were exceptions?—A. I don't think they were always.

Q. Listen; I do not expect they are always. As a general rule manifests would be closed within thirty days. That is correct is it not?—A. No, sir.

Q. What proportion would not be closed?—A. A great many.

Q. We may very easily check up the Port of Montreal and find out what were not closed within thirty days?—A. You will not get a lot.

Q. However it will be shown?—A. Yes.

Q. And it will be more or less an exception?—A. I do not think so.

Q. Of course, when a manifest is passed, the proper entry should appear? —A. Yes.

Q. How many entries would be passed in the year?—A. We pass about a thousand entries a day, or twelve hundred.

Q. And the great bulk would be closed within thirty days?—A. Of course they are piling up all the time.

Q. Naturally, it can be taken that there are a great number, but the great bulk would be closed within thirty days?—A. The bulk are closed, there is no doubt.

Q. Therefore, those that were not closed would be few, comparatively speaking, and would be a small number as compared with the total number?—A. Not a big amount.

Q. It would not be so difficult to keep track of a manifest that was open sixty days or ninety days? It would be more or less unusual?—A. Yes, there is a department to look after that.

Q. Never mind that. Supposing a manifest stayed open for six months, wouldn't it be noticeable?—A. Yes, it would.

Q. Now, this manifest was open from about 1st October, 1922 until 1st December, 1923, being a year and two months. That is correct, is it not?—A. It is correct.

Q. Therefore it was an unusual thing, wasn't it?—A. It looks to be.

Q. Outside of anything in the usual procedure, and this manifest and documents were in your possession?—A. No, sir. Just a minute—

Q. Wait till you hear the question, I might have said they were in your possession and you would agree with me. They were in your possession according to your evidence and statement given previously?—A. Yes.

Q. From the early winter of 1923, during the spring months and then still in your possession and among papers of yours, and remained all during the season and were discovered by you late in the Fall, after approximately nine months?—A. This was a duplicate.

Q. The documents were in your possession?—A. Yes, the original is upstairs in the Manifest Room.

Q. You knew this manifest was open, and you know it was an extraordinary thing for it to be open for a period of six, twelve or even nine months that you had the documents in your possession?—A. Yes, it was in my possession, but, as I said before, during the summer months I forgot all about it with the rush of my duties. That is the whole explanation. It is only in the Fall I retook this manifest and passed that one again.

Q. If no entry at all were made, what would you do about closing the manifest?—A. If there was no entry?

Q. If no entry was made?—A. If no entry was made I would get no entry.

Q. It would be perfectly ridiculous?—A. Yes.

Q. Therefore, you having had the documents in your possession from the early winter of 1923, an entry must have been made prior in order to have the documents in your possession?—A. I can not make the question out.

Q. You told us the documents were in your possession during the Winter, Summer and Fall, and you told us the documents would not be in your possession unless an entry was made?—A. No; that is not right.

Q. Therefore the entry was made prior to January, 1923, that is correct? —A. No.

Q. Just explain it.—A. I examine all manifests whether the entry is put through or not.

Q. Let me ask you the question another way. If the entry were made in the Autumn of 1922, the documents would come into your possession before March, 1923?—A. With the rest of the manifests, with the bulk.

Q. That is correct?—A. Yes.

Q. These documents were in your possession during the period?—A. They were on my table.

Q. Therefore, I say, the entry must have been made prior to January, 1923? —A. Well I do not see why. Yes, it should have been.

Q. Certainly.—A. It makes no difference whether they were passed, they were on my table for examination like the bulk of all manifests.

Q. Now why did you keep this document during all the period covering a cargo of coal involving a duty of $2,600 after you knew something was wrong? —A. I did not know at the time.

Q. You say you did not know?—A. In March, I started in March.

Q. You mentioned that in your written report to Mr. Clerk?—A. Yes.

Q. Dated March 12th, 1924, when you were closer to the event than you are to-day, and Mr. Giroux, you were a personal friendly officer?—A. Yes.

Q. In your report to Mr. Clerk, you make this statement: "Manifest 53697 was remitted to me after the close of navigation for the season of 1922 with other manifests"?—A. Yes.

Q. "It was during the Winter of 1923 that upon examination of these documents I found that the manifest of coal was still open."—A. Yes.

Q. "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 who they were, but they discovered the consignees were the Geo. Hall Coal Company and therefore did everything possible to have the entry passed."—A. Yes.

Q. Now, then, this came in the rush season of 1923?—A. Yes.

Q. That is correct?—A. Yes. The manifest was mixed up with other papers in the Fall, and in going over the papers in the Fall of 1923, I noticed that this manifest was not yet closed.

Q. And you insisted upon getting an entry?—A. That is correct.

Q. I ask you again, knowing that this manifest was open, that it was on a cargo of coal involving a duty payment of $2,600, why did you keep this document in your possession through the long Summer months, and make no effort to get that entry corrected?—A. I told you before that in the last days of April, or the first of May, when I started to organize for the season, I just dropped it.

Q. You just dropped it?—A. With a mass of other things.

Q. You just dropped it; did you have in your possession the copies or the originals of other documents besides the manifest, relating to this entry?—A. Nothing besides the manifests? I had quite a lot.

Q. Do not misunderstand me. Did you have copies of this entry and other documents appertaining to this entry, other than the manifest?—A. No.

Q. You simply had the manifest?—A. Yes.

Q. In March, 1924, of course you knew all about your son's defalcation in this matter, did you not?—A. In 1924?

Q. In March, 1924, when you wrote that letter?—A. It was all finished up, all done.

Q. You knew your son had been guilty of taking for his own use a cheque for $2,639 that had been given him by the Dominion Glass Company to pay this duty?—A. In March, 1924, yes.

Q. Did you instruct your son to make an amended entry then?—A. I did see him and told him at first I did not know anything about it, and told him to pay the duty.

Q. Did you instruct your son to make an amended entry?—A. I did not tell him to amend it. I told him to pay the duty on it. That is all I asked him for.

Q. You told him to pay the duty on it?—A. Yes.

Q. Did you tell him he had made a false entry?—A. I told him that it should not have been a free entry, and I told him to perfect it.

Q. Prior to the making of the entry at all, that is, the alleged entry made on November 29th, 1923, you had discovered that this thing was all wrong?—A. I do not think so.

Q. Why did you tell Mr. Duncan in your evidence there, on page 301, under oath:

> "I had nothing to do with A. D. Giroux & Company, but when I found that out, I went right to them and told them that the entry would have to be amended."

A. That was in December, I think.

Q. In other words, you guided your son in making the amended entry he made?—A. I forced him to pay the duty.

Q. That is a nice way to put it now?—A. I knew the entry must be passed, and there was a free entry shown. It was after the free entry had been produced that I found out that it was free, and I told him to amend the entry.

By Mr. Donaghy:

Q. When did you first find out; in what month did you find out that this was a free entry?—A. In November or December I found that it was a free entry.

Q. Of what year?—A. 1923, I think.

By Hon. Mr. Stevens:

Q. How was it that this free entry of November 29th came to you so quickly, when you told us before that you never got it until you were at rest during the Winter?—A. I never told you that. I signed the entry, if I remember well, on December 14th.

Q. Do you sign all entries?—A. No. I sign the coal entries.

Q. How is it you did not sign the original entry, when it was made for free anthracite?—A. I received that entry on the 14th of December, 1923.

Q. Then no entry was made, according to your statement, prior to December 1st, 1923?—A. There was no entry.

Hon. Mr. STEVENS: Surely, Mr. Calder, we can demonstrate from other officers, probably less interested and more responsible, as to just when this entry was made?

Mr. CALDER, K.C.: I think so, Mr. Stevens.

WITNESS: The date is there.

Hon. Mr. STEVENS: But the dates on these things have been changed, tampered with, no initials, where it was convenient to make it a mysterious date.

Mr. CALDER, K.C.: It is my object to search the balance of the serial numbers, to take the serial numbers before and after 40080-A, and find out when that was cashed.

WITNESS: You will find it in the cash book.

Hon. Mr. STEVENS: We will find out when the last cheque was paid in, but that will not help us at all.

WITNESS: You will find out when the free entry was passed.

Mr. DONAGHY: In the cash book?

By Mr. Calder, K.C.:

Q. Will you allow me for one moment; do they enter the origin of the cargo in the same book and at the same time?—A. No.

Q. Why not?—A. The cash book is a cash book. It is not a journal.

Q. But supposing they say "cash" or "free entry" against such and such a shipment?—A. They say "George Hall" or whoever passed the entry, such a number "free".

Q. Such a number "free"?—A. Yes, or "dutiable". If it is dutiable, they mark the amount of the duty received.

Q. And if the entry papers were switched, that would not appear?—A. No.

By Mr. Doucet:

Q. There is no room to give the description of the cargo?—A. Not with the cashier.

By Hon. Mr. Stevens:

Q. Coming back to your duties, in connection with handling coal entries, a cargo of coal is not a small thing, it is a big thing, it is something that can be readily kept track of. Do you mean to tell this Committee that you supervised, as you must have done, the entry of the cargo of coal into the port of Montreal, and paid absolutely no attention to whether the duty was paid on it or not?—A. I did pay attention.

Q. A year afterwards, when you were caught?—A. When I found out.

Q. When you were caught?—A. I was not caught. I have never been caught, personally.

Q. Not personally, perhaps, not until after the companies had made their application was any attempt made to make this false entry you talk about in December. Here is a letter, which I will read into the record, signed by the Purchasing Agent of the Dominion Glass Company, addressed to the George Hall Coal Company, under date of December 1, 1923: (Reads):

"Attention Mr. Buchholz.

We have been telephoning Daly for the last week, trying to get the Customs' Entry covering the cargo of coal per ss. *Canadian Cruiser*, which passed through your hands during October of last year. A Customs' entry was passed through your broker, and we have no information upon our files except the invoice, in which you charge us for the amount of duty. It is necessary that we have this Customs' entry, in order to support a claim for refund of duty paid on short landed certificate.

Furthermore, we cannot obtain a final settlement of our claim with the Canadian Government Merchant Marine until this small item is cleared away.

Will you please see that we are supplied with the necessary information promptly.

Yours truly,

DOMINION GLASS COMPANY, LIMITED."

The date of that is December 1, 1923. On December 1, 1923, the Dominion Glass Company declared they had been telephoning vainly for a week, to try and get a Customs' number?—A. Not Customs.

Q. And this is the entry you made on November 29th?—A. Yes.

Q. And during the week these people were telephoning vainly for their entry number. The fact remains that the Dominion Glass Company had made an effort to get the entry number upon which to base their refund, a week before the entry was made?—A. Not to my knowledge.

Q. That fact remains, by the documents?—A. Yes, but that letter did not come to the Customs' House, and they never telephoned to the Customs to get the entry number.

By Mr. Donaghy:

Q. To whom would they have to telephone?—A. Probably the broker.

By the Chairman:

Q. Did you receive any telephone message personally?—A. No, sir.

By Hon. Mr. Stevens:

Q. I have another interesting letter here. I did not intend to delay the examination, but we might as well have it right. On December 1, 1923, they wrote to the Department of Customs and Excise, or to the Collector of Customs, McGill Street, Montreal, this letter. (Reads):

"During the month of October, 1922, entry passed through your office for a cargo of English nut coal, per ss. *Canadian Cruiser*, voyage 3-W. The B/L tonnage was 6732.6 gross tons, and the amount of duty paid was $2,639.06."

Then they go on to make the claim for a refund, after which they say. (Reads):

"In support of this claim we attach herewith short landed certificate, bearing necessary signatures.

Trusting this claim will have your prompt attention, and awaiting your prompt reply, we are.

Yours truly,

DOMINION GLASS COMPANY, LIMITED."

That short landed certificate bore your signature?—A. These are the preliminary papers only.

Q. Therefore you know the Dominion Glass Company were applying for a refund prior to this date?—A. No, sir. This letter had never been referred to me.

Q. But you signed the short landed certificate?—A. That makes no difference.

Q. You tell us that you handle virtually all the coal coming into the port of Montreal?—A. It was a very big affair, and I was discharged.

Q. That is all right, but here was a full cargo of coal, properly described, and you held the papers in your office for nearly a year, and a year after it was landed, you signed a certificate for short weight. The documents in regard to the cargo of coal you kept in your possession for nearly a year. Do you mean to tell this Committee that you do not identify that landing certificate for that cargo of coal?—A. I want to make this statement in French.

Q. Go on.—A. (Translation) The short landing certificate is given by the transportation company; that company is responsible to the government for what it signs. In this case if there were four hundred and fifty-four tons short on the cargo, as the Canadian Merchant Marine states, that certificate should be absolutely authentic, because the transportation company has no reason to deliver a cargo four hundred and fifty-four tons short because it would be obliged to pay to the consignee a refund on each ton which it did not deliver.

Q. You told us all that yesterday.—A. That is the reason we always accept in good faith the certificate of the transportation company, the certificates which they give us, because they are responsible; the companies are responsible to the government.

Q. Well now, I just want to read to you—I am going to do it again—I am going to put it on record, not that I expect to get anything out of it, but the record will speak for itself. This short landed certificate, which you signed on October thirtieth, 1923, says this: "This is to certify that on a shipment of 7,540.5 net tons of Yorkshire screened washed nuts, consigned to the Dominion Glass Co., Montreal, 454.3 net tons were short landed;" and it goes on to say: "Customs entry 40080-A. This is to certify that the above 454.3 net tons were short landed from steamer at Montreal as per Customs Officer's return, signed by Officer Hains and A. E. Giroux?—A. (In English) That is quite—

Q. Now, just a moment. You had in your possession the manifest and document for a cargo of coal described in this statement?—A. The manifest. When?

Q. Well, the manifest giving a full description of a cargo of coal. You said that as far back as the spring of 1923, you know that something was wrong. Then you now say this: When you signed that certificate "I did not know it had anything to do with that cargo."—A. It was not I who put that entry number on it; surely not.

Q. Yes, but it is the same entry as was on this.—A. That was not there when I signed it.

Q. It is the same description of coal.—A. Because the entry number was not there when I signed it.

Q. Later on you signed a Customs refund claim, No. 7134.—A. That is all right.

Q. On the seventh day of December, 1923, I presume?—A. I signed that certificate of refund claim after the amended entry was passed.

Q. Well, it is dated— —A. I do not care about the date.

Q. I notice that.—A. It might have been prepared two years before. We have claims standing aside for two or three years, probably years before that.

Q. Yes. Still you signed it?—A. I signed it after I was sure that the duty had been paid.

Q. When you signed this certificate did you recognize it as the same one which you had signed on October thirtieth, 1923?—A. This is not attached to it.

Q. Never mind you signed. Did you sign it?—A. I knew the shortage was correct and I signed it for the shortage. That is all I had to do.

Q. When you signed the refund claim did you recognize it as the same short landed certificate?—A. The cargo on the Cruiser?

Q. But you did not recognize the short landed certificate with the manifest which you had in your possession for a year?—A. I had nothing to do with that at the time.

Hon. Mr. STEVENS: Mr. Chairman, there is not much use questioning him any farther, not a particle.

The WITNESS: I am telling you the truth.

By Mr. Donaghy:

Q. I want to ask this man a few questions. Are you quite clear on this cargo of coal arriving in the fall of 1922?— Yes.

Q. And in the winter of 1923 you were going through the ships' manifests?—A. Yes.

Q. Of all the cargoes that came into the port of Montreal?—A. On the ships' manifests only.

Q. So you had before you in October, 1923, the manifest of this shipment on the Canadian Cruiser?—A. With the others.

Q. You say you did not get through doing that before the spring navigation opened in 1923?—A. Yes.

Q. And you did not get through examining this manifest for the ship's cargo of coal before the navigation opened in 1923?—A. I had it in March. I had a look at it in March or April, something like that. It was put aside when I was obliged to employ myself on a great scale for the opening of navigation, and then I forgot it or put it aside with the rest.

Q. You say that the only thing you had in connection with this cargo of coal in 1923 was the ship's manifest?—A. The ship's manifest only.

Q. You did not have any Customs' entries or anything before you?—A. No.

Q. You had nothing before you to show that it had been entered as duty free coal, namely, anthracite?—A. Nothing at all.

Q. Then you say you became busy during the summer and spring of 1923?—A. Very much.

Q. You did not finish with these manifests. They went on your table in March until the fall of 1923?—A. Exactly.

Q. In the fall of 1923 you took up this unfinished examination of manifests?—A. Exactly.

Q. In taking them up did you call for Customs entries and things to compare them with?—A. If I remember well I think that free entry came in before I called for it; I am not sure of it.

Q. At any rate then you got it, on in the fall of 1923?—A. Yes.

Q. You got the free entry?—A. I think I got the free entry before I called on anybody to get it. I am not perfectly sure of that.

Q. Is this your contention, that until you got that free entry paper you would not know that there was anything wrong with the entry of this coal free?—A. It was the entry that convinced me.

Q. It was when you got the free entry document that you were convinced?—A. Yes.

Q. Not before that?—A. Yes.

Q. That is the position you are taking?—A. Sure.

Q. You were questioned in regard to the Hall Coal Company telephoning?—Yes.

Q. Mr. Stevens has called my attention, Mr. Giroux, to your letter again, that he quoted from on March twelfth, which you wrote to Inspector Clerk. I will read it again to get the right connection.—A. Yes.

Q. You say here: "The manifest 53697 was remitted to me after the close of navigation for the season of 1922 with other manifests "?—A. With the whole of the files.

Q. That is correct. The whole sentence is correct?—A. It comes together. It never comes in a bulk.

Q. Here is your next statement: "It was during the winter of 1923 that, on examination of these different documents, I found the manifest still open". What do you mean by the examination of the different documents? What documents? —A. The manifest.

Q. You found the manifest of the coal still open?—A. Yes, there was no manifest at that time.

Q. Was that what aroused your suspicions, the fact that it was not closed?—A. It was not closed.

Q. Did that arouse your suspicions?—A. I thought the entry might come every minute because it was not very—

Q. It was late?—A. I put it aside at that time.

Q. It was late in coming?—A. It was rather late.

Q. It should have been closed?—A. No doubt.

Q. Long ago?—A. Probably.

Q. One would say so. This manifest was dated October, 1922?—A. Yes.

Q. And yours turned it up in March, 1923?—A. Yes.

Q. That is five months after?—A. Yes.

Q. So that really it should have been closed months before that?—A. Yes. Of course sometimes we have trouble with manifests. We have to fight quite a long time to get the entries.

Q. You would know in March, 1923, that this should have been closed before, or it should have been looked into any way?—A. Yes.

Q. Why did you not look into it then, Mr. Giroux?—A. I have told you many times that I put it on my table and with the rush of navigation it was piled up with the bulk of my manifests and I forgot all about it; it went out of my head. It was only in the fall, when I came to examine the remnants of these manifests, that I took it up again.

Q. You knew in March, 1923, that the manifest was not closed? Did that raise any suspicion in your mind that possibly the duty had not been paid?—A. When there is no entry there is no entry. It is either free or the duty has been paid.

Q. You would not know it? It would not be worth looking into?—A. It ought to be looked into with the rest of the things.

Q. It ought to be looked into?—A. Of course it ought to. Everything should be right in the world.

Q. You may be open to some criticism for not looking into it then?—A. I might be open, for negligence, if you like, but in twenty-two years I have never had any reproach made as regards my duty.

Q. I am going to step along until the fall of 1923. From the correspondence of the Hall Coal Co. it appears that they were telephoning and trying to get the number of the entry of this cargo of coal, in order that they might apply for a rebate?—A. A refund, yes.

Q. Do you say they did not telephone to you?—A. Oh, never.

Q. At this time was your son under suspicion?—A. No, sir.

Q. Well, it occurred to me, as you said, they might be telephoning, probably their broker?—A. Well, probably. I never was notified of any telephone.

Q. Whom would they telephone at the Customs, if they did?—A. The Collector.

Q. The Collector, Mr. Waldon?—A. Yes.

Q. Or somebody in his office?—A. I am pretty sure they telephoned to their brokers. That is the regular channel.

Q. That is the regular channel?—A. Yes.

Q. That would be the practice ordinarily, if the broker is not suspected?—A. Suspected or not. You cannot make any deduction from that.

By the Chairman:

Q. The broker was the agent?—A. He was what?

Q. The agent?—A. Yes.

By Mr. Donaghy:

Q. What brought this to your attention in the fall? What brought up this entry, that showed that it had gone in duty free? Do you remember the circumstances, first?—A. I will tell you what should have been done. They should have telephoned me there would be duty paid on it—. In those days it was the first time that we used to receive English anthracite.

Q. You mean that English anthracite had not been coming into Canada?—A. Not very great quantities. We had a few shipments; very little of it.

Q. However, you knew that Yorkshire coal should pay duty?—A. Well, I was suspecting and then I telephoned three or four coal merchants, to make sure.

Q. To make sure of what?—A. That Yorkshire was bituminous coal, to satisfy myself.

Q. Do you remember the names of those coal merchants whom you telephoned to?—A. It was Andrew Baile that told me it.

Q. Who?—A. Andrew Baile and Company, one of the leading merchants in Montreal.

Q. Surely you had passed on similar shipments before and collected duty?—A. Not very often on the British coal, sir, not during those years. We would have a cargo once or twice a year. Some years we did not have any at all. The rush began since two or three years.

Q. What I want to ask you, and you have not answered me, is, do you remember the circumstances when you got hold of this free entry and saw that duty had not been paid?—A. When I saw "Yorkshire", at first it looked to me all right. There was "anthracite screened nut". The word "nut" is all right. We call anthracite "Chestnut". That is the size of the coal.

Q. That is not what I asked you. Who handed you this free entry? Where did you get this free entry document?—A. From upstairs, from the Long Room.

Q. Do you remember the date when you went and got it?—A. That came to me. I did not go and get it.

Q. Do you remember who brought it?—A. The regular messenger that comes every day.

Q. Did you send for it specially?—A. No. It comes in the regular way to me.

Q. How would he know that you wanted this document dated so far back, a year back?—A. It was just entered. It was the entry. I did not call for any document. Every entry passed for coal, that used to come three or four times a day, in the Long Room.

By the Chairman:

Q. And the entry was in a mass of documents, attached to Exhibit 104, and is dated February first, 1924?—A. That is the entry.

By Mr. Donaghy:

Q. What entry are you talking about?—A. I am talking about the free entry.

Q. Yes. When was it brought to you?—A. I think on the fourteenth of December.

Q. On the fourteenth of December?—A. Yes. I think I signed it. There is a date on the entry, the fourteenth of December.

By Hon. Mr. Stevens:

Q. 1922 or 1923?—A. 1923.

By Mr. Donaghy:

Q. Well, by this time the Hall Coal Company were getting some action for a refund?—A. I don't know.

Q. The document shows that.—A. They never talked to me about it.

Q. They never spoke to you about it?—A. Never.

Q. You got this free entry on December 14th, 1923?—A. Yes sir.

Q. What did you do when you got it?—A. As I told you a few moments ago, I made sure that it should be bituminous, and thirty-five cents a ton to be paid on it.

Q. Then what did you do?—A. I either telephoned or went to my son's office—I think I went there—and I told him to pay the duty on it.

Mr. DONAGHY: All right.

By the Chairman:

Q. Mr. Giroux, did you receive any money through that vicious transaction? —A. Oh, never, sir.

Q. Did you receive any profit or derive any profit from it?—A. I never got a cent, and never had any profit from Antonio Giroux and Company.

Q. This vicious transaction—A. This special transaction? Never from that transaction, or from any other.

Q. And you swear that positively?—A. I swear positively.

By Mr. Doucet:

Q. Mr. Giroux, I will ask you a few general questions, not relating to this entry, if you wish. Supposing I am interested in the coal business in Montreal, and I wish to import a cargo of Yorkshire bituminous nuts, and I do that on the 9th day of October, 1922; I take delivery of that coal shortly after, during the fall months of 1922 or the first few months of 1923. No entry has been made. No entry is made until the 9th day of December, 1923. Then I say this; if there has been no application made for a refund from myself— —A. You will have to pay duty on it.

Q. —there would not necessarily be an entry made?—A. If you want to get a refund you must have an entry.

Q. I say if I make no application for a refund. I get that cargo in October 1922, and the mainfest is still— —A. Eventually you will have to pay it, sir, because the manifest must be closed.

Q. I know, but what I want to know is this, Mr. Giroux; this enquiry is to perfect the Customs system— —A. Yes sir.

Q. —which I think you will admit is somewhat defective.—A. Well—

Q. This cargo is landed in October 1922?—A. Yes.

Q. And I take possession, and for fourteen months until I ask for a refund, there is no question asked by a Custom official in Montreal as to why the ship's manifest was not closed.—A. That is what I told you. Eventually, sooner or later, you will have to pay.

Q. But, Mr. Giroux, when the coal has been all consumed— —A. You will have to pay all the same.

Q. You will have to pay all the same?—A. Sure.

Q. Supposing I get my Customs broker to make an entry for anthracite screened nuts, and that free entry goes through, I do not pay duty.—A. It all depends, sir.

Q. Well, it does not depend— —A. If it is regular anthracite, according to invoice, and if the invoice is correct—if there is no change in the invoice—you might get it free.

Q. But what I want to know is this; where does the checking clerk come in? The free entry is made for anthracite screened nuts; the ship's manifest

says "Yorkshire bituminous." What system have you to check that?—A. It is up to the computing clerk. He must have the bill of lading and invoices and the entries to check. It is up to them to check the thing right first.

Q. Why was it not done in this case?—A. Oh, I don't know.

Q. Then you must admit, Mr. Giroux, there is something lax in the system? —A. Well—

Q. Is it possible that a full cargo of coal can be landed in October 1922, disposed of and consumed, and no entry of any nature, free or dutiable, made before December 1923?—A. I don't think that was consumed; I think it was sent to the George Hall yard.

Q. They had taken delivery?—A. To the George Hall yard?

Q. They had taken delivery?—A. From the George Hall yard?

Q. They must have taken delivery— —A. I don't know anything about that. I think they made it to the George Hall yard.

Mr. CALDER, K.C.: It is in the evidence of Mr. Ferminger that he made application for refund on the coal after it had been consumed.

The WITNESS: That I do not know.

By Mr. Doucet:

Q. They must have taken delivery when they made a claim for refund?— A. Yes.

Q. From that I conclude, Mr. Giroux, that in this case, if not in any other, something is very lax in the Customs system in Montreal.

The CHAIRMAN: Mr. Doucet—

The WITNESS: It is not—

The CHAIRMAN: (To witness) Wait a minute. (To Mr. Doucet) That is not fair for all parties in this case, because you are giving a conclusion, and it is for this committee to draw its conclusions and make them in the shape of a report to the House. Put your question; try to go to the bottom of this thing; and at the end we will take the evidence of this investigation and draw our conclusions. If we agree, very well; if we do not agree there will be two reports.

Mr. DOUCET: Well, Mr. Chairman, I have not a legally trained mind—

The CHAIRMAN: I only suggest that. If I am wrong I am willing to admit it.

Mr. DOUCET: But, Mr. Chairman, we have an experienced witness here, a man with 22 years' experience—

The CHAIRMAN: That is right. Put all the questions you like in regard to the welfare of this Department in the future, and then we will draw our own conclusions silently, and then make them public. Go to the bottom of this, and I will be the first one to help you, but do not draw any conclusions just now.

Hon. Mr. STEVENS: I do not think we should draw the line too fine about a member of this committee expressing an opinion.

The CHAIRMAN: I am supposed to direct the proceedings. I do not intervene very often, but I think this is a special moment, and in justice to all parties concerned we should not attempt to draw our conclusions now.

Mr. DOUCET: I think you intervene about as often as you can. I am trying to get the opinion of a man who has been 22 years in the service.

The CHAIRMAN: All right, but don't draw conclusions. You said, "I conclude"; you have no right to say that.

Mr. DOUCET: I am trying to show—

The CHAIRMAN: All right, make the best showing possible—

Mr. DOUCET: The cargo of coal was received in 1922, disposed of, no entry was made until in December, 1923, when the importer demanded a refund; then the entry was made, and the regular duty paid in 1924.

The CHAIRMAN: That appears in the evidence. We have all that now. At the end of our investigation we will draw our conclusions.

By Mr. Calder, K.C.:

Q. How could they get delivery of this coal without an entry?—A. Coal is not like a case of merchandise—

Q. Please do not go into an academic distinction. How could they get coal deliveries without a permit?—A. Without an entry? That should not be done.

Q. How did they do it in this case?—A. Because probably there was nobody to look after it at the time.

Q. Nobody in the department?—A. No, there are two men now.

Q. There is another question, where a shipload of coal comes in, do you mean to say in your department your examination is limited to the documents and not to the cargo itself?—A. No sir.

Q. Is there any evidence in your files or anywhere in your Department that this cargo was looked at by anybody, the coal itself?—A. That special coal?

Q. Yes.—A. No sir.

Q. So in that case at least you accepted the broker's or the importer's sayso as to the nature of the coal?—A. There was no reason as I was charging the highest duty.

Q. You were not charging any duty at all at first?—A. It was not me that was making the entry.

Mr. STEVENS: I only say that there was a fraud.

By Hon. Mr. Stevens:

Q. There was a risk?—A. What for?

Q. There was a risk and also a fraud?—A. What fraud?

Q. Your son got $2,600 and kept it fifteen or seventeen months?—A. There was no risk on my part, even if I did not examine the goods I was charging the highest duty.

Q. If you had examined the goods they could never have got delivery without paying duty?—A. I charged 35 per cent.

Q. You did not.—A. I did.

Q. Your son got $2,600 and kept it for fifteen months?—A. Not to me.

By Mr. Kennedy:

Q. When did the coal pass out of the hands of the Customs?—A. I don't know, not that one.

Mr. DOUCET: Never was passed.

Hon. Mr. STEVENS: I think we ought to call Mr. Wilson or one of the responsible officers who will give the technique regarding the matter. I think Mr. Wilson should be called and take this matter up and also produce the documents we want.

By Hon. Mr. Stevens:

Q. Mr. Giroux, I want to ask some questions on another subject. You have been twenty-two years in the position you hold?—A. Yes sir.

Q. You were associated part of the time with Mr. Bisaillon as one of the officials?—A. I was not associated, he was on my staff for a few years.

Q. Do not hair-split, he was on your staff?—A. Yes.

Q. So was Brien?—A. Yes.

Q. During the years 1919, 1920 and 1921 these two men carried on a liquor business as well as being Customs Officers?—A. I do not know what kind of liquor business they carried on.

Q. You knew they were in business?—A. Not at first.

Q. Never mind at first, you knew they were in business?—A. I knew they had invested.

Q. In the liquor business?—A. That was by the end of 1920.

Q. During the year of 1920. We are not going to split hairs about the time. During the year 1920 you knew they were in the liquor business?—A. I can't say I knew.

Q. You have just said so.—A. I heard they were doing something.

Q. You were satisfied yourself they were in business?—A. No, I didn't know what kind of a business they were doing at all.

Q. You knew Mr. Brien was away 105 days during the year?—A. I knew Mr. Brien was sick.

Q. How did you know?—A. I think he had a doctor's certificate. Was he 103 months in 1920?

Q. 103 days, that includes 16 days' holidays?—A. 20 or 21 or 22.

Q. 21, I think it is. You signed his, what do you call?—A. I don't know what you mean.

Q. Pay sheets?—A. Not his pay sheets.

Q. You made certain signatures on his behalf, didn't you?—A. No.

Q. Did you not sign some overtime slips for him?—A. I don't sign it, he signs it.

Q. You passed them?—A. I don't pay him. I accept them probably.

Q. He did not work overtime on some occasions when you passed the slips?—A. I do not know the days at all.

Q. As a matter of fact you did accept from him some signed overtime slips for time he did not work?—A. I don't know about that.

Q. You know, don't you?—A. I don't know. Certainly I did sign some slips, but you say 103 days.

Q. I don't say all of the 103 was sickness?—A. I know he had three months leave of absence before he submitted his resignation.

Q. That was later?—A. After 1922 I think.

By the Chairman:

Q. When was he appointed?—A. Twenty years ago.

Q. Twenty years ago?—A. Yes, he is an old officer.

By Hon. Mr. Stevens:

Q. As a matter of fact, he and Bisaillon were in the liquor business while they were on your staff?—A. I do not know so.

Q. We have Bisaillon on sworn evidence?—A. He told me afterwards he had—

Q. You will admit that, Mr. Giroux?—A. I knew Mr. Bisaillon had invested money in the liquor business.

Q. I have it here somewhere but I do not want to go to the trouble of checking these things up?—A. I never knew anything about his activities.

Q. You knew he was in the business?—A. I knew he invested money.

Q. Come and look at this cheque. (Witness shown cheque.) Did you receive that check from Brien for $300?—A. Yes, that is so.

Q. You received that?—A. Yes, I borrowed it from him.

Q. You received it?—A. I borrowed it from him.

Q. This is a cheque drawn on the Bank of Hochelaga, 1126 Mount Royal Ave. E., Montreal, dated 29th June, 1920, for $300, payable to A. E. Giroux or order and signed by Ludger and endorsed by A. E. Giroux?—A. Sure.

Q. You received that cheque from Mr. Brien, didn't you?—A. (Translation) I borrowed that. I have a mortgage on my house on St. Hubert St. amounting to $3,000. The solicitor of the mortgagee asked me one day if I could not refund the amount of the mortgage within thirty days. I did not have the required amount of money. Brien frequently came to my office about departmental affairs, about office affairs. I then asked him if he could not find somebody who could take over the mortgage.

By the Chairman:

Q. To assume the mortgage?—A. To assume the mortgage. A few days later he brought me to the office of lawyer Gelinas. The amount of money was $3,300, including the accumulated interest. Mr. Gelinas placed $3,000 at my disposal, to cover the mortgage, and stated that it was the only amount he had available, and I applied to Brien for the $300 that was lacking.

Au cours de son interrogatoire en anglais, le témoin donne l'explication suivante, en français:

Voici: j'avais une hypothèque sur ma maison, rue Saint-Hubert, de $3,000. Le porteur de cette hypothèque,—ce n'est pas nécessaire de le nommer,—me demande un jour si je pouvais lui rembourser cette hypothèque dans les trente jours. Je n'avais pas l'argent voulu. M. Brien venait souvent à mon bureau, pour affaires,—je dirai affaires personnelles ou affaires des devoirs du bureau. Je lui demande alors s'il ne pourrait pas me trouver quelqu'un qui prendrait l'hypothèque. Il dit: "Là, je vais voir." Et quelques jours après, quelque temps après, il m'amène chez l'avocat Gélinas. J'ai oublié de dire, par exemple, qu'avec les intérêts accumulés c'était $3,300.

Le président:

Q. Dites-le.—R. Avec mon hypothèque et les intérêts accumulés, le montant était de $3,300. M. Gélinas me fournit les $3,000 sur hypothèque régulière, et, comme c'était tout ce qu'il pouvait me donner dans le moment, j'ai demandé à M. Brien de me prêter $300.

By Hon. Mr. Stevens:

Q. (Examination resumed in English) And he loaned it to you?—A. He loaned it to me.

Q. Now, Brien and Bisaillon were in the liquor business, and they were members of your staff?—A. Yes.

Q. And Brien loaned you $300?—A. Yes, he did.

Q. Did you ever pay that money back to Brien?—A. I still owe him, I think it is $200 and something. I saw in the paper or the documents lately, that I gave him $70 out of it.

Q. You told Mr. Duncan— —A. Yes, but at the time I was not sure that I owed still $300. There is no effect in that, anyway.

By the Chairman:

Q. As a matter of fact, you paid him on account, $70?—A. Yes, I think so.

Q. Leaving a balance of $230?—A. Yes.

By Hon. Mr. Stevens:

Q. When did you pay him the $70?—A. A few months after. I think it was in two instalments.

Q. This cheque was paid to you in June, 1920?—A. Yes.

Q. Brien was a Customs' officer?—A. He was.

Q. What was his salary at that time, as an examiner?—A. I do not know.

Q. Approximately, you can tell us that?—A. He was a Customs' examiner.

Q. At $1,200 a year?—A. A little more than that, perhaps.

Q. Between $1,200 and $1,500 a year?—A. Yes.

Q. There was Brien, a Customs examiner getting $1,200 or $1,500 a year, and able to loan you $300?—A. Yes.

Q. You have had that money for six years, and have not paid it back, anything except the $70?—A. Yes.

Q. You want us to believe that?—A. Yes.

Q. You want us to believe that that was the last?—A. Yes.

Q. Do you swear you never received any moneys from Brien other than this $300?—A. Yes. He endorsed to me a couple of notes.

Q. How much were they?—A. I do not know the amount. They are all paid up assuredly.

Q. You paid them?—A. Yes, sure, to the last cent.

Q. All right. I do not want to know about that class of transaction. Did Brien, who was a Customs' examiner earning $1,200 a year, and at the same time engaged in the liquor business, ever give you any sums besides this $300?—A. No sir, I cannot remember anything besides the notes he endorsed to me.

Q. We will leave the amounts out, for the moment?—A. You will have to show me the cheque.

Q. Will you swear that Brien never paid you any money except the $300?—A. I cannot remember anything else.

Q. You would remember, would you not?—A. I should.

Q. I should think you should?—A. Well, it is five or six years ago. The only other thing I had with him was endorsing a couple of notes.

Q. What is your salary?—A. $2,400 but I make $3,000 altogether.

Q. Do you not think that you, as chief of the Department and getting a salary of $2,400 ought to pay Brien back the $300?—A. Certainly, but I have been hard up.

Q. Brien is also hard up. He is foreman of a snow gang in Montreal, is he not?—A. He was there last summer, or last winter.

Q. You know that, do you not?—A. I was told so. I never see Brien.

Q. You do not see his pay cheque?—A. No.

Q. But you know that Brien is simply the head of a street gang in Montreal?—A. I was told so.

Q. Yet you have not paid him back the $300?—A. He was managing an estate for his uncle, I think.

Q. He was managing a bootlegging liquor business when on the Customs' staff?—A. I know he had his uncle's estate to look after. That is the reason I went to him, because I knew he had some money.

Q. Did Brien make much money, and Bisaillon, out of this liquor business?—A. I do not know anything about that.

Q. You knew they were very active in it?—A. I never knew they were very active in it. They never said anything to me about the business, and I never knew the business they were doing. I knew they were buying from Boivin-Wilson; I heard that afterwards.

Q. They would not be buying hay from Boivin-Wilson, would they?—A. No.

Q. You have made no further attempt to pay Brien back the $300?—A. I still owe him.

Q. You still swear that Brien never paid you any money except that $300—be careful?—A. I am careful. I do not want to hide anything. I cannot remember anything else but that cheque, and a couple of notes he endorsed for me.

Q. If you were shown two or three other cheques, would you be surprised?—A. I would be surprised.

Q. Are you in a position to explain to us any other payments?—A. I do not think you can show me any other cheques.

Q. Will you answer me a straight question; did Brien pay you any moneys besides this $300?—A. No, sir.

Hon. Mr. STEVENS: That is all right. We will let it go at that. It is one o'clock now.

WITNESS: I cannot remember anything else.

The Committee adjourned until 4.00 P.M.

AFTERNOON SITTING

The Committee resumed at 4 p.m., the Chairman, Mr. Mercier, presiding.

Hon. Mr. STEVENS: I think, Mr. Chairman, we should read into the record these interim reports, so that we may have them before us. There is some pretty serious matter in them.

Mr. CALDER, K.C.: I was going to suggest that, if this committee could do so, they request the Dominion Police or the Mounted Police to furnish protection down there as requested.

Hon. Mr. STEVENS: We certainly ought to.

Mr. CALDER, K.C.: These were pretty selective burglars.

Hon. Mr. STEVENS: I think the report that came in this morning about the breaking in and stealing—

Mr. CALDER, K.C.: You have the other memorandum there, Mr. Chairman.

Hon. Mr. STEVENS: There is a report we ought to consider. We ought to have it before us officially and openly, because it is a very serious thing and is in direct defiance of the committee.

The CHAIRMAN: I will read a memorandum for Mr. Walter Todd. (Reading):

"OTTAWA, 24th March, 1926.

Memorandum for Mr. Walter Todd; re *Peerless Overall Company.*

With reference to our memorandum of the 17th instant regarding the above concern, we are now advised by Mr. Pelling in Rock Island that the only records on hand in the company's office are the following:—

(*a*) Bundle of duplicate sales invoices, said to be complete for the year 1925.

(*b*) Bundle of duplicate sales invoices for the first nine months of 1924.

(*c*) Statement *re* recapitulating 1925 sales.

Mr. E. Moore, the book-keeper, stated positively that the above and the records at Ottawa were the only records available and that he did not know where the balance of the previous year's records were.

We are advising you of the above in case the Committee should think it advisable to have Messrs. Bissonnett and Moore brought before them before the Easter recess.

Sgd. G. R. F. TROOP."

Hon. Mr. STEVENS: In order that that may be clear to the committee, it should be added that the only books produced are new books for the year 1926, that is, opening with a balance carried from other books as at the first of January, 1926, and from January 1, 1926, to date. It is a most absurd situation in the way of presuming to comply with the orders of this committee.

The CHAIRMAN: We do not know yet whether the books for 1926 have the balance from 1925; we have not seen them.

Hon. Mr. STEVENS: We have no books prior to 1926.

The CHAIRMAN: I understand that Mr. Bissonnett was summoned before this committee, and an order given to that effect, I think, for March 26th, to Mr. Todd, the clerk of this committee.

I will read the following memorandum. (Reading):

"OTTAWA, 24th March, 1926.

Memorandum to Mr. Calder, K.C.; re *Rock Island Investigation.*

We have received the following telegram from C. H. Pelling, who is in charge of the work at Rock Island.

'Boston and Maine Freight Office, Rock Island, broken into last night and outward freight records 1921-1925 inclusive stolen. Had started to check these per our letter yesterday. Suggest securing protection for balance of records both sides of line.'

This is for your information and such action as the committee may consider advisable. We shall advise you further when we receive the letter referred to by Mr. Pelling.

Sgd. A. E. NASH,
Auditor."

To this the committee, through its Chairman, made the following decision this morning, addressed to Mr. Calder: "Wait for Mr. Pelling's letter and then the Committee will reach a decision.

Sgd. PAUL MERCIER,
Chairman."

There is a memorandum for Mr. Calder, which reads as follows:—

(Reads):

"OTTAWA, March 24, 1926.

Memorandum for Mr. Calder, K.C.; re *Rockland Freight Records.*

Since the receipt of Mr. Pelling's telegram this morning, we have received a letter from him, dated yesterday, to the effect that two members of our staff started checking the freight records at Derby Line freight office Monday afternoon and two others started work on the freight records at Rock Island yesterday. It would appear from his wire that the Rock Island records were the one stolen.

Referring to the work already done on the Derby Line records; Mr. Pelling says: 'After going over such information as they have so far I feel that they will get more definite evidence from these and the Newport freight office than from any other source. The shipments to Derby Line from United States exporters, including shipments to practically every concern in Rock Island or to their known subsidiaries or agents.' Mr. Pelling's suggestion that protection be furnished for the balance of the records on both sides of the line would appear to be made in view of the probably importance of these records as evidence.

Sgd. A. E. NASH."

Hon. Mr. STEVENS: Now, Mr. Chairman, I think without hesitancy, this committee ought to request Mr. Calder, our counsel, to take every step possible to secure all the necessary help possible to protect the records.

The CHAIRMAN: As he sees fit.

Hon. Mr. STEVENS: As he sees fit, but to make certain that effective steps are taken to secure these records and to protect them.

The CHAIRMAN: You are authorized accordingly.

Mr. CALDER, K.C.: I receive authority to approach the Commissioner of the Royal Canadian Mounted Police to see that proper protection is given.

The CHAIRMAN: That is the only thing we have. This committee will be backed up by the Royal Canadian Mounted Police and nothing else.

Hon. Mr. STEVENS: Mr. Calder can get in touch with the authorities as he has already done.

The CHAIRMAN: As far as Canadian territory is concerned.

Hon. Mr. STEVENS: In the United States territory, you can take sympathetic action, through communication with our authorities. I do not know whether you can do anything more than that, but you have already taken certain action?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: You will see to it that these will be protected.

Mr. CALDER, K.C.: Yes.

ALBERT EUGENE GIROUX recalled.

By Hon. Mr. Stevens:

Q. I am not satisfied, Mr. Giroux, with the explanations given this morning regarding the treatment of these manifests and also as to your signature of the short landing certificates, and I want to get from you some more direct answers, if possible.—A. (In French) I will answer in French.

Q. Very good, although I will make my questions very simple, Mr. Giroux. —A. Yes, please.

Q. I am referring again to the short landing certificate which you signed, dated October thirtieth, 1923, upon which appears Customs entry 40080-A. You recall that?—A. Yes.

Q. Therefore, you must have known when you signed this, that Customs entry 40080-A had been made?—A. What date? What date is it?

Q. October thirtieth, 1923.—A. That certificate of short landing is signed as soon as we notice that the goods are missed.

Q. Very good, but when you signed it Mr. Giroux, the entry number 40080-A was on the short landing certificate?—A. It seems to me that that entry was placed there afterwards. It is not the same writing and it is written in blue pencil, by whom, I do not know. That entry may have been there when I signed it and probably it was not either. It is of little importance.

Q. It has considerable importance, Mr. Giroux, for this reason. Now, follow me: If there had been no entry there at all how could you sign the short landing certificate?—A. As I explained yesterday this is a preliminary document. They do not allow a refund on that document.

Q. I quite understand that, but that is the only identification for the Customs and the only authority for the Customs Officer to sign that entry number, identifying a certain shipment?—A. It is not necessary to have the number of the shipment to certify that the merchandise is short in the cargo.

Q. Do you mean to say, Mr. Giroux, that you make a practice of signing short landing certificates without the entry number being included?—A. It happens quite often.

Q. It happens quite often?—A. Yes.

Q. It is certainly very bad practice. Now then, one other question: If that number was there why would you sign a short landing certificate which would form the basis of a refund of $159, when the Customs entry number refers to a Customs entry that is for free goods? How can you give a refund on free goods?—A. There is no claim on the free goods.

Q. Certainly there is not. Therefore, when you signed this with this entry number on, which is a free entry, you signed something which you did not know you were signing or else it was a false entry?—A. I am under the impression that that entry number was not on the document when I signed it.

Q. You can take which horn of the dilemma you like. You either signed these things in blank, or you signed for a refund on a free entry?—A. Very often the companies do not give us the Customs entry number when they present a short landing certificate to us.

Q. While he is looking for this manifest we can get some idea of—shall I say—the absurdity of some of the evidence this morning? I want to bring to the attention of the witness and also to the attention of the committee the report, a portion of the report of Chief Inspector Busby, dated May sixth, 1922. This is addressed to Mr. McLaughlin, the Surveyor of Customs and Excise. What I am going to base on this is this question, and the point is, that in his evidence this morning the witness tried to lead the committee to believe that there would be such a plethora of manifests open that a manifest for a full cargo of coal would easily be overlooked. Now, here is a report of May sixth, 1922. This covers the whole annual audit of the port of Montreal for 1921.

The CHAIRMAN: Is it filed?

Hon. Mr. STEVENS: Yes. It is part of our file. It is addressed to Mr. McLaughlin, the Surveyor, and signed by Mr. Busby.

> "SIR,—In the report of an examination of Customs and Excise business of the port of Montreal, Quebec, made by Mr. Inspector A. M. Kennedy, under date January 3rd, 1922, the Inspector states that the following shipments are shown as open on the copy of the manifest on file at the express branch and also in the copy of the manifest in the Long Room."

Now it gives a list of about twenty-five manifests. Then it winds up with this one clause, and this is the point I wish to emphasize:

> "You will please investigate the above mentioned shipments and if entries have not already been passed to account for shipments, you will please see that the shipments are located or that entries are passed for same without delay and advise me when such entries have been passed."

Now then, Mr. Giroux, do you persist in your statement that you made this morning, that it was a comparatively trivial matter that this entry of five or six thousand tons of coal and a duty of $2,600 could be overlooked for a year and three months, in the face of this statement by the Chief Inspector?—A. I never saw that letter addressed to Mr. McLaughlin, in the first place.

Q. Nobody suggests you did. What I am saying to you— —A. No, it is not a fact.

Q. Here is a statement by the Chief Inspector, indicating the common practice of the port and now you try to lead us to believe that it was a simple and trivial matter that this document could be overlooked so long?—A. I did not go so far as to state that.

Q. Now, Mr. Giroux, I want you to tell the committee—you had this document—I want you to tell the committee, did you erase that? (Exhibiting document to witness.)—A. No, sir.

Q. Do you know who erased it?—A. No, sir.

Q. Do you know what was there?—A. "Tons."

Q. I see "tons, three quarters."—A. I could not tell you the first figures.

Q. I am referring, Mr. Chairman, to an erasure upon the manifest, 56397. I am going to suggest this to you, Mr. Giroux, that this manifest was closed, with whatever was written here and later erased?—A. I do not know anything about it.

Q. I confess it puzzles me. Let me put this in the evidence. In a letter to Mr. Wilson, by Mr. Moore, dated April 7th, and forming part of Exhibit No. 104, I find that the Dominion Glass Company had been given an entry number 38972-A, which had been given them by A. Giroux & Company. Will you swear that that was not on there, and later erased?—A. On the manifest?

Q. Yes?—A. It is not I who erased it, or rubbed it out.

Q. I am going to leave that portion of it now, because I do not think we can get any further with it to-day. I have some further questions to ask. This morning, Mr. Giroux, you stated you had nothing to do with the refunding or making restitution to the Customs for this duty which was falsely taken by your son, $2,639; is that true?—A. Personally?

Q. Yes?—A. I never had anything to do with it at all.

Q. Did you know anything about it until it was paid?—A. I knew that the duty should be paid, when I received the Customs' entry.

Q. And you instructed your son to pay it?—A. Yes, sir.

Q. And your son paid it?—A. Yes, sir.

Q. Did you assist him in raising that money?—A. No sir, I did not.

Q. Did you have anything to do with the raising of the money?—A. No, sir.

Q. Do you recollect having three interviews with the collector of Customs, Mr. Weldon and Mr. Ferminger, of the Dominion Glass Company, in the office of the Collector of Customs?—A. Never.

Q. You will swear you had not conference with Mr. Weldon and Mr. Ferminger, of the Dominion Glass Company?—A. Never.

Q. On this subject?—A. Yes, sir.

Q. Did not Mr. Ferminger, on one occasion at least, insist that you straighten this thing out?—A. No, sir.

Q. You will swear that?—A. Yes, sir.

Q. Did you ever plead for time to raise this money?—A. No, sir.

Q. Are you quite certain of that?—A. I saw Mr. Weldon, after the matter was decided, and I said it would be settled within three days, that it would be done between the three days.

Q. But you said just now that you never discussed it with Mr. Ferminger?—A. I never met Mr. Ferminger.

Q. You say you never met Mr. Ferminger?—A. Never.

Q. Did you ever meet any representative of the Dominion Glass Company in Mr. Weldon's office?—A. Never.

Q. Did Mr. Weldon tell you that you would have to straighten this out, and straighten it out quickly?—A. Not to me.

Q. Did you ever ask Mr. Weldon to give you a few days in which to raise the money?—A. I told Mr. Weldon my son would pay within three days.

Q. Did you ask Mr. Weldon to give you time to raise the money?—A. Three days.

Q. The answer then is "Yes, three days," is that right?—A. I said the thing would be paid in three days. I had spoken to my son in the interval.

Q. And this was in response to an insistence upon Mr. Weldon's part that you raise this money, and pay this duty in to the Customs?—A. Mr.

Weldon never insisted, but he had my son come to see him, and he dealt with my son.

Q. But you did discuss this on several occasions with Mr. Weldon?—A. Only on one occasion, when I happened to meet Mr. Weldon, and when I stated by chance—I said the thing would be settled within three days.

Q. You say, you happened to meet him; where did you meet him?—A. Either in his office, because I go there nearly every day, or in the hall-way.

Q. Did Mr. Weldon not send for you?—A. Not me.

Q. You are quite sure?—A. Yes, sir.

Q. Then the evidence you gave this morning, that you knew nothing of the rasing of the money for this, until it was paid, was not correct?—A. I did not say that. I said that when I saw the Customs' entry was not in order, I went to see my son, and I told him that this matter had to be settled or cleared up. I saw Mr. Weldon afterwards, and I told Mr. Weldon that the matter would be settled within three days.

Q. Will you now again swear that you did not see Mr. Ferminger?—A. Never.

Q. On this matter?—A. I do not know Mr. Ferminger.

Q. You may perhaps be evading it. Did you meet, in Mr. Weldon's office, or in company with Mr. Weldon, any representative of the Dominion Glass Company?—A. Not I.

Q. You are quite clear upon that?—A. Yes.

Q. All right. I have another question to ask you. In regard to the questions I asked this morning regarding Brien and Bisaillon, do you know where Brien and Bisaillon carried on their liquor business?—A. No, sir.

Q. Were you ever in their liquor office, in their premises?—A. I went to the office at the end, and I met Mr. Bisaillon and told him that he had to give up that business, and devote his whole time to his work.

Q. Did you not frequently visit Mr. Brien and Mr. Bisaillon's liquor business office, at rooms 11, 12 and 15 Boyer Block?—A. Frequently? No, sir. I went once or twice, that is all.

Q. Or three times?—A. Three times, no.

Q. You are not very sure about that?—A. I did not go. I had no business there, and I did not want to go there.

Q. Will you present to this Committee, or produce to this Committee your bank statements and returned cheques, for the years, 1919, 1920, 1921, 1922, 1923 and 1924?—A. My bank statements are very poor.

Q. That does not matter, the poorer they are, the better for you?—A. I pay my bills by cheque generally, but not for the past year because I had no balance in the bank.

Q. This is not to dig into any of your private business, or little personal matters, Mr. Giroux, but I want to ask for the production of your bank statements for the years, 1919, 1920, 1921, 1922, 1923, 1924 and 1925. Will you produce them?—A. I cannot say whether I have them yet. I never withdrew my cheques from the bank.

Q. All right. You are in a very happy position. What bank did you do business with?—A. The bank of Hochelaga.

Q. Where?—A. On St. Catherine St., now the Banque Nationale.

Q. All your cheques are there?—A. Probably, I had, as I stated this morning, two notes with Brien, and I paid cheques on account of those notes.

Q. That is quite all right. Nobody is going to criticise you for that, if that is a correct statement. Will you give Mr. Todd, the Clerk of this Committee, an order on the bank to secure those statements and the cheques. Will you do that before you leave?—A. Surely.

By Mr. Calder, K.C.:

Q. Mr. Giroux, was yours a current account, or a savings account?—A. A savings account.

Mr. CALDER, K.C.: If that is so, Mr. Chairman, if his account was not a current account, but a savings account, the production will be difficult. They do not file the cheques by names, they file them by dates, and it will be a very lengthy job.

Hon. Mr. STEVENS: There will be no difficulty about that. If he will give the Clerk the order, the auditors will look after that. Give the instructions, and we will attend to the rest of it.

Mr. DONAGHY: The main thing we want is, a copy of the ledger accounts.

Hon. Mr. STEVENS: The auditors will look after all that.

WITNESS: I would like to make a correction in regard to something I said about this cheque of $300 this morning. I stated this morning that the amount of $70 should be applied to the cheque. On looking over my notes at noon, I found that this amount should be applied to the note instead of to the cheque.

By Hon. Mr. Stevens:

Q. Then you have paid nothing back on the $300 to Brien?—A. I still owe him the note.

Q. You still owe him?—A. Yes.

Q. There is one other thing. Do you recollect, Mr. Giroux, giving a special instruction to anybody in writing—as a matter of fact, it is in your evidence in the Duncan report, on page 284:

"To Mrs. Colle. Radio tubes ex Steamship "Melita" O.K. to deliver,

(Signed) A. GIROUX."

That is an order you gave to pass in three cartons of radio tubes?—A. I do not recall that thing. I do not recall the name. I was always very particular about the delivery of baggage.

Q. Well, we will have the exhibits. I think Mr. Giroux it is quite unnecessary to go over all these accounts. This is one named Colle, three large cartons of radio tubes seized by one of your officers. She was bringing them in as baggage and you gave an order for release, did you not?—A. If I did, it must have been correct.

Q. Read the certificate. (Witness reads certificate).

Q. There were three cartons of radio tubes being brought in by a passenger on the Melita and you as chief of the examiners gave a written order to release these?—A. To be delivered.

Q. Is it your practice to give personal written orders of this kind for the release of dutiable goods?—A. Sometimes. It often happens baggage remains on the wharf a day or two and passengers come to my office and tell me what they have in their baggage and I accept their explanation subject to examination.

Q. You never made any examination of these, and you never made and entries of these?—A. No.

Q. Never intended to make any entry?—A. Because she had not any money.

Q. If you released them you would not get any money, that is what we are complaining of. What right had you to release them?—A. I don't—I do not recall this matter. I made an investigation subsequently and am told this matter involves $15 or $20.

Q. Mr. Giroux, you touted around a year and three months a document that involved $2,600 and while this involves $15 or $20 it is not an excuse?—A. I do not recall this. I do not recall Miss Colle.

Q. Will you identify this as a similar one and read it into the records?—A. "You may deliver to Mrs. Huguenin package that remained behind on the Melita, which remained or will arrive on the Melita."

Q. You may deliver package which may remain behind or will arrive on the Melita?—A. You may deliver package which was left behind by Madame Huguenin. (The Chairman and Mr. Doucet examined certificate, and differed as to translation).

The CHAIRMAN: It is bad French.

Mr. CALDER: I really think it is.

The CHAIRMAN: When you have a document you must read it in a common sense way.

Hon. Mr. STEVENS: We will give the witness the benefit of the doubt.

The CHAIRMAN: It is poor French.

By Hon. Mr. Stevens:

Q. We will give you the most charitable interpretation of this. What right had you to issue an order of the kind?—A. Because I collected the duty. Madame Huguenin arrived in May on the Melita. On the evening of the day she arrived she did not have the money to pay the duty. She came to my office a day or two afterwards. Having examined the baggage I set a value of $50 on it. Madame Huguenin gave me her cheque, Madeleine Gleason, that is her maiden name. It can easily be verified. She signed my receipt Madeleine Gleason, and I put through my entry Madeleine Gleason.

Q. In this case you got the duty?—A. Yes, here it is.

Q. In the other case?—A. I can not remember.

Q. You can not dispose of it in that way. Your order is there to release three cartons of radio tubes and something?—A. Yes.

Q. And that is something which is being smuggled into Canada in wholesale quantities as you know?—A. I don't know.

Q. Why did you not do that in the other case?—A. There was no reason for it. I do not know.

Q. Did you collect any duty from Madame Colle?—A. No, because I would have a record of it.

By Mr. Donaghy:

Q. Mr. Giroux, we want to revert to the landing of coal on the wharf; we find there is a permit for taking it off the vessel and putting it on the wharf, we have that here?—A. Yes.

Q. We can not find any authority for taking it away from the place on the wharf called the Sufferance Warehouse?—A. The wharf is a sufferance warehouse.

Q. Having been put in we find no written authority allowing the owner to take it away?—A. I think it was put at the Geo. Hall coal yards which is a sufferance warehouse too.

Q. Where is it, near the wharf?—A. On Wellington Basin I think. It is taken over there.

Q. It would probably be mixed with other coal?—A. I do not know.

Q. Are you sure the Geo. R. Hall Coal Company is a sufferance warehouse?—A. Yes, No. 48.

Q. Do you know whether it was lying on the wharf or taken to the coal yard?—A. I was told.

Q. By whom?—A. I think by the gentleman from Dundas.

Q. Mr. Ferminger?—A. Probably.

Q. Has the Hall Company got a bond up for this sufferage warehouse, any security?—A. Geo. Hall.

Q. Yes.—A. I don't know if they rented it, they always do.

Q. They always have a bond up?—A. Yes.

Q. To cover the coal?—A. A bond for $25,000 or $30,000 covering any coal.

Q. Are you sure?—A. Yes.

Q. Have you seen the bond?—A. Yes, I have seen it every year; they renew every year. All coal bond securities are renewed before the first of April each year.

Q. The Geo. Hall Coal Company is the same company mentioned in these documents?—A. Yes.

Q. Well now, then the Hall coal yard is a sufferance warehouse and when it comes to taking coal out of the warehouse what authority do they get to take it out?—A. They have the entry passed.

Q. We do not find any entry passed through this year?—A. You find it later on.

Q. Are you sure they get coal every year?—A. I don't know..

Q. Is not it your business to see?—A. It was my business. I told the Committee many times before this that keeping that coal traffic was too heavy for me and I made a lot of recommendations to the department to relieve me from the coal business and I was relieved last year.

Q. That does not help very much?—A. It helps.

Q. It does not help in connection with the difficulties in connection with this cargo?—A. That is why I asked the department to relieve me from the work, because I could not do the same properly or attend to it properly.

Q. Was that the case when this coal came in, that you were too busy to attend to it properly?—A. That goes since three or four years, the coal traffic was expanding so much, I did not have full time to attend to it properly. In fact the department has appointed one man, just one to spend full time to look after the coal.

Q. During the time you looked after it, that is three or four years?—A. I looked after it twenty-two years, it was not very heavy at the start.

Q. It was heavy in 1922?—A. It was heavy before 1922.

Q. It was heavy in 1922?—A. It was very heavy and 1924 was worse and then still worse and last year extraordinarily heavy.

Q. During these years there was no proper attention given to the looking after of the interests of the Customs?—A. There was some.

Q. Not a proper supervision?—A. That is what I said in my report. I was not able to attend to that business properly. That is why I asked to be relieved.

Q. When did you first ask to be relieved?—A. 1924.

Q. But you had been neglecting the business because you were so busy?—A. I say I was busy and wanted to be relieved.

Q. Why did you wait several years?—A. I did not wait several years. I may have waited one or two years.

Q. 1922, '23 and '24, why did you wait three years?—A. I am not sure if I did not ask before.

Q. Tell us if you did.—A. I think I made a few attempts before, I am not sure, but in 1924 it was so heavy I could not do it.

By the Chairman:

Q. What was your salary?—A. $2,400.

Q. Twenty-two years' service?—A. I had been getting $2,400; they are paying me the maximum and I can not go any further.

By Hon. Mr. Stevens:

Q. During 1922, '23 and '24, were you so busy you could not attend to the interests of the Customs?—A. I attended to the business of the inspection and always did.

Q. Properly?—A. I might have neglected the coal but the other I do not say I did neglect it much, but I was not satisfied myself. I was not satisfied while the Hall coal work was going on. I was not satisfied with the work. I had many coal cargoes coming in.

By Mr. Donaghy:

Q. Why did not you report that to the Collector of the Port?—A. I did so.

Q. Did the pressure exist very much in 1924?—A. Yes, it was still coming heavier.

Q. To whom did you make this report?—A. To the Collector.

Q. Mr. Weldon?—A. Yes.

Q. In writing or by word?—A. It must have been in writing, I suppose, I don't know.

LOUIS D. PARIZEAU called and sworn.

By the Chairman:

Q. (In French): What is your occupation?—A. (Interpreted) Senior Custom Officer.

By Mr. Calder, K.C.:

Q. Do you speak English, Mr. Parizeau?—A. I prefer to speak in French. (Interpreted).

Q. And you understand English all right?—A. Yes.

Mr. CALDER, K.C.: I think we will save one translation by putting the questions in English.

The CHAIRMAN: If you understand the question in English, answer it; if you need any explanation, ask for it.

The WITNESS: Thank you.

By Mr. Calder, K.C.:

Q. In what department of the Customs are you?—A. (Interpreted) I am in the Superintendent of Arrivals.

Q. That is what we call in English "the Customs Examining Branch?—A. (In English) The Examining Branch.

Q. Under Mr. Giroux?—A. (In English) Under Mr. Giroux.

Q. Was Mr. Bisaillon at any time in that branch?—A. (Interpreted) I believe I worked eleven years with Mr. Bisaillon, but at the same time that I worked morning noon and night with Mr. Bisaillon at the Canada Steamship Line, I worked during the day hours, the regular hours—in Mr. Giroux' office.

Q. When did Mr. Bisaillon leave the Customs Examining Branch?—A. (Interpreted) If I am not mistaken it was at the end of 1923. That was the last year I was there, and Mr. Bisaillon came occasionally.

Q. (In French) You are no longer in that Department—in the Customs Examining Branch?—A. (Interpreted) I am no longer with that company, but I am still with the Customs; I was transferred.

Q. During the last three or four years that you were under Mr. Giroux, did you have anything to do with making up the payrolls?—A. (In English) I was keeping the overtime sheets off the books.

Q. Did you know at that time whether Mr. Bisaillon was frequently absent?—A. (Interpreted) I noticed it.

Q. Was it up to you to enter his absences?—A. (Interpreted) No sir.

Q. If he was absent during the day and returned at night, would he be entered on the overtime work sheet?—A. (Interpreted) This sheet.

Q. Did that occur frequently?—A. (Interpreted) Quite often; often enough. I cannot state for what period of years this happened, but it happened during one or two summer seasons.

Q. Are those the two seasons immediately preceding his transfer to the Preventive Branch?—A. (Interpreted) No sir.

Q. What seasons are they?—A. (Interpreted) If I am not mistaken, I believe it was in the year 1920-21.

Q. Could you, by means of any books of record in the Department, kept by you at the time, establish these overtime entries for Mr. Bisaillon, that corresponded to absences during the day?—A. (Interpreted) I cannot tell you exactly on what days he was absent.

Q. You could, however, make a complete list of his overtime work?—A. (Interpreted) I could prepare a list from 1920 up to 1923, because after 1923 I no longer had anything to do with it.

Q. Will you prepare and file such a list?—A. (Interpreted) Yes sir. Do you want the list day by day as prepared originally?

Q. Yes, but only against the name "Bisaillon".—A. (Interpreted) What I can do, Mr. Chairman, is to secure the book and compare it with the original here, and the copy in Montreal.

Q. Then I understand from the book a sheet is struck off which is filed here in Ottawa?—A. (Interpreted) The book is in Montreal.

Q. And the sheet is in Ottawa?—A. (Interpreted) The original copy is in Ottawa, and the office copy is in Montreal, in the book.

Q. It is well understood we are dealing now with the overtime pages?—A. (Interpreted) Yes sir. R. Oui, monsieur.

Q. And your statement is that frequently, the overtime entries corresponded to absences during the day?—A. (Interpreted) Yes sir. R. Oui, monsieur.

Mr. CALDER, K.C.: Now I will see these sheets, and if I need the witness further, I will call him. I suppose the sheets will speak for themselves.

By Mr. Calder, K.C.:

Q. Was it known in the Department at that time that Mr. Bisaillon was running a business on the side?—A. (Interpreted) I believe it was known.

Q. It was general talk in the Department?—A. (In English) It was general talk.

Q. And that running that private business accounted for his absence?—A. (Interpreted) Yes sir. R. Oui, monsieur.

Q. When I speak of "the Department" I mean the Customs Examining Department?—A. (Interpreted) Exactly. Pardon me, to continue the reply to your question, I do not know whether he attended only to those things, but at all events, he absented himself.

Q. But it appeared to have been common knowledge around the Customs Examining Department that he was frequently absent, and these absences were explained by his attending either to that private business or other private business?—A. (Interpreted) I cannot say whether the Department was acquainted with this thing or not.

Q. You mean they did not have official knowledge, but it was a common report around the place? That is a correct statement?—A. (Interpreted) Yes sir. R. Oui, monsieur.

Mr. CALDER, K.C.: That is all.

By Hon. Mr. Stevens:

Q. Regarding the Brien and Bisaillon liquor business: I think he just said it was commonly known they were in the business.—A. (Interpreted) Yes, there was a report in circulation to that effect.

Q. Did they ship any liquor out over—.—A. (Interpreted) I never saw them make any liquor shipments.

Q. What years were they in the business? Can you recall?—A. I believe it is in 1920. I am not positive as to that. At all events I do not believe that it was later than 1921.

By Hon. Mr. Stevens:

Q. By the way you made out overtime slips?—A. Yes, sir.

Q. For Bisaillon?—A. Yes, sir, for every one who was working overtime on the dock.

Q. And they would be turned in to Giroux?—A. To Giroux.

Q. Did you ever make out any overtime slips for Bisaillon?—A. Yes, sir.

Q. For time that Bisaillon did not work at all?—A. I made all the overtime which was marked in that book. I kept everything that was marked in the book.

Q. You did not quite understand, Mr. Parizeau. I will put it a little more simply: Did you ever make out any overtime slips for Bisaillon for overtime, which he did not serve and at which you served in his place?—A. Yes, sir.

Q. And these slips were o.k'd by Giroux?—A. Yes, sir.

Q. At whose request did you do that?—A. For doing Bisaillon's work? At his own request.

Q. Through Bisaillon's own request?—A. Yes.

Q. Mr. Giroux knew that you were doing this?—A. Yes, sir, and that was —he offered me that in Mr. Giroux' office. (In French) (English translation): He spoke to me about it in Giroux' office.

Q. Repeat that?—A. He spoke to me about it in Giroux' office.

Q. Bisaillon asked that this should be done in the presence of Giroux?—A. He made the proposal in Giroux' office, in the presence of Giroux.

Q. Can you give us an idea, Mr. Parizeau, how often that happened?—A. (In English): Once.

Q. Only once?—A. (In English): Yes.

Q. Did you not tell Mr. Duncan that you had received from Bisaillon $135 for doing the work for him?

Mr. GEOFFRION, K.C.: He speaks of the proposal as once.

By Hon. Mr. Stevens:

Q. I will withdraw this question and let us get that other once clear. How often did you make out overtime slips in the name of Bisaillon where you worked instead of Bisaillon?—A. (In English): Well, you mean every month. I made the overtime sheets, and I copied down everything for Bisaillon as for the others, you know.

Q. I do not think you get it. Probably you had better put this in French. You do not quite get my point, I am afraid, Mr. Parizeau. You told us you had made out overtime slips in the name of Mr. Bisaillon?—A. (In English): Yes.

Q. For time that Bisaillon did not work and you worked in his place?—A. If I understood well you are asking me how many times I made out the pay lists for the work which he did not do?

Q. When you worked in his place?—A. I believe he worked during the season of 1920. Bisaillon came occasionally; sometimes in the morning, sometimes at noon; he went to dinner. He came back at night sometimes; sometimes he returned at night.

Q. I still have not got what I want. How much money did you receive from Bisaillon?—A. (In English): $135.

Q. That was for overtime put in, in the name of Bisaillon?—A. No. It was for the work I did in the place of Bisaillon, at the same time I did my own work.

Q. At the same time that you did your own work?—A. (In English): Yes.

Q. Did you get overtime for your own work?—A. (In English): Sure, I did.

Q. Let us get this straight: You got overtime for your own work, for working nights or Sundays. That is correct, is it not?—A. Sundays. There was only one officer paid on Sunday at the Canada Steamship Line.

Q. Well, say at night and for overtime. In addition to that time slips were put for Bisaillon for the same nights and you looked after his duties in addition to your own?—A. (In English): Yes, sir.

Q. For which he paid you the sum of $135 in all?—A. Yes, sir; that is all.

Q. But Bisaillon drew this money from the government, this pay?—A. He drew his money?—

By Mr. Calder, K.C.:

Q. The money he paid you he drew from the government?—A. I could not say.

By Hon. Mr. Stevens:

Q. I will put it another way: The time slips were put in for Bisaillon?—A. Yes.

Q. Presumably he got paid. You were paid too?—A. No. He was drawing his cheque for it.

Q. Therefore, Bisaillon received pay for time, overtime that he was not on duty at all? That is correct?—A. Yes.

Q. You are perfectly clear on that, Mr. Parizeau?—A. Yes, because I was often there alone.

Q. And now, Mr. Parizeau, that was during the period of time that Bisaillon carried on this liquor business on the side?—A. (In English) Yes.

Q. He was absent a good deal in the day time too?—A. He was away very often in the day time. I cannot be sure of that because during the day I had to go back to the Head Office and do my work over there too.

Q. But you would have a pretty good idea?—A. (In English) Very often I was called back on the dock for examinations.

Q. During the day?—A. Yes.

Q. When he should have been there?—A. Yes.

Q. That was at the Canada Steamship Docks?—(No audible answer.)

Hon. Mr. STEVENS: Mr. Calder, you are not going into the Lortie-St. George matter now?

Mr. CALDER, K.C.: No. I will keep that separate. I called this witness immediately after Giroux, as co-related with the matters connected with the cheque of $300.

Hon. Mr. STEVENS: Did you question on that?

Mr. CALDER, K.C.: No, but it is a similar incident, namely, payment, or what we surmised as payment for work done in lieu of Bisaillon.

By Hon. Mr. Stevens:

Q. Mr. Parizeau, while you are on the stand, did you ever know of Brien or Bisaillon transacting any business with others in the office there?—A. (In English) In our office? In the Customs office?

Q. On the steamship wharf? They did not carry on any of their private business there?—A. (In English) Not in the office, no.

Q. Do you know of any moneys being paid by Brien?—A. (In English) I do not know anything about it. Brien was completely outside of my district.

Q. He was not in that district?—A. (In English) I do not know anything about his business. He was over on the Canal.

Q. You did not get any of the moneys paid by Bisaillon? (Interpreted to witness.)—A. (In English) No.

By Mr. Donaghy:

Q. How many years did this go on, you working and doing Bisaillon's work?—A. It was during the years he carried on his business.

Q. When was that?—A. (In English) If I remember well, I think it was 1920, because it was the year before the Quebec Liquor Commission took charge of that business.

By Hon. Mr. Stevens:

Q. One other question which I had not quite completed. I should have completed it before: Did you make up these overtime slips for Bisaillon on the instructions of Giroux?—A. I made those as I made out the others. I had the book, with a complete list. When I came to Bisaillon's name I prepared the list, as I did in all other cases.

Q. And these sheets were made out under the instructions of Giroux?—A. That must have been the case because the book was handed to me to do the work, to do the copying.

By Mr. Donaghy:

Q. Did anyone know that you were doing this padding of the time sheets for Bisaillon?—A. Well, the office must know it, I suppose, that I was doing that work.

Mr. GEOFFRION, K.C.: The work!

By Mr. Donaghy:

Q. Yes, but you did not get my question.

Mr. CALDER, K.C.: I am afraid he may have mistaken the word "padded."

The WITNESS: Will you ask that question again?

By Mr. Donaghy:

Q. Did any other officer in the Customs know that you were putting in on those sheets more time for Bisaillon than what he worked?—A. I cannot tell you.

Q. These sheets that you made were afterwards copied into books, were they?—A. They were copied from the book.

Q. From the book?—A. From the book.

Q. From your book?—A. No, from the officer who was making that book.

By Mr. Calder, K.C.:

Q. Who was the officer?—A. Mr. Killoran.

Q. Who?—A. Mr. Killoran.

By Mr. Donaghy:

Q. Did he know that Bisaillon was not putting in all this time?—A. I do not know. They never confided their secrets to me.

By Hon. Mr. Stevens:

Q. Who certified these sheets when you made them out?—A. The one who gave me the book; Mr. Killoran. You mean who checked them to find out if they were correct?

Q. Yes?—A. Mr. Killoran. He handed me the book.

By the Chairman:

Q. And verified it after?—A. Yes.

By Mr. Calder, K.C.:

Q. As to the radio tubes, which were released by Giroux, if I understand well, the seizure in that case was made by you?—A. There was no seizure made in this case; there was no seizure.

Q. You detained the goods?—A. It was not I who examined that trunk. It was my companion, Mr. Benoit. I was not the party who attended to that.

Q. Who reported the thing?—A. Mr. Benoit did. He brought the goods to our office in case the person would come to get the goods, because Mr. Benoit looked after the Canadian Vickers' at the same time, as a Customs official.

Q. Was entry K-9 signed up in that case?—A. (In English): No, sir.

Q. Was any duty paid?—A. (In English): I do not know. We just got an order to deliver the stuff. That is all.

Q. As far as you know no duty was paid?—A. (In English): Not that I know of.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: You can discharge Mr. Parizeau.

Witness discharged.

R. R. FARROW recalled.

By the Chairman:

Q. Mr. Farrow, you understand you are under the oath you have already taken?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. You have been already sworn, in connection with this matter?—A. Yes, sir.

Q. In order to close up the Giroux coal matter, there was produced here an order from Mr. Bureau to have the matter investigated, and the proper parties punished if need be. That was a memorandum of Mr. Bureau, which is filed here. You saw that?—A. No, it was to Mr. Wilson.

The CHAIRMAN: It is Exhibit No. 103.

Mr. CALDER, K.C.: This is the memorandum, Exhibit No. 103, which has been read into the record.

Hon. Mr. STEVENS: What page is that on, Mr. Calder?

Mr. CALDER, K.C.: I think, Mr. Stevens, that is on page 703 of the evidence, the first page of No. 20.

By Mr. Calder, K.C.:

Q. Subsequently, Mr. Wilson, you caused an investigation to be made, and the result of that investigation has been filed here as Exhibit No. 104, and it appears to justify Mr. Bureau's surmise that there had been a robbery. We know that no action of any kind has been taken. Will you state, if you have any personal knowledge of it, whether the matter was taken up by Mr. Bureau personally?—A. Yes. First let me say that this is the first time I have seen this Exhibit.

By Hon. Mr. Stevens:

Q. Perhaps you had better state what it is. This is the first time you have seen what?—A. This is the first time I have seen the memorandum of Mr. Bureau to Mr. Wilson, dated the 27th of March, 1924.

By Mr. Calder, K.C.:

Q. What was done by Mr. Bureau in consequence of the reports made to him?—A. Mr. Bureau went to Montreal, but I have forgotten exactly the date, and I cannot recall it. I was with him, and he took the matter up with Mr. Giroux in Mr. Clerk's office at Montreal.

Q. That is, Mr. Giroux Senior?—A. Mr. Giroux, Senior.

Q. Do you remember whether at that time there had been restitution or not?—A. I cannot recollect.

Q. Will you go on, please; what happened then and there?—A. Mr. Bureau sent for Mr. Giroux, and he came into the room. I was there with him, and Mr. Bureau charged him with this irregularity, in connection with the entry of this coal, and he told him that he was going to retire him from the service.

Q. At that first interview, he told Mr. Giroux Sr., the Customs' employee, that he was going to retire him from the service?—A. Yes. Mr. Giroux broke down, and pleaded for leniency, on the ground of his length of service and efficient service.

Q. Is that all that took place at that interview?—A. They had some conversation in the French language, which I did not understand. Mr. Bureau was questioning him upon it; he was very severe towards Mr. Giroux, and Mr. Giroux broke down, as I said before, and nothing was done that day. I was there at least two days. On the following day, Mr. Giroux saw him again, and Mr. Giroux's wife.

Q. Where was this?—A. In the Customs' House, on McGill street. I was not present when Mrs. Giroux was there. She came down and pleaded for leniency also, with the result that no further action was taken.

Q. And no further action was taken?—A. No further action was taken.

By Mr. Donaghy:

Q. I would like to ask one question. Had Mr. Giroux anything against his record before that, or since that, so far as anything had been brought to your attention?—A. Not to my knowledge.

Q. You know of no other lapse?—A. No.

By Hon. Mr. Stevens:

Q. Mr. Farrow, there was a letter put in in evidence on Tuesday, March 23rd, Exhibit 104, a letter from Mr. Wilson addressed to yourself. I will not read it all, but it refers to this case, and it gives a certain report by special officer Moore?—A. Yes.

Q. It winds up in this way, with this clause: "This is a serious matter, and well worthy of attention." That is signed by Mr. Wilson?—A. Yes.

Q. Was that letter before or after this series of interviews you speak of with the Minister?—A. Before.

Q. It was before?—A. Yes.

Q. Would you say that the Department was justified in taking no action against the Customs' broker that defrauded the Customs out of this $2,600?—A. What is that?

Q. Do you think the Customs Department, as such were justified in refraining from prosecuting the Customs' broker that had defrauded the Customs out of $2,600?—A. That is for withholding the payment?

Q. I would not put it in that way, I would say deliberate fraud?—A. Well, I do not know. I can only say this: that I do not enter into any prosecutions without the consent of the head of the Department, never.

Q. Whose duty is it to make a recommendation to the head of the Department that a prosecution should be taken; whose duty is it?—A. These cases are all submitted to the Minister, and he decides whether he will prosecute or not. This case I think was submitted to him.

Q. Have you any copy of your report to the Minister?—A. The usual practice is, as was done in this case, to write to Mr. Wilson, acknowledging receipt of his letter, and saying that the matter will be submitted for the consideration of the Minister.

Q. You did not write any report to the Minister?—A. No, sir.

Q. Making any recommendation?—A. No. I submit the whole of the evidence together.

Q. In this case were any instructions issued to you not to prosecute Giroux, Jr.?—A. No, sir. No instructions were given.

Q. I do not know just how to put the question, but it does strike me as very strange that no effort was made to prosecute this man for fraud, when there was so palpable a fraud perpetrated on the Department. You say that nothing was done to order you to refrain?—A. Yes, and no instructions to prosecute.

Q. Do important matters of this kind just drift along, and await some instructions from the Minister?—A. No, this was sent to the Minister for consideration.

Q. I know it is putting you in an awkward position, but I think it is due to the Committee to know when you submitted this file, this most damaging file, including this clause by the chief preventive officer—"This is a serious matter, and worthy of attention"—when this file was submitted to the Minister, what decision was given in regard to it as to the prosecution of Giroux, Jr.?—A. No instructions to prosecute him. He was debarred from doing any further business as a licensed broker.

Q. Did Mr. Bureau make a decision, express it verbally?—A. I do not think so. I cannot recollect. If he made a decision, Mr. Stevens, he would give me an instruction what to do.

Q. In this case, he gave you instruction not to do anything?—A. No, there was no instruction.

By the Chairman:

Q. I call your attention to Exhibit No. 103 which has been filed, in which it is said, "I desire this matter investigated, and the guilty party punished." Any further instructions will be given to Mr. Wilson to proceed?—A. Yes. The instructions were given to Mr. Wilson.

Hon. Mr. STEVENS: On the 27th March, 1924, Mr. Wilson was instructed to investigate thoroughly. I do not think we should cast an aspersion unfairly on Mr. Wilson.

The CHAIRMAN: I do not cast any aspersion upon Mr. Wilson, I take the writing as it stands.

By Hon. Mr. Stevens:

Q. Mr. Wilson did investigate, Mr. Farrow?—A. Yes.

Q. And he reported to you as per Exhibit 104, which I will read now, seeing that the matter is in dispute.

"You now produce report dated April 28th, 1924, and referring to file of the Customs and Excise Preventive Service No. 12052, reading as follows:

"R. R. FARROW, Esq.,
Commissioner of Customs and Excise,
Ottawa.

SIR,—The records received with your letter of the 19th instant are herewith returned. The second paragraph of your letter reads:—

'It reads from the papers attached that this cargo of coal was entered free at the port of Montreal on the 21st October, 1922.'

That is the end of the quotation.

"The coal was entered free at Montreal on the 14th December, 1923, entry 40080-A. An amending entry paying duty—entry 45065-A was passed on the 1st February, 1924.

The Preventive Service has been giving attention to the matter, and there are herewith handed to you two reports made by special Officer Moore, dated seventh and twenty-eighth instant, together with all the records mentioned therein. There are so many things irregular, that it would make too long a report to elaborate each one. A careful scrutiny of the exhibits will throw different light on the fourth paragraph of your letter.

This is a serious matter, and well worthy attention.

I have the honour to be, Sir,

Your obedient servant,

W. F. WILSON,
Chief, Customs-Excise Preventive Service."

Now, Mr. Wilson, discharged his duty, did he not, when he presented this report and this letter to you?—A. Yes.

Q. That is correct, is it not?—A. That is right.

Q. Then, this report of Mr. Wilson was presented to the Minister; is that correct?—A. By me?

Q. By you?—A. Yes, I discharged my duty.

Q. Up to that point, your duty is discharged?—A. That is right.

Q. I will come to the next point now. When you presented this report to the Minister, it was for the purpose of securing his decision as to what action should be taken, is that correct?—A. Yes.

Q. What action was taken?—A. The action I have already indicated to Mr. Calder.

Q. That action was that Mr. Giroux, Sr., the chief of the examining staff in Montreal, was interviewed by Mr. Bureau and yourself?—A. Yes.

Q. And he was reprimanded sharply by Mr. Bureau?—A. Yes.

Q. And threatened with dismissal?—A. That is right.

Q. But after being pleaded with for leniency by Mr. Giroux and his wife, no further action was taken as regards Giroux, Senior?—A. No.

Q. As to Mr. Giroux, Junior, who perpetrated the fraud, what action was taken?—A. He lost his license; he was doing business as a Customs broker.

Q. The only penalty imposed was that he lost his license to do business as Customs Broker?—A. Yes.

Q. That is absolutely all?—A. Yes.

Q. No attempt or effort was made to prosecute him for fraud?—A. Not to prosecute him, but it is just a question of whether it was fraud against the people who paid him the money or against the government.

Q. In any case as far as the Department is concerned and as far as the Minister is concerned, no further action was taken?—A. No further action was taken.

The CHAIRMAN: He lost his business as Customs broker.

By Mr. Donaghy:

Q. I suppose the father and mother, the mother probably in tears, pleaded for the boy?—A. Yes, as I understand.

Q. The Minister exercised his discretion in that way?—A. Yes.

Q. That is about all there is to it?—A. Yes.

The CHAIRMAN: Sometimes it happens those things are recognized and they sympathize sometimes?

WITNESS: Yes.

Mr. CALDER: I think we can very conveniently begin on a new case tomorrow. I might say a question arose regarding No. 40080-A and I find it was discovered that serial number 40080-A of 1922 refers to another matter but serial number 40080-A of 1923 refers to the date of the entry we have been discussing; so that apparently as far as the Customs is concerned it was entered on the 29th November, 1923, but there is abundant evidence to show that whether it was in 1923, it certainly was drawn and sworn in 1922.

Hon. Mr. STEVENS: There is no question?

Mr. CALDER: No.

Mr. DOUCET: And the release of the cargo, that is 1922?

Mr. CALDER: The cargo was released and completely consumed before any entry was directed for the consumption.

The CHAIRMAN: I understand you have this information from—

Mr. CALDER: I have the government file and it has been rechecked by 'phone from the Montreal office. I state that on my responsibility as counsel.

The Committee adjourned until 10.30 a.m., Thursday, March 25, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 22—THURSDAY, MARCH 25, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise.

Detective Sergeant Ernest Charles Parker Salt, Royal Canadian Mounted Police, Montreal, Que.

Mr. Zenon Dufresne, Investigator, Automobile Loss Investigation Bureau, Montreal, Que.

Detective Sergeant Charles Clifford Brown, Royal Canadian Mounted Police, Winnipeg, Man.

Mr. Regis Belanger, Customs Locker, Montreal, Que.

Mr. Owen McShane, Assistant Appraiser, Customs and Excise, Montreal, Que.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que.

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

EXHIBIT FILED

No. 106—Letter dated April 19th, 1924, from Mr. Farrow to Mr. Wilson, respecting some papers from File No. 120152 in regard to coal importation to Geo. Hall Coal Company, Montreal, reports thereon from Mr. Giroux, Superintendent of Customs Examiner, and Mr. Clerk, Inspector of Customs and Excise, being referred to in said letter.

MINUTES OF PROCEEDINGS

THURSDAY, 25th March, 1926.

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

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

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

Mr. Doucet moved,—For the production of the customs files, preventive files and port files relating to the seizure of an importation of a quantity of gasoline from Samuel Ethier, de St. Paul de l'Ile-aux-Noix, comte St. Jean-d'Iberville, in January, 1926.

Motion agreed to.

Mr. Doucet moved,—For copy of a report made on investigation held and a subsequent refund of a sum of money approximating $1,600 made by Captain J. D. Zinck of Lunenburg, N.S., to the department.

Motion agreed to.

Mr. Doucet moved,—For the production of customs files, preventive files and port files, as well as all letters passing between any parties in the district of Halifax, N.S., or Tufts Cove, N.S., and the Minister of Customs or any officials of the department having reference to a seizure of liquor in the warehouse of G. G. Harnish during the summer of 1925, including all correspondence, letters and telegrams received from one, A. G. Jones of Halifax, and all replies thereto, as well as all instructions issued in connection with this seizure by the Minister, his office and other officials.

Motion agreed to.

Mr. Doucet moved,—For the production of copies of all instructions issued by or on the authority of (*a*) the preventive staff; (*b*) deputy minister; (*c*) minister; (*d*) chief legal agent; to preventive officers Henley, Hall, Haley and others advising them to discontinue their operations in the County of Lunenburg, N.S., until further advice.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For production of Customs and Preventive files, also Port seizure file reference to seizures from Rachel Goodman, Toronto, during years 1923, 1924, 1925, together with all correspondence referring thereto.

Motion agreed to.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, was examined as to the investigation made by him in compliance with the memorandum of the Minister of Customs and Excise, dated March 27, 1924 (Exhibit No. 103) respecting the Giroux coal shipment. Mr. Wilson read and filed,—

Exhibit No. 106—Letter dated April 19th, 1924, from Mr. Farrow to Mr. Wilson respecting some papers from File No. 120152 in regard to coal importation to Geo. Hall Coal Company, Montreal, reports thereon from Mr. Giroux, Superintendent of Customs Examiners, and Mr. Clerk, Inspector of Customs and Excise, being referred to in said letter.

Witness retired.

Detective Sergeant Ernest Charles Parker Salt, Royal Canadian Mounted Police, Montreal, Que., was called and sworn. He was examined with respect to the instructions he received to work under Mr. Bisaillon, and also with reference to the smuggling operations of Mr. Meluquerre, Spanish Consul at Montreal.

Witness retired.

Mr. Zenon Dufresne, Investigator, Automobile Loss Investigation Bureau, Montreal, Que., was called and sworn. He was examined as to the smuggling methods employed by Mr. Meluquerre.

Witness retired.

Detective Sergeant Charles Clifford Brown, Royal Canadian Mounted Police, Winnipeg, Man., was called and sworn, and examined respecting smuggling by Mr. Meluquerre.

Witness discharged.

Detective Sergeant Salt, Royal Canadian Mounted Police, was recalled and examined further respecting smuggling by Mr. Meluquerre.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Hon. Mr. Boivin, Minister of Customs and Excise, produced for the use of the Committee the following files, etc:

Statement showing Montreal Port seizures placed in locked room on seventh floor of examining warehouse in Montreal, in charge of William Baker.

Statement of answers to certain questions asked of Mr. A. W. Kennedy, Acting Chief Inspector of Customs and Excise.

Statement of number of prosecutions where value of goods less than $200.

List of ports and outports, in triplicate.

Copy of a letter dated March 3rd, 1926, advising that correspondence with respect to one Harry Rabinovitch is included in file number 118265, submitted to the committee on February 25th, 1926, and copy of letter of March 10th, 1926, advising that original file was required for Exchequer Court.

Preventive Service Customs Seizure file No. 5238, for the schooner "Annie B. M."

Complete copy of original departmental file in connection with seizure of "Annie B. M."

Departmental file concerning Customs seizure of alcohol and olive oil from C. N. Robeno of Montreal, No. 121188, and Preventive Service file concerning same matter, which includes information in possession of one, Dufresne of Montreal, regarding smuggling of narcotic drugs.

Preventive service files from Mr. W. F. Wilson, as follows:—

Files Nos. 13555, 12793, 14451, 13621, 13890, 13581, 13366, 13317, 13736, 13920, 13846, 13448, 13425, 14391, 13304, 14329, 13790, 13421, 12348/5270.

Also the following Departmental files with seizure numbers, asked for by Hon. Mr. Stevens, viz.:—

Files	Nos.	124210	Seizure	Nos.	36148/5763
"	"	124263	"	"	36205/1341
"	"	123795	"	"	35852/5618
"	"	123931	"	"	35954/5667
"	"	123997	"	"	35997/28
"	"	124202	"	"	36150/217
"	"	124244	"	"	36184/962

Files	Nos.	124291	Seizure	Nos.	36224/3725
"	"	124293	"	"	36225/3726
"	"	124292	"	"	36226/3727
"	"	123755	"	"	35824/5608
"	"	124635	"	"	36310/906
"	"	125687	"	"	37385/778
"	"	124308	"	"	36243/5807
"	"	123664	"	"	35818/901
"	"	124294	"	"	36200/754
"	"	124294	"	"	36201/755
"	"	124294	"	"	36202/756
"	"	124294	"	"	36203/757
"	"	124294	"	"	36204/758
"	"	125141	"	"	36930/6142
"	"	125303	"	"	37051/6162
"	"	124508	"	"	36412/5886
"	"	124583	"	"	36457/5800
"	"	124158	"	"	36113/5759
"	"	124157	"	"	36112/5758
"	"	125090	"	"	36889/6123
"	"	125089	"	"	36886/6114
"	"	124474	"	"	36391/5870
"	"	125072	"	"	36869/981
"	"	125031	"	"	36846/14
"	"	124848	"	"	36679/10
"	"	124402	"	"	36329/5847
"	"	124346	"	"	36286/5827
"	"	124119	"	"	36085/5741
"	"	123899	"	"	35936/5669
"	"	123889	"	"	35932/5668
"	"	123837	"	"	35888/5635

The Chairman read telegrams respecting the indisposition of Mr. Gadbois and Mr. Prefontaine both of Montreal, summoned to appear as witnesses tomorrow.

Mr. Regis Belanger, Customs Locker, Montreal, Que., was called and sworn. Witness was examined partly in French, interpreted by Mr. Beauchamp, and partly in English as to his duties, with particular reference to the importations of Mr. Meluquerre.

Witness discharged.

Mr. Owen McShane, Assistant Appraiser, Customs and Excise, Montreal, Que., was called and sworn, and examined as to his duties, with particular reference to the procedure followed by him in respect to the Meluquerre importations.

Witness discharged.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que., was recalled and examined as to routine practice in connection with the Meluquerre importations.

Witness retired.

Detective Sergeant Salt, Royal Canadian Mounted Police, was recalled and further questioned.

Witness retired.

Moved by Mr. Doucet,—That the following witnesses be called for to-morrow morning, Friday, March 26th, at 10.30 o'clock:

Corporal Kyle, R.C.M.P., Montreal; C. W. Harvison, of the Merchants' Association, Canada Cement Building, Montreal.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, March 25th, 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 FOSTER WILSON recalled.

By Hon. Mr. Stevens:

Q. Mr. Wilson, I would like you to clear up a point in connection with that cargo of coal in the Giroux case. I have not the evidence of yesterday but I think you were here and heard it, that according to Exhibit 103, certain instructions were issued by the Minister to the effect that he desired this matter of the landing of that coal and the false entries to be investigated fully and the guilty party punished. That was a memorandum from the Minister, and then in the evidence yesterday, upon a question by the Chairman to Mr. Farrow, this question was put: "Any further instructions will be given to Mr. Wilson to proceed" and the answer was "Yes, the instructions were given to Mr. Wilson". What I wanted to ask you, Mr. Wilson, is this, as Chief Preventive Officer, what steps did you take to carry out the instructions of the Minister in that memorandum? —A. We proceeded promptly to make the investigation.

Q. That is, you went to Montreal?—A. Well I sent an officer.

Q. You sent a competent officer?—A. Yes.

Q. Who was that officer? Moore?—A. Mr. Moore.

Q. To make an investigation?—A. Yes.

Q. Would you mind, just in your own words, telling what happened in that matter?—A. Well, the instructions from the Minister, Exhibit 103, were general. The matter was to be thoroughly investigated and the guilty parties punished. It will be observed that there was not a direct instruction to prosecute. Before the investigation ordered by the Minister was completed, I received a letter from the Commissioner, dated nineteenth of April, 1924, which called for a report to him, and that report was made on the twenty-eighth of April, 1924. The usual practice is for me to report to the Deputy, not direct to the Minister.

Q. Just let us pause there for a moment. Following this instruction by the Minister you received a letter from the Deputy, conveying these instructions to you?—A. Yes, to investigate and report.

Q. To investigate and report?—A. Yes.

Q. And you proceeded to investigate and you reported to the Deputy?—A. The investigation had already been commenced under the Minister's orders, and the Commissioner's orders complied with, and a report made to him in the ordinary course.

Q. Yes?—A. In addition to this I will state that on or about the 23rd of November, 1922, I received the Minister's orders verbally from the Commissioner that no prosecution in connection with the Customs Act was to be instituted without specific orders from the Minister in each case.

Q. Now, just a moment. Do I understand you correctly that in 1922 you received general instructions directly from the Minister?—A. From the Deputy.

Q. From the Deputy Minister?—A. From the Commissioner, as he was then.

Q. From the Commissioner of Customs or the Deputy Minister, then Commissioner of Customs, that no prosecutions were to be instituted by you except on special instructions from the Minister?—A. Yes, sir, on authority from the Minister.

Q. Except with authority, in each case?—A. In each case.

Q. Has that been followed from that time forward?—A. So far as I recollect at the present time it was followed until the amendment assented to by Parliament on the 27th of June, 1925.

Q. Well then, it is your contention, Mr. Wilson, that you discharged your duties to the full extent, when you made your report to the Deputy in regard to this Giroux case?—A. Yes. I think the best evidence of that, in addition to what I have said, that I was right in not taking it upon myself to prosecute is the fact that no prosecution was ordered by the Commissioner after the report of the investigation had been placed before him by the Commissioner.

Q. I see. Well, I wanted to get that point clear, Mr. Chairman. I do not know of anything else. Do you want to put any questions to him?—A. May I observe that in my report to the Deputy, dated 28th of April, reference is made to the instructions received from him. Those instructions have not been presented to the committee, and if it be desired I will submit that letter from the Deputy of the 19th of April, 1924, to be filed.

Q. Well, just a moment, Mr. Chairman. I remember yesterday, in the examination—I cannot place my hand on it—reading myself a clause referring to a report. Have you got that report with you?—A. That is the report of the 28th of April?

Mr. CALDER, K.C.: That is Exhibit 103.

The WITNESS: 104.

By Hon. Mr. Stevens:

Q. This is from Mr. Farrow: "I beg to acknowledge receipt of your letter of the 28th"?—A. Yes.

Q. And you have that letter with you now?—A. In the letter of instructions dated 19th of April, received from the Deputy, on which that statement is based.

Q. Well then, read that into the record. That will make the record clear.—A. (Reads) This is Exhibit 106.

"DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, April 19, 1924.

W. F. WILSON, Esq.,
Chief, Customs-Excise Preventive Service,
Ottawa, Canada.

SIR,—Please note the information contained in the attached papers, part file 120152, respecting an importation of coal in October, 1922, by the Geo. Hall Coal Company, Montreal, Que.

It appears from the papers attached that this cargo of coal was entered free at the port of Montreal on the 21st October, 1922, and that on the 16th January, 1924, an amending entry was passed and duty paid to the amount of $2,639.06.

Mr. Giroux, Superintendent of Customs Examiners at the port of Montreal states that the manifest for this shipment was sent in after the close of the season of navigation of 1922, with other manifests, but that not until the winter of 1923 did he examine the documents and found the manifest of the coal still open.

He adds that a free entry was passed to clear the cargo on arrival but not being satisfied with the classification of the goods he made a

thorough investigation and came to the conclusion that the coal should be entered at 35c per ton, but does not appear to have made this investigation until some fifteen months after the cargo arrived at the port of Montreal.

Mr. R. P. Clerk, Inspector of Customs and Excise, Montreal, reported to me, under date of the 7th instant, that a cheque to pay the duty on this car was issued in 1922, by the Dominion Glass Company, but he did not answer my enquiry as to the name of the parties in whose favour this cheque was drawn, and when it was cashed at the bank.

He intimates that you will be able to furnish this information, and I shall be obliged for your report in this matter.

Please return the attached papers with your reply.

I have the honour to be,
Sir
Your obedient servant,

R. R. FARROW,
Commissioner of Customs and Excise.

Encls."

Q. Is there any other statement you want to make?—A. No, sir.

Q. You considered your duty was fully discharged in making your report?—A. Yes. I knew better than to—

By the Chairman:

Q. This is your contention?—A. Yes, I knew better than to start prosecutions without instructions.

ERNEST CHARLES PARKER SALT, called and sworn.

By the Chairman:

Q. What is your occupation?—A. Royal Northwest Mounted Police.

By Hon. Mr. Bennett:

Q. Did you come from England?—A. Yes sir.
Q. Yorkshire?—A. No sir.
Q. Bradford?—A. No sir.
Q. Where?—A. Devonshire.

By Mr. Calder, K.C.:

Q. Sgt. Salt, what is your rank in the Royal Canadian Mounted Police?—A. Detective Sergeant.

Q. What detachment are you now with?—A. Montreal.

Q. The head of the detachment is Inspector Phillips?—A. Inspector J. M. Phillips.

Q. The active part of the outside work passes through you from Mr. Phillips to the subordinate sergeants, corporals, and constables?—A. I am responsible to Mr. Phillips for all investigations made at Montreal of the Mounted Police.

Q. You have first hand knowledge of the reports filed in consequence of any operations ordered and that you summarized, and you make reports to Mr. Phillips for forwarding to Ottawa?—A. I receive the report first and do the clerical work there, the direction work and so on.

Q. How long have you been in the Royal Canadian Mounted Police?—A. I joined in 1910 and was out four years during the war, overseas.

Q. How long have you been with the Montreal detachment?—A. Since August 3rd, 1921.

Q. While you were with the Montreal detachment did you do any work of detection in connection with the operation of the Customs Act?—A. Commencing about June, 1922, we made some enquiries on the boundary line in respect to silk smuggling, especially in connection with silk, and in October of the same year I was appointed Customs officer with other members of the detachment and instructed to go into the matter of silk smuggling.

Q. Was that at the request of the department?—A. I can only say it was an order I received from the Commissioner of the Force.

Q. Did you ever receive a blanket instruction to do preventive work for the Customs Department?—A. In October, 1922, we were instructed to do all we could to suppress silk smuggling, silk smuggling chiefly, but other commodities coming in at that time, and if we caught men smuggling silk we would not hesitate to arrest them and put them in jail and go through the ordinary procedure of having them tried.

Q. Acting on the instructions of the Customs Department to suppress silk smuggling and incidentally to suppress other smuggling, did you find some one committing violations of the Customs Act?—A. Yes.

Q. And when you found someone committing violations of the Customs Act you would arrest them and initiate prosecution?—A. We would be faced with this proposition that if we found a man actually committing an offence we would not have the opportunity of taking it up with the department, otherwise the man would not be found afterwards, so the responsibility of initiating the prosecution lay with the constable making the arrest.

Q. He would arrest him and immediately file an information and complaint? —A. He had to do that immediately according to the Criminal Code. He would do that at once, and at the same time he would report to the authorities.

By Hon. Mr. Bennett:

Q. Where to, Montreal or Ottawa?—A. He would report to Montreal and Montreal would report to Ottawa.

By Mr. Calder, K.C.:

Q. Do you know from correspondence you got in these various cases, were these prosecutions referred to the Customs Department for instruction?—A. In all cases the prosecution was started before reference could be made to the department.

Q. It had to be gone on with?—A. Yes, it had to be gone on with or dropped, had to be gone on with.

Q. Where you would find a man actually committing a violation you would work up the case and would bring about his arrest and prosecution, and did you thereupon initiate the prosecution immediately, or did you refer back to Ottawa for instructions?—A. In cases of a minor nature where there was no danger of the accused jumping out we might then suspend operations and refer to Ottawa, but if there was any danger of the man jumping out we would act at once. That was up till a certain period.

Q. In all cases prosecution once initiated would have to be gone on with or dropped?—A. Yes.

Q. Now you say this continued, this initiation of prosecutions by the detachment in Montreal, up to a certain period?—A. Yes.

Q. What is the date ending that period?—A. I cannot give you the exact date. It was in October, 1923. We received instructions then that we were not to institute any prosecutions without instructions from the Minister of Customs.

By Hon. Mr. Bennett:

Q. In writing?—A. I would like to see the circular memoradum of that.

Q. Was it in writing?—A. Yes.

Q. Then produce it.

Mr. CALDER, K.C.: We will find the circular and produce it as an exhibit as soon as it is located.

Hon. Mr. STEVENS: Is that the letter to Mr. Wilson that was referred to from Col. Starnes?

WITNESS: The letter I referred to would be from Col. Starnes to all detachments, a circular memorandum from him.

Hon. Mr. STEVENS: It is on file.

Hon. Mr. BENNETT: It is on file with all the papers, but we should get it.

By Mr. Calder, K.C.:

Q. Would not the letter apply to all prosecutions including the prosecution of men found committing?—A. I think there was an exception. I would like to read it before I answer the question. That continued on till May, 1924.

Q. There was one branch of the Customs operations which you did and are doing now, that is the prosecution of those offences which refer to the smuggling of drugs?—A. No, if we caught a man smuggling drugs the penalty for having drugs in his possession is usually greater than the penalty for smuggling drugs. Under the Narcotic Drug Act there is a special section covering that, and we arrested a man under the Narcotic Drug Act.

Q. In that case your instructions were not from the Department of Customs but from the Department of Health?—A. I could not tell you who gave the instructions; I know if I caught a man smuggling narcotics I arrested him immediately.

Q. You prosecuted him under the Narcotic Drugs Act?—A. Yes.

Q. The administration of the Narcotic Drugs Act, is that under the Department of Health?—A. Yes.

Q. Is this the memorandum you were alluding to, memorandum of October 8th, circular memorandum C.I.B. No. 462?—A. That is it.

Q. I am going to read into the record circular memorandum C.I.B. No. 462, dated October 8th, 1923:—

"Memorandum to the Officer Commanding, R.C.M. Police, All Divisions,

ENFORCEMENT OF REGULATIONS CUSTOMS ACT

Department of Customs and Excise have requested that instructions be given that whenever a seizure of smuggled merchandise is effected by members without instructions from the Chief Preventive Officer, after making seizure of goods if it appears to be a case that should be prosecuted, the members of the force effecting the seizure should report the facts promptly by letter or telegram, if necessary, through his Officer Commanding to this office, so that the direction of the Chief Preventive Officer may be obtained as to whether or not prosecution should be instituted.

By following these instructions the Chief Preventive Officer would be accountable and the seizing officer will be relieved of the responsibility in the event of prosecution.

These instructions do not necessarily cover prosecutions that should be instituted immediately against those apprehended in silk smuggling from the United States and the smuggling of narcotic drugs and liquor.

Kindly acknowledge receipt of this circular memorandum, quoting file number 23/D 1, 3Z36.

(Signed) COURTLANDT STARNES,
Commissioner."

Q. Sergeant Salt, did you prepare on your records a list of all the Customs' seizures and arrests made by the Montreal detachment of the Royal Canadian Mounted Police, stating the seizure number, whether the arrests were followed by prosecutions, whether prosecutions were pushed through to judgment, or dropped, and upon whose instructions?—A. I cannot give you the Customs' seizures numbers.

Q. Give your own file seizure number, and we can probably, by correspondence, refer to the Customs' seizure number?—A. I have notes on every seizure now.

Q. You say you have notes on every seizure now?—A. Yes.

Q. Ready for filing?—A. Not for filing, for reference.

Q. Will you prepare from your notes a list, which you will file when prepared?

Hon. Mr. BENNETT: Excuse me for interrupting. You said the circular was dated October, 1923?

WITNESS: October 8th.

Hon. Mr. BENNETT: There was some amendment to the Act in 1925, I understand. Was there any modification of those instructions.

WITNESS: There was a modification in May of 1924, and all our duties in respect of the Customs' Act were cancelled in the Fall of 1924, so that the amendment to the Act in 1925 had no effect upon us at all.

Hon. Mr. STEVENS: While we are here, let us get the instructions of 1924.

Hon. Mr. BENNETT: Yes, and finish it up.

By Mr. Calder, K.C.:

Q. Sergeant Salt, will you find that letter of instruction; would it be on the same file?—A. This file ends with October 8th, 1923.

Hon. Mr. STEVENS: There is a letter from Mr. Wilson—Mr. Wilson can probably assist us—to Commissioner Starnes, and Commissioner Starnes issued the instructions. The letter is here, I have seen it.

Mr. CALDER, K.C.: Subsequent to this one, Mr. Stevens?

Hon. Mr. STEVENS: Yes.

Mr. CALDER, K.C.: I may say that from the file now before me, and before the Committee, the instruction given on October 8th, by circular letter of Mr. Commissioner Starnes, was in consequence of a letter of the 4th of October, 1923, from Mr. Wilson, which reads as follows:

"COLONEL STARNES,
Commissioner, Royal Canadian Mounted Police,
Ottawa, Ont.

DEAR COLONEL STARNES,—I am instructed by the hon. the Minister of Customs and Excise that in effecting seizures of smuggled merchandise, for example, under circumstances similar to the Danise Larde seizure, now pending in Quebec, that arrests are not to be made by officers without instructions from me.

After making a seizure of goods, if it appears to be a case that should be prosecuted, the seizing officer should report the facts promptly by letter, or telegram if necessary, for my directions, as to whether or not prosecutions should be instituted.

To explain, I refer again to the Larde case. Officer Zaneth seized merchandise of considerable value, and no doubt he was satisfied he would not decamp. It would have been more advisable if he had reported the facts and awaited instructions regarding prosecution, which I undoubt-

edly would have given in this instance. By following out the instructions, I shall be accountable, and the seizing officer will be relieved of responsibility in the event of prosecution. These instructions do not necessarily cover prosecutions that should be instituted immediately against those apprehended in silk smuggling from the United States, and narcotic drug and liquor smuggling.

It is requested that you communicate the substance of this to such of your commands as may be concerned.

Yours faithfully,

W. F. WILSON,
Chief, Customs-Excise Preventive Service."

Hon. Mr. BENNETT: What date is that?

Mr. CALDER, K.C.: I am alluding to the circular letter. It has been pointed out to me that the letter is on file that led to that circular. Now, we come to the 6th of May.

Hon. Mr. STEVENS: What is the number of the file?

Mr. CALDER, K.C.: The number of the file is 24-D-24/D, and is entitled "Customs Act in Quebec Province." On this file, there is a letter of the 6th of May, 1924, addressed to Colonel Starnes, Commissioner of the Royal Canadian Mounted Police, Ottawa, which reads as follows:

"DEAR SIR,—The Hon. the Minister of Customs and Excise has assigned Mr. J. E. Bisaillon Customs House, Montreal, as Acting Officer in charge of the Customs-Excise Preventive Officers in the Montreal District, whose duties are performed under the direction of the chief, Customs-Excise Preventive Service.

Hereafter it will be necessary for the members of your force in the Montreal district, who are authorized officers under the Inland Revenue Act, or the Customs' Act, or both Acts, to report to Mr. Bisaillon and take orders locally from him. So far as the work under either or both Acts is concerned. He will protect such officers and assign such work to them. Reports must be addressed to Mr. Bisaillon, and he will be the medium of communication between you or your men, and the chief, Customs-Excise Preventive Service.

Yours truly,

W. F. WILSON,
Chief, Customs-Excise Preventive Service."

That is dated the 6th of May, 1924. Thereupon a memorandum was addressed by Albert J. Cawdron, Superintendent and Director of criminal investigation, dated May 9th, 1924, to the Officer Commanding the Royal Canadian Mounted Police.

"Re *Customs and Inland Revenue Acts, Quebec Districts.*

"I am commanded by the Commissioner to forward for your information and future guidance, copy of communication received under date of the 6th instant, from the Chief, Customs-Excise.

Please acknowledge receipt.

ALBERT J. CAWDRON,
Superintendent, Director of Criminal Investigation."

The last quoted document, the memorandum of May 9th, 1924, addressed by Albert J. Cawdron to the Officer Commanding the Royal Canadian Mounted Police in Montreal, is the circular or instruction to which you alluded?

WITNESS: That is the instruction. It is not a circular, because it only affects the one district.

By Mr. Calder, K.C.:

Q. From that moment on, did the Mounted Police engage in preventive Customs work?—A. About that time we became short of men, and the work began to fall off, and as I had to report everything to Mr. Bisaillon, if a man came to my office and made a complaint against the Customs Act, I would refer him to Mr. Bisaillon and not take his complaint.

Q. You would refer him to Mr. Bisaillon, to act or not to act, as Mr. Bisaillon thought fit?—A. Yes, because shortly after that we received instructions from Mr. Bisaillon that we were not to do any act without his permission.

Q. Have you got that instruction?—A. I have a copy of the instruction, which is a copy made by our office, and sent to the Commissioner.

Hon. Mr. STEVENS: Read it into the record.

WITNESS: It is under date of May 20th, 1924.

By Mr. Calder, K.C.:

Q. You now read into the record the following letter:

"MONTREAL, May 20th, 1924.

Mr. J. E. BISAILLON,
Customs Examining Warehouse,
51 McGill St., Montreal.

I have received instruction that you have been appointed acting chief of the Customs-Excise Preventive Service for Montreal, and that members of my command holding writs will come under your supervision in respect of the Customs' Act.

Would you please give me a ruling upon the following points which may arise:

(1) In the event of other members of the Preventive service calling upon us for assistance, such as Messrs. Masson, Kearney, McNamee, etc., do you desire that I should supply assistance to them, providing men are available, or that they should take the matter up with you and you should supply me with a writ authority.

(2) In the event of an emergency arising whereby it would be impossible for us to get in touch with you, and effect we will say, a seizure, would you please advise me if I have authority to go ahead, or whether the matter should be dropped pending your authority?

I may state that during the time we were working under the direction of Mr. Wilson, Chief Preventive Officer, Ottawa, we supplied men as outlined in point (1) and acted in emergencies as outlined in point (2) without referring the matter to Mr. Wilson.

Yours very truly,

J. W. PHILLIPS,
Inspector Commanding Quebec District."

The answer was given on June 30th, 1924, and reads as follows: (Reads):

"*Customs and Excise, Canada*

J. W. PHILLIPS, Esq.,
Inspector Royal Canadian Mounted Police,
Montreal.

MONTREAL, June 17th, 1924.

DEAR SIR,—I am in receipt of your letter of the 20th ult. stating you have received notice of my appointment as Acting Chief of the Preventive Customs Service of Montreal, and that members at your command who hold writs, will come under my supervision in respect of the Customs Act. I have the pleasure in giving you the following rulings on the points mentioned in your letter, viz.:

The officers assigned to duty under my direction, such as Mr. Masson, Kearney, McNamee, etc., will make application to me when they desire assistance from the Royal Canadian Mounted Police, as it is absolutely necessary that I have full knowledge of their movements and activities.

In the event of any emergency arising, whereby it would be impossible for you to get in touch with me or my office, I would suggest that you telephone Mr. Wilson, the Chief of the Customs-Excise Preventive Service at Ottawa for instructions.

Please arrange to have all reports of seizures made by your officers in future, who are acting officers of Customs and Excise, forwarded to the Department through me.

I have the honour to be, sir,
Your obedient servant,
J. E. BISAILLON,
Acting Chief, Preventive Service,
Quebec District."

Mr. CALDER, K.C.: (Reading):

"The COMMISSIONER,
Royal Canadian Mounted Police,
Ottawa.

Forwarded for your information.

Regarding the last paragraph of this letter, all reports will be forwarded to you as heretofore.

(Signed) J. W. PHILLIPS,
Inspector Commanding Quebec District."

By Mr. Calder, K.C.:

Q. Is that the last general instruction you received?—A. No.

Q. You received a memorandum on July 3rd, 1924, which reads as follows:

"*Memorandum; Officer Commanding Royal Canadian Mounted Police, Montreal, P.Q. Re: Customs Act in the Province of Quebec.*

Referring to the last paragraph of Mr. Bisaillon's letter to you of the 30th ultimo, and your forwarding minute thereon, the Commissioner instructs that all reports of Customs and Excise work performed under the direction of this officer should be sent by you directly to him, and one copy to Headquarters for record purposes, with the notation thereon that the above instructions have been complied with. Also please submit to Headquarters one copy of any instructions received from Mr. Bisaillon. Kindly acknowledge receipt.

(Signed) ALFRED J. CAWDRON."

Did you receive further instructions after that from Mr. Bisaillon?—A. On August 28th we received another letter from Mr. Bisaillon.

Hon. Mr. BENNETT: The same year?

The WITNESS: The same year.

Mr. CALDER, K.C.: This letter reads as follows:

"MONTREAL, August 28th, 1924.

CUSTOMS AND EXCISE PREVENTIVE SERVICE,

MONTREAL, August 27th, 1924.

J. W. PHILLIPS, Esq.,
Inspector, Royal Canadian Mounted Police,
Montreal.

DEAR SIR: On the 6th May last I was advised that the following officers of your staff were empowered as indicated:

J. Kent Burns, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Customs Act only.

J. A. Churchman, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Customs Act only.

Noel Courtois, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Customs Act only.

Michael Richards, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Inland Revenue and Customs Acts.

E. Blackstone Call, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Customs Act only.

J. Henderson Kyle, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Customs Act only.

W. Alfred Anderson, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Inland Revenue and Customs Acts.

J. A. Wright, Royal Canadian Mounted Police, Customs Excise Enforcement Officer, authorized for Inland Revenue and Customs Acts.

At the same time I was advised that a letter in the following sense was also being addressed to the Commissioner, Royal Canadian Mounted Police, to wit"—

Then follows the quotation of the memorandum of October 8th.

Hon. Mr. STEVENS: Better put it in the record, so as to have it complete.

Mr. CALDER, K.C.: Shall I read it so as to preserve the continuity?

Hon. Mr. STEVENS: Yes.

Mr. CALDER, K.C.: This memorandum of October 8th reads as follows:

"The Honourable the Minister of Customs and Excise has assigned J. E. Bisaillon, Customs House, Montreal, as acting officer in charge of the Customs Excise Preventive Service in the Montreal District, whose duties are to be performed under the direction of the Chief Customs Excise Preventive Service.

Hereafter it will be necessary for members of your force in the Montreal District who are authorized officers under the Inland Revenue Act or the Customs Act or both Acts, to report to Mr. Bisaillon, and take orders locally from him, so far as work under either or both Acts is concerned.

He will direct such officers and assign such work to them.

Reports must be addressed to Mr. Bisaillon, and he will be the medium of communication between you and your men and the Chief Customs Excise Preventive Service.

I am now informed your officers have been visiting the wharves and railway stations and requesting the Customs officers in charge of such places to notify them previous to the examination of certain packages.

In view of the above I would respectfully request that previous to any of your officers who are acting Customs Excise Preventive Officers taking any action in connection with smuggling or any contravention of the Customs or Inland Revenue Acts, you communicate with me previous to such action being taken.

Kindly advise your officers accordingly.

(Signed) J. E. BISAILLON."

By Mr. Calder, K.C.:

Q. Does that close the series of instructions which you received?—A. Yes—

Q. And since that letter which I have just read, namely the letter of August 28th, 1924, you have received no other instructions for the prevention of violations of the Customs Excise and Inland Revenue Acts?—A. We received instructions that all our writs and appointments were cancelled some time in October or November 1924.

Hon. Mr. STEVENS: There is a file on that.

By Mr. Calder, K.C.:

Q. Your appointments as Customs Excise Officers were cancelled—?—A. Yes.

Q. On October 24th, 1924?—A. I forget the exact date.

Q. Will you look at the telegram now shown you which is on Volume One of the file numbered C-1639-9, entitled "Appointment of Officers Excise Act, Quebec District"? You received this telegram—or was it relayed to you?—A. That was received by Mr. Phillips at the Montreal office, and given to me accordingly.

Mr. CALDER, K.C.: This telegram, dated October 24th, 1924, reads as follows:

"OTTAWA, October 24, 1924.

The Officer Commanding,
Royal Canadian Mounted Police,
Montreal, P.Q.

Customs Department have cancelled all appointments of members of the force as Customs Excise Officers for the province of Quebec.

(Signed) C. STARNES"

Hon. Mr. STEVENS: Mr. Calder, you see these files are a little confusing unless you get them clear. Mr. Starnes advises that upon some other instructions. Could you give that, so that it will be complete?

By Mr. Calder, K.C.:

Q. Did you ever receive communication of a copy of this letter (indicating) dated October 11th, 1924, which is on the file 24-D-24-D-18, entitled "Customs Act Administration"?—A. No, that was never sent to us.

Mr. CALDER, K.C.: I am putting in a letter under the Matter-of-Course ruling, made by the committee, being a letter from the Deputy Minister of the Department of Customs and Excise dated October 11th, 1924, which reads as follows:

"G. S. WORSLEY, Esq.,
Asst. Commissioner, Royal Canadian Mounted Police,
Ottawa.

DEAR SIR: On the 13th of August last I wrote you acknowledging the receipt of your letter to me of the 12th August, in reply to my application to your department for the services of six men of the Royal Canadian Mounted Police, to perform services temporarily as Customs Officers under the supervision of Mr. J. E. Bisaillon, Acting Chief, Preventive Service of the Montreal District.

In that letter referred to, I stated that your communication would be submitted for the consideration of the Honourable, the Minister of Customs and Excise, and since then I have discussed the matter with him.

The Honourable the Minister does not favour the suggestion that the officers of the Royal Canadian Mounted Police be given general instructions as to the duties required of them, but that they work under the direction of their own officers, irrespective of whether the duty is performed at the Laurier pier or boundary patrol. Under these circumstances, the application for the assistance of your officers along the Quebec frontier and in Montreal, is withdrawn."

Hon. Mr. STEVENS: Signed by whom?

Mr. CALDER, K.C.: I beg your pardon. Signed "R. R. Farrow, Deputy Minister."

By Mr. Calder, K.C.:

Q. So this telegram of August 24th, 1924, was the very last instruction received by you?—A. Yes.

Q. That your officers were no longer to act as Customs Excise Preventive Officers, and their appointment as such had been cancelled?—A. That telegram cancelled our powers as Customs officers, but subsequently one officer was reappointed temporarily to make a special investigation.

Q. Who was that?—A. Corporal Anderson,—Somewhere down in Nova Scotia; it was a special trip which he made; it has nothing to do with the general file.

Q. So that we may take it that the period of your activity, as applied to the Customs and Excise Act, ceased on October 24th, 1924?—A. It ceased on that date but we took up matters under the Customs Act since then.

Q. Because they arose under the Narcotic Drug Act?—A. Partly that, and partly because men would still come to me with complaints.

Q. But you told us that in such cases you did not take the complaint but referred it to Bisaillon?—A. Sometimes they refused to go to Bisaillon.

Q. And in that case you took their complaint and further information?—A. In that case I took down their complaint and forwarded it to Ottawa.

Q. I see. Any particular reason for doing that?—A. Sometimes they complained that it would be no use to report it to Bisaillon; on one occasion I can recall that anyhow, two occasions.

By Hon. Mr. Stevens:

Q. They would prefer giving the information?—A. They would prefer giving the information, and only gave it to me on the distinct understanding that Bisaillon did not receive that information.

By Mr. Calder, K.C.:

Q. Now, I want Sergeant Salt to go into certain matters arising during the period when you were allowed to act in the enforcement of the Customs, Excise and Inland Revenue Act and I want to go into the Spanish Consul case and tie in certain other files with it as we go along. What was your first knowledge, by information of the facts which were afterwards investigated and which led to the conviction of Mr. Meluquerre, the Spanish Consul at Montreal and one De Torranze, an importer, on the charge of conspiracy to defraud the Customs? —A. The first intimation I had was a letter received at our office from the Chief of Police of Montreal, giving us information to the effect that the Spanish Consul was actively engaged in smuggling narcotics. That letter was received some time in 1921 or 1922; I cannot recall the date. The second lot of information received was in August, 1923. That is when that case really started.

Q. So that you got intimation first that the Consul was concerned in the smuggling of narcotics, but I take it that the information was too meagre to proceed with, and it was an error anyway on the part of the Chief of Police?—A. The information was received at our office and presumably the investigation made at that time fell flat, but it was filed away and recorded, and when next time the information came, which corroborated the first information, we went at it stronger.

Q. I see. It was in August, 1923?—A. Yes.

Q. Who were the informers, if you have no objection? It came out in the court. Who were the informants?—A. We had a special agent working on that "S. J. 727."

Q. Who is here and will be called as a witness?—A. Yes.

Q. There is no practical necessity for concealing his identity any longer? —A. He gave evidence at the trial.

Q. That was Sergeant Brown, of the Royal Canadian Mounted Police?—A. No. It was Zenon Dufresne.

Q. Zenon Dufresne, who is here as a witness?—A. Yes.

Q. Let me, not for the purpose of putting it in as evidence, but as a lead for your story—Will you tell us what was the nature of the information you got from him?—A. On the first of August, 1923—

Hon. Mr. BENNETT: I do not want to interrupt, but do you think that is necessary? Let us get along. What somebody told him had happened—do you think it is really desirable?

Mr. CALDER, K.C.: I wanted to connect up—

Hon. Mr. BENNETT: It could not be done in a court of law, you know.

Mr. CALDER, K.C.: No.

Hon. Mr. BENNETT: Why should you do it here? We are wasting a lot of time.

Mr. CALDER, K.C.: It is the process I want to put in. It is in order to lead up to other files and similar information received.

By Mr. Calder, K.C.:

Q. Briefly, what was the imputation cast on the Customs? Was it that, by co-operation with the Customs, certain parcels would be selected for examination by pre-arrangement and that these parcels alone would be examined?—A. The scheme, as outlined to me, and as contained in the report, was that it was possible that it was going on, that people were importing narcotic drugs and alcohol through the Customs Office at Montreal, disguised as other commodities, without detection.

Q. Was it stated at that time that the method was that the parcels should be marked in a certain way by co-operation with the Customs, and those parcels

only selected for examination?—A. We were informed that unnamed Customs Officers were working with the Consul, De Torranze, in that matter.

Q. Was that the conclusion? Was that the point of collusion, that certain defined parcels only would be examined?—A. No, the information was vague, and we set out to find out how it was done, and it was only after the shipment arrived that we knew how it was done, not at the beginning.

Q. In consequence of the information given you what recommendations did you make?—A. Recommendations were made jointly by Sergeant Brown and myself that we should test this scheme out, and find out just how it was done with a view to preventing it going on again.

Q. What was ultimately done to your knowledge in order to bring that about?—A. A shipment of fifty cases containing half alcohol and half Olive Oil were despatched from Spain, arriving in Montreal, and passed through the Customs on the payment of the duty on Olive Oil instead of alcohol, and forty-nine of these cases came into our possession. The other case sprang a leak in the shipping room of the Customs and was detected and seized.

Q. Did you yourself proceed to Spain to arrange for the sending of the cargo?—A. I accompanied Sergeant Brown to Spain.

Q. The first idea was to import narcotics. What was it that prevented this being carried out?—A. Well, I had no first hand knowledge of that. Sergeant Brown is here, and he will tell you that, but we could not get narcotics owing to the revolution against certain officials in Barcelona at that time.

Hon. Mr. STEVENS: Speak a little louder, Sergeant Salt.

The WITNESS: There was a revolution going on in Barcelona when we got there, against certain officials, and through that they were afraid to work with narcotics.

Hon. Mr. BENNETT: The League of Nations was working at that time too.

By Mr. Calder, K.C.:

Q. Who was the shipper of the goods? I do not mean the nominal shipper, but who was the actual shipper of the goods?—A. Felix Martarel.

Q. Of Barcelona, Spain?—A. Yes.

Q. Was the shipment ascribed to another shipper on the way?—A. As far as I know the shipment came direct, but the papers were signed by one Sullivan, but we could never find Sullivan.

Q. Sullivan?—A. You could never find Sullivan? Your suspicion is that he is a fictitious person?—A. We surmise that he is probably Felix Martarel.

Q. Those papers were altered? Was any other port of shipment ascribed to the cargo?—A. I think that Tarragona is the port of Barcelona. They were shipped from Tarragona, actually shipped.

Q. They were shipped from Tarragona under the name of Sullivan?—A. They were shipped to C. A. Robeno.

By Hon. Mr. Bennett:

Q. Sullivan was the consignor?—A. Sullivan is the shipper shown on the papers.

By Mr. Calder, K.C.:

Q. Robeno was Brown?—A. Robeno was Brown, yes.

Q. Did Brown, acting and posing as Robeno, ascribe to himself any office in Montreal, any telephone, any location to which he could be tied?—A. Robeno ceased to exist. He never existed in Montreal, only in the mind of Meluquerre, the Spanish Consul, and De Torranze, and on certain documents which came from Spain.

Q. Did you receive definite instructions as to the packing of this stuff? —A. Sergeant Brown received full instructions from De Torranze.

Q. Never mind. He will speak to that himself. When the shipment arrived at Montreal, what difficulty, if any, did you experience in taking delivery of it?—A. Well, personally, I was not outside the office. I was directing things from the office.

Q. Will you tell us what was reported to you? We will get it—what was the flaw in the Customs system?—A. Well, the flaw in the Customs system—there were one or two flaws I suppose. In the first place the shipment broke in two. We had the first shipment coming in, which was forty-seven cases, and three cases straggled in afterwards. These forty-seven cases were taken to the Hill warehouse. During their stay in the Hill warehouse, which is a Customs bonded warehouse, T. De Torranze was able to go in there and open two cases, and make one case contain all Olive Oil, and the other case contain all alcohol.

Q. How did he do that? How were they packed originally?—A. They were packed originally, half Olive Oil and half alcohol, four cans.

Q. Two cans in each case?—A. Yes, two cans of olive oil and two cans of alcohol.

Q. Apparently De Torranze could go in the bonded warehouse and open the two cases, shift the alcohol in to one case, so as to make it all alcohol and shift the olive oil into the other case, making it all olive oil, presumably for examination?—A. Yes. Then that case was put aside for examination. The other forty-six were delivered in a round about way to the Mounted Police.

Q. Delivered before any examination?—A. There never was any examination.

Q. No, but under what shall I say?—A. Or any pretence of examination.

Hon. Mr. BENNETT: The examination of one case was taken to be sufficient for the whole forty-seven. That alcohol was not examined. That case was a case that was substituted for part alcohol and part olive oil.

The WITNESS: Yes, but that case never went to the warehouse to be examined.

By Mr. Calder, K.C.:

Q. Where was the whole shipment delivered before any case was sent for examination?—A. One case was left in the Hill warehouse. The forty-six cases were then stored by the Royal Mounted Police. Then the other three cases came. They were ordered to be taken to the Hill warehouse; the carter drops one case off at the Customs House, as he generally does, but that would upset our plans. He was to take it to the Hill warehouse. This one case went into the Customs, and then we received the other three cases, so we had forty-nine, and one case was still in the Customs.

Q. One case was still in the Customs?—A. This case in the Customs was examined in the usual way, and, on going out of the Customs, we discovered it to be leaking alcohol.

Q. But it had been passed as olive oil?—A. Yes.

Q. So that the plan that you had made was that all the cases should be delivered to you except one specially prepared and which would contain nothing but olive oil and that preparation was in effect made in the Hill bonded warehouse, to which T. De Torranze penetrated for the purpose?—A. We did not make those arrangements.

Q. No, but they were made.—A. T. De Torranze made those arrangements

By Hon. Mr. Bennett:

Q. Without your knowledge?—A. He was also saying what he was doing, but he was not telling the police. He was telling Robeno.

Q. T. De Torranze was on the receiving end?—A. Yes.

Q. He madé all the arrangements for the receiving of those goods in Canada?—A. T. De Torranze was the agent between Robeno and the Customs Officers.

By Mr. Calder, K.C.:

Q. It was by accident that the unprepared case reached the examining warehouse?—A. As far as I know, yes.

Q. Then, even though it contained alcohol it would have got through, but for accident?—A. But for the second accident.

Q. Who was in charge of the Hill warehouse, as locker?—A. Customs Officer Belanger.

Q. In theory he should have been present, opened the lock and remained with the person entering the bonded warehouse while anything was being done in there?—A. That is the regulations of the Customs, yes.

Q. Who was the examiner who examined the case?—A. Mr. McShane, of the Grocery Department, examined the case.

Q. Yes, or he did not examine the case. He should pass it through his hands and he O.K.'d it?—A. Yes.

By Hon. Mr. Stevens:

Q. Is he an appraiser?—A. An appraiser for the Customs Department.

By Hon. Mr. Bennett:

Q. Was it consigned direct from Barcelona?—A. Yes.

Q. To Robeno?—A. It came via New York.

Q. It did not come via vessel?—A. No.

Q. It came through New York and was transshipped by rail?—A. Yes.

Q. And that caused three cases to become separated?—A. Yes.

Q. That came through in one consignment and it was a broken consignment?—A. Yes. It did not cause it to break open, but the break came in the nail being driven in the can of alcohol which caused it to leak. If it had been olive oil, a can of olive oil, it would have been all right.

Q. Then what happened was, the contents of the can was alcohol and was stored in the warehouse?—A. We got information through T. De Torranze, and the Customs Officers found that forty-nine cases were short.

Q. They discharged their duties as soon as they became apprehensive?—A. Yes, they certainly performed their duties the best they could. They could not find forty-nine cases; they only found one that day.

Q. The rest had disappeared?—A. Yes.

Q. As soon as it became apparent that deception had been practised, they became active for the purpose of ascertaining where the goods were?—A. Yes.

Q. You satisfied yourself on that point?—A. Yes, Mr. Clerk made active enquiries and saw T. De Torranze.

By Mr. Calder, K.C.:

Q. The leaking of the tins was known to a large number of people from that moment?—A. The leaking of the can was reported to Mr. Clerk by the shipper who first found it in the shipping room where there were several employees and carters.

Q. It became so public that some action had to be taken?—A. I don't know.

Hon. Mr. STEVENS: I think Mr. Bennett did not get the point regarding the original passing of these goods.

Hon. Mr. BENNETT: Yes I did.

Hon. Mr. STEVENS: The whole evidence is worthless unless that evidence is established.

Mr. CALDER, K.C.: I will help to prove that. There are two witnesses whom I cannot have here, but I will have to show their reports instead of their evidence, because they have been convicted.

Hon. Mr. STEVENS: The point I want to make clear is this, that through some connivance between officers or employees of the Customs Department, all the alcohol was passed through the Customs, and only one case was used for inspection, is that correct, Sergeant?

WITNESS: We can not prove that any inspection was made. We are satisfied, however, that there was only one can there, but we can not establish where there was any crooked work. These are the things which happened: We received forty-nine cases of alcohol and spirited them away before the Customs became aware there was anything wrong with the shipment, and they were unable to recover the forty-nine cases.

By Hon. Mr. Bennett:

Q. That is what you said, the forty-nine cases were missing?—A. The examination had taken place after delivery of the forty-nine cases, but if the examination had taken place at the proper time they would have got the whole fifty. The examination took place after the forty-nine cases were gone.

By Hon. Mr. Stevens:

Q. There would be no examination to discover the contents if someone had not accidently driven a nail into the case?—A. Yes.

Q. Then the goods were passed?—A. Yes.

Q. Before it was discovered it was alcohol?—A. Yes.

Q. That is our point?—A. Yes. One point is this, I can go to Spain and ship fifty cases of anything I like to Montreal and I am absolutely certain I shall get forty-nine before the Customs officers attempt to examine the first. In the case of narcotic drugs, I would make my profit there, and I do not care if they get the others as they can not find me.

Q. Particularly where the consignment is made to a person using a fictitious name?—A. Yes.

Q. That point has not been made clear so far. In this case the shipment was directed to a fictitious address and an individual who did not exist?—A. Yes.

By Hon. Mr. Bennett:

Q. Somebody had been at the office and gave a name that enabled them to get possession of the consigned goods?—A. The papers were taken to the office by T. de Torranze.

Q. He represented the consignee?—A. No, he said, " I am the agent of the consignee " and he gave the name of Robeno.

Q. He said, " I am the agent of the consignee "?—A. Yes.

Q. And the Customs would act?—A. Yes, and de Torranze would say, " I acted in good faith ".

Q. He went and got possession of the goods as agent of the consignee?—A. Yes.

Q. Under your instructions?—A. Yes.

Q. And got the goods?—A. Yes.

Q. Going in as agent he gets possession of the forty-nine cases?—A. Yes.
Q. Without examination?—A. Yes.
Q. The examination was a casual one?—A. Yes.
Q. And the invoice was all olive oil?—A. Yes.
Q. And they took T. de Torranze, whatever his name is—?—A. Yes.
Q. They took his statement and passed it as olive oil and accepted T. de Torranze as the right man?—A. Yes.
Q. And passed it as olive oil?—A. Yes.
Q. That is the story?—A. Yes.
Q. Subsequently one case leaks as they were driving a nail into the box to close it up; the nail struck against the tin case and immediately the alcohol escaped. Thereupon they endeavoured to discover where the other forty-nine cases were, feeling they had been imposed upon?—A. Yes.
Q. That is the story?—A. Yes.

Mr. CALDER, K.C.: The point in the case is that a man went in without supervision and found one of the cases leaking.

Hon. Mr. BENNETT: It was merely an accident that the nail went into the can of alcohol.

Hon. Mr. STEVENS: Is it not for this Committee to consider whether instructions should be given that no case shall be released unless all are investigated? The practice seems to be of releasing forty-nine out of fifty cases. This case demonstrates what has been done and what may be the result from that course of procedure.

By Hon. Mr. Stevens:

Q. Is that correct, sergeant?—A. Yes, that is one of the points, and the second point is there is no proper examination made, and the third point is that all cases should be examined, whereas the examiner examines whichever case he sees fit to examine.

By Hon. Mr. Bennett:

Q. He should examine in order to find out whether somebody had tampered with a case?—A. Yes. He knows the point is that a case can be tampered with while in Customs bond.
Q. That might happen. I have seen these things in my lifetime. A man takes a case and examines it and passes the whole shipment?—A. This was supposed to be going on, and that is why we made the investigation.
Q. Did you satisfy yourself that there was any evidence that it was being done regularly? That is the point to get at.—A. We proved it went through once quite easily.

By Mr. Calder, K.C.:

Q. There were other cases subsequently investigated by you in which practically the same thing was done. For instance, in the Albert Martin case, is it? I am taking the facts from the file in that case. Two cases came through and were passed without examination and then a substitute case came up and was examined?—A. In the Albert Martin case we had information which led us to believe they contained smuggled goods. We had them stopped at the Customs and ordered an examination, but when we went to examine them they were gone, they had been stolen.

By Hon. Mr. Bennett:

Q. The first two cases came up subsequently on the same description and were examined and were found to contain nothing. These were cases that were to serve as a blind for the other two?—A. They came in after we knew the first two had been stolen.

Q. If you had not interfered, the first two cases would have gone out and the other two cases would have been examined and somebody would have sworn he had examined the substitute cases?—A. I do not think he could do that as every box coming into the Customs comes under a manifest number, and there must have been two manifests which would be covered by the same entry.

By Mr. Calder, K.C.:

Q. We know what happened to manifests and their numbers?—A. Yes.

Z. DUFRESNE called and sworn.

By the Chairman:

Q. What is your name?—A. Zenon Dufresne.
Q. And your occupation?—A. I am an investigator.
Q. In what line?—A. Automobiles.
Q. In Montreal?—A. In Montreal.

By Mr. Calder, K.C.:

Q. Mr. Dufresne, we have heard that you were Mr. Salt's informant, that you gave him the information which led to the prosecution of Mr. Meluquerre and de Torranze?—A. Yes.
Q. Did you get that information yourself?—A. Yes.
Q. From whom?—A. Mr. Meluquerre.
Q. When did Meluquerre approach you?—A. In 1922.
Q. For the first time?—A. For the first time.
Q. When did he approach you definitely so as to make it a continuous operation until his arrest?—A. In 1923.
Q. Where did you have the interview with him?—A. In his office on Peel street.
Q. Where is his office?—A. Just above, in Tooke's Building, Peel street.
Q. Is de Torranze's office in the same building?—A. They are next to one another.
Q. What was the nature of the Meluquerre proposition?—A. That he could get any goods in that he would want.
Q. Acting through de Torranze?—A. Yes.
Q. That he could get through any goods he might want?—A. Any goods he might want.
Q. That is through the Customs?—A. Through the Customs.
Q. Did he describe the method at that time by which these goods could be brought in?—A. No, not definitely. At first he told me that they had a special method.

Mr. CALDER, K.C.: I cannot call Meluquerre and de Torranze, Mr. Chairman.

The CHAIRMAN: Is that the man who was sent to jail?

Mr. CALDER, K.C.: Meluquerre and de Torranze were convicted of conspiracy in connection with certain persons unknown. It is clear that if I call them as eye witnesses they will tell the same story of denial that they told in their defence.

Hon. Mr. BENNETT: Were they found guilty by a judge?

Mr. CALDER, K.C.: Yes.

Hon. Mr. BENNETT: As far as this inquiry is concerned, does that not cover the whole case?

Mr. CALDER, K.C.: Do you want that evidence put in instead of this evidence here?

Hon. Mr. BENNETT: The trial was conducted before a court of competent jurisdiction, I assume. It is all a matter of record.

Mr. CALDER, K.C.: That proves them guilty of conspiracy, but it does not put before the Committee the following facts, which I intend to prove in this case.

Hon. Mr. BENNETT: Do not let me stop you, Mr. Calder, but it does seem to me that we are wasting a lot of time.

Mr. GEOFFRION: Would not the indictment give all that to you?

Mr. CALDER, K.C.: The indictment would not give the method of packing or the arrangements with the Customs which were made and which were afterwards carried out.

Hon. Mr. BENNETT: If the Committee is satisfied, all right. If it was proved before that there was a conspiracy, and that Meluquerre was convicted, we may find that a system has prevailed which has made possible the results mentioned. I do not think you should take up the time of the Committee with these details, because a competent tribunal has dealt with the case. I may be wrong; I am speaking for myself only, Mr. Calder.

Hon. Mr. STEVENS: It is a question of whether the Committee is prepared to take the same position that Mr. Bennett has taken. That is, that, without hearing the evidence upon the fact that these men were convicted before a court, this Committee is satisfied that these processes, shall I say, of smuggling goods into Canada have been followed.

Hon. Mr. BENNETT: Not these processes, but that process did exist in that case, and that it has been proved.

The CHAIRMAN: And this witness can throw no light legally upon it.

By the Chairman:

Q. You were never in that business, were you, Mr. Dufresne?—A. In the smuggling business?

Q. Yes.—A. I have been in the smuggling business before.

Q. Not personally?—A. As a smuggler?

Q. Yes.—A. Yes, I have been a smuggler myself before. I understand what you say. The same point came up in court before.

Hon. Mr. STEVENS: He is frank and honest about it, anyway.

The CHAIRMAN: You could put a question to the Committee or give an answer to the Committee to show how smuggling is conducted in Montreal. You would be a good witness. You will have the Committee make a recommendation. You are about the best witness we have had since the 9th of February.

Mr. CALDER, K.C.: There is no doubt about that; that will follow in due course, only I am not going to start upon a fishing expedition here. If you will permit me, I would say that any decision not to repeat the evidence here that was given in a court of law would handicap me in showing anything against the Customs in this way. This Committee is interested in finding out what laxity there was, or what co-operation there was with smugglers. Whenever you brought that subject in, the trial of Melquerre and de Torranze, whenever it did not refer directly to de Torranze or Meluquerre, it was ruled out or irrelevant. That is the evidence which was ruled out in that issue, that I want to have put in here. I have been examining the file, and I have made a note of a certain number of cases.

The CHAIRMAN: But it has been ruled out by the court?

Mr. CALDER, K.C.: It was ruled out because the Customs Department was not on trial. De Torranze and Meluquerre were on trial. Anything that showed how they conspired together was relevant evidence, and anything that showed laxity on the part of the Customs Department, was excluded.

Hon. Mr. BENNETT: I would have thought so.

Mr. CALDER, K.C.: And rightly so. I have now examined a certain number of cases made by the Mounted Police, some of which ended in conviction, others of which did not end in conviction. I am only going to demonstrate that somebody in the Customs is unfortunate. These people, very probably were not named or discoverable, but their methods, and the laxity of supervision which allows a method to be applied is or was, in my opinion, a legitimate subject of inquiry.

Hon. Mr. STEVENS: Surely.

Mr. CALDER, K.C.: But if, every time I take a case which has been tried in the courts and I am told to file the conviction, I cannot make a case here at all.

Hon. Mr. STEVENS: I think Mr. Calder should have an opportunity of putting his contentions before the Committee.

Hon. Mr. BENNETT: Mr. Calder has not stated the position which I take, nor has Mr. Stevens. The position is very simple. I, for one, speaking for myself solely do not desire to hear evidence on the charge of conspiracy brought under the laws of this country. I think it is a waste of time. On the other hand, if Mr. Calder has evidence which will bring home conduct of the Customs Department showing crookedness in that Department in the conduct of that business, which has nothing to do with this case at all certainly I will be most glad to hear it. That is the reason I thought we should confine it to that, and not to other matters. I do not conceive that I am sitting here as a court to review what the courts of this country have done, and if a judgment has been given, I am prepared to accept it.

Hon. Mr. STEVENS: I am prepared to agree with that up to this point; why exclude evidence which shows connivance on the part of the Customs authorities, simply because it was in the Meluquerre case.

Hon. Mr. BENNETT: I did not suggest that. I do not think we are serving any useful purpose in wasting time by hearing evidence that resulted in the conviction of two men from Montreal. The essential facts are proven. Here is a witness who says he was smuggling at the port of Montreal, in connivance with these people.

Mr. CALDER, K.C.: No, he says what he was.

The CHAIRMAN: A smuggler.

Hon. Mr. BENNETT: But everybody in this room perhaps has smuggled something during his life. I do not want to interfere with the conduct of the case, Mr. Chairman.

Mr. CALDER, K.C.: And I do not want to rest under the imputation of uselessly pursuing the evidence.

Hon. Mr. BENNETT: It is not that. It is not necessary to quote evidence concerning a case which has been tried.

The CHAIRMAN: There are some points upon which you may rely afterwards in supporting a case. Mr. Calder wants to put in evidence now, whether he is right or whether he is wrong.

Mr. CALDER, K.C.: The arrangements are that they will pack in a certain way, that they will ship in a certain way, that the cargo will be deposited in a certain place, and that certain things will happen in consequence of which the cargo will come in. This was stated, and afterwards was done. I think that is relevant, to show that this man knew what was intended.

By the Chairman:

Q. You have heard what Mr. Calder has said?—A. Yes, sir.

Q. Do you know that any such system existed?—A. I think the system did exist, because we proved that it did exist in that case.

Q. Did you know that personally?—A. I know one of the cases which was taken away from the warehouse.

The CHAIRMAN: I think Mr. Stevens will agree that you should start your examination, and if there is any objection it could be made then.

Mr. CALDER, K.C.: But the fact that the thing was done is, in my opinion, useless, unless the evidence how it would be done goes into the record.

The CHAIRMAN: As a safeguard for the future?

Mr. CALDER, K.C.: That is the chief object of this commission, I take it, to recommend improvements.

By Mr. Calder, K.C.:

Q. Eventually, after a number of interviews with de Torranze and Meluquerre, a certain system was adopted for the shipping?—A. Yes.

By Hon. Mr. Bennett:

Q. What was the system?—A. The system was that we could ship in an amount of fifty cases or one hundred cases of whatever we wanted to put in those cases, and they would see that those cases would go through the Customs, at a rate of so much per case.

By Mr. Calder, K.C.:

Q. Paid to the Government?—A. Paid for graft.

By Hon. Mr. Bennett:

Q. To whom was the money to be paid?—A. They did not mention the names of the people, because he was the largest.

Q. Whom were you to pay?—A. As a matter of fact, we did pay de Torranze.

Q. Did de Torranze tell you how many cases were to be packed?—A. Yes, he made all the specifications and the way to ship.

Q. Did he furnish you with specimen invoices?—A. Yes.

Q. Telling you how the cases should be located, and how the tins should be located in the cases?—A. Yes.

Q. With respect to the outside labels?—A. Yes, with respect to the outside.

Q. The outside labels?—A. Yes.

Q. And told you how much that would cost per case?—A. Yes.

Q. And said that by arrangement with certain Customs officials whom he did not name, these cases would be prepared for passing?—A. Would be passed and delivered to us.

Q. You did not go to Spain?—A. No.

Q. You do not know what was done there?—A. No.

Q. Tell us what you did, in respect of the shipment when it arrived in Montreal?—A. When the shipment arrived there were only forty-seven cases arrived at first.

By the Chairman:

Q. Of what?—A. It was shipped as olive oil. He told me the shipment came in in bad order, and he says "I am going down and look it over, and I am going to fix a special case for the examining warehouse."

By Hon. Mr. Stevens:

Q. Who said that?—A. de Torranze.

Q. He told you he was going to go down to the Hill Warehouse to prepare a case for examination?—A. And look over the shipment, because the shipment had come in in bad order. So he went down, and came back and told me, "I got one case all fixed up for the examining warehouse, and the balance I will get you the order to-morrow morning to go and get forty-six cases." I said "All right, I am ready to take them."

Q. And you took delivery of them?—A. I took delivery of them the following morning, about twelve o'clock. That was a Saturday.

Q. You brought them to the Mounted Police?—A. I brought them to the Mounted Police.

Q. From the Hill Warehouse?—A. Yes.

By Mr. Calder, K.C.:

Q. Where they had been locked up in bond?—A. Yes.

Q. Were you present at the examination of those cases, at the Royal Canadian Mounted Police headquarters?—A. No, sir.

Q. You were not?—A. No, sir.

Q. How did you take delivery of the remaining three cases except the one held for leakage?—A. After I got the forty-six cases, I went back on Monday or Tuesday following, and got the one case that was all oil, that had been prepared for the examing warehouse.

Q. And was left in the Hill Warehouse for that purpose—A. Yes.

Q. You got that case?—A. I got that case. In the meantime, the other three cases had come in; one of the three that had been left to the examining warehouse, so I did not want to take that case, and de Torranze said "You had better get that case, I will give you an order," and I went down in the morning and got that case.

Q. Out of bond?—A. Yes.

Q. One case had been prepared to go to the examining warehouse, but because of error, another case had been brought in, and it was necessary to get that camouflaged case away?—A. Yes. Two or three days after, I went to get the other two at the Hill warehouse.

By Hon. Mr. Bennett:

Q. Did you sign a receipt for them as you took them away?—A. Yes, I did.

Q. Of course you did. For the whole lot?—A. No, I signed—

Q. You signed for 46, and then for one, and then for the other two?—A. Yes.

Q. Signed your own name?—A. I think I did.

By the Chairman:

Q. You usually signed your own name?—A. Yes.

Mr. CALDER, K.C.: Throughout this transaction he used his own name.

By Mr. Calder, K.C.:

Q. Now, do you know whether all these cases were taken out of bond before it was discovered that one of the cases had leaked in the Custom House?—A. These 49 were taken out, I think.

Q. Before that occurred?—A. Yes, before that occurred.

Mr. CALDER, K.C.: That is all.

By Hon. Mr. Bennett:

Q. Do you know who the locker was in the warehouse?—A. They told me it was Belanger.

Q. Did you see any clerks working there?—A. No.

Q. There should be no difficulty in knowing who was in that warehouse, in charge of it, from the day these goods came in until the last case went out?—A. I cannot tell you; I knew only Mr. Vincent; that was the only man we had any instructions to do business with.

Q. You were acting under the instructions of the police?—A. Yes.

Q. So what you did was done under the direction of the police?—A. Yes.

Q. When you said you were a smuggler—A. In the old days—I have been twelve or fifteen years at it, but I quit it long ago.

Q. And in this case you were acting for the government?—A. Yes.

By the Chairman:

Q. Formerly you were a smuggler?—A. Yes, I was 12 or 15 years in the game.

By Mr. Donaghy:

Q. When did you quit?—A. 12 or 15 years ago.

By the Chairman:

Q. In what line were you smuggling?—A. Diamonds.

Q. Not in motor cars?—A. No; I was in the diamond game.

By Hon. Mr. Stevens:

Q. Mr. Dufresne, I think you said a moment ago you arranged to pay some money, some graft, to get these through. Will you say how much?—A. Yes, that was the arrangement, so much a case.

Q. How much a case?—A. I guess it was $3,500 for the 50 cases. I think that was the amount.

Q. To whom was that money paid?—A. Paid to de Torranze.

Q. And who was de Torranze—A. That is T. de Torranze; he was the working partner of Meluquerre.

Mr. St. Pere: His sparring partner.

By Hon. Mr. Stevens:

Q. Then he was not an employee of the government?—A. Who? de Torranze?

Q. Yes.—A. No, I don't think so.

By Mr. Calder, K.C.:

Q. I forgot to ask you this question, Mr. Dufresne. You had several discussions with Mr. Meluquerre and with Mr. de Torranze in their office on Peel street?—A. Yes, sir.

Q. Upon several of these occasions they reported to you discussions they had had with Customs officials?—A. Yes.

Q. Now, in going into or coming out of these offices, at that time, and when they were speaking of these arrangements with the Customs officers, did you see any Customs officers there whom you knew?—A. Well, I did not quite recognize them, but de Torranze told me, he said, "Mr. Bisaillon just left my office," and another time he said that Mr. Brien had just left.

Q. Were these after conversations or during conversations in which he reported to you that certain arrangements were made with the Customs?—A. I was there talking to them to try and fish—

Q. About the shipments?—A. Yes, and what they had to work on. I was fishing for information.

Q. And de Torranze reported to you afterwards that Mr. Bisaillon and Mr. Brien had been there?—A. Yes.

Q. Did you see them?—A. No, I did not see them; he reported they were there.

By Hon. Mr. Bennett:

Q. For all you know, this man might have been lying to you?—A. I don't think he was.

Hon. Mr. BENNETT: This hearsay business is perfectly absurd.

By the Chairman:

Q. You were, to a certain extent, the informer in the case of Meluquerre? —A. I was the informer right through.

The CHAIRMAN: That is all.

Mr. DONAGHY: Wait a minute. I want to ask a question.

By Mr. Donaghy:

Q. You quit smuggling 12 yearse ago, you say?—A. Yes, about that.

Q. And up to the time you quit you had been in the business for 12 years as a smuggler?—A. I guess all of that.

Q. Where?—A. Between Europe—

Q. Smuggling into what ports?—A. —and the United States and Canada.

Q. Smuggling into what ports?—A. Through Montreal port, through Quebec port, through St. Johns port, and through the Halifax port, through the States into Canada, and through Canada into the States.

Q. Diamonds only?—A. Diamonds. I was touching lace, but it was not a paying proposition.

Q. How did you get these things by the Customs in those days?—A. Right through; they were not examining me.

Q. What?—A. I was going right through with the goods.

Q. You were not even examined?—A. No.

Mr. DONAGHY: All right.

By Mr. St. Pere:

Q. Did you ever apply for a job in the Preventive Service?—A. Yes, I did; two years ago or a year and a half ago.

Q. You tried to get a job in the Preventive Service?—A. Yes I did; I tried.

Q. You made an effort to get it?—A. I put in an application.

Q. What was your idea?—A. Looking to go straight, and I knew I could fill up the position, because I know all the ins and outs of it.

Q. Did you ever make a threat to anybody that if you did not get the job you would reveal certain things?—A. Not that I know of.

Q. You swear that?—A. I never made any threats to anybody.

Q. You swear as to that?—A. I never made any threats to anybody.

Q. Do you swear that you never made a threat that you would reveal certain things if you did not get the job?—A. No, I swear to that; I never did.

Mr. ST. PERE: All right; that settles that.

The CHAIRMAN: I see you did not reveal very much.

By Mr. Donaghy:

Q. You did not get the job?—A. I have a job to live on; I do not need it.

CHARLES CLIFFORD BROWN called and sworn.

By the Chairman:

Q. What is your full name?—A. Charles Clifford Brown.

Q. What is your occupation?—A. Detective Sergeant Mounted Police.

Q. Where?—A. At Winnipeg, at present.

By Mr. Calder, K.C.:

Q. Sergeant Brown you came into the Meluquerre case in consequence of information given to you by Dufresne?—A. I did.

Q. You had personal interviews with T. de Torranze and Meluquerre? —A. I did.

Q. And in those interviews they told you of a certain system by which they could get certain goods through the Customs?—A. By which they had done and could do again.

Q. Now, will you tell from whom you got your instructions as to packing? —A. From T. de Torranze.

Q. Yes. What was the nature of these instructions?—A. Well, I know that the instructions were that these goods were to be packed in specially constructed cases, of specially selected lumber. There were to be four cans in each case, two of which cans were to contain narcotics.

Q. He gave you a sketch, did he not, of the way in which they were to be packed?—A. He did.

Q. This sketch giving the position of the cans, with reference to outside labelling?—A. To the outside lettering, yes.

Q. Yes, the outside lettering. Did he also supply you with specimen invoices, filled up according to the system which he said he had?—A. Yes.

Q. You proceeded to Spain?—A. I did.

Q. And you could not secure narcotics?—A. I could not.

Q. So it was decided to shift the cargo to alcohol?—A. To alcohol.

Q. And from whom did you purchase this?—A. Felix Martarel of Barcelona.

Q. Was it packed according to the diagram given to you?—A. It was.

Q. And shipped?—A. And shipped.

Q. Did you have anything to do with the delivery of the goods at the Montreal end?—A. I was asked by De Torranze to sign a specimen invoice which I refused to do.

Q. Yes. Well, we will not go into that.—A. Yes.

Q. Did you have anything to do with the actual physical taking out of the— —A. Not a thing.

Q. When the cargo was delivered did you examine it?—A. No, I did not.

Q. Sergeant Salt did that?—A. He did.

Q. I see. That is all.

Hon. Mr. STEVENS: Does this witness know anything about the paying of the money?

Mr. CALDER, K.C.: That was not paid to any Customs official. We have it in evidence that it was paid to De Torranze. I do not want to follow it further unless we can find who the ultimate payee was.

Hon. Mr. STEVENS: There is no evidence of that.

Mr. CALDER, K.C.: We searched, and we could not find any evidence of that.

By Hon. Mr. Stevens:

Q. You do not know to whom that money was paid?—A. No, not personally.

Mr. CALDER, K.C.: We were faced with absolute failure in following up that question.

By Hon. Mr. Bennett:

Q. Was it possible, over a given number of these people, to ascertain with certainty the names of every official in that Hill warehouse?—A. We did.

Q. Not very many of them?—A. No, not so very many.

Q. No. I should not think at that time more than a dozen?—A. No. I do not remember. That was not my end of the investigation.

Q. There would not be a dozen?—A. That is not my end of the investigation.

Q. Still you are not able to bring home in your own mind any case against any one of those people as having been the recipient of the draft?—A. In my own mind?

Q. Yes.—A. Oh, yes.

Q. You satisfied yourself on it?—A. Yes.

Q. You could not get further than that.—A. Well, we were not able to make the charge stick.

Q. No. Was any person charged?—A. Yes.

Q. Yes, but it was not sufficient to— —A. There was not a conviction.

Q. Was there a trial?—A. Yes.

Q. Preliminary inquiry?—A. Yes.

Q. Against a Police official?—A. Against a Customs official.

Q. Customs official, I mean to say?—A. Yes.

Q. And the man was discharged?—A. Yes.

Q. He was one of the persons, I presume, that was in that warehouse?—A. Yes.

Q. You went to Spain in connection with the transaction?—A. I did.

Q. What did this whole transaction cost? I suppose ten thousand dollars or fifteen thousand dollars?—A. Oh, it might have cost just under ten thousand dollars altogether.

Q. Yes. So you did it with great care?—A. As carefully as possible.

Q. That is pretty careful when you do it, because you are a very good officer, but the part I cannot understand is how it broke down when there were only a limited number of officers in the Hill warehouse. Some one of them, if this scheme was being carried on, must have been in the know?—A. That is what we were told before we ever went to Spain, that the responsibility could be definitely fixed, and we left it at that, considering it was a matter of interior economy of the Customs Department.

Q. I see. Your Department did not charge themselves with the responsibility of endeavouring to fix responsibility?—A. No, that was taken up at length.

Q. That was done with the assistance or connivance of, so to speak, the Customs Department?—A. With the full knowledge of the Preventive Service.

Q. Yes. When did you finish with the operations?—A. I believe the case against the—

Q. When did you finish with the operation itself, when the case was withdrawn from the warehouse?—A. I have made a note.

Q. It is good enough for general purposes?—A. Well I was told on the twelfth that even though the case leaking had been seized there would be no more trouble.

Q. The twelfth of what?—A. The twelfth of April, 1924.

By Mr. Donaghy:

Q. Sergeant Brown, the police handed over this $3,500 to this man with the foreign name—what is his name?—A. T. De Torranze.

Q. Did they?—A. He received it in the form of a certified cheque.

Q. He got the money?—A. Yes.

Q. Did your Secret Service endeavour to shadow T. De Torranze's every movement from the time he got this money, for the purpose of ascertaining whom he came in contact with for the next week or so?—A. Well, I was told that they did.

Q. You were told that your Secret Service did?—A. Not for a week or so, but until he went to a bank.

By Hon. Mr. Bennett:

Q. Did he deposit the cheque or cash it?—A. I could not say for sure, but I was told he deposited it, I think.

By Mr. Donaghy:

Q. Well, your efforts anyway to shadow him, to find out whom he was coming in contact with, did not reveal anything useful?—A. Just to find out where his bank account was.

Q. That would not help very much?—A. No.

Q. What I wanted to know was if you tried to shadow him, to find out with whom he came in contact, what officer of the Customs he came in contact with?—A. I believe an effort was made along those lines, but I am not sure about that.

Q. You did not succeed in establishing it; the force did not?—A. No.

Witness discharged.

ERNEST CHARLES PARKER SALT recalled.

By Mr. Calder, K.C.:

Q. Sergeant Salt, when the cargo reached headquarters it was examined? —A. Yes.

Q. You have, I think, a record of the examination in your file, have you not, as to the contents of the various cases?—A. Yes.

Q. What did the cases which you had in your possession at headquarters contain?—A. Item by item?

Q. Well, not numbering the case, tell us how many cases were packed according to specification secured from Meluquerre, and whether there were variations from those specifications?—A. Case number forty-nine contained olive oil, and had additional labels stuck on the can.

Q. It was the only case that these paper labels were on?—A. That was the only case. Case 13 contained all alcohol. A number of cans of alcohol had been stolen.

By Hon. Mr. Bennett:

Q. What?—A. A number of cans of alcohol stolen, had been stolen from the remaining case.

Q. What?—A. Stolen from the case.

Q. Thirteen was all alcohol?—A. Yes.

Q. Was that by pre-arrangement?—A. That was the case that had been taken by T. De Torranze. I knew it was 13 before it arrived. I knew 13 contained alcohol and knew 49 would contain olive oil.

Q. How did you know that?—A. Through a medium of information coming to me. T. De Torranze told Dufresne who told Brown who told me.

Q. What were the specific marks?—A. There were labels put on the cans as required by the customs.

Q. A particular kind of label?—A. It was put on cans, otherwise they would not pass through Customs.

Q. The cases were numbered serially from 1 to 50?—A. Yes.

By Hon. Mr. Bennett:

Q. No other marks?—A. The name Robeno, Montreal, that was on.

By Mr. Calder, K.C.:

Q. And the product?—A. Yes, and the number of cans of alcohol.

Q. We have reached the essential point, there was one case, No. 13, which contained alcohol?—A. Yes.

Q. And one case, 49, which contained olive oil?—A. Yes.

Q. And these were the cases which by pre-arrangement were to be faked? —A. Yes.

Q. The case with olive oil would go to the examining warehouse and the alcohol one taken away?—A. Yes.

Q. Now will you tell us where?—A. De Torranze was shadowed, so as to discover the disposal of the money. T. De Torranze was shadowed from the time he got the cheque until he deposited it in the bank.

Q. Did he deposit it or get the cash?—A. He deposited it in the bank.

By Hon. Mr. Bennett:

Q. Did he deposit it?—A. Yes, we had his deposit slips.

Q. Did you control his drawings against the cheque?—A. From the time he deposited the cheque until the time the money was allowed to come out, we had a check on his withdrawals, and that was right up to the time he disposed of the money again. When we went to the bank after a certain space of time he only had $109 left.

Q. Did he draw the cheques to his own order?—A. We went through every cheque.

Q. Were they drawn to a third party or himself?—A. To cut it short they were not drawn in favour of any Customs Officer.

By Hon. Mr. Stevens:

Q. You would not expect that, would you?—A. He would be very clumsy if he did.

By the Chairman:

Q. He was too clever?—A. There is nothing very clever, it is common sense.

By Mr. Calder, K.C.:

Q. What was the Customs personnel of the particular warehouse?—A. One man, Belanger, he had sole control of the warehouse.

Q. There was no other Customs employee whatever?—A. None.

Q. No other Customs employees?—A. None except Mr. Pare, the chief officer.

By Hon. Mr. Stevens:

Q. There was a prosecution in regard to paying graft, there was a prosecution?—A. Yes. The substance was, Belanger could not be found guilty because it appeared that it was usual for these things to go on in the Customs Department. I have a note of the judge's summing-up and I will get it after.

The CHAIRMAN: I object to this evidence as Chairman. If there was any sentence rendered, the sentence must be filed If it is only in words I do not want any evidence of it.

Mr. CALDER: Mr. Chairman knows that in the case of the courts of Montreal no record is kept of the notes of the judge.

The CHAIRMAN: I am not supposed to know that. What I know is there is the sentence or judgment of the judge and it speaks for itself.

Mr. DOUCET: Do you mean to say we cannot be told what the comments of the judge were?

The CHAIRMAN: No, and if you are not satisfied you can go back to the House.

Hon. Mr. STEVENS: I do not want to quarrel over a point. If we have the witness here who is prepared to state under oath what the judge's words were, I think we are entitled to here his statement.

The CHAIRMAN: As far as I am concerned personally, as Chairman, directing the proceedings I will not tolerate any evidence of that kind. I will order that the judgment be filed.

Hon. Mr. BENNETT: Mr. Chairman, you are going a bit too far. There is no record kept and no stenographer's notes. You can prove perjury against people by calling people who were in court and heard the evidence.

The CHAIRMAN: There was evidence.

Mr. CALDER, K.C.: There is no record of any comment made by the judge. In other jurisdictions, comments are taken, but in our jurisdiction they are never taken.

Hon. Mr. BENNETT: If a man pledges his oath as to what is said in court this should be received.

The CHAIRMAN: If I have the judgment of the judge under signature it is all that we can get even in the highest courts. Sometimes the court says an action is dismissed and you have a note of that and go to appeal, and that even occurs in a civil matter, and there is no record whatever.

Hon. Mr. BENNETT: I think, Mr. Chairman, you misunderstand the position. You are quite right, if a judge discharges a prisoner or gives a judgment, that is a matter of record which is proven by the record. If the judge makes observations and they are not taken down, and there is present some person who pledges his oath that the judge did say so-and-so and so-and-so, I have not any doubt that that is revelant testimony, because it is given by a person who heard it. There are cases where no stenographer's notes were available, and witnesses were called who swore as to what they had heard, and this has occurred in cases where charges of perjury have been laid. I think authorities show it is competent and there are cases on the point. All Mr. Calder asked Mr. Salt was as to whether or not any statement was made by the judge, and he said the judge said so-and-so, and I conceive that to be a perfectly proper question. You can not file the record, as there is no record.

The CHAIRMAN: I think the record should be produced here.

Mr. DONAGHY: Let us get along to the next question. This is rather a side issue. He found the man not guilty and made some observation.

Hon. Mr. STEVENS: I wish to state my objection against the ruling of the Chairman. This is the second time the Chairman has ruled that we have no right to ask a witness as to comments of a judge. I think it is an unfair ruling.

The CHAIRMAN: If the comment is not written in the judgment, it should not be mentioned.

Mr. DOUCET: In other jurisdictions in this country we can have the comments made by the judge, but, because of peculiarities in certain districts, comments not being taken down in shorthand, we are barred from producing evidence of them. I do not think there is the same peculiarity in any other district. Judges are rendering judgments and such judgments should be accepted.

Hon. Mr. BENNETT: I think perhaps, Mr. Chairman, you misunderstand the position, and we can probably clear it up in camera. It is merely a statement of what took place.

The CHAIRMAN: He should only be allowed to say that the judge renders judgment. In civil jurisdiction a judgment is rendered signed by the judge, and that judgment is something which only can be produced.

Hon. Mr. BENNETT: Oral evidence is not admissible for the purposes of judicial records. I think we are all agreed on that.

Mr. DONAGHY: Let us get along, Mr. Chairman. We can discuss this question in camera, among ourselves, quietly.

The CHAIRMAN: All right.

The Committee adjourned until 4.00 p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order. Are there any applications?

Hon. Mr. BOIVIN: Mr. Chairman, if I may be allowed, I would like to produce before the committee some documents which have been asked for from the Department of Customs. The first is a statement showing the Montreal port seizures placed in locked room on the seventh floor of the examining warehouse in Montreal, and placed in charge of William Baker, together with the answers to certain questions asked of Mr. A. W. Kennedy, the Acting Chief Inspector of Customs and Excise.

The next file of documents contains the statement of the number of prosecutions where the value of goods was less than $200, a list of the ports and outports in triplicate, copy of a letter dated March 3rd, 1926, advising that correspondence with respect to one Harry Rabinovitch is included in file number 118265, submitted to the committee on February 25th, 1926, and copy of a letter of March 10th, 1926, advising that the original file was required for the Exchequer Court. That is, I think, the file referring to the seizure of the "Annie B. M."

At the same time, I desire to produce the Preventive Service Customs Seizure file No. 5238 for the Schooner "Annie B. M.," and we have also had prepared in the Department, from the original file which is now in the custody of the Exchequer Court, a complete copy of the original departmental file in connection with that seizure, so that all the documents will be before the committee, but in the form of a copy instead of the original.

I also desire to produce before the committee the departmental file concerning the Customs seizure of alcohol and olive oil from C. N. Robeno of Montreal, No. 121188, and the Preventive Service file concerning the same matter, which also includes the information in the possession of one Dufresne, Montreal, regarding the smuggling of narcotic drugs.

I also desire to produce 19 Preventive Service files—is it necessary to give the numbers to have them on record?

Hon. Mr. STEVENS: I don't think so. Are they the ones from Mr. Farrow?

Hon. Mr. BOIVIN: These are the files referred to yesterday in the evidence of Mr. Farrow. I also have here 11 departmental files concerning seizures, requested in a letter to Mr. Farrow by Mr. Stevens on the 15th of March.

Now, I have on my desk—and I am sorry to say that it was mislaid, but it will be filed to-morrow morning—a complete file, together with my personal

file, in the case of a prosecution taken against one Moses Azziz. There is also, I think, one personal letter which I was requested to produce by the committee, which was sent to me by the department yesterday, but which unfortunately I was unable to put my hands on this afternoon in time for this hearing, but which I will file to-morrow morning.

I will say, Mr. Chairman, if there are any other matters or any other files requested by the committee from the Department, which have not yet been filed before the committee, if you will be kind enough to instruct your clerk to give us a list of the missing documents, we will use all due diligence and try to have them before the committee not later than the hearing after next.

Mr. DONAGHY: In order to be protected by the minutes, and in order to avoid dispute as to whether these documents have been filed or not, I think the reporter should take a note of the numbers. We should have a record of these because our documents are becoming very voluminous.

The CHAIRMAN: File them as exhibits with the names.

Hon. Mr. BOIVIN: I have no objection whatever, but if I understood the procedure correctly, all exhibits are printed. These are produced, but should any document be required—

The CHAIRMAN: They are produced—

Mr. CALDER, K.C.: Produced, but not filed.

Mr. DOUCET: They are numbered by the clerk.

Hon. Mr. BOIVIN: Any document is available to be filed later as an exhibit.

The CHAIRMAN: The clerk can prepare a printed list for to-morrow morning.

We have received two telegrams, one of which reads as follows:

"MONTREAL, March 25th, 1926.

WALTER TODD,
Ottawa.

I attest by presence that E. Armand Gadbois, 3008 St. Lawrence Boulevard, is sick with grippe expecting to be sent to hospital, and oblige.

ERNEST GARIEPY, M.D.,
6427 St. Denis St., Montreal
Attending Physician."

There is another one: (Reading):

"MONTREAL, March 25th, 1926.

WALTER TODD,
Clerk, Commons Committee,
Custom Enquiry,
Ottawa.

It was impossible to be Ottawa to-morrow sick. Will come Monday.

Sgd. L. PRÉFONTAINE."

Now, Mr. Calder, will you proceed?

Mr. CALDER, K.C.: I will call Mr. Belanger, the locker of the Hill warehouse.

REGIS BELANGER called and sworn.

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

By the Chairman:

Q. What is your name?—A. Regis Belanger.
Q. What is your occupation?—A. Customs official.
Q. Montreal?—A. Yes.
Q. How old are you?—A. 26 years of age.

By Mr. Calder, K.C.:

Q. In the summer of 1923, were you in the employ of the Customs Department?—A. No, sir.

Q. What was your occupation then?—A. I was in the employ of the Customs Department, but I was sick at that time.

Q. Were you the locker at the Hill warehouse?—A. I was starting from the 8th of November, 1923.

Q. In 1924 were you occupied at the Hill warehouse as a locker?—A. Yes.

Q. What salary did you receive at that time?—A. $1,080.

Q. $1,080 per year?—A. Yes.

Q. What was your regular occupation at the Hill warehouse—A. I was at the disposal of the authorities at the Hill warehouse in all that pertained to goods that passed through the Customs. I was at their disposal when they needed me.

Q. There was a bond in the Hill warehouse of which you had possession? —A. There were eight sections.

Q. There were eight compartments?—A. Yes; there were eight compartments, absolutely distinct, distributed over five floors.

Q. And you are the only person at the Hill warehouse who had the keys for these eight different compartments, or bonds?—A. Yes, sir.

Q. Was there a regulation that no person should enter the bond without you opening the bond personally, entering with that person, and locking the bond after the person had left?—A. We did not proceed in that manner.

Q. Was that a regulation?—A. Yes.

Q. If you did not follow the regulation, what procedure did you follow? —A. I followed the regulation, but we did not proceed to close the locks and to open them in so far as it concerned the employees of the building itself. Sometimes we opened a compartment in the forenoon—we opened two or three and sometimes four—and we remained at the disposal of the authorities every time they had to enter the bond for any reason whatever, unless it was for an employee who had to sweep out the bond, or to place the goods which had not been placed on the previous day. That employee entered without our being there, but in so far as a stranger was entering the bond, he had to notify me if the bond was opened.

Q. Since you had the keys for the bond, you were the first person to know whether the bond was open or not?—A. I knew the bond was open.

Q. Did you open all the compartments in the bond in the morning and close them at night?—A. No, sir. I opened them according as was required.

Q. When it was necessary to open the bond, did you observe the following regulation for yourself; to open the bond and to remain there while the bond was open, and to control what was going on there by the person who requested entrance to the bond?—A. I remained there, in so far as I was capable of doing so. If, in the interval, I was called to a more pressing case, I would go there, but if a stranger was in the bond I remained there all the time.

Q. Did you consider a broker as a stranger?—A. Yes, sir.

Q. Did you consider an importer as a stranger—A. Yes, sir.

Q. Do you recall the arrival of a cargo of olive oil consigned to a party named Robeno, and who had as an agent a party by the name of T. de Torranze?—A. Yes, sir.

Q. The goods were placed in the bond?—A. Yes, sir.

Q. And those goods were to remain there so long as they had not been examined, or the duty paid upon them?—A. Yes, sir.

Q. When you say "paid" you mean the Customs duty paid?—A. Yes, sir.

Q. And the duty would not have been paid before an entry or an examination of the goods?—A. Not necessarily an examination.

Q. It has been adduced in evidence that 46 cases were released at one time from the bond before an examination or an order to let them out of bond?—Yes, sir.

Q. As official in charge of the bond, were you not required to demand a permit before these goods could be removed to let the 46 cases go out?—A. Yes, sir.

Q. Did you get that permit?—A. Yes, sir.

Q. Who signed that permit?—A. I cannot recall.

Q. Was it a special permit in that case?—A. Yes.

Q. That permit must have been signed by the Collector of Customs?—A. His initials were on it.

Q. Who was the Collector of Customs at the time?—A. Mr. Weldon.

Q. It is in evidence that later there was a change made in the bond of the contents of two of the cases. You were at the trial of Meluquerre and you heard the evidence given?—A. Yes.

Q. I think it was proven that it was T. de Torranze who made the change, that he unlocked two boxes, that he took two tins containing alcohol in one of the cases and had finished the operation by relocking one of the cases, which contained, after the operation, four tins of olive oil and the other four tins of alcohol. Did you see T. de Torranze entering into the bond?—A. No, sir.

Q. How did it happen that Mr. de Torranze could penetrate into the bond without you being advised or notified of it?—A. The Hill warehouse people are the people who should have notified me; I should have been in my office in another compartment or department.

Q. Leaving the bond open during your absence?—A. Absolutely.

Q. And you counted on the Hill warehouse people to notify you if anyone besides the employees had penetrated into the bond?—A. Yes, sir.

Q. Why should those employees enter the bond unless it would be to place goods there or to remove or handle the goods?—A. To bring in goods, to remove goods or to handle goods. I do not mean to touch the goods. By that I mean not to open or to tamper with the goods. That is what I mean by not touching the goods.

Q. You mean by that, touching or opening the case, or unpacking the case?—A. Not touching or opening the packages.

Q. How could you know if that happened if you did not control the acts which they performed while you were absent?—A. Well, it is a trust which we have in all public warehouses; furthermore, we examine the goods in so far as we are capable of doing so, if they have been altered or tampered with.

Q. Precisely the cases which de Torranze opened were delivered by you without any notation or observation that they were touched?—A. No, sir.

Q. You mean to say by that, that you made no observation?—A. I did not notice anything.

Q. Did you keep a record of the goods entered and taken out, which went into the bond and which went out?—A. Yes.

Q. You entered the entries and the removals?—A. Yes.

Q. Did you make the inspection of the bond in the morning?—A. I inspected the bond practically during the whole day. I checked and supervised. I walked through or went through the different compartments, in so far as I had time to do so.

Q. Did it happen that you were absent, or that you would be gone for a prolonged absence on any particular storey for any length of time?—A. Yes, sir.

Q. During that time if a bond on another floor had been opened by you, the personnel of the Hill warehouse could enter the bond?—A. It was not that I gave orders or permission to enter, but I tolerated it, so that the work could be done without delay.

Q. Then if the employees of the Hill warehouse wished to betray your confidence they could call you to another floor on one pretext or another, and could operate the replacement or theft of merchandise or the exchange of merchandise?—A. Not only that. The goods were in bond, but that could be done as well when the goods are outside of bond, which happens quite often.

Q. Then you do not claim that the existence of a bond is not useful for the Customs?—A. It is very useful.

Q. Then it is important in consequence that the barrier or enclosure which separates the goods in bond from the goods in the free warehouse should be secure and should prevent people from going in?—A. We cannot go to extremes. I understand that it is necessary that there should be a bond, that it should be locked, but as I said a moment ago, it happens quite often that the goods remain for a certain length of time outside of bond, for one reason or another, and we note that they are in absolute safety. The government knows that it is absolutely safe.

Q. In the case of T. de Torranze, for instance?—A. In the case of T. de Torranze the goods remained one whole night outside of bond.

Q. But the exchange took place within the bond?—A. Very well. I believe the exchange took place within the bond.

Q. You say that these goods were a whole night outside the bond?—A. Yes.

Q. How did that happen?—A. Because I did not have the documents to receive them in the bond at the time.

Q. Therefore, not having the documents to receive the goods in bond, you did not take the precautionary measure of placing them within the bond?—A. I have not the right to do that.

Q. Does not olive oil necessarily have to go into the bond? Is not olive oil kept in bond, unless it is released?—A. Absolutely.

Q. According to the regulations should not olive oil be placed in bond?—A. What do you mean by that?

Q. Must not goods, such as olive oil be placed in bond until there is an order for its release?—A. Absolutely.

Q. Seeing that a cargo of olive oil arrived, which must have been placed in bond, you did not put it in bond because you did not have the papers or documents?—A. Pardon me, sir, I did not answer exactly as I should have answered. You state in a case when I receive olive oil that I must place it in bond.

Q. No. What I state is this: According to the regulations should not olive oil be placed in bond until the entry has been put through and the goods

released?—A. If the goods are not paid for when they arrive at the warehouse, I place them in bond. It happens quite often.

Q. Had you no papers to show whether or not this was an importation?—A. No, sir.

Q. Were those goods not delivered to the Hill warehouse by a bonded carter?—A. I could not say, but I do not believe so. It is not obligatory, but I do not believe so.

Q. In the case of imported goods like this, a cargo by rail, arriving at the station, could it leave the station without an order from the Customs?—A. That is something outside my knowledge.

Q. Is the procedure not the following: Being released by the Customs, is permission given by the Customs—I have here a resume of the evidence which you gave when the enquete was made. You said that you received forty-seven cases on the first of April, 1924, and on the tenth, two other cases; on the fifth of April you delivered forty-six cases, and on the tenth of April you delivered two cases. The carter must have been one of the carters of Mr. Murdock, named Lusignan. Was Murdock a bonded carter?—A. No, sir What do you mean by a bonded carter?

Q. A man who has permission, in virtue of an obligation which he has given, to follow the rules and not to allow goods to go astray, and who, in consequence, has permission to act as a carter?—A. That is as it should be.

Q. The bond in which this cargo was locked was on the third floor?—A. Yes.

Q. Do you remember having declared this, that nobody could touch it while it was under your care?—A. That no person must touch the goods.

Q. Did it happen frequently that a cargo was delivered directly to Hill's warehouse without a case of samples being delivered to the examining warehouse on the way?—A. I have not had any knowledge of it before and the thing has never happened since.

Q. That was a unique case?—A. Yes, it is; according to me, it is.

Q. Was it you who delivered the two cases?—A. No, sir.

Q. When were they delivered?—A. I could not say exactly. Those two cases did not concern me any longer because when they came to the Hill warehouse the duty had been paid on them.

Q. They were in bond, the two last cases?—A. No, sir.

Q. Those were not the cases which were opened?—A. No.

Q. No, you are right. I stand corrected. They were not the cases that were opened. I added in the evidence that they were not the cases that were opened. If T. de Torranze penetrated into the bond to carry out the operation which we have mentioned, to change the contents of the case, he must have done it because Hill's warehouse or some one of its employees betrayed your confidence and introduced T. de Torranze in to the bond?—A. Absolutely.

Q. Is the Hill warehouse closed as a bond now or does it continue its operations?—A. No, it continues its operations.

Q. Are you still there as locker?—A. No, sir.

Q. Are you still in the employ of the Customs now?—A. Yes.

Q. As locker?—A. Yes.

Q. For the bond?—A. I have ten bonds.

Q. Where are those bonds located?—A. In different parts of the city.

Q. I hope the rule is better observed in the case of those ten bonds?—A. It is not the same thing. There are some bonds which require the attendance of an officer for a certain time in the day. They spend a certain amount of time there and go somewhere else, and those bonds are locked with a key.

Q. Did you work in any other bonds apart from the Hill warehouse that you have just mentioned?—A. Yes.

Q. Are there many warehouses where there are bonds on different floors with only one locker?—A. Yes, sir.

Q. Do you know whether the same tolerance or tolerations existed in these warehouses as regards the Hill warehouse?—A. I believe the same tolerance or toleration existed.

By Mr. Donaghy:

Q. When, or in what year, were you appointed to the Customs Service?—A. I was appointed in the summer of 1920.

Q. How old were you then?—A. Twenty.

Q. Were you appointed by the Civil Service Commission?—A. Yes.

Q. Were you put in the position of locker?—A. When I started in the service I used to be at the Customs Postal Branch for three years and I was transferred to the Locker Department when I recovered from my illness in the fall of 1923.

Q. You were then twenty-three years old?—A. Yes, sir.

Q. Apparently you would not have very much experience?—A. Not much.

Q. Who superintends you, looks after you, and sees you know your duties?—A. Mr. Pare.

Q. Does the Collector of the Port go around to the bonds and warehouses and see how things are run?—A. I never saw him.

By Mr. Calder:

Q. Have you ever seen Mr. Clerk around?—A. I don't know Mr. Clerk.

Q. There were no other Custom House officers in the Hill warehouse except you?—A. No.

Q. All the employees of whom you speak were employees of the Hill warehouse?—A. Yes.

Q. And they handled a very large quantity of goods?—A. Yes.

Q. They were free?—A. Yes.

Q. Very often similar to these that were in the bonds?—A. Yes.

By Mr. Kennedy:

Q. You said a little while ago your salary was $1,080?—A. Yes.

Q. What was it in 1923?—A. In 1923 it was the same. We have a change in salary a year after.

Witness discharged.

JEUDI, le 25 mars 1926.

RÉGIS BÉLANGER est appelé et assermenté.

Le président:

Q. Quels sont vos nom et prénoms?—R. Régis Bélanger.

Q. Votre occupation?—R. Officier de douane.

Q. A Montréal?—R. A Montréal.

Q. Quel âge avez-vous?—R. Vingt-six ans.

M. Calder, C.R.:

Q. En 1923, pendant l'été, étiez-vous employé des douanes?—R. Non, monsieur.

Q. Quelle était votre occupation?—R. J'étais malade. J'étais au service des douanes, mais j'étais malade.

Q. Est-ce que ce n'est pas vous qui étiez le "locker", au Hill Warehouse?—R. Oui, monsieur, à partir de. . ., autour du 8 novembre 1923.

Q. En 1924, vous étiez alors occupé au Hill Warehouse comme "locker"?—R. Oui, monsieur.

Q. Quel était le salaire que vous receviez dans ce temps-là?—R. $1,080, si je ne me trompe pas.

Q. Par année?—R. Par année.

Q. Quel était le règlement qui gouvernait votre service au Hill Warehouse?—R. Le règlement?

Q. Oui, quels étaient vos devoirs, les devoirs qu'on vous avait prescrits?—R. Je me tenais à la disposition des autorités du Hill Warehouse, pour tout ce qui concernait la marchandise en douane; j'étais à leur disposition quand ils avaient besoin de moi.

Q. Il y avait un "bond" au Hill Warehouse, une partie de l'entrepôt dont vous aviez la clef?—R. Il y avait huit parties.

Q. C'est-à-dire huit compartiments?—R. Huit compartiments, complètement différents, répartis sur cinq étages.

Q. Et vous étiez le seul, à l'entrepôt Hill, qui aviez les clefs de ces huit différents "bonds"?—R. Oui, monsieur.

Q. Le règlement était-il que personne ne pouvait pénétrer dans le "bond" sans que vous l'ouvriez vous-même, sans que vous y pénétriez avec la personne, pour constater le départ de la personne et ensuite barrer le "bond"?—R. Nous ne procédions pas de cette manière.

Q. Est-ce que c'était le règlement?—R. Oui, monsieur.

Q. Si vous ne suiviez pas le règlement, quelle procédure suiviez-vous?—R. J'entends, je suivais le règlement, mais on ne procédait pas à fermer les cadenas et à les ouvrir lorsque c'était des employés de la bâtisse même; quelquefois on ouvrait un département l'avant-midi, on en ouvrait deux, trois, et même quatre, et on se tenait à la disposition des autorités chaque fois qu'ils avaient besoin de pénétrer dans le "bond" pour quoi que ce soit; à moins que ce soit pour un employé, pour balayer le "bond" ou pour placer la marchandise qui n'avait pas été placée la veille, cet employé entre sans qu'on y soit; mais lorsqu'un étranger devait pénétrer dans le "bond", on devait m'avertir si le "bond" était ouvert.

Q. Mais puisque vous aviez les clefs du "bond", vous étiez le premier à savoir si le "bond" était ouvert ou non?—R. Je savais que le "bond" était ouvert.

Q. Est-ce que vous ouvriez tous les compartiments du "bond" le matin pour les refermer le soir?—R. Non, monsieur, j'ouvrais à mesure qu'on en avait besoin.

Q. Quand il y avait nécessité d'ouvrir le "bond", vous imposiez-vous la règle suivante: d'ouvrir le "bond" et d'y rester pendant qu'il était ouvert, pour contrôler ce qui s'y faisait par la personne qui vous en demandait l'entrée?—R. J'y restais en autant que j'étais capable. Si j'étais appelé, dans l'intervalle, à un cas plus pressé, je m'y rendais; mais, s'il s'agissait d'un étranger qui était en visite dans le "bond", je me tenais là tout le temps qu'il y était.

Q. Considériez-vous comme un étranger un courtier de douane?—R. Oui, monsieur.

Q. Considériez-vous l'importateur lui-même comme un étranger?—R. Oui, monsieur.

Q. Vous rappelez-vous l'arrivée d'une cargaison d'huile d'olive consignée à un nommé Robineau, qui avait comme agent un nommé T. de Torranzè?—R. Oui, monsieur.

Q. C'était une entrée dans le "bond", les marchandises ont été mises dans le "bond"?—R. Oui, monsieur.

Q. Pour qu'elles y séjournent tant et aussi longtemps qu'elles n'auraient pas été examinées?—R. Ou "payé" dessus.

Q. Quand vous dites "payé", vous voulez dire la douane payée?—R. La douane.

Q. Et la douane n'aurait pas été payée tant qu'il n'y aurait pas eu un examen et une entrée?—R. Pas nécessairement un examen.

Q. Il est en preuve que 46 caisses d'un coup ont été relâchées du "bond" avant qu'il y ait eu examen ou ordre de laisser sortir?—R. Oui, monsieur.

Q. Comme préposé au "bond" n'auriez-vous pas dû exiger un permis de consommation, ou un permis de laisser passer de la douane?—R. Pour. . .?

Q. Pour laisser sortir les 46 caisses?—R. Certainement.

Q. L'avez-vous eu?—R. Oui, monsieur.

Q. Par qui était signé le permis?—R. Je ne pourrais pas me rappeler.

Q. Est-ce que c'était un permis spécial, dans ce cas-là?—R. Oui, monsieur.

Q. Alors, ce permis spécial devait être signé du collecteur des douanes?—R. Ses initiales étaient apposées dessus.

Q. Qui était collecteur des douanes dans le temps?—R. M. Weldon.

Q. Maintenant, il est en preuve que plus tard on aurait échangé dans le "bond" le contenu de deux des caisses; vous étiez au procès de Malaquer; vous vous rappelez que cette preuve a été faite et qu'il a été prouvé que c'était T. de Torranze qui avait fait l'échange. Il avait décloué deux boîtes, il avait pris deux bidons d'alcool dans l'une des caisses et avait terminé l'opération en reclouant les deux caisses, dont l'une portait alors, après l'opération, quatre bidons d'huile, et l'autre portait quatre bidons d'alcool. Avez-vous vu de Torranze entrer dans le "bond"?—R. Non, monsieur.

Q. Comment se fait-il que de Torranze ait pu pénétrer dans le "bond" sans que vous en soyez avisé ou averti?—R. Ah, bien, ce sont les autorités du Hill Warehouse qui auraient dû m'avertir. J'aurais dû être soit à mon bureau ou dans un autre compartiment.

Q. Laissant le bond ouvert pendant votre absence?—R. Absolument, monsieur.

Q. Et vous comptiez sur le Hill Warehouse pour vous avertir si quelqu'un autre que les employés voulait pénétrer dans le "bond"?—R. Oui, monsieur.

Q. Les employés, eux, pouvaient pénétrer dans le "bond", de confiance?—R. De confiance, en autant qu'ils ne touchaient pas à la marchandise en douane.

Q. Pourquoi entraient-ils dans le "bond", sauf le balayeur, si ce n'est pour y mettre de la marchandise, en ôter, ou la manutentionner?—R. Entrer de la marchandise, en sortir, et la manutentionner, c'est pour cela. Je n'entends pas, par là toucher à la marchandise. J'entends ne pas ouvrir les caisses ou toucher à la marchandise. C'est ce que j'entends par ne pas toucher la marchandise.

Q. Vous entendez, par là, toucher ou ouvrir les paquets?—R. Pas toucher, ouvrir les paquets seulement.

Q. Mais comment pouviez-vous savoir s'ils ouvraient les paquets ou non, si vous ne contrôliez pas les actes qu'ils faisaient pendant que vous étiez absent?—R. Bien, c'est une confiance que nous avons dans tous les "warehouses" publics, et en plus nous examinons la marchandise, en autant que nous sommes capables, si elle a été altérée.

Q. Précisément, les caisses que de Torranze a ouvertes ont été livrées par vous sans aucune notation ou constat par vous qu'on y avait touché?—R. Non, monsieur.

Q. Voulez-vous dire par là que vous n'avez pas fait de constat?—R. Je ne me suis pas aperçu.

Q. Est-ce que vous teniez un compte des marchandises entrées dans le "bond" et qui en sortait?—R. Oui, monsieur.

Q. Vous entriez les arrivages et les sorties?—R. Oui, monsieur.

Q. Faisiez-vous l'inspection du "bond" le matin?—R. Presque toute la

journée, quand j'avais le temps, je "checkais" ou je voyais; je me promenais dans tous les entrepôts, en autant que j'avais le temps.

Q. Vous arrivait-il de faire des absences,—ce n'est pas un reproche que je vous fais,—d'être obligé de faire des absences prolongées sur un étage?—R. Absolument.

Q. Et pendant ce temps-là, si un "bond" dans un autre étage avait été ouvert par vous, le personnel du Hill Warehouse pouvait y pénétrer?—R. Pouvait y pénétrer, ce n'est pas que j'avais donné l'ordre ou la permission, mais je tolérais pour que ce travail se fasse sans retard.

Q. Alors si les employés de la Hill Warehouse voulaient tromper votre confiance, ils pouvaient vous attirer sur un autre étage, sous un prétexte quelconque et opérer des substitutions, des vols, des remplacements, et des échanges?—R. Non seulement si la marchandise était en "bond", on pourrait faire cela quand la marchandise est en dehors du "bond", ce qui arrive très souvent.

Q. Alors, vous ne posez pas que l'existence du "bond" n'est pas utile aux douanes?—R. Est très utile.

Q. Il est important, par conséquent, que la clôture du "bond" qui sépare les marchandises "in bond" des marchandises dans le "free warehouse" soit bien établie et ne laisse pas passer?—R. Enfin, on ne peut pas passer aux extrêmes. J'entends qu'il est nécessaire qu'il y ait un "bond", qu'il soit barré, tout cela. Mais, comme je l'ai expliqué tout à l'heure, il arrive très souvent que la marchandise reste un certain temps en dehors du "bond", pour une raison ou une autre, et on constate qu'elle est en parfaite sécurité, le gouvernement constate qu'elle est en parfaite sécurité.

Q. Comme ce cas de T. de Torranze?—R. Parce que cette marchandise a passé une nuit en dehors du "bond".

Q. Mais l'échange a été fait en dedans?—R. Très bien, Je crois bien qu'il a été fait en dedans.

Q. Vous dites que cette marchandise a passé une nuit en dehors du "bond"? —R. Oui, monsieur.

Q. Comment?—R. Parce que je n'avais pas les papiers pour la recevoir dans le moment.

Q. Alors, n'ayant pas la documentation pour recevoir la marchandise qui devait aller en "bond", vous n'aviez pas pris la précaution de la mettre dans le "bond"?—R. Je n'ai pas ce droit.

Q. Est-ce que réglementairement, en vue du service des douanes, les huiles d'olives n'entrent pas dans le "bond", nécessairement?—R. Qu'entendez-vous?

Q. Est-ce que les huiles d'olive ne sont pas tenues d'être dans un "bond" tant qu'elles n'ont pas été relâchées?—R. Absolument.

Q. Voyant arriver une cargaison d'huile d'olive qui doit être dans le "bond", vous ne l'avez pas mise dans le "bond" parce que vous n'aviez pas les papiers?—R. Pardonnez, monsieur. Je n'ai pas répondu exactement comme j'aurais dû répondre tout à l'heure. Vous dites que dans le cas où je reçois de l'huile d'olive, je dois la mettre dans le "bond"?

Q. Non. Je demande ceci: est-ce que l'huile d'olive, d'après les règlements, n'est pas tenue d'aller dans un "bond" tant que l'entrée n'a pas été passée et la marchandise relâchée?—R. Si elle est payée quand elle arrive dans l'entrepôt, je la mets en "bond", ce qui arrive très souvent.

Q. Est-ce que vous n'aviez aucun papier pour vous permettre de voir si oui ou non c'était une importation?—R. Non, monsieur.

Q. Est-ce que ces marchandises-là n'ont pas été délivrées à la Hill Warehouse par un "bonded-carter"?—R. Je ne pourrais pas vous dire, mais je ne crois pas. Ce n'était pas obligatoire. Je ne crois pas.

Q. Une marchandise importée, comme cette cargaison-ci, par rail, arrivant à la gare, peut-elle laisser la gare sans un ordre des Douanes?—R. Là, vous tombez en dehors de mes connaissances.

Q. Est-ce que la procédure n'est pas la suivante: que la marchandise est relâchée par la douane, ou que permission est donnée par la douane? J'ai ici un résumé du témoignage que vous avez donné lors de l'enquête tenue à Montréal. Vous y disiez que vous aviez reçu 47 caisses le 1er avril 1924, et le 10, deux autres caisses; que le 5 avril vous avez livré 46 caisses, et le 10 avril deux caisses; le charretier aurait été l'un des charretiers de M. Murdock, un nommé Lusignan. Est-ce que M. Murdock est un "bonded-carter"?—R. Non. Qu'entendez-vous par "bonded-carter"?

Q. Un homme qui a une permission, en vertu d'une obligation qu'il a donnée de bien suivre les règlements, de bien suivre les marchandises et qui en conséquence a la permission d'agir comme charretier.—R. Ça doit être cela.

Q. Le "bond" dans lequel se trouvait cette cargaison se trouvait au troisième étage?—R. Oui.

Q. Vous rappelez-vous d'avoir déclaré ceci: Que personne ne pouvait y toucher pendant qu'elle était sous votre charge?—R. Ne devait y toucher.

Q. Est-ce que c'est arrivé souvent, cela, qu'une cargaison est parvenue dans ce "Hill Warehouse" sans qu'une caisse-échantillon soit livrée en route à l'"examining warehouse"?—R. Pour moi je n'en ai jamais eu connaissance auparavant et la chose ne s'est jamais répétée depuis.

Q. C'est un cas unique?—R. C'est un cas unique pour moi.

Q. Est-ce vous qui avez livré les deux caisses?—R. Non, monsieur.

Q. Quand est-ce qu'elles ont été livrées?—R. Je n'ai pas pu savoir au juste. Ces deux caisses-là ne me concernaient plus, parce que quand elles sont arrivées au "Hill Warehouse" les droits avaient été payés dessus.

Q. Mais elles étaient dans le "bond", ces deux dernières caisses?—R. Non.

Q. Ce sont les caisses qui ont été camouflées, cela?—R. Non.

Q. Vous avez raison, je me corrige. Ce ne sont pas les caisses qui ont été camouflées. Alors, si T. de Torranze a pénétré dans le "bond" pour y faire l'opération dont nous avons parlé et changé le contenu des caisses, il a dû le faire parce que le "Hill Warehouse" ou quelqu'un de ses employés a trahi votre confiance et a introduit T. de Torranze dans le "bond"?—R. Absolument.

Q. Est-ce que le "Hill Warehouse" est fermé comme "bonded-warehouse", maintenant, ou s'il continue ses opérations?—R. Non, il continue ses opérations.

Q. Est-ce que vous êtes encore là comme "locker"?—R. Non, monsieur.

Q. Etes-vous encore à l'emploi de la douane?—R. Oui.

Q. Comme "locker"?—R. Oui.

Q. A quel "bond"?—R. J'ai dix "bonds".

Q. Où se trouvent ces "bonds"-là?—R. A différentes places en ville.

Q. J'espère que le règlement est mieux observé dans le cas de ces dix "bonds"?—R. Ce n'est pas la même chose. Ce sont des "bonds" qui paient un officier une heure par jour. On passe un certain temps là; on s'en va à une autre place. Naturellement, ces "bonds"-là sont fermés à clef.

Q. Sont fermés à clef?—R. Sont fermés à clef.

Q. Avez-vous travaillé dans d'autres "bonds" que le Hill Warehouse, sauf ceux dont vous venez de parler?—R. Oui, monsieur.

Q. Y a-t-il plusieurs "warehouses" ou entrepôts où il n'y a qu'un "locker"; plusieurs "bonds" sur plusieurs planchers et un seul "locker"?—R. Il y en a plusieurs.

Q. Savez-vous si la même tolérance existe dans ces "bonds"-là qu'au Hill Warehouse?—R. Je crois que la même tolérance existait.

OWEN MCSHANE called and sworn.

By the Chairman:

Q. What is your occupation?—A. Assistant Appraiser.

Q. Montreal?—A. Montreal.

By Mr. Calder, K.C.:

Q. Were you Customs Appraiser in the grocery department?—A. Yes sir.

Q. Will you tell me what is the regulation you have to follow in examining olive oil, what procedure you follow in shipments of olive oil?—A. We open the case.

Q. First you have to select the goods, haven't you?—A. Not the Appraiser.

Q. Who does the selection?—A. In the Long Room, the man who takes the goods in.

Q. Is there some regulation which establishes that you must take a certain number of goods in a shipment?—A. Yes.

Q. In a shipment of twenty-five cases, how many cases should have been selected for examination?—A. Properly, five.

Q. Now then, how many cases did you receive of this shipment?—A. One.

Q. You received only one case; did you protest to anybody that you wanted the other four before you proceeded to examine?—A. No sir.

Q. Why not?—A. I didn't do it, that is all.

Q. Tell me, Mr. McShane, in your experience as Appraiser does it often happen that less than the ordered number of cases are selected for inspection?—A. At that time it was; then, not now.

Q. At that time, you are speaking of 1924?—A. Yes.

Q. And for some time previous to that?—A. Yes sir.

Q. Was the change due to this particular case arising?—A. I don't know.

Q. Did it follow close upon it?—A. Not close upon it.

Q. When was the change made, enforcing the regulation of the number of cases that had to be examined?—A. In 1925.

Q. Early in 1925?—A. I don't know what date, I am not sure of the date, 1925, I couldn't say what month.

Q. At the time this one case reached you, you knew you should have five?—A. Should have had one anyway.

Q. You knew you should have had five?—A. No, there is only one entry.

Q. You knew under the regulations you should have had five?—A. Probably, yes.

Q. May I put it to you, you could not get the five and did not ask for the production of five cases, because you knew the rest of the shipment had been delivered and you would have to recall the goods?—A. I don't know.

Q. The shipment had been delivered?—A. I am not positive, I did not know the goods were delivered.

Q. Although you knew what the regulations called for and five cases should come to you, you were satisfied to examine one?—A. That is all I could examine.

Q. You have certain powers of telling the other departments that they are not complying with the regulation, and order them to send five cases?—A. I called at the warehouse and they were all delivered, and I only had one case.

Q. You called up the warehouse?—A. Yes, for the balance of the goods.

Q. You called up the Hill warehouse for the balance of the goods?—A. Yes.

Q. They told you the shipment was delivered?—A. Yes.

Q. That is after you examined one case?—A. Yes.

Q. How did you examine this shipment?—A. The case was opened and I took out one can, and it was marked, and I put it back in and signed the ticket.

Q. That was a close examination?—A. It was marked with Olive oil and I put it in the case.

By the Chairman:

Q. Did you look into it?—A. No sir.

Q. Is that the way you examine goods down there?—A. No sir.

Q. Do you try to hear it with your ears?—A. There was olive oil on the top.

By Hon. Mr. Stevens:

Q. As long as it was olive oil on the outside, it was all right?—A. Yes.

By Mr. Calder, K.C.:

Q. It turned out to be something quite different?—A. Yes, there were two cans.

Q. You were sure it was olive oil?—A. Yes.

Q. Had it been the practice in examining olive oil to lift the box and look at the label, and if the tin was oily, it was all right?—A. Yes.

Q. Was that the practice of examining oil at that time?—A. Yes.

Q. How long had it been the practice to examine olive oil in this way?—A. Ten years.

Q. You say you called the Hill warehouse for additional cases; was it before or after the case sprung a leak?—A. Afterwards.

Q. After the entry was passed?—A. The entry was before, yes.

Q. Now, is it not a fact that at this time there was a special warning given to watch for alcohol and narcotics coming from Spain?—A. Not that I am aware of.

Q. It was not commonly known in the examining warehouse that there was a possibility of floating contraband getting into the oil shipments?—A. Never heard of it.

Q. I think you must be the only man who did not hear?—A. No, I did not hear.

Hon. Mr. Stevens: He attended strictly to examining olive oil.

By the Chairman:

Q. You attended to the grocery department?—A. Yes.

Q. Nothing else?—A. No.

Q. You did not hear anything about Spain?—A. No.

By Mr. Calder, K.C.:

Q. Did you hear a rumour among any of the others, or the Customs House officials, that such was going on?—A. No.

Q. For ten years olive oil was examined in the way you have mentioned?—A. Yes.

By the Chairman:

Q. Are you there ten years?—A. Yes.

By Mr. Calder, K.C.:

Q. If you heard a rumour that could make anyone else but a Customs House official suspicious, you would resolutely dismiss it from your mind?—A. No.

Q. Eventually when the cases were unloaded, one of the cases was nailed up, and the nailer also was inefficient and he drove a nail through the can?—A. Yes.

Q. And alcohol started to leak out?—A. Yes.

Q. There was a great to-do when you tried to recall the shipment?—A. We tried.

Q. Utterly failed?—A. Yes.

Q. There is no doubt you failed as it was delivered to a man who had no perch in Montreal, is that it?—A. Yes.

Q. That emphasizes the danger of delivering goods prior to examination to an unknown firm?—A. Yes.

Q. I understand since this entry has been put through, they have gone to the expense of getting an opener and the oil is being emptied out of the tins?—A. Yes.

Q. Now, when you picked up those, did you pick up only one tin?—A. I picked up only one tin.

Q. I surmised this packing of the oil was a standard packing, was it not?—A. Yes.

Q. You must have handled a large number of standard packages of oil of the same kind?—A. Not very many.

Q. Understand me, this was a standard tin of oil?—A. Yes, it was a standard tin of oil.

Q. And you must have handled a large quantity of standard tins from other shipments?—A. Yes.

Q. Did you not notice a very serious difference in the weight between these tins of alcohol and the tins of oil?—A. I did not.

Q. It is quite noticeable, is it not?—A. I did not weigh it.

Q. But the heft of it; a man accustomed to a full standard package who raises it up will detect the difference?

Hon. Mr. STEVENS: An expert, you mean, Mr. Calder.

By Mr. Calder, K.C.:

Q. An expert must have detected a very serious difference in the weight of the alcohol?—A. No.

Q. You did not?—A. No, sir.

Q. Were sealed groceries, sealed and tinned groceries, other than olive oil examined in the same way?—A. Yes, sir.

Q. All of them?—A. Yes, sir.

Q. During these ten years?—A. Yes, sir.

Q. How are they examined now?—A. They are opened.

Q. All packages?—A. All packages.

Q. All packages sealed are opened?—A. Yes.

By Hon. Mr. Stevens:

Q. You work for a living now, opening packages?—A. I beg your pardon?

Q. They make you work for a living, opening these packages?—A. Yes.

By the Chairman:

Q. Do you look inside with a spoon?—A. We do now.

By Mr. Calder, K.C.:

Q. Do you pour out the tins completely?—A. No, we do not.

By the Chairman:

Q. If you went to the bottom, you might find packages of cocaine?—A. We have a stick.

Hon. Mr. STEVENS: The stick is an improvement upon the ten-year process.

By Mr. Calder, K.C.:

Q. You never received orders to pour out the tins completely?—A. No, sir.

By the Chairman:

Q. Do you sometimes see if there is a double bottom?—A. We try, the stick goes in.

By Mr. Calder, K.C.:

Q. Do you measure the inside and the outside of the tins?—A. No, sir.

Q. What you want is not a stick, it is a divining rod, that is all.

By Hon. Mr. Stevens:

Q. You examined one tin in this shipment, out of 200 tins?—A. Out of 4 tins.

Q. But out of 200 tins in the shipment?—A. The others were not there.

Q. We know that. You examined one tin out of 200 tins?—A. Yes.

Q. And you examined that by looking at the grease on the outside?—A. Yes, sir.

By the Chairman:

Q. Did you examine them all?—A. No, sir.

By Mr. Donaghy:

Q. Were you appointed an examiner ten years ago?—A. Yes.

Q. Who appointed you?—A. Mr. Reid.

Q. Did anybody instruct you how to carry out the duties of an examiner, when you were appointed?—A. No, sir.

Q. You were just turned loose there?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. You say you looked at the labels on these cans?—A. Yes.

Q. There were labels?—A. No, sir; they were marked so many ounces.

Q. Was there any label shown on the cans themselves, showing that it was olive oil?—A. No.

Q. I will ask you to recollect that, because you will remember there was an additional regulation which apparently was not observed. These tins should have been labelled in a certain way, and it was for that purpose among others that de Torranze went down to the warehouse, and not only changed the tins, but labelled them?—A. He had no business to label the tins.

Q. I am not saying that he had, and I am not saying that you knew it. Do not jump at a conclusion. I am asking you whether the tins were labelled "olive oil"?—A. Yes.

Q. The tins themselves?—A. Yes. I would weigh them; the weight was on them.

Q. Is not that all that was on?—A. Yes.

Q. But no "Olive Oil" label?—A. No, sir.

Q. As a matter of fact, T. de Torranze sensed that there would be that difficulty, and went down to the Hill Warehouse, and pasted labels on his camouflaged tins; so that that was an additional reason for stopping that cargo, that the regulation of labelling had not been observed?—A. No, sir, the cans were properly labelled. The cans were perfect.

Q. I am instructed, Mr. McShane, that in all that shipment, every tin of them was a bit of evidence in the Meluquerre case, that of all that shipment, there were only four tins properly labelled, according to the regulations, and that those four tins had reached the Royal Canadian Mounted Police before you looked at the four you did examine?—A. In the first place, we had nothing to do with the labelling; that comes under the Department of Agriculture. It passes as "Olive Oil," and it is labelled as of a certain size. That lies with the Department of Agriculture.

Q. If the Department makes a regulation which has to be controlled by the Customs officials, should not the Customs' officials see that it is observed?—A. Yes; but, Mr. Calder, this case was passed by the Agriculture as well as the Customs.

Q. Who passed it in the Department of Agriculture?—A. Mr. Mason.
Q. He passed it at some time?—A. Yes, he said they were right, and conformed to the regulations of the Government.

Mr. CALDER, K.C.: We are outside the Order of Reference now, Mr. Chairman.

By the Chairman:

Q. You revised your judgment?—A. No, sir.
Q. You passed the consignment?—A. Yes.

By Mr. Calder, K.C.:

Q. Did the labels say in words "Olive Oil"?—A. I do not know.

By Hon. Mr. Stevens:

Q. How did you know it was olive oil?—A. By the bill on the top of the cans.
Q. Suppose it said it was tar, would you pass it as "Olive Oil"?—A. No, I would not pass it as olive oil.
Q. How would you know it was not tar; it might have been tar, carbolic acid, whiskey, or anything at all?

By the Chairman:

Q. You could not tell?—A. No, sir.

By Hon. Mr. Stevens:

Q. You made no further examination?—A. No, sir.
Q. And have not for ten years in similar shipments?—A. No, sir.

By the Chairman:

Q. When did you enter the service?—A. I entered the service in 1911.
Q. Were you appointed by the Civil Service Commission?—A. No, sir.
Q. Did you go and make application yourself to the Customs Department, to get employment there or were you recommended by somebody?—A. I was recommended.
Q. By whom?—A. By Mr. Doherty.
Q. Do you remember the month you entered the service?—A. In the month of December.
Q. That was your Christmas. Did you start in the grocery department as an examiner?—A. No, sir, I started as a cashier.
Q. Where?—A. In the express department.
Q. Were you transferred to the grocery department?—A. Yes.
Q. When were you transferred?—A. In 1912.
Q. You have been there since that time?—A. Yes.
Q. Did you have anybody with you when you started there?—A. In the department?
Q. In the grocery department?—A. Yes, there was Mr. Alexander, now retired, Mr. Denholm, and Mr. Hemill.
Q. You were an assistant there?—A. Yes.
Q. How long did you take to learn your business there, as a Customs appraiser?—A. I am there yet.

By Hon. Mr. Stevens:

Q. You did learn a little, Mr. McShane, since this Spanish Consul incident?—A. Yes, sir.

By Mr. Donaghy:

Q. Did anybody ever come around to see how your department was being run, to inspect it?—A. No, sir.

Q. The inspector of the port did not come around to see how your department was being run, or to inspect it?—A. He passes there.

Q. Does he not look to see what method you have adopted for examining tin cans of liquid?—A. No, sir.

Q. He has never inquired?—A. No, sir.

Q. Has that been the case the whole of the time you have been acting as an appraiser?—A. Yes.

Q. None of the collectors have ever examined or asked how you inspected cans of liquid?—A. No, sir.

By Mr. St. Père:

Q. Whom did you follow when you went there?—A. Mr. White.

Q. Did he give you any special instructions?—A. No, sir, he was dead.

Q. You had never had any experience in the grocery business before you got employment there?—A. No, sir.

Q. And the Civil Service Commission advertised the job?

The CHAIRMAN: There was no Civil Service Commission then.

Mr. ST. PÈRE: Unfortunately everybody either gets away or dies when we want to find anything out.

By Mr. Calder, K.C.:

Q. Mr. McShane, in handling these tins, I understand that at the temperature then obtaining, the oil was practically solid, or must have been?—A. No, sir.

Q. We know that they would be oily outside and greasy, even butter would be that way. The contents of the tins would be practically solid, would they not, in that temperature?—A. Yes.

Q. Where alcohol would move freely, and would produce that familiar and agreeable sound?—A. Yes, the oil would be more solid.

The CHAIRMAN: I am told that alcohol smells good.

Mr. CALDER, K.C.: Not through a tin, Mr. Chairman. That is why drums have been substituted for other containers.

By the Chairman:

Q. You know something about smuggling?—A. No, sir.

Q. You cannot offer this Committee any suggestions?—A. No, sir.

Mr. CALDER, K.C.: That is all I want to ask.

The CHAIRMAN: You are discharged, Mr. McShane.

The witness discharged.

ROBERT P. CLERK recalled.

By Mr. Calder, K.C.:

Q. Mr. Clerk, I want to ask you a few questions, under the oath you have already taken, as to the routine. We were told that this shipment of olive oil which was concerned in the Meluquerre case, arrived via New York by rail, and was unloaded at the warehouse of the railway company. It would be in bond at that moment?—A. Absolutely.

Q. It could only be taken from there for transportation to a bonded warehouse, by a bonded carter?—A. No, sir.

Q. Could any carter take it?—A. Sure.

Q. What would be the control, in transit?—A. Well, it was not in transit, it was arriving at the port of destination.

Q. It arrived at the railway warehouse, and it appears to have been carted from the railway warehouse to the Hill warehouse, and you say that that was not necessarily made by a bonded carter?—A. No, sir.

Q. Who would be responsible for the goods in transit from the Grand Trunk, or whichever railway it was, from the railway warehouse to the Hill Warehouse?—A. The importer.

Q. The importer would be responsible?—A. Yes, sir.

Q. If he was an importer such as we now know him to have been, that would be a golden opportunity to switch, would it not?—A. Absolutely, sure. I can explain to you the routine, how it is done.

Q. You will make that explanation in a few minutes. I want to find this out, Mr. Clerk; there are bonded carters?—A. There are carters under contract.

Q. But they are bonded to fulfil their contracts?—A. Yes.

Q. The Customs would have a come-back against them if they violated their instructions?—A. Absolutely.

Q. Among the other things they would not do, they would not take a cargo in bond and dump it into the free space of the Hill Warehouse?—A. They have to go the moment they are handed to the bonded warehouse.

Q. I am speaking of the free space outside the bonded; in this case, it was established that the first shipment of 46 cases was brought in to the Hill Warehouse, but it was not put into bond, it was left over the whole night outside the bond, in the free warehouse space. A bonded carter would not do that?—A. A bonded carter would take the goods, and would naturally have to land his goods in the free portion of the bond, and from the free portion of the bond, it is up to the proprietor and the officer to see that it is taken into the bond, because, at the door where the goods are delivered, it is not a bonded warehouse, it is a free space to deliver the goods.

Q. But if a bond means anything, a bonded carter would think it his first duty to see that when he had physically put them in that free space, as he must, because it is intermediate, he would see that it went into the bond from that space?—A. No. The moment he has a receipt from the bonded warehouse, that clears him.

Q. Do you mean from the bond, in the warehouse, or from the bonded warehouse that covers both the bond and the free space?—A. The bond is granted to a company or to an individual, and this company or this individual will give a receipt to a carter under contract, who would deliver the goods to his place. That is a sufficient proof, as far as we are concerned, that this carter had done his duty in delivering the goods to the proper place.

Q. Now, the bonded warehouse is then liable?—A. Absolutely; the proprietor of the bonded house is responsible to the Department.

Q. And in this case they would spend a night in the free space not under any Custom control whatever? That is, the very object of locking them up in bond might, during that night, be defeated.—A. On this particular case I am not aware at what time these goods reached the bond. If you could tell me at what time they reached the bond—

Q. I will tell you. They were put in bond on April 1st.—A. At what time?

Q. I think early in the morning, and Mr. Belanger has told us they passed the preceding night in the free space.—A. The great question is, had Mr. Belanger received an order to receive these goods in bond the night previous.

Q. He said he did not.—A. If he did not have this receiving order, he had no right to place these goods in bond. It is against the law.

Q. He told us that. He said he could not put them in the bond because he had not received the receiving order.—A. He was right in doing so.

Q. So that after the arrival at the railway and warehouse, there were two occasions for switching, if somebody had wanted to switch, first in transit from the railway to the warehouse, and then inside the free space of the warehouse?—A. Yes, because in the free space they were not under the control of the officers.

Q. Supposing a shipment largely composed of narcotics, we will say, had been landed under the guise of olive oil; in transit, one carter could substitute for another carter a cargo of real olive oil, and the narcotics would have got away?—A. It is possible.

By Mr. Donaghy:

Q. Mr. Clerk, is this not very clear; if a railway brings goods into Canada in bond, the railway is responsible?—A. Absolutely, yes.

Q. And if the railway hands these same goods over to a carter who is not bonded, the railway is still responsible for giving them out to an unbonded carter? That seems to be quite clear.—A. Sure.

Q. So the railway is responsible?—A. The carriers are responsible for the goods.

Mr. DONAGHY: That is quite clear, I think.

Hon. Mr. STEVENS: Surely you do not suggest the railway is responsible after the goods leave the railway.

By Mr. Donaghy:

Q. The railway, I think, under the law, having the goods in bond, would not be cleared of their liability by handing them out without authority to an unbonded carter?—A. Absolutely not.

Q. They would be breaking their bond?—A. Absolutely.

Q. And they would have to assume full responsibility for the carter?—A. Sure. Goods that are ordered to the examining warehouse must be delivered to the bonded carters. If the company thinks fit to deliver these goods to anybody else, they are assuming the liability.

Mr. DONAGHY: Undoubtedly; that seems clear under the law.

The WITNESS: Absolutely.

By Mr. Calder, K.C.:

Q. The point I am trying to make is that if a cargo had been prepared similar to the one arriving for the purposes of substitution, there would be a possibility of doing that in transit from warehouse to warehouse, or in the free space.—A. Sure, because the law is this; that an importer may import goods here and the carrier must hold, at the disposition of the department, the packages specified on the face of the warrant. Those are the packages which are supposed to go to the examining warehouse; at least one out of ten, but the balance of the goods can be carted by any other carter. The importer can send his own carter there to call for these goods, and the moment the entry has been put through, and the moment the warrant has been sent to the station, it is the authority for the officer to deliver these goods.

Q. And that would offer no danger whatever in the case of a well-established firm?—A. Absolutely not.

Q. But in this case, in the Meluquerre case, in which a man giving the name of Robeno, which was not his right name, giving no address, having no telephone number, totally unknown to the Customs officers, he could have done the same thing?—A. Sure; he could have taken these cases directly from the station to his store, if he liked.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: That is all for to-day. You are not discharged, Mr. Clerk, because I am told we will need you for some more evidence tomorrow morning.

The witness retired.

E. C. P. SALT recalled.

By Mr. Calder, K.C.:

Q. Sergeant Salt, eventually you got into your possession every tin of the shipment except those which had been stolen, and for which bricks were substituted?—A. Yes.

Q. Now, how many out of all the tins you had, were labelled according to the food and drug regulations?—A. I do not know what the food and drug regulations are, but I know that only four cans had the additional label on.

Q. Had the additional labels?—A. Yes.

Q. The others were not properly labelled?—A. I do not know whether they were properly labelled; I do know they did not have all the labels that Mr. de Torranze had taken the trouble to put on.

Q. They were not so extensively labelled?—A. No.

Q. In handling this shipment yourself, could you distinguish simply by working it about, which was oil and which was alcohol?—A. I could distinguish immediately because the oil was practically a solid and the alcohol was a liquid.

Q. Was there a noteworthy difference of weight between them?—A. Two pounds.

Q. Two pounds per tin?—A. Two pounds per can. One weighed nineteen, and the other number, twenty-one pounds, if I remember correctly.

Witness discharged.

The Committee adjourned until Friday, March twenty-sixth, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 23—FRIDAY, MARCH 26, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Dr. Ernest Poulin, Montreal, Que.
Detective Sergeant Ernest Charles Parker Salt, Royal Canadian Mounted Police, Montreal, Que.
Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise.
Mr. Alfred J. Bissonnet, Peerless Overall Company, Rock Island, Que.
Mr. Allan J. Moore, Bookkeeper, Peerless Overall Company, Rock Island, Que.
Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que.
Mr. R P. Sparks, Commercial Protective Association, Ottawa, Ont.
Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que.
Mr. Walter Duncan, Special Investigator, Department of Finance.
Mr. Gerald Kitts, Clerk, Preventive Service, Montreal, Que.
Mr. George E. M. Hunter, Assistant to the Chief Preventive Officer, Montreal, Que.
Mr. William M. Hicklin, Chief Clerk, Preventive Service, Montreal, Que.

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EXHIBITS FILED:

No. 107—R. C. M. P. Statement showing prosecutions entered in cases under the Customs Act, connected with Customs Act, or for Department.

No. 108—R. C. M. P. Statement *re* Customs Department, Quebec District, cases made and not prosecuted.

No. 109—R. C. M. P. Sketch plan of the bond examined by Officer Salt.

No. 110—R. C. M. P. Sketch plan of the hasp on door of bond examined by Officer Salt.

No. 111—R. C. M. P. Sketch showing method of sealing barrel, produced by Officer Salt.

MINUTES OF PROCEEDINGS

FRIDAY, 26th March, 1926.

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

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

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

A telegram was read from Mr. Harvison of Montreal, Que., stating that late receipt of summons made it impossible for him to attend this morning as a witness. The Clerk was instructed to notify Mr. Harvison not to attend until further advised.

Moved by Hon. Mr. Stevens,—That the auditors, Messrs. Clarkson, Gordon and Dilworth, be instructed to forthwith examine and report on the books, etc., of,—

Royal Cloak Company, 460 Richmond Street, Toronto;
Alco Dress Company, Limited, 260 Spadina Avenue, Toronto;
Klever Dress Company, 149 St. Catherine Street East, Montreal;
Klever Kloak Company, 149 St. Catherine Street East, Montreal;
A. Greenfield, Reg'd, 149 St. Catherine Street East, Montreal;
Dominion Jobbing Company, 87 York Street, Toronto.

Motion agreed to.

Dr. Ernest Poulin, Montreal, Que., was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, and in English, as to automobiles he has owned.

Witness discharged.

Detective Sergeant Ernest Charles Parker Salt, Royal Canadian Mounted Police, Montreal, Que., was recalled and examined respecting an investigation he conducted with regard to a bonded warehouse in Montreal. During the course of the examination, there were filed,—

Exhibit No. 107—R.C.M.P. statement showing prosecutions entered in cases under the Customs Act, connected with Customs Act, or for department.

Exhibit No. 108—R.C.M.P. statement *re* Customs Department, Quebec District, cases made and not prosecuted.

Exhibit No. 109—R.C.M.P. sketch plan of the bond examined by Officer Salt.

Exhibit No. 110—R.C.M.P. sketch plan of the hasp on door of bond examined by Officer Salt.

Exhibit No. 111—R.C.M.P. sketch showing method of sealing barrel, produced by Officer Salt.

Witness retired.

Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise, was recalled. He was examined in reference to irregularities at the bonded warehouse in Montreal investigated by R.C.M.P. Officer Salt. Mr. Taylor will produce departmental file No. 118274 respecting this matter.

Witness retired.

Detective Sergeant Salt, R.C.M.P., was recalled and examined in respect to smuggling operations of Customs Officer Landy of Montreal, and Mr. Albert Martin of Montreal.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Hon. Mr. Boivin, Minister of Customs and Excise, produced for the use of the Committee File No. 82421 in connection with report of Chief Inspector Busby in 1913 respecting Chief Locker Clerk.

Mr. Alfred J. Bissonnet, Peerless Overall Company, Rock Island, Que., was called and sworn, and examined as to non-production of books of this firm before the Committee, as called for by summons of 9th February, 1926.

Mr. Allan J. Moore, bookkeeper, Peerless Overall Company, Rock Island, Que., was called and sworn, and examined as to the non-production of books called for.

Mr. Bissonnet and Mr. Moore retired.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que., was recalled and examined as to whether or not he made a report to the Minister or Deputy Minister in May or June, 1925, respecting Mr. Bisaillon.

Witness retired.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont., was recalled. He recounted a conversation he had with Mr. Clerk and Mr. Farrow at the Chateau Laurier Hotel, Ottawa, when Mr. Clerk stated he had to make a report to Mr. Cardin in reference to Mr. Bisaillon.

Witness retired.

Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que., was recalled and examined as to Mr. Clerk's investigation respecting Mr. Bisaillon.

Witness retired.

Mr. Walter Duncan, Special Investigator, Department of Finance, was recalled and examined as to Mr. Clerk's investigation respecting Mr. Bisaillon.

Witness retired.

Mr. Gerald Kitts, Clerk, Preventive Service, Montreal, Que., was called and sworn, and examined as to Mr. Clerk's investigation respecting Mr. Bisaillon.

Witness retired.

Mr. George E. M. Hunter, Assistant to the Chief Preventive Officer, Montreal, Que., was called and sworn, and examined as to Mr. Clerk's investigation respecting Mr. Bisaillon.

Witness retired.

The name of Mr. Oscar Clement, Prefontaine Motor Sales, Montreal, Que., being called, Mr. Clement did not respond.

The name of Mr. Joseph Carter, Montreal, Que., being called, Mr. Carter did not respond.

Mr. William L. Hicklin, Chief Clerk, Preventive Service, Montreal, Que., was recalled, and examined as to Mr. Clerk's investigation respecting Mr. Bisaillon.

Witness retired.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que., was recalled and further examined as to his having made a report respecting Mr. Bisaillon.

Witness retired.

The Chairman read a memorandum from the auditors advising that they have visited the premises of the Klever Kloak Kompany and A. Greenfield Reg'd, 149 St. Catherine Street, Montreal, and taken a list of all the books and records found on the premises; that the Klever Dress Company of Montreal is in liquidation; that the two men who owned the Klever Dress Company have started two new companies, viz:—

The Klover Dress Company, 149 St. Catherine Street East, Montreal, and The Klever Dress Company, Limited, 60 Phillips Place Bldg., Montreal.

The auditors in the memorandum asked if the Committee desired them to make an audit of the new companies above mentioned.

Moved by Hon. Mr. Stevens,—That the names of the Klover Dress Company and the Klever Dress Company, Limited, be added to the list of firms included in the motion passed this day whose books the auditors were authorized to examine and report upon to the Committee.

Motion agreed to.

The Committee adjourned until Tuesday, 6th April, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, March 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.

ERNEST POULIN, called and sworn.

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

By the Chairman:

Q. What is your occupation?—A. I am a physician.

Q. Montreal?—A. Yes.

By Mr. Doucet:

Q. Dr. Poulin, did you ever have occasion to purchase an automobile from the Customs Department in Montreal?—A. No, sir, never.

Q. You never purchased an automobile from any branch of the Customs and Excise Department, Montreal?—A. No, never.

Q. You purchased a Cadillac touring car, 1923, I believe?—A. Yes, sir.

Q. Would you tell me from whom you purchased the car?—A. From the Montreal Cadillac Motor Cars Co., Mr. Jeffrey is the manager who represents them.

Q. Was that a new car?—A. A new car, 61 Victoria coupe.

Q. That car was not a seized car from the Customs?—A. No, it was on the floor in the Cadillac Motor Cars, Montreal.

Q. Did you at any time tell your friends you had purchased a car, a special Cadillac car from the Customs?—A. Never, sir.

Q. My information, Dr. Poulin, is that this Cadillac touring car had been purchased from the Customs Department and that you had not purchased it at auction or at private sale either, but you had been allowed to submit a tender after the other tenders were in?—A. Your information is absolutely erroneous.

The CHAIRMAN: Any other questions?

By Hon. Mr. Bennett:

Q. Do you own a car?—A. Yes.

Q. How many?—A. Up to now I have had nine cars.

Q. How many did you have last year?—A. Last year I had one.

Q. Where did you get it from?—A. Last year, the one I had, it was from the Clairmont Motor Car.

Q. What was the name of it, was it a Ford?—A. Yes.

Q. The year before that you had a Cadillac?—A. The year before I had a Cadillac. In the Municipal Election of 1924, I had a Cadillac—1923 or 1924.

Q. An election performance?—A. Yes, an election performance.

Q. Did you sell it?—A. Yes, sir.

Q. You did sell your car?—A. It was burned, and the insurance sold the car.

Q. But you got the insurance?—A. I got the insurance.

Q. How much was it insured for?—A. It was insured for the full value.
Q. But how much?—A. $6,000 I think.
Q. You got $6,000?—A. $6,000.
Q. How much did you pay for it?—A. $6,000.
Q. You paid $6,000 for it?—A. $6,000, if I remember well.
Q. But you may not remember well?—A. Yes, I do.
Q. Whom did you buy it from?—A. The Montreal Cadillac Motor Car Company.
Q. That was the only Cadillac you ever had?—A. The only Cadillac I ever had.
Q. You gave $6,000 for it?—A. Yes, about that. $5,900 to $6,100, about.
Q. When?—A. I do not recollect the exact date, but it was in 1923. Mr. Jeffrey was the salesman.
Q. You had it burned up in 1924?—A. In 1924, I think, yes.
Q. And you got $6,000 insurance?—A. No, the insurance we had was around $4,000 only on it.
Q. I thought you said $6,000?—A. It was insured for $6,000 before we took the car out of the sales room. They had the car insured, and the company of which Mr. Calder was the lawyer, they paid, and kept the salvage.
Q. Since that you have had a Ford?—A. Yes, I have had Fords.

By the Chairman:

Q. Not a Jewett sedan?—A. They call it a Ford.

By Mr. Donaghy:

Q. You do not find anything strange in the fact that you bought a new car every year?—A. No, sir.
Q. People make up their minds to change their motors?—A. Yes, certainly.

Mr. CALDER, K.C.: Not their motors, the bodies.

The CHAIRMAN: Is that all, Mr. Doucet?

Mr. DOUCET: Yes, Mr. Chairman.

The CHAIRMAN: You are discharged, witness.

The witness discharged.

VENDREDI, le 26 mars 1926.

ERNEST POULIN est appelé et assermenté.

Le président:

Q. Voulez-vous rendre témoignage en français ou en anglais?—R. Je préférerais en français.
Q. Quel est votre nom?—R. Ernest Poulin.
Q. Votre occupation?—R. Médecin.
Q. A Montréal?—R. Montréal.

M. Doucet:

Q. Docteur Poulin, avez-vous jamais eu occasion d'acheter une automobile du département des douanes, à Montréal?—R. Non, monsieur, jamais.
Q. Vous n'avez jamais acheté une automobile d'aucun département du ministère des douanes et de l'accise, à Montréal?—R. Jamais, monsieur.
Q. Vous avez, je crois, en 1923, acheté un Cadillac "touring-car"?—R. Oui, monsieur.
Q. Voulez-vous dire de qui vous avez acheté ce char-là?—R. De la Montreal Cadillac Motorcar Company.

(Le témoin répond en anglais à quelques questions qui lui sont posées dans cette langue par M. Doucet. Un peu plus tard, le témoin répond en français, comme ci-dessous, à la question suivante qui lui est posée par M. Doucet:

Q. My information, doctor Poulin, is that this Cadillac touring-car had been purchased from the Customs Department, and that you had not purchased it at auction, nor private sale either, but had been allowed to submit a tender after the other tenders were in?—R. Vos informations sont complètement erronées.

Le président:

Q. Vous témoignez en paix?—R. Plus ou moins. En paix, dans ce cas-là.

(Le témoin continue son témoignage en anglais.)

ERNEST CHARLES PARKER SALT recalled.

By the Chairman:

Q. Sergeant Salt, you are under the oath you have already taken?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Sergeant Salt, yesterday I asked you to prepare from your files of the Montreal Command, or from your notes on those files, a return showing the prosecutions entered under the Customs' Act, connected with the Customs' Act, or for the Department. You now produce as Exhibit No. 107, a list of the prosecutions?—A. Yes, sir.

Q. At what date did you receive general authority to proceed on Customs cases, more particularly with respect to silks?—A. About June, 1922, we first became interested in smuggling, outside the smuggling of narcotics.

Q. Then, you received orders not to do anything without a reference to the Chief Preventive Officer at Montreal?—A. Yes, sir.

Q. That was in consequence, according to the letters filed, of the Danise Larde case?—A. I do not know what the cause of that order was, but we were told to report to the Chief, Mr. Bisaillon, on May 9th or May 6th, 1924.

Q. Which date?—A. May 9th, I think it was.

Q. Between those two dates, how many prosecutions were entered?—A. About forty-five.

Q. Forty-five prosecutions?—A. Yes, sir.

Q. And between May 19th, 1924, and the dismissal of Mr. Bisaillon, how many prosecutions were entered?—A. Seven, I think. There are two more to add to the first lot.

Q. Making that number forty-seven?—A. About forty-seven.

Q. During the period that Mr. Bisaillon was Chief Preventive Officer, there were, you say, seven cases?—A. Yes, sir.

Q. And since Mr. Bisaillon has been replaced by Mr. Hunter, practically the year 1926 to the present date, how many prosecutions were entered?—A. In January, four prosecutions were commenced in connection with one case.

Q. You have tabulated the result of these arrests, and prosecutions, on the second page of the exhibit?—A. Yes, as follows: cases taken to court, 66; convicted, 42; jailed, 24; fined, 17; jumped bail, 1; prosecutions ordered withdrawn, 5; authority too late to act, 3; warrants pending, 2; cases pending in court, 5; and dismissed, 9. That includes cases under the Narcotic Drug Act, where it was a case of smuggling narcotics.

Q. I asked you also to prepare a list from the same sources, showing cases made but not prosecuted. Will you file this as Exhibit No. 108?—A. Yes. When it says cases made, it should not be understood that there was sufficient evidence in every case to justify a prosecution.

Q. There were cases in which either you had evidence sufficient to warrant the prosecution, or in which you recommended that further investigation be made, and if the result of that investigation was satisfactory, a prosecution would be made; is that a correct statement?—A. No, I would not put it as strong as that.

Q. Correct me then?—A. It would be a list where in every instance a seizure was made, or some evidence was obtained of smuggling, of a concrete nature. For instance, take the first two cases on that list, it shows John Quint. In reality three seizures were made from John Quint; he was prosecuted on one and convicted. The other two seizures were made at the same time, but he was not convicted because he was already convicted of one offence.

Q. Are there several cases like that on your list? Put a cross opposite such cases, so as to distinguish them from the others.—A. There is a case of a man who was not prosecuted, because he turned King's evidence.

Q. Put a cross opposite that?—A. There is one the Mounted Police recommended should not be prosecuted, because he was convicted under the Narcotic Drug Act.

Q. Will you distinguish that in the same way?—A. There was another one in which we recognized or recommended no prosecution, on account of the quantity seized being so small. There are several like that.

Q. Mark them, so as to distinguish the cases in which you yourselves thought that it was not expedient to go any further, so as to distinguish those cases from the ones in which, upon reference to the Department of Customs, the Department of Customs decided that it should go no further?—A. I could not do that.

Q. Why not?—A. In some cases here, a Customs officer came to the Mounted Police and asked a Mounted Policeman to go out and assist him in the work. The Mounted Policeman goes out with the officer and they make a seizure. The Customs Officer is in charge of that party; the Mounted Policeman leaves the matter entirely in his hands.

Q. And the decision is made by the Customs?—A. I would not know what decision is arrived at at all.

Q. The decision is not made by you, or the Mounted Police?—A. No.

Q. That is why I want to have distinguished on the list the cases where the discretion of the Mounted Police was exercised in going no further, so as to distinguish those cases from those in which the discretion of the Customs Department was exercised in going no further, whether that decision was expressed to you or not?—A. There would be a number of cases on this list in which I would have no personal knowledge of what actually took place.

By Hon. Mr. Stevens:

Q. Let me put it this way. Are these instances in which the Mounted Police took part in the seizure?—A. Yes, we were connected with it, in one way or another; either assisted the Department of Customs, or took part in the seizure.

Q. And the decision, or whatever was done, was left with the Customs' authorities?—A. In some cases it was left to the Customs' authorities, and in some cases we considered that there was not sufficient evidence to prosecute anyhow.

Q. That is what Mr. Calder wants. Can you distinguish those?—A. I would not like to guarantee that I am absolutely accurate.

By Mr. Calder, K.C.:

Q. To the best of your knowledge, as all the evidence is given?—A. There is one case here of a man we wanted to prosecute, but he got across the line first.

Q. In order that the time of the Committee be not taken up, will you do that during the recess?—A. I will.

Q. And then produce the exhibit as No. 108?—A. Yes.

Q. All right. You will do that during the recess, Mr. Salt?—A. Yes.

Q. Will you take this file, which is the department file, in the matter that we are now going to take up? Did you know in November, 1924, a man called V. M. Noel?—A. Not personally.

Q. You knew of him?—A. Yes.

Q. What kind of an establishment did he have in Montreal at that time?—A. He had a bond on St. Lawrence Main Street and he had offices in the Drummond Building.

Q. Where was the bond on St. Lawrence Main Street? It is on the first page of your report?—A. No. 2715 or 2713; 2715.

Q. Without telling us what that information was, did you receive, from any source, information, as to the construction of that bond?—A. Yes.

Q. Did you communicate that information to your superior officers for transmission to the Customs?—A. I communicated it to my superior officers.

Q. Have you evidence of the fact that that was forwarded to the Customs Department?—A. I sent that report on October 24th. There is a letter of October 28th to the Deputy Minister of Customs, covering it.

Q. Did you take up this matter with any of the Customs authorities subsequently, subsequent to your report?—A. Yes.

Q. With whom?—A. With Mr. Bisaillon.

Q. Where did that interview take place?—A. At his office.

Q. Was there anybody else present?—A. Sergeant Churchman was with me.

Q. What was the nature of your interviews with Mr. Bisaillon? You reported the information to him?—A. I gave him full particulars.

Q. Was this during the period of time when you were ordered to report cases relating to Customs to Bisaillon?—A. It was subsequent to his appointment as Chief, yes; I had to tell him everything.

Q. Subsequent to the instructions you received to tell him everything?—A. Yes.

Q. What was the agreement reached between you and Bisaillon at that interview?—A. I gave him full particulars; as the information contained a suspicion against a Customs officer I asked him and it was agreed by him that he would keep that information secret.

Q. Because you were trying to— —A. I had at that time established a shadow on the bond.

Q. What do you mean by a shadow?—A. I had men watching it.

Q. From what point?—A. From a house just opposite.

Q. From which a view of the bond could be got?—A. Yes.

Q. Now, without telling us who the persons were, had you, at that time, information of the people who were frequenting the bond and using it, having the advantage of the disposition reported to you?—A. My information was that certain people—

Q. Named. Do not name them, but they were named?—A. Named, were going into the bond at night, stealing alcohol from it.

Q. And the shadow was established there for the purpose of checking and verifying that fact, and leading up to arrest?—A. No, the shadow was there for the purpose of—when anybody was seen going out at night with the alcohol, they were to grab them in and the alcohol.

Q. Now, your arrangement with Bisaillon was that he was to keep this matter secret?—A. Entirely to himself.

Q. Who has the supervision of bonds in Montreal? Is it Mr. McLaughlin?—A. I believe they come under him, yes.

Q. Did you discuss the matter with Mr. McLaughlin at all?—A. Not until just before the seizure was made; some time later.

Q. Did you take up with Bisaillon the expediency of discussing the matter with Mr. McLaughlin?—A. Yes. I arranged with Mr. Bisaillon that I would tell Mr. McLaughlin, and not him.

Q. You would tell Mr. McLaughlin, and Bisaillon would not tell him or discuss the matter with him?—A. Yes.

Q. Now, what transpired afterwards, with respect to the shadow?—A. I received a report almost immediately that the shadow was uncovered.

Q. Meaning by that?—A. It was discovered by the owners of the bond.

Q. It was discovered by the owners of the bond?—A. Yes.

Q. How was that discovery made manifest? Corporal Cahill is called to speak to that fact directly, but I need it in order to bridge over?—A. The shadow reported to me that there was an absence of men going in and out of the bond to what there had been, and advised that all going in and out of the bond were gazing up at the window and the shadow, paying attention to that particular window; something they had never done before.

Q. Did you keep the shadow on them?—A. It was no use. I took it off.

Q. You took it off?—A. Yes.

Q. Was that with the object of later on establishing a shadow from another point?—A. When a criminal becomes aware that you are watching his actions he usually stops committing a crime, but if you leave him alone he will generally go back to it again, take it up later on.

Q. Once he is reassured?—A. Once he is reassured that there is nobody there, yes.

Q. In the interval between the interview with Mr. Bisaillon and the moment the shadow was uncovered and taken off, had you spoken to Mr. McLaughlin in any way?—A. No.

Q. You had your own reasons for that?—A. Yes.

Q. What were they?—A. I did not think it would be policy to tell him that.

Q. Subsequent to the taking off of the shadow did you get some definite information from the source that was informing you?—A. I got accurate information at least at that time I believed it accurate, and subsequently I found it was accurate information as to everything contained in the bond, where it was put, where it was kept, how the locks were fixed, so they could be penetrated, and everything in connection with the bond.

Q. And this was before you got to the bond yourself?—A. Yes.

Q. Did you report that information?—A. I reported that information. After what had occurred with Bisaillon I took the matter up through my own office and made my report, not through Bisaillon any more. I reported in detail exactly what I had heard.

Q. Did you annex to your report sketches showing how the fastenings of the bond had been tampered with or built?—A. Yes.

Q. And can you tell me whether that information was forwarded to the Department?—A. Yes.

Q. In consequence of that, did you—

By Hon. Mr. Bennett:

Q. Which department?

By Mr. Calder, K.C.:

Q. I beg your pardon. To the Customs Department, I mean.—A. I know it must have been sent to the Customs Department, because we received a visit shortly afterwards from Mr. Taylor of the Customs Department, who had in his possession a copy of the plan and who went over the whole thing with me.

Q. Yes. Was any action taken in consequence of this interview with Mr. Taylor?—A. He left the office—as far as I know he left the office with the intention of going up to the bond and searching it to see if he could find the things which were wrong. I have not seen Mr. Taylor since.

Q. You have not seen Mr. Taylor since?—A. No.

Q. Did you see anybody from the Customs Department subsequently on the same matter?—A. Yes. Later, Mr. McLaughlin came up.

Q. That is Mr. Harry McLaughlin, of the port of Montreal?—A. The surveyor of the port of Montreal.

Q. Who is Mr. Taylor of whom you have spoken?—A. I do not know exactly who he is. He is in the Customs.

Hon. Mr. STEVENS: You mean the Assistant Deputy?.

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Where did you see Mr. McLaughlin?—A. At the Mounted Police office.

Q. At what date?—A. December sixth, 1924.

Q. What was decided at that interview?—A. It was decided that I should accompany him to the bond on December eighth.

Q. Did you go on December eighth?—A. On December eighth he advised me by 'phone that he was unable to carry out this arrangement.

Q. Why?—A. Because he said Noel told him he did not have a key; only St. James, the manager of the bond, had the key.

Q. When did you go to the bond?—A. December ninth.

Q. Who were present in the party that went there?—A. Mr. Labelle, Mr. McLaughlin and myself.

Q. Who is Mr. Labelle?—A. He drives Mr. McLaughlin's car. I think he is a Customs Officer.

Q. He was not the Customs Officer assigned to the bond, was he?—A. No.

Q. Do you know now the name of the Customs Officer assigned to that bond?—A. It is in the record somewhere.

Q. I mean the name of the officer who was at the bond?—A. The locker?

Q. The locker, yes, at the time you received the information?—A. He was not the same locker as was in charge of the bond where we made the search.

Q. No, but what had happened to him in the interval?—A. I understand he broke his leg.

Q. Now, will you tell us the result of your search?—A. It revealed exactly as was disclosed in the plan.

Q. Now, will you file one of the copies of the plan which is detached from the file, showing—file as Exhibit No. 109, a plan of the bond?—A. Yes.

Q. Will you describe how you proceeded to justify your examination, or to verify your examination, by your examination of the locks, to guide yourself by the report which you made at the time?—A. I examined the padlock on the bond, on the main door.

Q. How did you get in the main door, first?—A. I went with a key. We met Mr. St. James there.

Q. The Manager of the bond?—A. Yes.

Q. And he opened the door?—A. I think it was opened.

Q. It was opened when you arrived?—A. Yes.

Q. All right. At that moment the bond was supposed to be locked?—A. Yes.

Q. All right. Which door did you proceed to first?—A. Door "C". It is the front door of the bond.

Q. Between "C" and door "A" it is free?—A. Yes.

Q. There is a space?—A. Yes.

Q. You proceeded to what bond?—A. The bond "C".

Q. The bond "C" on the plan?—A. Yes.

Q. That was the door to the bond?—A. That is the main door into the bond.

Q. Did you examine the hasps there?—A. I examined the hasps there.

Q. Did you discover anything upon your first examination of it?—A. Not on the first examination.

Q. So that that had to be opened?—A. It was opened by Labelle.

Q. With the official key?—A. With the official key.

Q. All right. Then you penetrated into space "R"?—A. Yes.

Q. And what door did you go to next?—A. "D" which is at the back end of the bond.

Q. What is the room called to which that door leads?—A. The Mixing Room.

Q. What did you discover there?—A. I found that the hasp was fixed in such a way that it could be readily opened by anybody.

Q. You have drawn a sketch of the hasp, as you found it?—A. No.

Q. All right. What did you have to do in order to open that door, without touching the padlocks?—A. Merely pulled the pin out of the hinge.

Q. The pin of the hinge?—A. Yes, of the hasp.

Q. That is, there was a hinged hasp and all you had to do was to pull the pin out of the hinge?—A. Yes.

Q. And that door opened?—A. And that door opened.

Q. Without using the padlock?—A. The hasp was put on inside out on the door.

Q. Yes. In other words the hasp was not butted as it should have been to that door, but the butting was reversed?—A. Yes.

Q. I see. What door did you proceed to next?—A. I next examined the store room door.

Q. When you examined it was it padlocked and apparently barred?—A. Yes.

Q. What did you discover there?—A. The same thing.

Q. You took the pin out of the hinge of the hasp?—A. Yes.

Q. And the door opened?—A. Yes.

Q. Without unlocking the padlock?—A. Yes, without unlocking the padlock.

Q. Then where did you go?—A. I then examined door "C" again and found that it was a little more complicated but it worked on the same principle, only that it left the pin camouflaged. That left the bottom, the bottom part of the hasp.

Q. They had sawn the pin in two?—A. Yes.

Q. The lower part being immovable and the upper part being movable?—A. Yes.

Q. So you had no difficulty in opening the door with the padlock on?—A. No.

Q. Now, where did you go?—A. Examined door K, which is the door leading out of the bond at the back—the shipping room door; the shipping out door.

Q. How was that arranged?—A. That was arranged a little differently. They had two specially built in hasps, built into the bond, and they must have been put there when the bond was first made.

Q. Unless they had, in the interval, the connivance of the locker to open the door for them, and fit that? One thing or the other is true?—A. I cannot figure out any way they could have fixed that staple unless it was fixed before the Customs lock was put on it.

Q. Now, you have a sketch of that hasp?—A. Yes.

Q. Will you produce it?

The CHAIRMAN: We have one here.

Mr. CALDER, K.C.: No, that is the plan.

By Mr. Calder, K.C.:

Q. You now produce a sketch of the hasp and a piece of wood into which it fitted?—A. No; there is a hasp at each side of the double doors which holds a large beam in place, which fits on to the hasp, and then you padlock the outside of the wood.

Q. You have shown in the sketch at A-B a part of the beam of wood showing the slot into which the hasp fitted?—A. Yes.

Q. And then at C-D you have a sketch of the transverse section of the framework with the hasp fitted to it?—A. Yes.

Q. Now, at E, what do you show?—A. I show the two pins which, when pulled out, allow the hasp to come off.

Q. And you show at F a part of the hasp which is hollow, and fits over the pins of the hasp, which pass through the door.

Q. And at G, those pins themselves.—A. Yes, the pins go right through the woodwork.

Q. Now, to a man who would not be advised that this arrangement existed, would there be difficulty in locating it?—A. I doubt if anybody would ever suspect anything to be wrong with that. It was so well fitted, made so well, fitted so tight that it was absolutely solid.

Q. In order to take out the two pins, EE, what would you have to do?—A. It is very simple to take the pins out if you know where to find them.

Q. Once you found them, what did you do?—A. Punched a pencil point or a pin—I think I had a little steel punch, which, used from underneath, would punch the pins out. Before I found the bottom of the pins, I located the top of the hole, and I drove the pins in tight, before I drove them out.

Q. With reference to the pin you attacked from the proper point, from below, did it move easily, or was it rusted in?—A. If I remember, it came out quite easily.

Mr. CALDER, K.C.: I file this plan as Exhibit 110.

Hon. Mr. STEVENS: Mr. Calder, just at this point may I ask a question?

Mr. CALDER, K.C.: Certainly.

By Hon. Mr. Stevens:

Q. Did all of this appear to be made deliberately for the purposes of opening the part you mentioned?—A. Absolutely, unquestionably so.

By Mr. Calder, K.C.:

Q. Was the woodwork at the point G countersunk so as to allow the hollow parts to go into the woodwork?—A. The piece fitting the top had every appearance of going right through the beam and being bolted on to the outside, but they did not; they only went in a little portion—just out of sight.

Q. Now, some other information was given you shortly before this examination that you made jointly with Mr. McLaughlin, as to the contents of the bond and the state in which the contents of the bond would be found, and you reported that, did you not, in your report?—A. Yes.

Q. Will you tell us whether your report was verified by subsequent inspection?—A. Yes.

Q. What did you find in the mixing room?—A. We found a barrel had been tampered with, and I think 11½ gallons stolen since the last inspection.

Q. Before you went into the bond at all, reporting the information that was reported to you, did you discover the process of tapping the barrels, unsealing them, getting out the contents, and then resealing them?—A. Yes, I gave a full description of that.

Q. Was there anything shown you there verifying the information that you had put in your report before the visit, or one of the barrels showing the tampering that had been reported to you?—A. (No audible answer.)

Q. At the time your report was made before any entry of inspection of the bond, you had annexed to your report a plan which I now ask you to file as Exhibit Number 111, showing the method of sealing the barrel?—A. That is not a government seal. I was under the impression that it was a government seal, but I am told by Mr. McLaughlin that it is not. It does not affect the Customs at all.

Q. But there was a method of opening it which, if practised, would lead the Custom officer to believe that it had not been tampered with?—A. Yes, certainly.

Q. That is the point I want to make. It is not a government seal, but it is a seal which should remain undisturbed until the barrel is tapped?—A. I do not know very much about barrels of alcohol, Mr. Calder. I presume that is it.

Mr. CALDER, K.C.: You follow the Liquor Commission's principle of buying it a bottle at a time?

The WITNESS: I am not at that end of the trade.

Hon. Mr. STEVENS: I think you will find that is a trade seal, Mr. Calder When the vendor sells a barrel, he puts that seal on so that the purchaser may know that the article has not been touched in transit.

Mr. CALDER, K.C.: That is the point I am trying to make, that the Customs officer would be deceived into believing that the barrel had not been touched, by this method of sealing and unsealing.

Hon. Mr. STEVENS: Surely.

By Mr. Calder, K.C.:

Q. You produce this plan as Exhibit 111, the upper part, figure one, showing the barrel first sealed?—A. Yes.

Q. There is a seal on each side of the bung and a tack driven into the bung, with a wire coiled around it?—A. Yes.

Q. And the method of unsealing appeared to be that they lifted the tack out of the bung?—A. Yes.

Q. And uncoiled the wire?—A. Yes.

Q. Put it to one side, and then hammered the barrel at the point E in figure three?—A. They forced the bung out, yes.

Q. And then it was possible to coil the wire around a sharp instrument and press it down and drive a tack into it?—A. Yes.

Q. Did you find anything in one of the barrels showing there had been an attempt to rip the tack off one of them?—A. It was told to me they had broken the head off one of the tacks doing this, but I cannot recall from memory whether or not we found a headless tack, but we found the instrument they used for coiling the wire.

Q. And from your information you were enabled to put in your report—that is, the report that led to the examination—all the facts you have now told us, and an accurate description of the interior of the bond?—A. From the report which I submitted to the Department, giving a description of the bond, I was able to go up there myself and very easily find out what was wrong with it.

Q. Now, after this examination made jointly by yourself and Mr. McLaughlin, was anything done by Mr. McLaughlin to stop the operations of the bond?—A. At the moment of finding the faults in the bond, the alcohol was seized, the padlocks were taken off all the doors, and as far as I can see, the bond was closed down entirely.

By the Chairman:

Q. Was closed?—A. Closed down, yes.

By Mr. Calder, K.C.:

Q. The Customs books were seized?—A. There were some books taken out, yes.

Q. Padlocks taken out?—A. Yes.

Q. Was any of this evidence of the construction of the hasps collected?—A. One of the big hasps of the door, and I think the pins out of the other hasps were taken away, but Mr. McLaughlin took charge of everything; I was only there to show him what was wrong.

Q. Did you suggest that all the hasps and the parts of the doors should be taken?—A. I suggested taking the evidence, yes.

Q. The complete evidence?—A. Sure.

Q. That is a portion of the door showing the insertion of the hasps, the pins, and the hasps themselves?—A. I suggested taking what I considered would be necessary to prove a case in Court.

Q. Now, after this, did you receive any instructions from any source whatever to go further with the case?—A. No, I couldn't tell. That ended the matter as far as I was concerned.

Q. Was there any other investigation made, or information received that would have been useful to the prosecution, and transmitted?—A. I received information as to who was supposed to have made the locks.

Q. You transmitted that?—A. Yes, I received information that Noel was trying to get another bond to replace the one that had been shut down. I did not know whether it was true. I received information that there was a number of barrels of this liquid that he was making, or that he was supposed to be making down in the States, and which was supposed to contain an alcoholic preparation that he was making.

Q. What was the name of the preparation he was making?—A. Texalon.

Q. All this was transmitted to the department or transmitted to your superiors. Will you look at the file and see if there is evidence of your superiors transmitting that information?—A. Letter dated May 28th.

Q. Transmitting the information you gave?—A. That was asking whether they were going to pay the informer who gave the information. A copy of these reports went to Mr. McLaughlin from us from Montreal, a report of the 17th went direct to Mr. McLaughlin.

Q. That is a report which probably an artificer—?—A. No report was made until—

Q. Never mind, we will try and make that first-hand information. To your knowledge, was Noel ever prosecuted?—A. Not in connection with this bond.

Q. He had to leave Montreal?—A. I understand this was not his only trouble, and he left Montreal rather than face other troubles.

Q. This bond was in the name of—will you look at it now on the file, the second page of your first report, I think?—A. Imperial Export Company.

Q. From your information do you know whether he had another bond?—A. He was connected with the Murray Chemical Co. which was closed down.

Q. Was that a bond also?—A. Yes sir.

By the Chairman:

Q. Did you have occasion to inspect some other bonds in Montreal?—A. No, I ran across one other bond, as far as I remember, in connection with another thing; I did not inspect any.

Mr. DONAGHY: You did not give us the name of the locker who was in charge of this bond at the time of the theft.

The CHAIRMAIN: Labelle?

Mr. CALDER, K.C.: No, it was not Labelle, he went with the official keys.

By Mr. Calder, K.C.:

Q. What was the number of the bond?—A. I don't know, it is the Customs. I am not sure I ever put the name of the Customs Officer on the file.

Hon. Mr. STEVENS: The deputy would have that.

The CHAIRMAN: You are discharged, Mr. Salt.

Mr. CALDER, K.C.: I will need him again.

Witness retired.

GEO. W. TAYLOR, recalled.

By Mr. Calder, K.C.:

Q. Have you already been a witness?—A. Yes.

Q. You are speaking under the same oath?—A. Yes.

Q. Have you with you Customs or Excise file 118274?—A. No.

Q. Is there a file covering the bond at 2715 St. Lawrence Boulevard in the name of the Imperial Export Co.?—A. Yes.

Q. Will you produce the file?—A. The file is at present in Montreal in connection with a prosecution which we have entered against the Dominion Gresham Guarantee and Casualty Co.

Q. When did you enter that?—A. As nearly as I can tell it would be in December or January last.

Q. December or January, 1925?—A. December, 1925, and January, 1926.

Q. The matters were reported and investigated in 1924, were they not?—A. Yes.

By Mr. Donaghy:

Q. Are you suing for the penalty on the bond?—A. Yes.

Q. Suing the bond company?—A. Yes.

Q. I suppose you went through the usual negotiations to try and get it settled?—A. We could not get it anywhere else and tried to collect from the Dominion Gresham Insurance Company.

Q. By action in the Superior Court?—A. Yes.

By Mr. Calder, K.C.:

Q. Do you know whether Noel had any bond in the name of the Murray Chemical Co. previously?—A. Not to my knowledge.

Q. Would you mind looking up and reporting to me whether he had a bond in that name?—A. Yes.

Q. And why it was cancelled, if it was cancelled, and whether any prosecution of the penalty was made in that case?—A. Yes.

Q. Is there a general file covering correspondence with respect to bonds, or is each bond assigned a number and a file from the moment the bond is granted?—A. There is a file which deals with the issue of licenses generally, but in respect of each particular company.

Q. Under whose department are the files? Under what control, or under what particular official in your department are the files relating to manufacturing licenses in bond, such as in this case of the product called Texalon?—A. Well, the issue of the license, the authorization of the issue of the license would be handled by me.

Q. In issuing this license for the manufacturer of the product of which alcohol is an ingredient, do you exact the formula?—A. We did in this case.

Q. So you will be able to find the formula of Texalon on your files?—A. The name properly is Textalon, that (producing sample) is a bottle of it.

Q. What is it supposed to be used for?—A. Cleaning purposes, composed of ammonia and sulphate of copper.

Q. Did you investigate a report that this stuff was shipped, or did you cause an investigation, and as a result have a report that this stuff was shipped to non-existent consignees in the United States?—A. I investigated a report that this stuff was entered for export in bond and that some irregularity had existed in connection with it.

Q. What was the irregularity?—A. I am relying on my memory; that is two years ago.

Q. Would that be on the file in Montreal?—A. Yes.

Q. Who has the file?—A. Messrs. Weir & Moice, they are our agents in this case.

Q. Relying on your memory, and subject to correction, what was irregular? —A. That this Textalon as received at Malone was not of the composition as shipped, and as a result I instructed Mr. William Caven, Dominion Inspector of Excise, to proceed to Malone and get into touch with the Customs authorities there, who were holding the case and would not allow delivery, and he was to take samples from each of the twenty-five packages, which he did.

Q. They were subsequently submitted to an analyst?—A. Yes.

Q. Was it found it was not according to formula?—A. Yes, it was.

Q. It was not according to the formula?—A. It was not according to the formula.

Q. I understand the modus operandi, and reason for camouflage, and tricking the bond was reported to you?—A. Yes.

Q. And a part of the operation was the shipment to one unknown and non-existent consignee; was that the investigation?—A. I am speaking subject to correction, and as far as my memory is concerned, I can not recall whether it was shipped to a named consignee. We do know that it was entered for export.

Q. What do you mean by that?—A. The necessary entries were passed and a bond was given by the consignor.

Q. Where would the export entries be found?—A. In the Port office in Montreal.

Q. It appears from the Royal Canadian Mounted Police files that information as to the possibility of locating and detecting the man who made the hasps, and also as to the possibility of the man who had the bonds, the manager of the bonds, St. James—was that information transmitted to you?—A. I believe it was.

Q. Was any action taken or investigation?—A. Upon receipt of the original information, and upon consultation with the Deputy Minister, I personally went to Montreal and examined the bond.

Q. You received information that St. James was being prevailed upon to tell what he knew?—A. I believe so.

Q. You did not find anything at the time?—A. No, I found nothing. I found the spirits in accordance with the weights. I weighed each barrel myself, and made a minute examination of the entire premises, particularly about which we were immediately concerned, and I was unfortunately unable to find the clever contrivance.

Q. I do not think you can be blamed?—A. I took my pen knife with the thought that I might find there was possibly a movement there, and I endeavoured to manipulate the hasps with my knife, and it moved as one piece. I therefore concluded it was one piece.

Q. Subsequently to Mr. McLaughlin's seizure, information was transmitted to your department that the maker of the hasp had been located, and that one of the employees of the bond would be likely to tell how the manipulated fastenings were taken advantage of, and for what purpose. The question I am ask-

ing is what action was taken in consequence of these reports?—A. To the best of my knowledge and recollection, speaking from memory, I do not recall having received information of that kind.

Q. That would appear from your files?—A. Yes.

Q. Whether you received it or not?—A. Yes.

Q. At any rate, will you state whether any investigation was ordered into the composition of the textalon?—A. Nothing further than the visit of the Dominion Inspector to Malone, as a result of the information we had received.

Q. Nothing further was done?—A. Nothing further was done.

Q. And the Mounted Police were not instructed to continue their investigation of the case?—A. No so far as I recollect.

Q. Neither was the Chief Preventive Officer at Montreal, Mr. Bisaillon, instructed to investigate further with a view to bringing the matter home to Mr. Noel, and convict him if possible?—A. No. The situation as I recall it was, that with the removal of those 25 barrels to Malone, their bond had been cleared. That is my recollection, and we were interested naturally in investigating to the limit the disposition of the textalon, and taking such action as might be necessary in the circumstances, in the result of that investigation.

Q. What was the result?—A. We found that the article as exported was not received at Malone, and we made a claim or demand for payment of duty equivalent to the duty on the alcohol contained in the shipment, on the company.

Q. With what result?—A. With no result.

Q. No criminal proceedings for making a false declaration were entered?—A. No, sir.

Q. Not against them?—A. No, sir.

Q. And no suit at law?—A. No suit at law. Our recourse then was against the guarantee company.

By Hon. Mr. Stevens:

Q. Why was not Noel apprehended immediately after the discovery of this barefaced fraud regarding the locks?—A. I cannot answer that question, Mr. Stevens. We were primarily concerned in collecting the duty.

Q. But you discovered, Mr. Taylor, after the report of Sergeant Salt of the Mounted Police, the condition of the bond, did you not?—A. Yes.

Q. Did you visit it yourself?—A. Yes; not the second time; I made the first visit.

Q. It was perfectly clear that the bond was a fraud, throughout; three or four doors were found with false locks?—A. Yes. It subsequently developed that a fraud had been committed, so far as the locks were concerned. I am not aware now that there was any fraud—the fraud consisted in the hasps.

Q. I mean the locking apparatus?—A. The securing of the door.

Q. Surely you do not suggest that that was not clearly a fraud?—A. Not for a moment, Mr. Stevens.

Q. Not when these pins were pulled out and the door opened?—A. I do not suggest that that was not a fraud.

Q. Mr. Taylor, the point that concerns me is this: That when this was discovered, which to my mind was clear evidence that Noel was guilty of some manner of fraud, why was he not immediately apprehended?—A. To answer that question intelligently, I would have to refer to the file. It is two years ago, and I would have to refresh my memory. I am not sure at the moment whether at the time this thing came out, that it developed that Noel had not decamped; I am not sure of that.

Q. I think we ought to have the files here, and we ought to have the Preventive and the general file here that you spoke of a moment ago, regarding

the issue of the license?—A. That would give you no information, Mr. Stevens, except as respects the issue of the license; that is all. There is merely the routine correspondence, if any.

Q. Sometimes routine correspondence is illuminating?—A. Yes, it is.

Q. That is why I say we ought to have the file?—A. I can produce the file if you wish it.

By Mr. Donaghy:

Q. Can you get the file from the Solicitors in Montreal who were carrying on the litigation, or are they using it in court now?—A. Our last correspondence I think was on the 26th ultimo, and I really cannot say in what position the case is now, for the moment.

Q. They could probably spare it for a few days?—A. I should think so.

By the Chairman:

Q. Do you remember when the bond was cancelled?—A. When the Imperial Export Company's bond was cancelled? It would be about a year ago last January or February.

Q. And the license would be granted when?—A. The license would be granted on the 1st of April preceding.

Q. It runs from one fiscal year to another?—A. Exactly.

By Hon. Mr. Stevens:

Q. When was the prosecution started against the Guarantee Company?

By Mr. Donaghy:

Q. It is not a prosecution, it is a civil action?—A. It is a suit for the recovery of the money.

Hon. Mr. STEVENS: We will not split hairs over technical terms.

WITNESS: I cannot answer definitely; the nearest correspondence I have here is the 16th of January last. I am aware that some correspondence occurred before that date, before the suit.

By Hon. Mr. Stevens:

Q. Will you file a copy of that correspondence?—A. Yes.

By Mr. Donaghy:

Q. What Mr. Stevens wants to get at is this: he wants to find out when you first took up the question of trying to collect upon the bond which was given for securing these premises?—A. It will all appear in file 18274.

Q. That will show what you attempted to do with Noel?—A. Yes, the whole history of the case.

Q. And what you did with the guarantee company?—A. It contains the whole history of the case.

By Mr. Calder, K.C.:

Q. Will you say whether the derogation of the former textalon lay in their being no alcohol in it at all when it reached the United States?—A. My recollection is that there was some alcohol.

Q. There was some alcohol, but very much less than called for in the formula?—A. Very much less.

Q. So that in accounting for the barrels of alcohol purchased and put in the bond for the purpose of manufacture, there is no doubt that there must

have been a considerable leakage through the manipulation of the bond?—A. Yes, obstruction.

Q. And consequently, a heavy loss in excise?—A. Yes.

Q. Which would be deduceable from the export entry?—A. Yes.

By Hon. Mr. Bennett:

Q. After you ascertained that it had been brought about by the use of these false passes or locks, did you investigate the other bonds in Montreal, or have that done?—A. We did not cause a special investigation to be made. There is, as a matter of fact, a continual investigation going on, by Divisional Inspectors.

Q. But this was a very clever deception?—A. It certainly was.

Q. Having once ascertained that you had been deceived, did you immediately take steps to have the other bonds looked over, for the purpose of ascertaining whether or not similar devices were used in other cases to defraud the revenue?—A. I did not. As a matter of fact, that scheme was the first one I came across of that nature in thirty-eight years.

Q. I should fancy so. It took a lot of time to do it?—A. It did.

By Mr. Donaghy:

Q. Can you give us the name of the locker in charge of the bond at the time these defalcations took place?—A. My recollection is that he was Beriault.

By Hon. Mr. Stevens:

Q. What became of him?—A. Well, he had the misfortune, shortly after that, to fall through the trap door in that premises, and break his leg, and was confined to the hospital for several weeks. What he is doing now, I cannot tell.

By Mr. Donaghy:

Q. Is he still in the employ of the Customs?—A. Yes.

Q. Where?—A. At Montreal.

Q. In what capacity?—A. As an examiner, I expect.

Q. Did you investigate the circumstances surrounding him, in connection with those false hasps, to ascertain whether he had any guilty knowledge or not?—A. The impression I gathered was that Mr. Beriault was not guilty.

Q. You satisfied yourself on that point, did you?—A. Yes.

By Mr. Calder, K.C.:

Q. Did you examine Beriault?—A. Not personally, apart from the time I made the visit.

Q. By whom was he examined?—A. I could not tell you from memory.

Q. Would that be on the file too?—A. I expect so.

By Mr. Donaghy:

Q. Did you pursue the matter any further to find out whether anybody in the employ of the Customs had been in collusion with the people who contrived this means of defrauding the Government?—A. From all the circumstances, we were satisfied that this was a case of Noel, and Noel alone, a clever crook.

Q. You did not think the clue led to any employee of the Government?—A. No, sir.

Q. What was the amount of the government's loss in connection with this matter, or what amount are you claiming in the lawsuit you have brought against the Surety company?—A. $9,040.08.

Q. I suppose the bond fully covers that amount, the bond of the Surety company?—A. We have two bonds, each for $5,000.

By Mr. Calder, K.C.:

Q. Mr. Taylor, did Beriault have any duties as to sampling and otherwise examining the shipments before they left the bond?—A. I understand that in connection with each shipment, after being finally manufactured, he was required to take samples, and to those samples were handed over to either Mr. McLaughlin the Surveyor, or to the Collector, for transmission to the Department, and they were analysed at the Department.

Q. Was he to take samples from all the barrels?—A. From each shipment, from each mix, in other words.

Q. Before it was poured into barrels, or after it was barrelled?—A. Before it was shipped.

Q. You cannot say whether that was before it was barrelled or after?—A. I believe it was after it was barrelled.

Q. And Mr. Beriault could decide which barrel to sample from?—A. Yes; he made an independent selection.

Q. In all the time he was there, did he report, certify, or furnish a sample of the analysis that was found to derogate from the formulae?—A. Not to my knowledge.

Witness retired.

ERNEST CHARLES PARKER SALT recalled.

By Mr. Calder, K.C.:

Q. Sergeant Salt, I now hand you a file concerning J. P. Landy, and the Steamship "Borden."

I may say, Mr. Chairman, that I have to take these cases without completing them because, owing to a mistake having occurred as to the names "Cahill" and "Kyle"—Constable Cahill and Corporal Kyle—we are not able to call either of them. One of them is at Rock Island, so I must proceed as best I can, and get rid of Sergeant Salt's testimony in these things.

Mr. DONAGHY: He is another Mounted Policeman?

Mr. CALDER, K.C.: Yes, he is another Mounted Policeman.

By Mr. Calder, K.C.:

Q. Sergeant Salt, this case of Landy— —A. Can I have the other file?

Q. Which other file?—A. The "S.S. Borden."

Q. Who was the man, Landy, whose name gives the title to this file?—A. A Customs Officer at Montreal.

Q. What is his full name, initials?—A. John L, I think; John P.

Q. John P. Landy?—A. Yes.

Q. All right. He is a Customs Officer?—A. Yes.

Q. At the port of Montreal?—A. I do not know—

Q. Was at the time?—A. I do not know whether he is a Customs Officer now. The last I heard of him he was.

Q. Where was Landy employed?—A. I do not know what his regular employment was in the Customs, but on the night in question he was—I do not know what his employment was either.

Q. Where was he arrested?—A. He was never arrested; he was summoned.

Q. He was summoned?—A. Yes.

The CHAIRMAN: Will you speak a little louder.

The WITNESS: He was summoned; he was not arrested.

By Mr. Calder, K.C.:

Q. Was he ever in custody?—A. He was caught smuggling on the docks.

Q. Never mind. Constable Cahill will speak to the actual facts of arrest. —A. Yes.

Q. Did the arrest follow upon information that reached you?—A. I received information that there were going to be some narcotics smuggled off a boat on the docks.

Q. Was the boat named?—A. No, it was not.

Q. Was the dock named?—A. Yes.

Q. It was?—A. Yes.

Q. In consequence of that information you sent Cahill down there?—A. I put a shadow on that particular wharf. There were two other boats on that wharf. I did not know which boat it was.

Q. You put a shadow on the boat?—A. I put a shadow on the wharf between the boats.

Q. It was afterwards reported to you that there had been an arrest?—A. I received later in the evening—I received information, telephone or verbal, I forget which, to the effect that four men, three of the ship's officers, and Customs Officer Landy, had been caught taking off a quantity of alcohol from the boat; also the watchman from one of the Detective agencies in town, Forbes, was caught too, but not with that party.

Q. Did you proceed to the wharf, upon receiving this information?—A. I subsequently searched—I raided that boat.

Q. You raided that boat?—A. Yes.

Q. What did you find?—A. I found more or less liquor—I found some more liquor; not very much; just a few bottles.

Q. Yes; which were seized?—A. Yes.

Q. Did you actually see the men in custody?—A. The men were never put in custody. We were not allowed to arrest at that time. That was on November 14th, 1924.

Q. That was after the circular— —A. 1923.

Q. It was after the circular had been received, precluding you from making arrest without reference?—A. Yes. We wired the Commissioner: "Customs Officer Landy and three ship's officers seen taking rum off C.P.O.S. ship Borden; eighty bottles seized in their possession; also thirty-eight other bottles seized in the possession of Greaser Hillier and Watchman Forbes, of Cowan's Detective Agency. No arrests pending instructions. Signed J. W. Phillips."

Q. Did you get instructions subsequently?—A. We got instructions first of all to arrest—to take court proceedings against the three ship's officers and Forbes.

Q. And were they summoned?—A. I think we arrested them. We only got two, because one had jumped before we got him. They only got two of the ship's officers, but the other jumped out before we could catch him.

Q. Do you know by what route he jumped out?—A. Yes. He took one of the other boats down the St. Lawrence.

Q. When that was reported to you did you take any action, or request any action?—A. Yes. I got in touch with Sergeant Zanith, at Quebec, and told him to go on board that boat and arrest that officer. I was sending the warrant down by mail. He reported back that he had been on the boat, and the Captain refused to let him take the ship's officer off the boat without a warrant.

Q. Was the officer a part of the crew of that boat?—A. He claimed to be. He claimed that he signed on for that particular trip. I then took it up with

headquarters and requested that the ship should be stopped leaving Canada until such time as we got this officer.

Q. Was anything done?—A. I subsequently received instructions. It was not done.

Q. It was not done and he has not returned?—A. I have not seen him since.

Q. At the moment he was going out he could be stopped. He had furnished bail?—A. No.

Q. Was he not under bail?—A. No. At the time we raided the boat I was not allowed to arrest the men. I had the evidence against the three ship's officers and the Customs Officer, but I was not allowed to arrest. I made them promise me that they would not attempt to leave Montreal until such time as I got instructions. That is all that I could do. They were ship's officers and I thought their word would be good. In the meanwhile I got in touch—this telegram was sent.

Q. I thought you told me that in consequence you issued a warrant against the ship's officer?—A. Only a couple of days later. In the meantime he was gone.

Q. If he was not under bail and he was wanted by the police, a warrant was issued against him?—A. Yes.

Q. If he was not under arrest and not stopped, and no action was taken, there was no request for action to be taken?—A. No, sir.

Q. And he got away and has never been seen since?—A. No.

Q. What boat was it, and where was he going?—A. That would be on the Duncan file. I have not got the Duncan file. It was another C.P.O.S. boat, I think, leaving that day.

Q. Another C.P.O.S. boat?—A. Yes.

Q. The liquor that was smuggled was not from the United States; it must have been from overseas?—A. The liquor smuggled was from—I do not know where it came from. It was rum.

By Hon. Mr. Bennett:

Q. It must have arrived in the "Borden"?—A. Yes.

By Mr. Calder, K.C.:

Q. It probably came in from London or from Europe somewhere?—A. It came in from Europe or Jamaica.

Q. What was the fate of the two officers that kept their word?—A. They were fined fifty dollars apiece.

Q. At that time had you received instructions to proceed against Landy? —A. No, we did not get instructions. I will have to read that. On November 16th, we received a copy of a letter from the Commissioners, signed by the Chief Preventive Office of the Preventive Service, Wilson, to take immediate instructions to proceed against Watchman Forbes, Chief Officers McKinley and Walter and Second Mate Duncan. We were instructed to retain the services of Mr. Rivet, the lawyer. (Reads) "We shall take no action against Customs Officer Landy until after conference with the honourable Minister of Customs, upon his return here next week. The evidence that will be brought out in the trial of McKinley, Walter and Duncan will serve to be used against Customs Officer Landy. Under the circumstances no action is to be taken against Greaser Hillier."

Q. Now the case was made completely, since it resulted in a conviction so far as the officers were concerned. Subsequent to that trial did you receive instructions to proceed?—A. Yes, some time later on. We wrote again on January 16th, 1924, asking if we might be advised whether any action was to be taken against Customs Officer Landy, and in reply to that a summons was served on him on January 29th.

Q. Under what section of the law was he charged?—A. It does not give the section number—

Q. Will you tell us briefly what he was charged with?—A. I am not sure whether he was charged with being in the possession of smuggled goods, jointly with the other two, or charged with smuggling.

Q. Was it an indictable offence?—A. Yes.

Q. It was laid under a statute which made it an indictable offence?—A. Yes sir.

Q. Now, what happened to that prosecution?—A. It was adjourned from time to time—

Q. You remember, do you not, what happened?—A. It was finally disposed of around about April 26.

Q. Finally disposed of?—A. That first charge.

Q. April 26?—A. 1924.

Q. How was it disposed of?—A. It was an indictable offence, and when the charge was read to the accused he pleaded "Not guilty", and they immediately asked to have the case thrown out, because the accused was asked to plead, which was illegal.

Q. Simply because the accused shouted out "Not guilty", or had been asked to plead— —A. Yes, because it was an indictable case.

Q. You say the case was dismissed?—A. Not dismissed; it was thrown out; it is the same thing.

Mr. DONAGHY: Simply a legal technicality.

Mr. CALDER, K.C.: I never heard of a legal technicality like that.

By Hon. Mr. Bennett:

Q. As a matter of fact, Sergeant, you know all you have to do is start it over again.—A. That is what we did.

By Mr. Calder, K.C.:

Q. What did you do then?—A. We took it up and asked permission to be allowed to lay a new charge against Landy, and received instructions—

Q. Can you tell us before what judge it was, the first time? We might as well make another enemy?—A. Judge Cusson.

Q. Now, you say you secured permission to prosecute again?—A. We applied for permission immediately. That was on April 29th, and it was decided to prosecute him again on May 19th.

Q. On the same charge?—A. He was summoned and brought into Court.

Q. Was that case proceeded with?—A. It was for some time.

Q. By adjournments, I presume?—A. We never got any evidence in.

By Hon. Mr. Bennett:

Q. Until July 9th, was it not?—A. It was withdrawn on September 24th.

By Mr. Calder, K.C.:

Q. Upon whose instructions?

Hon. Mr. BENNETT: Noel Chasse, solicitor for the Department—whatever that is.

The WITNESS: I don't know. I understand we were ordered to drop it, but I do not see anything on the file here.

By the Chairman:

Q. It was withdrawn?—A. We were ordered to drop it, I see nothing on the file here.

Q. Did you not start it again?—A. No.

By Mr. Donaghy:

Q. Did not the regular law officer of the Department investigate it and advise that it be dropped—the permanent law officer of the Department?—A. I don't know who did it.

By Mr. Doucet:

Q. Is that the Landy file or the Borden file?—A. It starts with the Borden file, and ends with the Landy file. The Landy file starts on January 16th, 1924.

Hon. Mr. BENNETT: There seem to have been about 20 adjournments, 15 in the first instance, and four or five in the second.

The WITNESS: The file speaks for itself, I think.

By Hon. Mr. Bennett:

Q. The file would seem to indicate that the Prosecuting attorney asked the Minister to drop it, and the Minister did so.—A. I have no knowledge why it was dropped other than that we were told to drop it.

By the Chairman:

Q. Upon the advice of the Attorney for the Department?—A. I forget whether we received a telephone message, or telegram, to drop it, or whether we received these instructions from Mr. Rivet.

By Hon. Mr. Bennett:

Q. Is he still an employee of the Department?—A. Landy?

Q. Yes.—A. He was, subsequent to that date, but I do not know whether he is now or not.

By Hon. Mr. Stevens:

Q. Is there not a letter on the file from the Minister?—A. I think there is.

By Hon. Mr. Bennett:

Q. But there was a letter before that advising them to drop it, from Mr. Rivet.

Mr. DOUCET: File No. 113874.

Mr. CALDER, K.C.: That would be the department file?

Mr. DOUCET: Yes.

WITNESS: A letter signed by Mr. Farrow, Deputy Minister of Customs and Excise, reading as follows:

> "Re J. P. Landy "S.S. Borden," Montreal, P.Q., the Customs Act. Your file 23/D24,D103.
>
> I have the honour to advise you that it has been decided to withdraw the action taken by this department against J. P. Landy in the courts in Montreal, and instructions have been given to Mr. Rivet who has been acting for the department in the prosecution, to withdraw the charge.
>
> I have the honour to be, sir,
>
> Your obedient servant,
>
> (Signed) R. R. FARROW,
> *Deputy Minister of Customs and Excise."*

By Mr. Calder, K.C.:

Q. Now, Sergeant Salt, will you now look at the file I show you, being the Albert Martin file No. 23 D 2416 of the Mounted Police records. In the case of Albert Martin, what information did you start with?—A. A report from Corporal Kyle saying he had reason to believe that a shipment of goods, smuggled goods, was going through the Customs at the Express office.

Q. From what point? New York, I think it was?—A. From New York.

Q. Billed as haberdashery, generally speaking?—A. The manifest was signed by one M. Rosen, it does not say what it was billed as.

By Hon. Mr. Bennett:

Q. From New York to Montreal by Express?—A. Yes.

Q. National or Dominion?—A. American Express—it does not give the company.

By Mr. Calder, K.C.:

Q. Did you detail anybody to look after this case?—A. I detailed Corporal Haverson to look into the matter immediately. The trunks were located in the Customs bond at the American Express Company on McGill Street.

Q. Were any instructions given with respect to them?—A. We wanted to search them to see what was in them. The Customs Officer, Mr. O'Neil, suggested we leave them till the entry had been passed and we would have the man for smuggling, as before the entry was passed we had nobody for smuggling.

Q. Did you instruct the Customs not to let it out without your first inspecting it?—A. I did not do that personally, Corporal Haverson did that.

Q. It was done under your instructions?—A. Yes.

Q. What happened to the trunks?—A. I do not know, they disappeared.

Q. During the night?—A. We went the following morning and they were gone.

Q. Was any information ever vouchsafed for that?—A. The Customs came to the conclusion they had been stolen.

By Hon. Mr. Bennett:

Q. Which information you did not share?—A. It depends on how you mean. they were stolen. They were stolen, there is no question about that.

By Mr. Calder, K.C.:

Q. Subsequently—I may tell you that I attach more importance to this point than you seem to, Sergeant Salt—subsequently two other cases arrived, shipped by the same shipper to the same address?—A. Yes.

Q. These were in bond and examined?—A. Yes.

Q. They were very hastily packed with all sorts of odds and ends of haberdashery?—A. A collection of goods inside the trunks which would not justify shipping them.

Q. Ill packed?—A. Yes, I did not see them.

Q. That was the report?—A. Yes.

Q. Do you know whether there was an investigation as to the real existence of the shipper in New York?—A. I would have to look up the file to recall that. The man who shipped gave the wrong name.

Q. And a non-existence address?—A. Yes.

Q. Under your instructions, Officer O'Neil was very anxious that an entry should be passed before examination?—A. Yes. That is possibly what you might term a technicality as, if we had seized the trunk before the entry had

been passed, we would have seized it before it was legally in Canada. We had to wait till the entry had been passed to make a proper seizure, and secondly we would know to whom the trunk belonged. If we seized the trunk immediately it arrived in Canada, the man would know we seized it and would never come for it.

Q. Did it ever occur to you that a shipment would be switched as regards entries, and a second set of two cases would be sent for the purpose?—A. I do not see how it could be done.

Q. To replace in the warehouse those that were taken out?—A. Well, according to my slight knowledge of Customs procedure that could not be done without the connivance of some official.

Q. Now, did you investigate the consignee Martin?—A. Yes.

Q. What did you discover about him?—A. He was alleged to have died.

Q. It is wonderful how many people have died in consequence of this inquiry. What was his real name?—A. We did not know that.

Q. What was his real name reported to be, upon the investigation, which it would have to be naturally if he was dead?—A. The address given was "A. Martin, 483 St. Urbain street, Montreal."

Q. Let me lead you a little. Was his real name Morton?—A. I do not think we ever discovered that.

Q. It is on your file, is it not?—A. There was no claim ever made for the trunks that were stolen; there was never any entry passed for those.

Q. No entry was ever passed for them?—A. Nobody ever came up to pass an entry and make a claim for those trunks.

Q. Was Morton known as a smuggler?—A. The correspondence shows the same man was named as "Albert Martin." Quite probably named under the alias of "Mortin."

By Hon. Mr. Bennett:

Q. What were you suspicious of, drugs?—A. No, a large quantity of silk.

By Mr. Calder, K.C.:

Q. He reported to you that the cases were too heavy for haberdashery?—A. Yes.

Q. How were suspicions first aroused?—A. A false name and address. I had no doubt that the name was unconnected in any way, shape or form, with the shipment.

Q. At any rate, an examination would have revealed the nature of the contents?—A. Yes.

Q. Why was that not done?—A. If we had examined a parcel immediately on arrival at the express office, at the Montreal office, one hundred to one the man would know it, and as a result would never have come to claim it, but a man in New York would send a telegram asking that it be sent back, that it was sent to Montreal by mistake. We would have no right to detain it after that.

Q. You have to wait until the entry is passed?—A. Until the entry is passed.

Mr. CALDER, K.C.: Owing to the fact that Constable Cahill and Corporal Kyle are not here, this is all the witnesses I have to go on with to-day. I understand Mr. Stevens has called a group of witnesses to go on with.

Hon. Mr. STEVENS: Yes, we have some witnesses.

The CHAIRMAN: This Committee stands adjourned until four o'clock this afternoon.

Witness retired.

The Committee adjourned until 4.00 p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, presiding.

ALFRED J. BISSONNET, called and sworn.

By the Chairman:

Q. You are from Rock Island, Quebec?—A. Yes sir.

By Hon. Mr. Stevens:

Q. Mr. Bissonnet, we have had a little difficulty in getting your books. You remember we requested your books somewhere about a month ago, but I think we only got them very recently.—A. Mr. Stevens, the second week you asked me to send some of my books—my bookkeeper at that time was sick in bed, and could not come. I sent them to the Express—I was in Quebec, attending the Legislature at that time, and there was just a little girl in my office, and I telephoned her to ship the books by express. I think, about Thursday, I called again to say if she had not shipped them to hold them until I got home, because I wanted to make sure they were properly packed, and she understood me to instruct her to hold them, and she telephoned the express company to hold the books. When I got home the next day I advised the express company to deliver the books, which would have made the delivery one day later, and I found from the auditor when he got to Rock Island, that the express company had forgotten to have the books delivered. That accounts for that.

Q. The books which you originally expressed, Mr. Bissonnet, to the express company, and later held under order—are they the books which were delivered here?—A. Yes sir that is, I believe so. I have not seen them since they were delivered; they are the only books we had.

Q. The only books you had were books containing entries from January 1, 1926?—A. So I understand.

Q. The order was for books to be produced for 1924, 1925, and 1926?—A. Sure.

Q. What explanation have you to give the committee?—A. I have no explanation, excepting that I told my bookkeeper—I do not know much about the books myself—last fall that we never had a very complete set of books, and I wanted him to clean up things and put in a set of books which could be audited at any time, and when I got the summons from Ottawa asking me what we could send, I was just as much surprised as anybody to find out these were all the books we had. I am very sorry for this to-day, because I know it looks bad, but on the other hand, that is the fact of the case, and I am assured by my bookkeeper—and he is here to-day to verify my statement—that there has been no paper destroyed or taken out of my office since this investigation was opened.

Q. How long has Mr. Moore, your bookkeeper, been with you?—A. Two years.

Q. You would not take it amiss if I pay a compliment to him as a bookkeeper?—A. I believe he, with the assistance of somebody else, put in a set of books that are good books.

Q. He has a set of books from January 1st, which I would say is a credit to any accountant or bookkeeper, and I speak from some knowledge. This set of books—the ledger which I have in my hand shows a very excellent style of bookkeeping. How do you explain a bookkeeper of his standing, who has had charge of your records for two or three years, having no record prior to January 1st, 1926?—A. I have no explanation to make. I don't know anything about the books.

Q. In this ledger I notice that every account, or practically every account, shows a balance carried forward—and by the way, these books balance perfectly, so I am informed by the auditor—indicating that a very correct set of books must have been in existence, from which these balances could be taken; otherwise there would be confusion in the balances. That would be correct?—A. I am not prepared, Mr. Stevens, to tell you about my set of books. Mr. Moore can tell you that. I believe his books were not accurate and could not be balanced at the end of the year. I am telling you from what he told me. We were in a general mix-up by not being able to give a satisfactory accounting to our bankers, and things of that kind, and for that reason I gave him orders to start a set of books which would be right, and which could be properly audited.

Q. The auditors at Rock Island show that your company have produced certain duplicate sales invoices for 1925 and a part of 1924, and a recapitulation of the sales of 1925, and that is all the papers they have produced besides these books for 1926. Have you any explanation of that?—A. Excepting, the only thing I am obliged to keep, as an individual, is my sales tax record for two years back, and we have that from the time we were checked up.

Q. How about your income tax? How do you make that up?—A. As I told you at the start, I was very much surprised and as sorry as anybody, to find we did not have certain records. If our income tax makes us any trouble, we will have to suffer the consequences.

Q. You have quite a considerable business, Mr. Bissonnet, have you not?—A. No, sir; very small, not very big.

Q. You show very considerable accounts; quite a number of accounts; very substantial accounts. You do quite a considerable business. You have a lot of shipments coming to the Peerless Overall Company from Derby Line?—A. Not many; a few.

Q. I know—perhaps it was inadvertent—but in the papers that came into the hands of the auditors is a manifest of some goods coming from Derby Line? —A. Sure.

Q. Will you turn over your records from Derby Line?—A. Anything we have from Derby Line we will turn in. I do not think there have been many shipments from Derby Line recently. Two years ago, I think, everything was cleaned up there, and I do not know what we have now. I do not know that we have anything.

Q. And you have no explanation to offer this committee about your records for two years previous to January 1, 1926?—A. No.

Q. And you do not wish to offer any explanation— —A. Mr. Stevens, I recognize that it looks bad, but I have told you the truth.

Q. Mr. Bissonnet, it is very very hard— —A. I know.

Q. —to explain how a company could have virtually no records at all. Our auditors, of course, will report on this, but what you are brought here for is to explain these delays, and also to explain— —A. Mr. Stevens, may I say that I took this business over personally some two years ago, and I was never quite satisfied with conditions and so on and so forth, and for that reason, as I told you, at the end of the year I told Mr. Moore I wanted him to clean up everything, and put in a set of books which could be audited at any time by anybody. That was my stand, not thinking, of course, that everything in the office was going to be cleaned up. If this investigation had not taken place it would have been all right, and I realize that under the circumstances it puts me in the position of looking as if I had done something wrong; but we did not do it for that purpose, and not one paper has been taken out of our office, nor destroyed, since this investigation opened.

Q. I will give you an illustration of how difficult it is to understand your explanation. You say you did a very small business, and yet there is carried

forward in "Accounts Receivable" a debit account of $20,000. That is only shown in your "Accounts Receivable". You see at once that it indicates a business of some volume.—A. Sure. I suppose my bookkeeper in taking over the accounts, naturally carried over everything we had into this year's books.

By the Chairman:

Q. Put them up to date the 1st of January?—A. Absolutely. Our books could not be balanced; we did not have a proper set of books.

Q. Since the 1st of January you had a complete set of books?—A. We had people come in and put in a competent set of books, and I believe we have a set now which can be audited at any time, by anyone.

Hon. Mr. STEVENS: Well, we will excuse Mr. Bissonnet, and call Mr. Moore for a few moments, and get him to make some explanation, if he can.

The witness retired.

ALLAN JAMES MOORE called and sworn.

By Hon. Mr. Stevens:

Q. You are an accountant, Mr. Moore?—A. Well, I am a bookkeeper.

Q. What experience have you had?—A. Oh, seven or eight years; it might be more, and it might be less.

Q. Where did you get your training?—A. Different offices.

Q. You understand bookkeeping?—A. Some.

Q. I hope that the somewhat modest manner in which Mr. Bissonnett referred to you will not induce you to be too modest yourself. Tell us frankly, yourself,—you are a competent bookkeeper, are you not?—A. That would not be for me to judge.

Q. Are we to judge you from these books?—A. You may.

Q. Then I at once judge you a very good bookkeeper, because these books are very well drawn up.—A. Thank you.

Q. Did you draw them up?—A. I did, sir.

Q. Then I think you can very well say you are an experienced bookkeeper. —A. Thank you.

Q. What did you do with the records of the last two years of the Peerless firm?—A. I did not destroy them.

Q. As a bookkeeper, you know perfectly well that you have to keep your records for at least a considerable time?—A. A large portion of these are loose-leaf books, and the ledger sheets, after they are discarded, are put out with other old records, and these get destroyed.

Q. Destroyed up to date?—A. As far as I know. I cannot swear to them being destroyed, and I cannot swear where they are.

Q. You know perfectly well, as a bookkeeper, that it is not only customary but obligatory on any good bookkeeper, to keep his records for a period of years after they are done with, in active service? Is that correct?—A. That may be.

Q. Is it not right?

Mr. HENDERSON, K.C.: I think it is five years, in Quebec.

By Hon. Mr. Stevens:

Q. Is that correct? I understand, prompted from my right, that it is five years in Quebec?—A. I was not aware of that fact.

Q. Never mind the law; let us take the practice. As a bookkeeper, knowing that you may have to refer to your old accounts, is it not customary to keep these looseleaf ledger sheets and other records for a period of years after

their actual use is dispensed with?—A. In some places where I have been we have kept them, and in other places we have not.

Q. Answer my question directly. As a bookkeeper—never mind whether it is Mr. Bissonet's firm or anybody else—as a bookkeeper, is it not a customary practice, and a sound practice, to keep your records for a period of years?—A. I have not got to judge of that, have I?

Q. In this case, yes. I am asking you the question. You know that is a customary practice, do you not, Mr. Moore?—A. I cannot say. I cannot swear to it being a practice.

Q. Did you destroy the records of last year?—A. I did not.

Q. Where are they?—A. I don't know.

Q. When did you last have them?—A. When I balanced the books at the end of the year—tried to balance them—

Q. Wait a minute. Be careful. You have had these books since the last of the year, have you not?—A. Not to my knowledge.

Q. Did you write these books up before the end of the year?—A. No, but at the end of the year—the end of the fiscal period—is when I installed the set of books.

Q. That was January 1st, 1926?—A. Yes, but—

Q. Wait a minute. This set of books I have in my hand, this ledger and the other books we have inside, all new books since January 1st—you could not start to write them up until the end of the year?—A. I could not put in the system until the end of the year.

Q. You could not start to write them up until the end of the year?—A. Certainly not; they record the transactions of each day.

Q. Then it would take you some time to write them up, because they were not written at random? How long did it take you to write them up?—A. I put in my work during the day, part of the time on them, part of the time on the correspondence, and part of the time looking after things around the factory, the way I always have.

Q. When did you complete the writing up of these books? Two weeks ago?—A. No.

Q. Three weeks ago?—A. Those books—as far as my handwriting is concerned—the work done in them by me; I have not written into these books since February 17th; I was taken sick at that time.

Q. Have you had a record of last year, up to February 17th?—A. No, sir. These books there record the transactions of two years, from January first.

Q. Do not let us beat about the bush; you wrote these books up since January first, did you not?—A. I must have.

Q. Well, answer my question. You know whether you did or not. Did you?—A. Yes.

Q. Very good, and you wrote these books up from the record of the previous year, did you not?—A. No, only the balances; as far as the balances are concerned. The rest are the transactions of this year.

Q. Were your books balanced on the 31st of December, 1925?—A. Not at that date.

Q. Therefore, you must have carried the 1925 books through in to 1926 in order to write up these? Am I not correct?—A. As far as the balances are concerned?

Q. Yes.—A. As far as the balances are concerned.

Q. Yes. That is correct.—A. As far as the balances are concerned.

Q. Yes. Then, the records of 1925 had been destroyed since the first of January, 1926?—A. As far as I know.

Q. What?—A. I have not seen them since then.

Q. Well, they had been destroyed?—A. Why, certainly. I do not know whether they have been destroyed. I cannot swear they were destroyed. I will not swear where they are.

Q. You will not produce them?—A. I cannot produce them.

Q. Why cannot you produce them?—A. Because I do not know where they are.

Q. Who does know?—A. I do not know.

Q. Does anybody outside of yourself and Mr. Bissonnet know?—A. I just said, I do not know.

Q. Does anybody outside of yourself and Mr. Bissonnet know where your records are?—A. I cannot swear as to that.

Q. How about that girl, the secretary or bookkeeper or stenographer in your office, that Mr. Bissonnet spoke about. Does she know?—A. Not that I know of.

Hon. Mr. STEVENS: I want to say, Mr. Chairman, that it is a very, very strange thing, that a concern could destroy or get rid of their records so completely during the last couple of months, three months.

By Hon. Mr. Stevens:

Q. Answer this: What amount of business did you do last year?—A. The Sales Tax record will show that.

Q. Approximately, tell me what it is?—A. I cannot tell you exactly.

Q. I want to know.—A. I cannot give you the figures.

Q. Can you tell me approximately? I am not asking you to be precise in it. I do not expect you to.—A. Well, Mr. Stevens, those books have been away from me for a month, and I have been sick for about two weeks, in the last part of February.

Q. Well, you do a considerable business?—A. Yes, we do some business.

Q. I have before me now Notes Receivable, for instance, in the account "Notes Receivable, $51,000." That would indicate a considerable current business?—A. Can I look at that book, Mr. Stevens?

Q. Yes, certainly. I am not particular about this, just merely to indicate the amount of your business. "Notes Receivable, less $14,000 in"; that would be about $36,000, and over here you have "Accounts Receivable carried forward $5,000?"—A. Yes.

Q. And then you added on from the Journal entry $15,000. That is Accounts Receivable?—A. Yes, but there is a credit against that $20,000 you were telling Mr. Bissonnet about. Accounts Receivable—there is a credit of $13,000 to come off of that, leaving it about $7,000 instead of $20,000.

By the Chairman:

Q. Seven thousand dollars only?—A. This is the first of January.

By Mr. Doucet:

Q. The $13,000 referred to, with the exception of $2,600 of transactions in January, 1926?

(No audible answer.)

By Hon. Mr. Stevens:

Q. The Journal entries are all from last year, I presume?—A. No. Just a minute. I will explain this to the committee.

The CHAIRMAN: Go ahead. Speak loud for the stenographer.

The WITNESS: This accounts receivable account is a controlling account. It starts with the amount of Accounts Receivable into the Sales Ledger. Now, you add to that your sales and other charges that go to the debit of these accounts.

By Hon. Mr. Stevens:

Q. Very good. Add those. Give the figures. You start with a balance of $5,000.—A. $5,016.15.

Q. In the month of January you add $15,000?—A. And $128.55 and three small items, which total $20,250.45.

Q. Right.—A. Those are the debits of your sales ledger. In January we received cash, $2,642.86; and from the controlling column in the Journal there is a credit of $427.85; another credit for $483.89; another credit of $5,682.72, which totals $13,587.32. The difference between those two represents your Accounts Receivable in your Sales Ledger.

Q. Open now.

By the Chairman:

Q. What is the balance?

Hon. Mr. STEVENS: About $7,000.

The WITNESS: Approximated at $7,000, Accounts Receivable, instead of $20,000.

By Hon. Mr. Stevens:

Q. Bills Receivable, about $36,000?—A. Yes.

Q. I merely want to draw your attention to these accounts to show this, that you have a considerable business and therefore you must have kept records last year, accurate records. It is the getting of these records that we have you here to-day for, and the only answer is, that you do not know where they are? —A. I do not know where they are.

Q. You do business on both sides of the line? Do you keep the books in Derby Line?—A. Yes.

Q. Where are the Derby Line books?—A. They are in Derby Line.

Q. Do you refuse to produce those? Will you produce them?—A. Well, they are not my books. I am an employee only.

Q. Mr. Bissonnet said a moment ago that he was willing to produce everything?—A. Well, it is his business.

Q. Well, we will have to have those books produced, Mr. Chairman, because the business is on both sides of the line. We might ask Mr. Bissonnet, he is not discharged.

The CHAIRMAN: He is willing to answer.

Hon. Mr. STEVENS: (To Mr. Bissonnet) Will you produce those books, Mr. Bissonnet?

Mr. BISSONNET: I do not know what we have got for books in Derby Line, Vermont. If we have anything that you want or anything that we can get, we will produce them. We do not keep a regular set of books in Derby Line, and, as a matter of fact, our Derby Line business has been practically wound up within the last two years. I do not mind telling you that, and I doubt very much if we have anything in the way of records in Derby Line. We used to do business on both sides of the line. I told you a few moments ago that we took over this business a couple of years ago, but we have cut out the Derby Line end of it and we do not keep any regular books there. You referred to some of the shipments coming to Derby Line. Any shipments that came to Derby Line, in the recent few months, we have invoices for and we are prepared to produce the invoices or other things, to show that they are all right because we are trying to do things as they should be done.

Hon. Mr. STEVENS: What we are asking, Mr. Bissonnet, is to produce all your records in both Rock Island and Derby Line. You admitted yourself and you must see that the situation is very unsatisfactory. You produce a set of books from January first, 1926, and your bookkeeper tells us he has not any idea of what became of the records before January first, 1926, three months ago. That is an appalling situation.

Mr. BISSONNET: As I told you, Mr. Stevens, that is something I feel very badly about, because really, we had nothing to hide in these books, but Mr. Moore was taken sick at the time; he was called away for sometime; I was down in the session in Quebec. Mr. Moore was sick in bed and he could not come. At that time we had a young girl in our office, and sometimes we had two, and in the general mix-up we found that some of our 1925 papers were destroyed among others that we did intend to destroy, old papers that had been there since we first went into business; sheets of the old firm's business. Personally, I did not intend to destroy my last year's books, by any means.

Hon. Mr. STEVENS: You have here, carried forward from January, $41,422 worth of Notes Receivable and $5,000 of Accounts Receivable. Now, your bookkeeper tells us that sometime after, a year since—he would not even let me carry it out to the 15th of February,—the records are destroyed. How are you going to collect $41,000 of notes and $5,000 accounts receivable for last year? Some of these will be three months notes, some will be thirty days and so on and a lot of it renewable. Now, you cannot persuade me that you have not some record of these things?

Mr. BISSONNET: That is what I think you will find what Mr. Moore will say is represented by a system of some kind of note or draft or something else.

The WITNESS: Can I answer that question?

By Hon. Mr. Stevens:

Q. Yes.—A. In regard to Notes receivable, they represent drafts that were deposited with the Canadian Bank of Commerce for collection. If those are not paid they will be returned to us and the charge for them will go back to their accounts.

Q. Do you not keep a Bills Receivable book?—A. We do not keep a Bills Receivable book. We just make a sheet out for the bank.

Q. Do you not keep a Bills Receivable book?—A. We make sheets out for the bank for those.

Q. Have you no Bills Receivable account in this ledger, outside of this general account?—A. Notes Receivable account; that is all.

Q. Where did you get this entry of $41,000?—A. That accumulates right along from your work. You charge it with the drafts you deposit with the bank and you credit it with those paid, and at the end of the year it balances with the bank's statement.

Q. Which comes from the original entry? It is a Notes Receivable book? —A. We have duplicate sheets.

Q. I mean, in the meantime, supposing one of your clients, or your customers, disputes one of these things, which is a very common thing, and all your records prior to January first are destroyed, how are you going to collect the money?—A. We have the duplicate invoices, Mr. Stevens, as your auditors informed you, for 1925.

Q. You have which?—A. The duplicate invoices.

Q. Only some?—A. For 1925, in its entirety.

Q. You have the invoices for 1925? Just a minute. We have a record here of the invoices for 1925 and part of 1924, together with a recapitulation of the sales of 1925. Those are the invoices?—A. Yes.

Q. So far so good, but that is a pretty meagre set of records, is it not? (No audible answer).

Q. Supposing you get into a dispute with one of your customers over his account, how are you going to give him an itemized account?—A. We could not do it.

Q. You could not do it?—A. No.

Q. Do you mean to tell this committee, Mr. Moore, that you were carrying on a business, and that you kept no records from which you could give a customer a statement of his account?—A. We cannot do it to-day.

Hon. Mr. STEVENS: I find that exceedingly difficult to believe, Mr. Chairman. That is all I have to say about it.

The CHAIRMAN: The auditors will make a report in regard to what they find.

Mr. BISSONNET: Mr. Chairman, the books that you have on hand, can we have them back?

The CHAIRMAN: You will see the auditors. If the auditors want to give them back, we will give them back.

Hon. Mr. STEVENS: Only on the instructions of the auditor.

The CHAIRMAN: Only on the instructions of the auditor to Mr. Todd.

Witness discharged.

ROBERT P. CLERK recalled.

The CHAIRMAN: You will answer on the same oath you have already taken. You can answer in English?

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. Mr. Clerk—I wish, Mr. Chairman, first, to ask Mr. Clerk in regard to a certain report, and the general examination of Mr. Clerk can he held a little later, if it is thought necessary. I might excuse him then. Mr. Clerk, a report, alleged to have been made by you last year, regarding Mr. J. E. Bisaillon has been called for repeatedly, and I am going to read to you a letter of the Deputy Minister in regard to the matter. I want to read it to you in fairness to yourself. This is dated March 19th, 1926, file No. 126394. (Reads):

> DEAR MR. TODD,—With reference to a report said to have been made to Mr. R. P. Clerk, Inspector of Customs and Excise, in the month of May, 1925, regarding Mr. J. E. Bisaillon, then Special Inspector of Customs and Excise, Montreal, after our telephone conversation this morning, I called Mr. Inspector Clerk up by telephone but was unable to get in communication with him until 12.30 p.m.
>
> I asked him if he made any report either to the Minister or to the Department, in May, 1925, respecting Officer Bisaillon, and his reply was, that no such report was made either to the Minister or to me, as Deputy. He denied that he had ever stated to Inspector Duncan that he made any such report in May, 1925, or during the year 1925. I wrote the Hon. Mr. Stevens on the 13th instant, stating that there was no record of such a report in the Department."

Now, Mr. Clerk, did you make a report during the year 1925 approximately May or June, regarding Mr. Bisaillon?—A. Yes, sir.

Q. Why did you tell Mr. Farrow that you had not made a report?—A. I must tell you this: Mr. Farrow telephoned me; I was just coming back from Ottawa; I arrived home at about a quarter past twelve and I was told that Mr. Farrow had called me on the 'phone. I notified Central that they could get me, and Mr. Farrow asked me if I had made any report of the 25th of May, 1925. He said, "no record of such a report can be found here." "Well," I said, "if no record can be found there I have not made any report on the 25th." That is what I said to Mr. Farrow on the 'phone. A short time before,

Mr. Farrow wrote me and asked me to send to the Department a copy of a certain report that I was supposed to have made on the 7th of May. I made no report on the 7th of May. Now, if you ask me if, in the month of May, 1925, I made a report on Bisaillon I will answer "yes, sir," and that is on the twenty-seventh of May, not the seventh of May or the twenty-fifth of May.

Q. Yes, but Mr. Farrow told us in this letter to the committee that you denied that you had ever stated—no, that there was no such report made.—A. Mr. Farrow asked me if I had made a report on the fifth of May. I said, "no, sir."

Q. Where is that report, Mr. Clerk?—A. It is not exactly a report. (Reads):

"MONTREAL, May 27th, 1925.

R. R. FARROW, Esq.,
Deputy Minister of Customs and Excise,
Ottawa, Ontario.

DEAR MR. FARROW,—As requested by you I am to-day forwarding by Registered Mail to the Hon. Mr. Cardin, a certified copy of the evidence rendered by Mr. Bisaillon in the case of La Barge Tremblay. I thought that same might be interesting. I am forwarding for your information a copy of same.

I have the honour to be, Sir,
Your obedient servant."

Q. Is that the report you referred to?—A. I beg your pardon.
Q. Is this the report that you referred to?—A. Yes.
Q. Just a moment.

The CHAIRMAN: Answer only the questions.

By Hon. Mr. Stevens:

Q. Does this report simply contain the evidence of Mr. Bisaillon at that trial?—A. It contains a letter also, addressing a few remarks to the honourable acting Minister of Customs and Excise, Hon. Mr. Cardin.

The CHAIRMAN: Your own impression?

The WITNESS: My own impression of the evidence.

By Hon. Mr. Stevens:

Q. Read it.—A. It is in French.

(Witness commenced reading of letter, when the Chairman intervened).

The CHAIRMAN: It was your impression of the evidence, after you had read over the evidence which you produced?

The WITNESS: Yes.

The CHAIRMAN: Well, we will appreciate it ourselves.

By Hon. Mr. Stevens:

Q. You were called to Ottawa by Mr. Cardin, Acting Minister, were you not, in the spring of 1925, about May, I think?—A. I do not recollect if it was Mr. Cardin or Mr. Farrow who called me up to Ottawa.

Q. And you were asked to make a report on Bisaillon? Is that not correct? —A. Well, if you want to know the whole of the facts, I will tell you in a very few words.

Q. Yes.—A. Up to the time that I had read—of course this is personal or a conclusion—up to the time that I had read this evidence of Mr. Bisaillon, given in Quebec, I was under the candid impression that Bisaillon was abso-

lutely above board. Then once I had read that evidence, a suspicion arose in my mind, and I thought that Mr. Bisaillon was not perhaps the man I thought he was then and I spoke to Mr. Farrow about it.

The CHAIRMAN: Go ahead.

The WITNESS: Is it all right?

By the Chairman:

Q. Yes.—A. I spoke to Mr. Farrow about it. Mr. Farrow said, "Clerk, you had better try and find out if there is anything against Bisaillon." I said, "all right." Then, I got in touch with two members of the Quebec Liquor Commission, in Montreal, who referred me to a certain party on Victoria Square, and I had an interview with this party on Victoria Square. He said, "Mr. Clerk, I understand that you want to find a trail."

The CHAIRMAN: That is hearsay evidence. Do you want this evidence.

Hon. Mr. STEVENS: Let him go on.

Mr. GEOFFRION, K.C.: I suppose you want to know what he said to the Minister, not to the man on Victoria Square?

Hon. Mr. STEVENS: What I want to know is about this report. I think we had better let him give it in his own way for the time being.

The WITNESS: I am nearly finished; I am nearly through with the statement. This party said, "you want to get a trail on Bisaillon." He said, "you go to Ottawa at half past seven to-night. You go to Ottawa and you will find a party by the name of Sparks." I came that night on the train; it was about nine o'clock, and we began to talk together about Bisaillon. I said, "Sparks, it you can give me anything that I can follow with on Bisaillon you may rest assured that I will go the limit." "But," I said, "I do not wish to have any private conversation with you, and I will call for Mr. Farrow." I telephoned up and Mr. Farrow came. Mr. Sparks told me that he had an awful lot of evidence against Bisaillon but that he was not able to give me anything that I could follow, and he said, "If you go back to Montreal I will send to your office Captain Carter, who will give you something on Bisaillon. Captain Carter came, on the part of Sparks, in Montreal—if I am not mistaken, Captain Carter—the party who is in charge of automobiles, in the Montreal Recovery Bureau—

By Hon. Mr. Stevens:

Q. I think you are a little confused. Was it not Mr. Robertson that you saw in Montreal?—A. Perhaps it was.

Q. I think I had better lead you along. You went to Montreal, anyway, after you saw Mr. Sparks?—A. Yes.

Q. Did you meet there Mr. Robertson, the Chairman of the Commercial Protective Association?—A. I do not know the name of the party. I do not remember the name of the party.

Q. Did he not put you in touch with Mr. Duncan and Mr. Knox?—A. Yes. I was asked, if I remember well, by Mr. Sparks, to call on Mr. Duncan.

Q. Do you remember meeting Mr. Robertson?—A. I met another gentleman on Victoria Square. I do not remember whether that was Mr. Robertson or not.

Q. Do you recall your discussion with Mr. Duncan and Mr. Knox?—A. Yes. I said to Mr. Duncan and Mr. Knox that if they could help me, I was trying to secure evidence against Bisaillon, that I would be delighted to, but they could not point to any specific case against Bisaillon.

Q. You had a second conversation though with Duncan in regard to this matter, had you not?—A. Yes, when Mr. Duncan came to the office.

Q. Yes. What did you tell Duncan on that occasion regarding Bisaillon?—A. What did I tell him?

Q. Yes.—A. Well, it must have been in about the same sense, that I would have liked to get something against Bisaillon, but that I had had no positive proof against him.

Q. Do you recall telling Mr. Duncan—I think it was Duncan—that your office had been broken into, or at least someone had entered your office while you were away ill and had taken away certain affidavits and the copy of the report you had made to Ottawa? You shake your head. Would you mind answering audibly.—A. No, sir, I was never aware that the office had been broken into. The only thing I know is that there was a door that was opened, but it was due to the heat.

Q. Did you have taken out of your office certain files in regard to Bisaillon? —A. Yes, sir, and I put them in this grip here.

Q. I say, did you have stolen or taken away from your office any papers regarding Bisaillon?—A. Not that I am aware of. I found them all. I have them all here.

Q. You never made that statement to Mr. Duncan, Mr. Knox or Mr. Hunter?—A. I do not think so, because I might have mislaid some of the papers and I might have said that I could not have put my hand on some papers at the very moment but, as far as I can recollect, there are no papers that are missing just now. If I missed the papers then I have found them later on on the files.

Q. Is that report of that evidence—that was not a report at all, but your impression of that evidence? Was that the only report you made to Ottawa, to the Minister, to the Deputy Minister, or anyone else?—A.

"MONTREAL, June 1st, 1925.

R. R. FARROW, Esq.,
Deputy Minister, Customs and Excise,
Ottawa, Ontario.

DEAR SIR.—Re your inquiry 30th ultimo for my report on the Druggist Sundries and Perfumery Manufacturing Company, I have the honour to state that this report has been delayed owing to the possibility of securing very valuable information that might have bearing on certain other confidential matters which I am investigating.

I have interviewed Mr. l'Heureux, of the above company, this morning, and while not prepared to give any statement in writing, he disclosed that he stands ready to verbally state to yourself or the honourable the Minister that he has knowledge that it is almost a daily occurrence for seizures of automobiles, of alcohol, etc., to be made by the Preventive Service of this port from eight to twelve in the evening and by morning arrangements for the release of both cars and goods had been made on payment of a nominal sum.

I am forwarding under separate cover, my report, as requested, but I wish in the meantime to advise you of this matter so that such steps as you may deem wise may be taken to arrive at the facts.

I have the honour to be, Sir,

Your obedient servant,"

Q. Neither this report nor the other report, the one you have read—they were merely written in your office? They are merely correspondence. I have been trying to get from you a direct answer. Did you make a special report on Mr. Bisaillon at the request of the Minister, or the deputy, in the month of May or June, 1925?—A. No sir, this is all I have, with the exception of one file

I have here which is prior to this. There was an accusation against Mr. Bisaillon of having stolen some alcohol in the examining warehouse. I investigated the case, and it was proven under oath by several officers that there was gasoline that had been given to Mr. Bisaillon and not whisky. I do not recollect of any other reports against Mr. Bisaillon. I could not make any reports as I had no evidence.

By the Chairman:

Q. Did you make a report about the gasoline to Ottawa?—A. Yes.

By Hon. Mr. Stevens:

Q. Why did you say you made a report on Mr. Bisaillon to Mr. Duncan?—A. I could not have said such a thing to Mr. Duncan. Mr. Duncan can say whatever he likes. I firmly state I have not made any such statement to Mr. Duncan.

Hon. Mr. STEVENS: Mr. Chairman, I confess I am mystified with Mr. Clerk's attitude. I would like to ask Mr. Clerk to stand aside and we will question two or three other witnesses.

The CHAIRMAN: I must remark we have already had two or three reports, and we do not know which is the one.

WITNESS: If you can tell me as to what subject, and what it is, if I have anything I am willing to give it to you.

Hon. Mr. STEVENS: This was a special report made on Mr. Bisaillon at the request of Mr. Cardin, I think, or the Minister regarding Mr. Bisaillon's whole attitude and activities. I think, Mr. Chairman, we will get further ahead if Mr. Clerk will stand aside and we will call other witnesses.

The CHAIRMAN: Maybe some other witness will refresh his memory.

Witness retired.

R. P. SPARKS, recalled.

By Hon. Mr. Stevens:

Q. Please tell us as briefly and as concisely as you can what occurred in an interview between yourself and Mr. Clerk, and I think Mr. Farrow was present, regarding a report on Mr. Bisaillon?—A. About May 15th, 1925, I received a telephone message from Mr. E. A. Robertson of the Montreal Cottons, in Montreal, and Chairman of the Committee of the Commercial Protective Association. Mr. Robertson informed me that Mr. R. P. Clerk had called on him, stating he had been asked to make a report on Mr. Bisaillon. Mr. Robertson further informed me that he had referred Mr. Clerk to me, and asked me to meet Mr. Clerk at 7.30 on the arrival of the Montreal train. I had never seen Mr. Clerk before, nor have I ever seen him since till I saw him in this room. I met Mr. Clerk at the Chateau Laurier, at the desk where I watched for his signature, as I did not know the man to see him. Mr. Clerk then informed me he had been instructed by the Hon. Mr. Cardin to make a report on Mr. Bisaillon and he wanted assistance. I told him—I might say that almost immediately, or after perhaps twenty minutes conversation, Mr. Clerk telephoned to Mr. R. R. Farrow at his house, and Mr. Farrow came to the Chateau. I should say Mr. Farrow arrived about half past eight, and Mr. Farrow, and Mr. Clerk, and I discussed the matter till about eleven o'clock. Mr. Clerk had with him a document which I think contained three pages of typewritten matter, referring to the activities of Mr. Bisaillon, with particular reference to the disposal of smuggled automo-

biles. I distinctly recollect that the name of a company was set out, whose directors, Mr. Clerk stated, were in the automobile smuggling business, and that Mr. Bisaillon had attended all, I think all, at least many meetings of the directors of this company, and Mr. Clerk in this report stated that he believed Mr. Bisaillon was connected with this company. There were, I think, two other matters referred to. I read this document before Mr. Farrow arrived, and subsequently Mr. Farrow read the document in my presence.

By Hon. Mr. Stevens:

Q. Aloud?—A. I think he read it to himself as I had already read it. The only subject of conversation was the preparation of a report on Mr. Bisaillon by Mr. Clerk in reference to Mr. Bisaillon's activities. Mr. Clerk told me that he was now, at that time, convinced that Mr. Bisaillon was a thief, a scoundrel —I remember those two words—I think there are many other words expressing that sort of thing that Mr. Clerk did use. At that time Mr. Clerk referred to a matter in reference to which I have already given evidence. In the presence of Mr. Farrow, Mr. Clerk referred to the offer to him of a bribe of $100 per week.

Q. By?—A. By Mr. Bisaillon, if he, Mr. Clerk, would assign Mr. Bisaillon to a certain specified duty. Mr. Clerk said he would need to make this report with the services of an inspector or detective, as he expressed it. He asked me if we would help him. I said—

By Hon. Mr. Stevens:

Q. He meant?—A. The Commercial Protective Association. We had three investigators then in Montreal, and I said that all of these three were at his entire disposal. He asked Mr. Farrow, the deputy, if it was all right to do the business of the Commercial Protective Association, and have the assistance of their officers, and Mr. Farrow said that it would be quite all right. I do not need to outline the further conversation. The next morning I telephoned our office in Montreal, and I told them Mr. Clerk was proceeding with an investigation asked for by Mr. Cardin and to facilitate that in every possible way. I subsequently learned that Mr. Clerk did visit our office.

By the Chairman:

Q. Montreal?—A. Yes. Our office put themselves at his disposal, gave him certain information but he did not use it as successfully as he might have. They were at his disposal. I think they will testify as to how many times he called. I think he called a number of times.

By Hon. Mr. Stevens:

Q. At that time Mr. Duncan and Mr. Knox were working for— —A. The Protective Association. I told them to drop all cases they had in hand and devote themselves exclusively to Mr. Clerk. I had formerly had a discussion with Mr. Cardin, Acting Minister of Customs, and Mr. Cardin had indicated he would get such a report, which I felt entirely justified putting our whole organization at the disposal of the department to work on, because I do not need here to say we were very anxious that Mr. Bisaillon should be removed, and we were glad to facilitate in any way his removal by report or otherwise.

By the Chairman:

Q. Do you remember the date you saw Mr. Cardin?—A. It would be in May.

Q. 1925?—A. 1925.

Hon. Mr. STEVENS: That is all for the time being.

Witness retired.

J. E. KNOX, recalled.

By Hon. Mr. Stevens:

Q. You are already sworn?—A. Yes sir.

Q. Mr. Knox, will you tell the Committee briefly and as directly and concisely as you can what happened in connection with this question of Mr. Clerk, Inspector of Customs, Montreal, investigating the activities of Bisaillon?—A. I remember between the 12th of May and 18th of May—I am not sure as to the specific dates.

By the Chairman:

Q. 1925?—A. Yes. I received a telephone call from Mr. Sparks at Ottawa at our office in room 125 at the Windsor Hotel, to the effect that Mr. Clerk, Inspector of Customs in Montreal, was requested to investigate Mr. Bisaillon, and he instructed us to place ourselves at Mr. Clerk's disposal, and to give—

By Hon. Mr. Stevens:

Q. To place yourself and associates at his disposal?—A. Sure, and to give him all the assistance we possibly could in connection with Mr. Bisaillon. The following day Mr. Clerk rang up and made an appointment. He came to the hotel and saw Mr. Duncan first. Mr. Duncan then came back and got myself, and we went to Mr. Duncan's room with Mr. Clerk, where we discussed matters so far as we knew, of the evidence we had got against Mr. Bisaillon and everything practically we knew. We showed him a sketch of the border farm of Mr. Bisaillon, and he was in a hurry that day. We had only about three-quarters of an hour, and he left to keep some special appointment which he had and which he said—I do not know who it was.

Q. Was that the only time you discussed the matter with him?—A. That was the first time I saw Mr. Clerk and I had no further interviews with him whatever.

Witness retired.

WALTER DUNCAN, recalled.

By Hon. Mr. Stevens:

Q. You are sworn?—A. Yes.

Q. Would you mind telling the Committee the facts in regard to this matter of a report by Mr. Clerk?—A. I corroborate the evidence given by Officer Knox, the last witness, as far as that interview with Mr. Clerk is concerned.

By the Chairman:

Q. You corroborate him?—A. Yes. Later I had several interviews with Inspector Clerk. He was assisting me in the investigation. He had a letter from Mr. Farrow to do so, and this would be in the month of December, 1925, and Mr. Clerk told me that his safe in the office, a small safe that opens with a key, had been opened during his absence through sickness and some affidavits that he had in connection with Bisaillon had been stolen from there. He also told me that he had made a report and had recommended Bisaillon's dismissal.

Q. He told you that he had made a report and recommended Mr. Bisaillon's dismissal?—A. That he had made a report recommending Mr. Bisaillon's dismissal, and he also emphasized the fact that he would give me a copy of the report.

Q. Which he never did?—A. He never did. I brought the matter up once or twice after that, I remember very distinctly, about the 6th or 7th of January, in Mr. Hunter's office. I think the stenographer was present (Mr. Kitts) and he said that his papers were taken from his office, and that his copy of the report had disappeared.

Q. The papers were taken from his office, and that his copy of the report had disappeared?—A. Yes.

Q. Did he tell you that he had made this report about May or June? —A. Yes.

Q. In regard to these affidavits, Mr. Duncan, did he tell you the nature of them?—A. No, he said that they were in connection with Mr. Bisaillon.

Q. Did he indicate to you in any way to what extent the information might go as it affected Mr. Bisaillon?—A. I was led to believe at the time that there were affidavits in connection with blackmailing.

The CHAIRMAN: That is hearsay.

Hon. Mr. STEVENS: It is what was stated to him, Mr. Chairman.

The CHAIRMAN: Let him state what he knows from his own experience.

Hon. Mr. STEVENS: I appreciate the difficulty, Mr. Chairman.

By Hon. Mr. Stevens:

Q. Let me ask you a direct question; I will put it directly, so that you can answer me. Did he make a statement that he had affidavits in his possession?—A. Yes.

Q. Which affidavits were stolen or removed from his office?—A. That they were taken from his office wrongly.

Q. And that those affidavits were sufficient to put Bisaillon behind the bars?—A. No, he did not say that.

By the Chairman:

Q. They recommended to dismiss him?—A. Yes, but he did not say about the affidavits. He said that he had many matters appertaining to Mr. Bisaillon and others that he would like to give me, but would like permission from the Minister, and asked me to see the Minister, which I did not do at the time.

By Hon. Mr. Stevens:

Q. He intimated that a report had been made, and that it was serious? —A. He discussed one case in particular, that he could not do anything regarding certain matters. He mentioned a man named Cassidy who had been caught red-handed stealing from men in the post office, and was behind in his accounts for about a month, was caught, was suspended, reinstated, not reprimanded, and was put back at his old job handling the cash. His name is Cassidy.

Q. Mr. Clerk made that statement to you?—A. Mr. Clerk made that statement to me, and that there were many other matters connected with dismissals in which he could not get any action taken.

Q. To sum this up, Mr. Clerk told you clearly that he had investigated Mr. Bisaillon's activities?—A. Yes.

Q. And made a report in regard to them?—A. Yes.

Q. And that he would give you a copy of that report?—A. Yes, sir.

Q. But he has never done so?—A. He has never done so. There is another matter I might mention. At that interview he looked for certain papers he wanted to give me that day; he went outside and brought his secretary, or one of his officials in, and this man named Giroux, I think, stated that Miss Roy, who had been under suspension, and during the time she was under suspension had come in and removed her note-books from Mr. Clerk's safe.

By Mr. Gagnon:

Q. In the month of May, was it a case of you trying to supply evidence to Mr. Clerk, or Mr. Clerk trying to supply evidence to you regarding Mr. Bisaillon?—A. He came to get information from us. If I had been asked by the Government to investigate Mr. Bisaillon in the month of May, I would have done so, but I never was asked to investigate his conduct, until the month of December.

Q. There seems to be some confusion, because Mr. Sparks wrote letters previous to the month of May to the Prime Minister?—A. We were getting information about him. I was never asked, as being connected with the Government, to investigate Mr. Bisaillon's conduct.

Q. But up to the month of May you had been investigating Mr. Bisaillon? —A. Yes, for Mr. Sparks.

Q. Since the beginning of the year?—A. Well, we were hearing things from the time we started operations in Montreal. That would be in the month of December, 1924.

Q. Were you in possession of the letters that Mr. Sparks had written to the Prime Minister, regarding Bisaillon?—A. I do not think so.

The witness retired.

GERALD KITTS called and sworn.

By the Chairman:

Q. What is your name?—A. Gerald Kitts.

Q. Where do you live?—A. Montreal.

Q. What is your occupation?—A. I am a clerk in the Preventive Service.

By Hon. Mr. Stevens:

Q. To make this brief, Mr. Kitts, I will just put one or two questions to you; did you hear Mr. Clerk, the Inspector, state that he was investigating Mr. Bisaillon's activities in the port of Montreal?—A. Yes, sir.

Q. Where, and under what circumstances?—A. Mr. Duncan asked Mr. Clerk for a copy of the report which he had promised him regarding Mr. Bisaillon, in Mr. Hunter's office in Montreal, in the Preventive Service. Mr. Clerk answered that somebody had removed certain papers from his office during his absence, and that this report was amongst the papers, therefore he could not give them to him.

Q. Was that in December, 1925?—A. No, sir, January, 1926.

Q. Mr. Clerk stated to Mr. Duncan in your presence that the report he had made had been removed from his office, together with some affidavits?—A. Together with some affidavits, and that he could not supply them.

By the Chairman:

Q. The report he had made to Ottawa?—A. The report he had made to Ottawa regarding Mr. Bisaillon, which Mr. Duncan requested a copy of.

By Hon. Mr. Stevens:

Q. And that they had been removed or stolen from his office, together with the affidavits?—A. I do not remember the affidavits—certain papers.

By the Chairman:

Q. Do you remember the date?—A. January, 1926.

Q. This year?—A. Yes, sir.

The witness retired.

GEORGE N. HUNTER called and sworn.

By the Chairman:

Q. What is your name?—A. George N. Hunter.

Q. Your place of residence?—A. Montreal.

Q. What is your position or occupation?—A. Assistant to the Chief Preventive Officer.

By Hon. Mr. Stevens:

Q. You are acting-chief are you not, just now?—A. I am filling the position temporarily in Montreal, until an appointment is made.

Q. Mr. Hunter, will you tell the Committee what you know regarding this question of Mr. Clerk making an examination into Mr. Bisaillon's activities in the port of Montreal?—A. Well, I am afraid I cannot tell the Committee a great deal. The investigation was held in my office in Montreal, in the Customs House, and anything I heard, I only heard incidentally to my being in the office, in connection with my own work. I overheard Mr. Clerk say that the papers had been taken from his safe in his absence, also that Miss Roy, who formerly was a stenographer, but who was under suspension, had entered his office, and taken certain note-books from the drawer of her table or desk. Outside of that I know nothing whatever of his report upon Mr. Bisaillon.

Q. Do you recollect that a report had been made?—A. I heard that discussed, but I would not want to say that I have any knowledge of my own about it.

Hon. Mr. STEVENS: All right, Mr. Hunter, we do not want to put you under any pressure in this matter.

The witness retired.

WILLIAM LIONEL HICKLIN recalled.

By the Chairman:

Q. You have been already sworn, Mr. Hicklin?—A. Yes, sir.

Q. You understand you are under the oath you have already taken?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Mr. Hicklin, will you tell the Committee briefly what you know about this report?—A. I can only state to the Committee what was said to me by Mr. Oscar Clement, in Mr. Bisaillon's office.

The CHAIRMAN: No, that will not do.

Hon. Mr. STEVENS: I think you will find that it is quite all right, Mr. Chairman.

The CHAIRMAN: You will have to put the question differently.

By Hon. Mr. Stevens:

Q. Mr. Oscar Clement, who is an employee of the Prefontaine Motor Sales, came to Mr. Bisaillon's office, did he not?—A. Yes.

Q. When was that?—A. Early in June, 1925, I think.

Q. What did he tell Mr. Bisaillon in regard to this report that Mr. Clerk was making, of his activities?—A. Mr. Clement came to our office to see about a car which had been missing, and Mr. Clement and Mr. Bisaillon were in the office alone, and Mr. Clement said something to Mr. Bisaillon about a report, and Mr. Bisaillon called me in to his office to have Mr. Oscar Clement repeat to me what he had stated to Mr. Bisaillon.

By the Chairman:

Q. Was Mr. Clerk present then?—A. No, sir.

Hon. Mr. STEVENS: This is a statement, Mr. Chairman, that Oscar Clement made, which Mr. Bisaillon called Mr. Hicklin in to witness, and Mr. Clement stated that he had been asked by Mr. Clerk to give evidence or information regarding Bisaillon.

Mr. GEOFFRION. K.C.: Clement is the witness you want.

Hon. Mr. STEVENS: I suppose Clement is the witness I want.

By Hon. Mr. Stevens:

Q. Clement did go to Mr. Bisaillon's office, at the time you mention?—A. Yes.

Q. And Mr. Bisaillon called you into the office?—A. Yes.

Q. Oscar Clement made a statement to Mr. Bisaillon in your presence?—A. Yes.

Q. Regarding this report on Bisaillon which was being made or about to be made, by Mr. Clerk?—A. Yes.

Hon. Mr. STEVENS: We will call Mr. Clement to confirm that. There are two or three other witnesses, Mr. Chairman, but two of them are sick and asked to be excused.

The CHAIRMAN: Over the same thing?

Hon. Mr. STEVEN: Yes. Mr. Carter and Mr. Prefontaine. I do not think it is necessary to call them.

The CHAIRMAN: We have had four witnesses already in this matter.

Hon. Mr. STEVENS: We will ask Mr. Clerk to produce that report. This Committee is entitled to have that report. It is an important part of the evidence which ought to be before this Committee.

Mr. GEOFFRION, K.C.: It might be the letter he was reading when he was stopped.

The witness retired.

ROBERT P. CLERK recalled.

By the Chairman:

Q. You have heard these witnesses, Mr. Clerk?—A. Yes, sir.

Q. Mr. Duncan, Mr. Sparks, Mr. Kitts and Mr. Hunter, stating that you told them that you had prepared or were making a report about the activities of Mr. Bisaillon for the Department of Customs; is that true? You heard what they said?—A. Yes, that I was preparing to make a report.

By Hon. Mr. Stevens:

Q. They did not say that?—A. My word under oath should stand as good as anybody else's, Mr. Stevens, and if you will allow me, I can tell you this, that I am working absolutely with the same idea as you have; I am in conformity with the Committee, and in a very few words I can explain the whole position.

By the Chairman:

Q. Explain yourself, Mr. Clerk; be brief, but you may explain?—A. I may be a very poor witness, but anyway I will try to be brief. I was sick, and I gave the keys of my safe where I had certain documents, affidavits and so on that I had procured against Mr. Bisaillon, to Mr. Giroux, my secretary. When Mr. Duncan came to my office, I was just returning to the office. I looked into the

safe; the safe had been left open by Mr. Giroux, my secretary. I was under the impression at the moment that somebody had broken into the safe; I looked for the papers I had left there, but I could not find them. I have declared to Mr. Duncan that somebody had broken into the safe. I further found out, when my secretary came back, that he had moved these documents into a steel cabinet in the other office. I have these documents right here, to produce to you, because I really think that I had done my utmost to help Mr. Duncan in finding evidence against Mr. Bisaillon, and I was working for him.

Q. The documents you have in hand at present, were they the documents put in your safe before you went out?—A. Yes, sir.

Q. The documents which Mr. Giroux had removed from the safe and handed to you afterwards?—A. Yes, sir. Now; I cannot produce the report as requested by the Hon. Mr. Stevens, because there is no such report that exists. This is what I did; I had the intention of making a report, but this is what I did, I came to Ottawa and saw the Hon. Mr. Cardin, and showed him my affidavits that I had, and I said to Mr. Cardin, "Mr. Cardin, for the good name of the port of Montreal, you should dismiss Mr. Bisaillon in the face of the evidence that he has rendered in Quebec, and on the strength of these affidavits that I have just now."

By Hon. Mr. Stevens:

Q. Why did you not tell me that an hour ago?—A. As I said, I may be a very poor witness, but I was going to tell you it all then.

Q. Then you were deliberately trying to evade this question, and you have, right straight through, until I brought a dozen witnesses to show it?—A. You have no right to say such a thing to me.

Hon. Mr. STEVENS: It is absurd, positively absurd.

By the Chairman:

Q. That is what you wanted to mention?—A. Absolutely.

Q. Wait a minute—let me finish. When you took that report from the evidence and said you had sent it to the Department? That is the report? —A. Yes.

By Hon. Mr. Stevens:

Q. What? Do you mean to tell this committee that that report which you submitted to the Department contained evidence which was merely a reply to the letter of Mr. Bisaillon, is the report you are referring to now?—A. I dont quite get that question.

Hon. Mr. STEVENS: Give us the affidavit and let us get at that question.

By the Chairman: (In French).

Q. You stated that you intended preparing a report; this report that you claimed to be preparing was the report containing the evidence adduced at Quebec in the Barge Tremblay case, and contained your personal appreciation of certain facts which you wanted to mention a moment ago?

(Le président:

Q. Vous prétendez que vous avez l'idée de faire un rapport. Ce rapport que vous vous proposiez de faire était-ce un rapport avec la preuve prise à Québec dans la cause de Bisaillon, et comportant votre appréciation personnelle de certains faits, que vous avez voulu mentionner tout à l'heure?—R. Oui, monsieur.)

—A. Yes, sir.

Hon. Mr. STEVENS: Mr. Chairman, that is not the state at all. He said he made a verbal report to the Minister, "Now, in heaven's name fire Bisaillon for the good name of Montreal," and he now tries to make this committee believe that that, is the same thing as this letter containing the evidence of Mr. Bisaillon in Quebec. That, I think, is an absurdity and an imposition on this committee.

The WITNESS: I said that a few days later, after I had seen the copy of the evidence of Bisaillon, of his evidence in Quebec, that I interviewed the Minister, and then a few days after I showed him these affidavits which I had, and it is when I showed him these affidavits that I told him for the sake of the good reputation of the officials of the port of Montreal, he should dismiss Mr. Bisaillon.

By Mr. Geoffrion, K.C.:

Q. When was it that you saw Mr. Cardin?—A. I made my report to Mr. Cardin on the 27th of May.

Q. 1925?—A. Yes. Then it was a week or ten days after that I came to Ottawa.

By the Chairman:

Q. You saw Mr. Cardin after you made that report?—A. Yes.

By Mr. Geoffrion, K.C.:

Q. At the beginning of June?—A. Yes.

By the Chairman:

Q. And in this report was the evidence taken before the Court of the Sessions of the Peace of Bisaillon, in the case Rex *vs* Simons *et al*?—A. Yes, sir.

Hon. Mr. STEVENS: Will the witness read these affidavits now? Let us get this report piecemeal if we cannot get it otherwise.

By the Chairman:

Q. Are these copies or originals?—A. These are copies.

By Mr. Gagnon:

Q. Were these submitted to the Minister?—A. Yes, to Mr. Cardin.

By the Chairman:

Q. The originals?—A. He took them and read them through and then handed them back to me.

By Mr. Gagnon:

Q. How many?—A. (No audible answer).

By the Chairman:

Q. Where are the originals?—A. I have the whole thing here.

Q. Don't read the copies; read the originals. As far as affidavits are concerned, they are not the originals. There is nobody authorized to certify a copy. —A. It is a resume of a conversation with Eilie Beauregarde; it is a resume of a conversation with Eilie Beauregarde, and reads like that—

Q. Wait a minute. You are not going to read that.

Hon. Mr. STEVENS: Mr. Chairman, it is quite evident from the admissions we have forced out of Mr. Clerk that he was instructed to make a report,

that he saw Mr. Cardin personally, and that he saw half a dozen of the prominent officers—I have other witnesses I can call to show that he went in to certain business houses and made enquiries from the Prefontaine Motor Sales, and he discussed it with Mr. Robertson, the Chairman of the Commercial Protective Association, representing the merchants of Montreal. It is clear from this that Mr. Clerk undertook to make a report. I am informed that the report was made, and all this frivolous nonsense he is talking to-day is an insult to this committee; it is utter nonsense.

The CHAIRMAN: He may be confused in his words.

The WITNESS: I cannot produce a report I have not written.

By Hon. Mr. Stevens:

Q. Why did you tell half a dozen witnesses that you made a report?—A. I never told them.

Q. We have half a dozen witnesses whose word is quite as valuable as yours, who swear that you did.—A. I can hand these to the committee if you like.

Hon. Mr. STEVENS: Let us see what they are.

Mr. GEOFFRION, K.C.: If you read that letter, you would see that it is not a final report.

The CHAIRMAN: Show me these papers which you say are affidavits. (Documents handed to the Chairman).

By the Chairman:

Q. Mr. Clerk, these three documents handed to this committee through its Chairman—you do not pretend to call them affidavits?—A. I don't remember if it was on the form of affidavits, but they were given to me, but I see it is not sworn there; therefore they are not affidavits.

Q. They are copies?—A. Copies of a conversation.

Q. Only what we can call memoranda, nothing else?—A. Yes.

Q. Just a memo?—A. Yes.

The CHAIRMAN: Hearsay. They are about good enough to shave with; that is all. You don't need to be a lawyer to give a decision on these three papers.

Hon. Mr. STEVENS: And you are an Inspector of the Port of Montreal?

By the Chairman:

Q. Are these the documents which you have shown to Mr. Sparks?—A. I think so, yes.

By Mr. Doucet:

Q. Are those the affidavits?—A. Those are the documents Mr. Sparks has seen.

Q. And Mr. Cardin?—A. Yes.

By Hon. Mr. Stevens:

Q. And those are the affidavits?—A. Those are the documents Mr. Sparks has seen.

Q. You just said you held up some affidavits to the Minister. Are those (indicating) the affidavits?—A. Those are the documents Mr. Sparks has seen.

Q. But they are not affidavits?—A. They are not affidavits; they are a resume of the conversation.

Hon. Mr. STEVENS: I think they are only effusions.

By the Chairman:

Q. You never studied Latin, did you?—A. No.

By Hon. Mr. Stevens:

Q. You still persist in saying you made no report on Mr. Bisaillon's activities such as indicated in your numerous conversations with these other witnesses?—A. No written report.

Hon. Mr. STEVENS: Well, while we have this witness here, I might as well ask him a few more questions, but that is probably all the good it will do.

By Hon. Mr. Stevens:

Q. Do you recall making any statement in the presence of witnesses that some 23—I would not be too precise in the numbers—but a number of cases of documents had been destroyed at Three Rivers by the Minister—by the former Minister of Customs?—A. That I had made such a statement?

Q. Yes.—A. I have never made such a statement.

Q. You have never made such a statement? Have you any knowledge of any documents being destroyed in Three Rivers?—A. No, sir.

Q. You are as clear on that as you are on this other matter?—A. The only thing I know is that Mr. Bureau told me that he had removed his private correspondence to the attic of his garage in Three Rivers.

Q. Did he say that he had burnt them there?—A. No, sir. He never told me that he had burnt them.

Q. Or that his chauffeur had burnt them?—A. He did not tell me that any of the documents were burned.

Q. And you never made the statement that they were?—A. Surely not, because I have never seen them burnt. I have never been upstairs in his garage to see if there was a place to burn them, first of all.

Q. Do you know what became of those twenty-three cases of documents?—A. I met Mr. Bureau the other day and he told me he had all the documents in his possession and they could be produced when they were asked for.

Q. We will have to ask for them.

By the Chairman:

Q. Anyhow, you never stated such a thing?—A. I never stated such a thing, because I was never in Mr. Bureau's garage.

Q. Just answer the question. That is all.

Witness retired.

The Committee adjourned till Tuesday, April 6th next, 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. 24—TUESDAY, March 30, 1926 (Executive Meeting)
TUESDAY, April 6, 1926.

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Constable Frank Cahill, R.C.M.P., Montreal, Que.
Corporal John H. Kyle, R.C.M.P., Montreal, Que.
Mr. Henry McLaughlin, Surveyor of Customs, Montreal, Que.
Corporal Walter Styran, R.C.M.P., Montreal, Que.
Corporal William Alfred Anderson, R.C.M.P., Montreal, Que.
Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., Montreal, Que.
Mr. R. R. Farrow, Deputy Minister of Customs and Excise.
Mr. Clifford Walter Harvison, ex-member of the R.C.M.P., Montreal, Que.
Mr. Alfred Goyette, Foreman, Customs Examining Warehouse, Montreal, Que.

EXHIBIT FILED:

No. 112—Door hasps and bolts used at the Noel Bonded Warehouse, Montreal, Que.

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

MINUTES OF PROCEEDINGS

TUESDAY, 30th March, 1926.

The Committee met in executive session at 11 o'clock, Mr. Mercier, the Chairman, presiding.

Present: Messrs. Bell, Bennett, Donaghy, Doucet, Kennedy, Mercier, St. Pere and Stevens—8.

The Auditors submitted their Second Interim Report.

Moved by Hon. Mr. Stevens,—That the following companies be added to the list of companies whose books are to be investigated by the Auditors, viz:

Bontex Garment Company, King Street, Toronto;

Poyanners Inc., Montreal;

Poyanner Limited, Montreal;

Dominion Silks and Woollens Limited, Montreal;

L. Wexler, Reg'd, Montreal;

G. Hollinger and H. Packer, Phillips Place, Montreal;

Miracle Dress Company, Montreal;

H. Hollinger Dress Manufacturing, Montreal;

M. J. Heller, 3 St. Nicholas, Montreal;

Mendelsshon Bros., 111 Place D'Youville, Montreal.

Motion agreed to.

Moved by Hon. Mr. Bennett,—For the production of the official file with all correspondence in connection with a car of gin seized at Winnipeg, Man. and consigned to the Manitoba Refinery Co., Ltd., in September, 1925.

Motion agreed to.

Moved by Mr. Doucet,—For the Customs files, Preventive Service files, and Port files containing all correspondence, letters, telegrams and reports relating to the seizure of cigarettes from one, Zoel Pigeon, of Missisquoi Bay, P.Q.

Motion agreed to.

Moved by Mr. Doucet,—For the production of Customs files, the Preventive Service files, and the port file, containing all the documents, letters, telegrams and reports in connection with the violation of the Customs and Excise regulations by the following vessels, viz:

Schooner	Madeleine Adams.	Steamer	Bally Gally Head.
"	Abundance.	"	Chaudiere.
"	Catherine M. Moulton.	"	Essex County.
"	McLean Clan.	Schooner	Jennie P. S.
"	Morso.	"	Dawn.
"	Jean Wakeley.	"	Adana C.
"	Abacena.	"	Sea King.
Yacht	Mary O'Connor.	"	Carrie L. Hirtle.
Steamer	Butetown.	"	Kaduskak.
"	Mahone.	"	Pantha.
"	Vaudreuil.	"	J. Croft.
"	Bernard M.	"	Golden Rod.
"	Tomoca.	"	Delima.
"	Inca.	"	Vincent A. White and Motor Boat Zola.
"	Brant County.		

Motion agreed to.

Ordered,—That the Clerk send a letter to the Reliance Manufacturing Company, Chicago, informing them that the Committee proposes to consider the question of prison-made goods from April 12 to 16, inclusive, and ask them to advise the Committee as to whether or not they intend to have a representative present.

Ordered,—That Mr. R. P. Sparks be notified of the meetings to consider prison-made goods in the week of April 12 to 16.

Ordered,—That fees and expenses of Mr. R. L. Calder, K.C. as Counsel for the Committee, be fixed as follows, viz: Fees, two hundred dollars per diem for each day's sitting of the Committee which he attends, or when engaged at Ottawa or elsewhere in preparing cases to be submitted for investigation by the Committee, and fifteen dollars per diem for expenses when working for the Committee at any place other than Montreal.

The Committee adjourned.

WALTER TODD,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, 6th April, 1926.

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

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

The minutes of the meeting of 26th March were read and adopted.

The minutes of the executive meeting of 30th March were read and adopted.

The Chairman read a letter, dated 3rd April, 1926, from the Reliance Manufacturing Company, Chicago, declining an invitation to appear before the Committee.

The Chairman read a letter, dated 5th April, 1926, from Mr. Calder, Counsel to the Committee, explaining his absence from to-day's sitting, and suggesting that Mr. Tighe, Assistant Counsel, act in his absence.

Hon. Mr. Boivin produced the following files, etc., viz:

1. Customs File No. 125042, Moses Aziz, Caraquet, N.B.
2. Preventive Service File No. 13662, Moses Aziz, Caraquet, N.B.
3. Customs Files No. 124749, seizure of schooner "Beuma".
4. Preventive Service File No. 5304B, smuggling of canton crepe, silks, dress goods, etc., from U.S.A.
5. Preventive Service File No. 5304A, smuggling of canton crepe, etc., into Montreal Que.
6. Preventive Service File No. 5304, smuggling of canton crepe, etc., from U.S.A.
7. Customs File No. 121855, denatured alcohol shipped from Sapperton, B.C. to Winnipeg, Man. for making vinegar, but used for other purposes.
8. Customs File No. 126565, seizure of 'Chignecto".
9. Customs File No. 123165, seizure of "Morso".

10. Customs File No. 111356, Textile Manufacturing Co. and Independent Silk Company.

11. Customs File No. 124088, Patrol Boat No. 5.

12. Correspondence between Mr. Farrow and Mr. Sparks re complaints as to the administration of the law.

13. Preventive Service File No. 13810, Patrol Boat "Bernice" re Martin Burns.

14. Preventive Service File No. 14396, Arsene Burns.

15. Preventive Service File No. 14204, John Bourinot.

16. Preventive Service File No. 14439, G. C. Berringer.

17. Preventive Service File No. 14442, Victor Boutilier.

18. Preventive Service File No. 13393, A. A. Chisholm.

19. Preventive Service File No. 14441, Harris Lohnes.

20. Preventive Service File No. 14470, Ernest Philpot.

21. Preventive Service File No. 14624, Camille Guignard.

22. Preventive Service File No. 14549, Narcisse Leger.

23. Preventive Service File No. 12900, seizure 5493, Rachel Goodman.

24. Preventive Service File No. 11358, Rachel Goodman.

25. Preventive Service File No. 13862, seizure 5852, whiskey, G. G. Harnish, Hubbards, N.S.

26. Preventive Service File No. 5550-26, instructions to officers respecting Lunenburg County.

27. Preventice Service File No. 5277, with marked letter of 3rd February, 1923, respecting instructions to Officer Henley, concerning Lunenburg County.

28. Memo from Mr. Wilson, Chief of Preventive Service, reporting nothing on record in respect to first two motions made by Mr. Doucet on 25th March, viz, as to seizure of quantity of gasoline from Samuel Ethier, and as to report made by Captain Zinch of Lunenburg, N.S.

29. Customs File No. 126325, re export of liquor, with copy of circular letter dated 13th March, 1926, also explanatory note from Mr. Farrow respecting this file, with a request that it be returned to Department at an early date.

30. Customs File No. 125140, Montreal seizure 6141.

31. Customs File No. 110396, Montreal seizure 3436.

32. Customs File No. 110397, Montreal seizure 3437.

33. Customs File No. 3331-41-6, entry of whiskey into King's bond at Victoria, landed from S. S. Ardenza, etc.

34. Preventive Service File No. 14057, General Liquor and Rum Running File.

35. Preventive Service File No. 10900, General Liquor File.

36. Preventive Service File No. 13597, Re Liquor smuggling in the St. Lawrence River and along the New Brunswick coast.

37. Preventive Service File No. 10191, Seizure of Schooner D. C. Mulhall.

38. Preventive Service File No. 8993, Schooner William C. Smith.

39. Preventive Service File No. 11851, Motor boat Cozy.

40. Preventive Service File No. 8989, Seizure Motor Boat Frank L. C. prosecution of Stephen Richard, prosecution of Samuel Walfield.

41. Preventive Service File No. 9587, S. S. Sadie Mac.

42. Preventive Service File No. 7701, Schooner Tomoka.

43. Preventive Service File No. 10761, S. S. Canadian Otter.

44. Preventive Service File No. 11068, S. S. Wyke Regis.

45. Preventive Service File No. 4832, Re smuggling and attempts to smuggle liquor into Nova Scotia, St. Pierre Miquelon.

46. Preventive Service File No. 5345, Jas. P. Blakeney, Preventive Officer.

47. Preventive Service File No. 10965, Schooner Ermynthrude.

48. Preventive Service File No.9647, Steamer Bay Queen.

49. Preventive Service File No. 5550-57, Schooner Una S.

50. Preventive Officer File No. 6798, Schooner Maggie and Esther.

51. Preventive Service File No. 6796, Schooner Arabia.

52. Preventive Service File No. 9869, Schooner Forrester.

53. Preventive Service File No. 9471, Schooner Una.

54. Preventive Service File No. 11992, Aux. Motor Sloop Annie May.

55. Preventive Service File No. 12201, S.S. La Somme.

56. Preventive Service File No. 12764. Schooner Salvatrice.

57. Preventive Service File No. 5225, Re smuggling and attempts to smuggle liquor into Nova Scotia,—St. Pierre-Miquelon.

58. Preventive Service File No. 11733, Re Cargo of rum received by S. Goldman.

59. Preventive Service File No. 13388, Schooner Ida M. Zinck.

60. Preventive Service File No. 14006, Schooner D. D. Mackenzie.

61. Preventive Service File No. 13992, Motor Boat Kiora.

62. Preventive Service File No. 14659, Re Liquor smuggling in the St. Lawrence River and along the New Brunswick Coast.

63. Preventive Service File No. 448, Schooner Forrester.

64. Preventive Service File No. 8373, Steamer Lewis H. Smith.

65. Preventive Service File No. 5306, Re Independence and Alcala.

66. Preventive Service File No. 12558, Schooner Francis E. Moulton.

67. Preventive Service File No. 10900-16, Schooner Inez C.

68. Preventive Service File No. 5550-69, Schooner Alameida.

69. Preventive Service File No. 5550-40, Clearing of vessels sailing from St. Pierre-Miquelon, for the Bahamas and calling at a Canadian Port for shelter, coal, water or provisions.

70. Preventive Service File No. 11649, Schooner Lois A. Conrad.

71. Preventive Service File No. 14753, Schooner Eddie James.

72. Preventive Service File No. 11555, Re vessels leaving Georgetown, Demerara, with liquor cargo on Board.

73. Preventive Service File No. 10900-19, Re suspected smuggling of liquor into Inverness Co., N.S.

74. Preventive Service File No. 9499, Schooner Winnifred M.

75. Preventive Service File No. 11182, Schooner Reginald R. Moulton.

76. Preventive Service File No. 11337, Motor Boat Rambler.

77. Preventive Service File No. 11388, Motor Boat Buffalo.

78. Preventive Service File No. 8487, Schooner Frank J. Brinton.

79. Preventive Service File No. 11777, Schooner Minto.

80. Preventive Service File No. 11776, Sloop Sigdrifa.

81. Preventive Service File No. 14067, Schooner Florence May.

82. Preventive Service File No. 9428, Schooner Carrie O.

83. Preventive Service File No. 15214, General Liquor File.

84. Preventive Service File No. 8795, ss. Pro Patria.

85. Preventive Service File No. 11892, Schooner Edna May.

86. Preventive Service File No. 14200, Schooner Noble H.

87. Preventive Service File No. 10900-10, *re* suspected smuggling of liquor in the vicinity of Shelbourne, N.S.

88. Preventive Service File No. 8514, ss. Mary Smith.

89. Preventive Service File No. 5550-7, Schooner Annie B.

90. Preventive Service File No. 14403, Motor Boat Daisy C.

91. Preventive Service File No. 5550-51, Schooner Alice.

92. Preventive Service File No. 5225-A, *re* smuggling and attempts to smuggle liquor into Nova Scotia.

93. Preventive Service File No. 5550, *re* smuggling and attempts to smuggle liquor into Maritime Provinces.

94. Preventive Service File No. 5550-A, *re* alleged attempts to smuggle liquor from St. Pierre-Miquelon.

95. Preventive Service File No. 9193, Motor Boat Alase.

96. Preventive Service File No. 9278, ss. Herbert Green.

97. Preventive Service File No. 8929, Schooner Katie Margaret, also seizure of Motor Boat from Stanley Robinson.

98. Preventive Service File No. 6845, Auxiliary Schooner Edna H.

99. Preventive Service File No. 5550-43, *re* Canadian vessels clearing from Georgetown, Demerara, for St. Pierre-Miquelon with liquor on board.

100. Preventive Service File No. 13881, Auxiliary Schooner No-Tow.

101. Preventive Service File No. 8943, *re* Alleged smuggling of liquor from St. Pierre-Miquelon to Carleton, Que., for shipment to the state of Maine.

102. Preventive Service File No. 7435, Schooner Grace and Lou.

103. Preventive Service File No. 14794, Schooners J. Henry Mckenzie and Joyce Smith.

104. Preventive Service File No. 9389, Schooner Mary F. Hyde.

105. Preventive Service File No. 6124, Schooner Mary F. Hyde.

106. Preventive Service File No. 8850, Schooner W. C. Kennedy.

107. Preventive Service File No. 10741, Seizure of smuggled rum at Halifax, N.S., believed to be the property of Frank Graham, Nappan, N.S., and A. R. Macramara, Parrsboro, N.S.

108. Preventive Service File No. 9472, Motor Boat Jeanne d'Arc.

109. Preventive Service File No. 13754, Motor Boat Spark Plug.

110. Preventive Service File No. 14538, Schooner Rising Sun.

111. Preventive Service File No. 4832-A, *re* smuggling and attempts to smuggle liquor into Nova Scotia.

112. Correspondence between Hon. Mr. Boivin and Aird Company of Toronto, referring to seizure of certain woollen goods, together with Customs file concerning same.

113. Statement asked for by Mr. Calder, respecting automobiles seized, forfeited and sold in connection with which claims were thereafter made to the Department that the automobiles had been stolen.

114. Statement from Inspector McDougald with two letters and memoranda concerning the cartage of bondage goods from warehouse at Montreal.

115. Memorandum from Mr. G. W. Taylor and the report of the Department Analyst in connection with samples of specially denatured alcohol submitted as representing products of the Dominion Distilleries Products Company of Montreal.

The Manager, Banque Canadienne Nationale, 272 St. Catherine street east, Montreal, submitted a statement of Mr. A. E. Giroux's bank account (savings department) from the year 1919 to 1925, inclusive, accompanied with his paid cheques, less those of January, 1919, to June 1st, 1919, and from March 12, 1920, to August 31, 1920. Those missing to be supplied later if the Committee so desires.

Moved by Hon. Mr. Stevens,—For a copy of all correspondence between James Hales, Chairman, Ontario Liquor Commission and the Minister of Customs, or any official of the Customs Department, in reference to the movement of liquor in the Province of Ontario during the years 1924, 1925 and 1926 to date, and particularly all correspondence dealing with the export of four cars of beer, 8,000 cases, billed out from Waterloo, Ont., to United States points as ginger ale.

Motion agreed to.

In the absence of Mr. Calder, Mr. Tighe acted as Counsel to the Committee.

Constable Frank Cahill, R.C.M.P., Montreal, Que., was called and sworn, and examined as to—

1. The "Landy" case, in which Customs Officer Landy and some of the ship's officers were arrested for smuggling liquor from SS. Borden at Montreal.

2. The Noel Bonded Warehouse in Montreal;

3. The "Martin" case, i.e. silk smuggling at Montreal.

Witness discharged.

Corporal John H. Kyle, R.C.M.P., Montreal, Que., was called and sworn. He was examiner as regards,—

1. The "Martin" smuggling of silk;

2. A shipment of seventy yellow case drums of alcohol from Halifax to Toronto, billed as lead.

Witness retired.

Mr. Henry McLaughlin, Surveyor of Customs, Montreal, Que., was called and sworn, and examined respecting,—

1. The "Martin" silk smuggling case;

2. The Noel Bonded Warehouse, Montreal;

3. Cartage of goods at Montreal by bonded and unbonded transportation companies.

Witness filed,—

Exhibit No. 112—Door hasps and bolts used at the Noel Bonded Warehouse at Montreal, Que.

Witness discharged.

Corporal Walter Styran, R.C.M.P., Montreal, Que., was called and sworn, and examined regarding the "Caughnawaga" case, i.e. shipment of smuggled silk from the U.S.A.

Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 4.15 p.m.

On motion of Mr. Donaghy, the following witnesses required by Counsel for the Committee were approved, viz:—

C. W. Harvison, care of Merchants Association, Cement Building, Montreal.
Mr. McLaughlin, Surveyor of Port of Montreal, Customs House, Montreal.
Staff Sergeant Salt, R.C.M.P., Montreal.
Constable Cahill, R.C.M.P., Montreal.
Corporal Kyle, R.C.M.P., Montreal.
Corporal Styran, R.C.M.P., Montreal.
Corporal Anderson, R.C.M.P., Montreal.
Customs Officer Heavers, Montreal.
Customs Officer Goyette, Montreal.
Preventive Customs Officer Hicklin, Montreal.

Corporal Walter Styran was recalled and further examined in regard to the "Caughnawaga" case.

Witness discharged.

Corporal William Alfred Anderson, R.C.M.P., Montreal, Que., was called and sworn. Witness was examined respecting the "Caughnawaga" case.

Witness discharged.

Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., Montreal, Que., was recalled and examined in regard to the "Caughnawaga" case.

Witness retired.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise was recalled. He was examined as to why the "Landy" case was not proceeded with. In the course of the examination, Hon. Mr. Stevens asked that Detective Sergeant Salt prepare a statement showing the adjournments granted in the "Landy" case and by whom they were asked for.

Witness retired.

Mr. Clifford Walter Harvison, ex-member of the R.C.M.P., Montreal, Que., was called and sworn, and examined regarding the "Martin" case.

Witness retired.

Mr. Alfred Goyette, Foreman, Customs Examining Warehouse, Montreal, Que., was called and sworn, and examined, partly in French, translated by Mr. Beauchamp, and partly in English, respecting the "Caughnawaga" case.

Witness discharged.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, April 6th, 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.

FRANK CAHILL called and sworn.

By the Chairman:

Q. Your occupation?—A. Constable Mounted Police.

Q. Montreal?—A. Yes.

The CHAIRMAN: Speak loud. Take your time.

By Mr. Tighe:

Q. Constable Cahill, you are a constable connected with the Royal Canadian Mounted Police?—A. Yes, sir.

Q. Stationed at Montreal?—A. Yes.

Q. Do you remember this affair we know about as the Landy affair?—A. Yes.

Q. Do you remember how you came to go to the wharf in Montreal, in connection with that affair?—A. Yes, sir.

Q. When was that?—A. That was about October, 1923 or 1924.

Q. Was it 1923 or 1924?—A. 1923.

Q. And in what month?—A. It was in the month of November.

Q. You went there in consequence of some information you had received?—A. Yes.

Q. What ship did you see there, that you went specially to see?—A. The S.S. "Borden."

Q. The C.P.O.S. "Borden"?—A. Yes.

Q. Now tell us what you saw?—A. Between eight and nine o'clock, I noticed a taxi arrive at the dock and two men and two women alight from it. They went on board the boat.

Q. Did you recognize who the men were?—A. Yes; after a while I recognized one of the men.

Q. Who is the man?—A. He was a Customs House officer.

Q. What is his name?—A. Landy.

Q. Do you remember what his christian name was?—A. I did not know his christian name at the time.

Q. What did he do?—A. In company with the officers of the ship he unloaded some parcels from the ship into the taxi.

Q. You say he unloaded some parcels from the ship into the taxi?—A. Yes.

Q. How many trips did they make?—A. They made three or four each.

Q. Then what ultimately happened?—A. When the taxi was about to leave the wharf, I stopped it.

Q. Who was in the taxi when it was about to leave?—A. About four men and two women.

Q. Was Landy in the taxi?—A. Yes, sir.

Q. Were any of the ship's officers in the taxi?—A. There was one in uniform, and two in plain clothes.

Q. The two in plain clothes you subsequently found were ship's officers?—A. Yes.

Q. What happened after you got to the taxi?—A. I stopped the taxi and told them I was a police officer. I went on to examine the parcels, which I

thought were smuggled stuff. They all got out, and one of them spoke to me; one of the men in uniform spoke to me and told me it was all right, that one of the party was a Customs officer. I examined the parcels and found they contained bottles of rum, or supposed to be. I examined the parcels and found that they contained rum.

The CHAIRMAN: Speak louder, witness, we cannot hear you.

By Mr. Tighe:

Q. How many bottles were there?—A. I did not know at the time, but I believe there were a hundred, between seventy and a hundred.

Q. What did you do then?—A. I stopped them until the officers would arrive, and telephoned Mr. Salt.

Q. What did you do then? Mr. Salt is your superior officer in the Mounted Police?—A. Yes, sir.

Q. When he came, what happened?—A. The men were placed under arrest. In the meantime the Customs officer had left the party.

Q. You mean Mr. Landy had left the party?—A. Yes.

Q. These three ship's officers were placed under arrest then, were they?—A. Yes.

Q. What happened ultimately to them?—A. They were taken to the barracks and statements were taken from them.

Q. Were they subsequently prosecuted?—A. Yes, two of them were.

Q. Were they fined?—A. Yes.

Q. Do you remember how much?—A. They were fined $50, I think.

Q. Fifty dollars each?—A. Yes.

Q. What happened to the third one?—A. The third one got away; he was not arrested.

Q. He left?—A. He left.

Q. What happened to Customs officer Landy?—A. Later on he was prosecuted. I served him with a subpœna at the Customs House.

Q. You say proceedings were started against Customs officer Landy?—A. Yes, sir.

Q. What happened to those proceedings?—A. I think the case was dismissed, at least I understand so.

The CHAIRMAN: Have you the record here, Mr. Tighe?

Mr. TIGHE: I have not got the record, Mr. Chairman. What really happened was, the proceedings were subsequently dropped. I was going to ask Mr. Farrow for a copy of the instructions. The proceedings were subsequently stopped, as shown by a letter written by Mr. Farrow, which is on the record, at page 865 of the evidence.

Hon. Mr. STEVENS: The proceedings were dropped, the prosecution?

Mr. TIGHE: At the bottom of page 865, you will find the letter.

Hon. Mr. STEVENS: Put on the record clearly what those two officers were fined for.

By Mr. Tighe:

Q. What were those two officers fined for, those two ship's officers?—A. They were fined for smuggling rum into Canada.

Q. The other officer who got away was charged with the same offence?—A. I understand so.

Hon. Mr. STEVENS: Was that the other officer referred to in Sergeant Salt's evidence?

Mr. TIGHE: Yes, Mr. Stevens, that is the one who did not turn up afterwards.

By Mr. Tighe:

Q. Now, about the Noel matter. You know the Noel bonded warehouse in Montreal, Constable Cahill?—A. Yes.

Mr. DONAGHY: Mr. Tighe, are you going later on to connect up the final action in regard to the Customs officer Landy?

Mr. TIGHE: I propose to produce Mr. Farrow, to ask him how he came to write the letter which is at the foot of page 865 of the proceedings.

Mr. DONAGHY: Very good; that is quite satisfactory.

By Mr. Tighe:

Q. In connection with that bonded warehouse, what was the first you had to do with it?—A. I had instructions to shadow the place from a room across the street.

Q. In consequence of those instructions, did you go down to the warehouse, or to the neighbourhood of the warehouse?—A. Yes.

Q. What did you do in pursuance of your instructions to shadow it?—A. I was instructed to engage a room across the street, and keep watch there to see if any alcohol would be taken out of the place.

Q. Did you do that?—A. Yes.

Q. What was the result of your shadowing?—A. After about three or four days I noticed these men; I became suspicious, from their actions.

Q. Whom do you refer to by "these men"?—A. A man by the name of Ashland, and a man by the name of Solomon.

Q. What did you see them doing? Did you see them doing anything under suspicious circumstances?—A. Yes, one day while I was there, between eight and nine o'clock in the morning, I saw them come out of the building, which was an unusual thing at that hour of the morning; they appeared to be kind of fatigued, as though they had worked all night there.

Q. Ultimately you saw them, and they seemed to you to be suspicious?—A. Yes.

Q. How did they come under that suspicion?—A. When they passed the room I occupied, they would look up at the window, which was on the second flat, as if they knew somebody was there.

Q. They did not do that until after the expiration of two or three days?—A. Three or four days.

Q. Then you thought from that that your shadowing was uncovered?—A. Yes. One of the men came out of the building one day, after he saw me going off, and he followed me for about three or four blocks.

Q. You were being shadowed then?—A. Yes, apparently so.

Q. You ceased to carry on the shadowing after that?—A. Yes.

Q. Is that all you know about the Noel warehouse?—A. That is all.

Q. Now about the Martin matter; you know something about that, do you?—A. Yes, I went to see the manager of the American Express Company.

Q. When was that?—A. That was in 1923.

Q. That was about a shipment of two cases which were supposed to contain silk?

Mr. DONAGHY: Do you remember the page of the evidence, Mr. Tighe?

Mr. TIGHE: I do not think any evidence has been given about that as yet, Mr. Donaghy.

Hon. Mr. STEVENS: Would it not be well to identify the case now?

The CHAIRMAN: Are you finished with the Landy case, Mr. Tighe?

Mr. TIGHE: Yes, Mr. Chairman, and with the Noel case.

The CHAIRMAN: The evidence then is cleared up to date about the Landy case?

Hon. Mr. STEVENS: No, there is some more evidence yet to be given.

Mr. TIGHE: I want to recall Mr. Farrow about that.

The CHAIRMAN: We are now on the Martin case, go ahead, Mr. Tighe.

By Mr. Tighe:

Q. You received some information about a shipment of two cases of silk, Mr. Cahill?—A. Yes.

Q. What did you do in pursuance of that information which you received? —A. I went to the American Express office on Common Street, and notified the manager that there were two cases arriving.

Q. Was that in Montreal?—A. Yes, sir.

Q. Did you bring anybody with you?—A. No, sir, I went myself.

Q. Subsequently did you bring Constable Paterson with you?—A. No, sir, I did not.

Q. Did you see Mr. O'Neill when you got there?—A. Yes.

Q. Was that after it was removed from the custody of the Customs?—A. Yes.

Q. When you went to the Customs, you identified those two packing cases? A. No, I did not get a chance to see them. Mr. O'Neill told me that it would be better to get the consignment passed in entry first, so as to find out if there was anything wrong with the silk.

Q. Technically, because you could not see the silk until the entry was made? —A. Yes.

Q. Was Constable Harvison with you?—A. Not at the time.

Q. Was that when you had a conversation with Mr. O'Neill?—A. No, sir.

Q. Mr. O'Neill had the Customs officer in charge at the time?—A. Yes.

Q. Did you defer to Mr. O'Neill's suggestion?—A. Yes.

Q. After that, did you go there next morning?—A. No, I do not remember that I went there.

Q. You did not go back there again?—A. Not that I remember.

Q. Constable Harvison took it over then?—A. Yes.

Q. Is that all you know about that circumstance?—A. That is all.

The CHAIRMAN: Is the witness discharged?

Mr. TIGHE: Yes, Mr. Chairman, so far as I am concerned.

The CHAIRMAN: All right, Constable Cahill, you are discharged.

The witness discharged.

JOHN H. KYLE, called and sworn.

By the Chairman:

Q. You are a member of the Royal Canadian Mounted Police?—A. Yes.

Q. Montreal?—A. Yes.

Q. I hope you will speak so that everybody will be able to hear you.

By Mr. Tighe:

Q. In 1923 you were stationed in New York?—A. Yes.

Q. You were then in the Mounted Police?—A. Yes.

Q. In consequence of some information you received about this—you received some information about Albert Martin, whom a previous witness was speaking about?—A. I took it up in the course of my duties. I worked on it after it was spotted, and the shipment came to my knowledge in the course of my duty.

Q. In spotting the Albert Martin shipment you conveyed that information to Montreal?—A. I reported to Mr. Gould who was in charge of the Customs in Montreal.

Q. By that means information came to Montreal?—A. Yes, I was reporting to Mr. Gould.

Q. Did you see the bill-of-lading covering the shipment?—A. Yes.

Q. There were two barrels?—A. Yes, two packages, one a large package and one smaller.

Q. Do you remember in what time in 1923?—A. If you will let me look at the file, I will give you the exact dates.

Q. Did you inspect the names and address given by the consignor on the bill-of-lading?—A. I investigated both.

Q. What was the result of your investigation?—A. I found it was a fictitious address.

By Hon. Mr. Stevens:

Q. In New York?—A. Yes, in New York.

By Mr. Tighe:

Q. After conveying the information to the Customs Officer in New York, you had nothing further to do with it then?—A. When I saw this was an express parcel, I suspected it was silk, in fact I knew it was silk, I saw it was silk.

Q. In connection with another matter of a railway shipment of alcohol from Halifax to Montreal, do you remember that?—A. Yes, information was given to me that a carload of alcohol was being shipped.

Q. From Halifax to Toronto, via Montreal?—A. At the first it was thought the shipment was coming direct through Montreal, that was our information.

Q. Did you learn when it came to Montreal?—A. No, I did not. I was instructed to report the matter to Mr. Hunter who was in charge of the Preventive office, all the facts, and he called in Mr. Knox, and Mr. Knox suggested the Mounted Police stay out of it, that he had a better source of information, and of obtaining information than we had, and suggested that as we were not doing much Customs work that we stay out and that when the car arrived, they would be notified.

Q. What did you suggest?—A. I suggested that in special cases the Mounted Police should work with the Customs.

Q. Did you suggest any other course than that?—A. No.

Q. Did you suggest putting a man on the car, and finding out who was getting it in Toronto?—A. The information we got was that a car was coming through, destined to Montreal.

Q. When did you find out it was going to Montreal?—A. I went down and saw Mr. Hunter, and went down and got the information that the car had arrived.

Q. You found out it was in Toronto?—A. Yes.

By the Chairman:

Q. We had better have the date.

By Mr. Tighe:

Q. Will you give us the date?

By Hon. Mr. Stevens:

Q. Is this the seventy drums of alcohol?—A. It was a carload, and that is all the information I had, from Halifax to Toronto.

The CHAIRMAN: Mr. Tighe, try to have the witness testify as to dates, to say about the 15th or 30th, if possible, as we need the dates.

WITNESS: The date is 18th December, 1925.

By Mr. Tighe:

Q. That is when the car was in Montreal?—A. When the thing was reported to me from Halifax.

By the Chairman:

Q. It was first reported from Halifax?—A. To me.

Q. Have you the date when it reached Montreal?—A. The date when we received information that it was seized, the information we got? The first information was from Mr. Hunter who said that the car arrived in Montreal and instead of letting the car go through to Toronto, they seized it in Montreal.

Q. Did you make any suggestion to Mr. Hunter as to finding out, by putting a man on board, who called for it in Toronto?—A. There was no need, it was seized.

Q. You had not made a suggestion, and you do not know whether a suggestion was made?—A. No.

Mr. TIGHE: That is all.

By Hon. Mr. Stevens:

Q. Tell us the contents of the car?—A. What was it?

By the Chairman:

Q. To the best of your knowledge.

By Hon. Mr. Stevens:

Q. What was the contents of the car—we know it was alcohol; was it in drums or cases?—A. Drums, seventy yellow case drums filled with alcohol. I do not think it is on the file.

By the Chairman:

Q. Through whom did you find that out?—A. From our officer in charge in Halifax.

By Mr. Tighe:

Q. Do you know how it was billed on shipment?—A. Billed as lead.

Q. Did you ever investigate the name and address of the consignee in Montreal?—A. It was consigned to Toronto.

Q. To Toronto?—A. Yes, it was investigated by some member of our force in Toronto.

Q. What was the result of their investigation there?—A. It was found that it was going to a fictitious address, but there was nothing found of the man in Toronto.

By the Chairman:

Q. New York.—A. Toronto.

Q. Do you believe it was fictitious alcohol?—A. I do not know. You will have to call some of the Customs men.

Witness discharged.

HENRY MCLAUGHLIN, called and sworn.

By the Chairman:

Q. Your occupation?—A. Surveyor of Customs.

By Mr. Tighe:

Q. You are Surveyor of Customs in Montreal?—A. Yes sir.

Q. Do you remember about this Albert Martin matter?—A. Yes.

Q. You remember the morning, do you, when the police came down and found the two cases that disappeared?—A. They did not come to me, but to the express department, I did not see them at all.

Q. They took up the matter afterwards with you?—A. No, they did not, not the Martin matter.

Q. Who took up the matter with you?—A. I investigated the matter and found two cases had disappeared after they entered the express department.

Q. Did you make any statement as to whom you believed took it?—A. Later on I investigated the handwriting and discovered there were packages which had disappeared and entries that were not correct, and I had this matter investigated by Mr. Burns, the Inspector; he was Inspector at the time.

Q. Did you arrive at any conclusion as to who took it?—A. Yes, we did.

Q. Had that man previously been detected in taking goods or things from the Customs House?—A. I had him under suspicion, that is after I searched the handwriting, in order to discover in whose handwriting the entries had been passed, and I found the broker's clerk had these entries, and I sent for the broker's clerk, and got from him the name of the party who gave the entries, and I recognized the handwriting, and referred the man to Mr. Burns, who took his statement and his affidavit, and took the affidavit of the man who was under suspicion. The broker's clerk swore positively that he had given the entries and the other man swore that he did not.

Q. Did you identify this man with the previous occasion?—A. We were investigating several disappearances from the express department.

Q. Had you formerly found him guilty of a similar offence?—A. No, except the broker's clerk told me he gave him entries to pass for baggage which was not passed by the owners.

Q. Is the position of this man the same since you have had him under suspicion?—A. He was dismissed.

By Hon. Mr. Stevens:

Q. He was a Customs Officer?—A. Yes.

Q. What was he dismissed for? What was his name?—A. Have I to give his name?

Q. Yes.—A. Valiquette. Afterwards he was appointed policeman on the Canadian Pacific Railway.

Q. What was he dismissed for?—A. On the evidence given by this broker's clerk.

Q. Was that in connection with the Albert Martin matter?—A. No.

By the Chairman:

Q. Do you remember the date of his dismissal?—A. No, I did not know I would be called regarding that or I would have brought the files with me. This has to do with things four years ago, and Mr. Burns was Inspector of the port.

By Hon. Mr. Stevens:

Q. You made a written report?—A. Burns did.

Q. You can get that report?—A. Yes.

By Mr. Tighe:

Q. Where can we get the report?—A. From the department here; the Deputy Minister would have it.

Q. A report on Mr. Burns?—A. Yes, the man was placed under suspension immediately and subsequently dismissed.

By Mr. Tighe:

Q. You know about the Noel Bonding House in Montreal?—A. Yes.

Q. Who told you first that there was anything wrong about that?—A Nobody told me there was anything wrong. I started an investigation after Mr. Beriault, the officer in charge, had fallen into the cellar.

By Hon. Mr. Stevens:

Q. And broke his leg?—A. Yes. I read the evidence given here last week and the evidence does not agree with the facts connected with the case. Here is my report, and I will read a synopsis of it.

Q. To whom is the report addressed?—A. Mr. Weldon.

By Hon. Mr. Stevens:

Q. What is the date?—A. December 12th, 1924. I will read the report:—

"I beg to report the result of an investigation I have made in connection with the operations carried on here by a company known as the Imperial Export Company, 2715 St. Lawrence Boulevard, of which Mr. V. M. Noel appears to be the proprietor.

On November 21st, 1924,"—

I am referring to the Montreal Export Company, or rather the Imperial—

"this company received five barrels of alcohol from the Montreal Products Co., on entry No. 14489, and Officer W. Beriault proceeded to the Imperial Export Company, 2715 St. Lawrence Boulevard, Montreal, in order to weigh and test the five barrels. Owing to a leakage in the roof considerable water was on the floor of the warehouse. Officer Beriault opened the trap leading into the cellar in order to permit an employee of the Imperial Export Company to sweep the water into the cellar in order to relieve the flood.

This was previous to Officer Beriault having time to weigh and test the five barrels. When the water had been swept into the cellar, Officer Beriault on returning to the bond fell through the trap into the cellar and fractured his leg. He consequently was removed to the hospital and is still there."

By the Chairman:

Q. That was 1924?—A. 1924.

"After several attempts to get Mr. V. M. Noel's manager to meet Mr. Labelle, who then had the keys of the bonded factory, we succeeded on Tuesday, November 25th, to have Mr. St. James, who represented himself as manager for the Imperial Export Company, representing Mr. V. M. Noel, meet Mr. Labelle who weighed and tested the five barrels and found barrel No. 5 was short twenty-eight pounds."

Now, Mr. St. James, is not his proper name, it is St. Jacques, but he was made St. James in the papers.

"On November 26th, I wrote the Montreal Products Co., who had supplied the alcohol and the Imperial Export Company, to arrange for payment of duty on the deficiency. The Montreal Products Co. immediately sent in the money to cover the duty on the deficiency, but as I was not satisfied as to the operations carried on by the Imperial Export Co. I directed our cashier to hold this money pending further instructions."

Q. The Montreal Products Company and the Imperial Export Company arranged for payment of the duty?—A. The Montreal Products did.

"As I was not satisfied as to the operations carried on by the Imperial Export Co. I directed our cashier to hold this money pending further instruction.

Mr. Officer J. D. Labelle and myself again visited this bonded factory on December 5th and weighed and tested the alcohol in this bonded warehouse with the result that in barrel No. 6, we found a deficiency of fifteen pounds. I again notified Mr. V. M. Noel, proprietor of the Imperial Export Co. of this deficiency, intimating to Mr. Noel that access must have been obtained in some manner. He denied any knowledge of this and informed me that the only person who had a key for the outer door was Mr. St. James.

I received your letter in connection with this matter on December 6th. I proceeded to the office of the Royal Canadian Mounted Police, where I met Mr. Phillips, Commanding Officer, and Sergeant Salt."

This is the first time I met Sergeant Salt.

"and arranged to have Sergeant Salt accompany Officer Labelle and myself on Monday, December 8th, for a further investigation of this bonded factory, but I was not able to make arrangements with Mr. Noel, who informed me that Mr. St. James, manager, was out of town and that he, Mr. Noel, did not have the key for the outer door leading into the office:"

which is the bonded factory, the export factory.

"I then made an appointment to have Mr. St. James meet me at the bonded factory on Tuesday, December 9th, 1924, at 10.15 a.m.. I called for Sergeant Salt and with Officer J. D. Labelle proceeded to 2715 St. Lawrence Boulevard where this factory is situated. Mr. Labelle and myself again tested and weighed the five barrels with the result that we found one hundred pounds short in barrel No. 9."

By Hon. Mr. Stevens:

Q. When was that shortage?—A. These shortages were when Officer Beriault was in the hospital. They did not need the assistance of any officer to get the keys.

"Furthermore when we were leaving the bonded factory on December 5th, Officer Labelle so arranged the lights that they could not be turned on from the outside of the bonded factory, and when he attempted on December 9th to turn on the lights from the inside as he had arranged the lights, he found it was necessary to go outside into the office to turn the lights on, which proved clearly that someone had been in the bonded factory and had turned the lights on from the inside and when leaving the place turned them off from the office.

After a thorough examination of the hasps and the fastenings on the different doors—"

I have the hasps and hinges.

By the Chairman:

Q. Produce them, it will be a great lesson for the future.—A. This (indicating) was on the door of the bond and no one could open it without a pair of pincers, and this (indicating) comes right here. Here is how they were made. (Sergeant Salt demonstrates the opening of the hasps).

By Hon. Mr. Stevens: (To Sergeant Salt).

Q. Where are your pincers?

SERGEANT SALT: I have not got any, sir.

Hon. Mr. STEVENS: (demonstrating): It is not very hard.

WITNESS: You put it in and see; he took a knife.

Hon. Mr. STEVENS: No.

The CHAIRMAN: There is a missing part.

Hon. Mr. STEVENS: It falls out.

WITNESS: Here (indicating) is the other part; that went in the woodwork and was held in.

By the Chairman:

Q. You have to take a pair of pincers to take it out?—A. Sergeant Salt had to use a hammer and pincers. He had to use a hammer and chisel when he was up there.

By Mr. Tighe:

Q. When Mr. Beriault was in hospital, was anybody in charge?—A. Yes, Mr. Labelle.

Q. Mr. Labelle took his place?—A. Yes.

The CHAIRMAN: The fastenings will go in as exhibit 12.

By Mr. Tighe:

Q. Then what happened after Mr. Beriault went to the hospital?—A. From the time that Mr. Beriault fell in the cellar I do not think there was anything done with respect to entering the bond.

Q. Your chauffeur looked after that; he is your chauffeur?—A. No, he is a French clerk in my office, he drives a car but is not a chauffeur.

Q. Have you some information about the locks being wrong before you went to the police?—A. Yes, Mr. Taylor sent me down the Mounted Police file and I wrote Mr. Taylor the same date, returning the report made by the Royal Canadian Mounted Police, and enclosed a copy of a report I sent to the Collector. Here is part of my report:

> "I am returning herewith report made by the Royal Canadian Mounted Police and I also enclose for your information a copy of report which I have addressed to the Collector which goes forward with seizure report against this company.
>
> I am satisfied that Mr. V. M. Noel had all these hasps and bolts skilfully prepared and placed there previous to the inspection of the bond and except direct information was received, it would be impossible to detect anything wrong with these hasps and hinges, in fact Sergeant Salt and myself worked for over an hour in our efforts to discover the way in which these hasps and bolts had been manufactured.
>
> The Imperial Export Co. is guaranteed by the Dominion Gresham Guarantee and Casualty Co. for $10,000 and I think that in the interests of the department that they should be penalized the full amount of their bond.
>
> Mr. V. M. Noel on two different occasions, when I called at the office to make appointments with his alleged manager, Mr. St. James, has absolutely lied to me, stating on Monday that Mr. St. James was out of town and could not accompany me to the bond and that he, Mr. Noel, did not have the key to the office which would permit us to enter.
>
> On Tuesday, December 9th, on questioning Mr. St. James, he told me that he was not out of town and had informed Mr. Noel that if I would call for him he would accompany me to the bonded warehouse, and furthermore Mr. St. James informed me that Mr. Noel had always had a key for this building."

By Hon. Mr. Stevens:

Q. What is that?—A. A report to Mr. Taylor.

Q. And you enclosed something?—A. Yes, returning the Mounted Police report.

By Mr. Tighe:

Q. Mr. McLaughlin, did you examine that place before you went down with Sergeant Salt?—A. I did not examine it, I had not got suspicious until Mr. Taylor came to my office, and it appeared that there was something wrong.

Q. And you reported, but you were not with Sergeant Salt and Labelle?—A. Yes.

Q. Sergeant Salt had no trouble pulling this out apparently, and he had no direct information?—A. He had a diagram showing how they were put on.

Q. He was able to take it out at once?—A. Yes.

The CHAIRMAN: I think this has been cleared up by Sergeant Salt.

By Mr. Tighe:

Q. Now, Mr. McLaughlin, what position did Mr. Noel occupy? In whose name was this entry?—A. I only found out after I completed my investigation, and sent for these people, and when each of them came to my office, I found out everything in connection with it.

Q. How had he gained access?—A. He had to use a dummy key.

By Hon. Mr. Stevens:

Q. That is no credit to Mr. Noel?—A. No, we could not connect it with him at first, he had not signed any papers.

Q. He was obviously in a good position?—A. Yes.

Q. And connected with the Customs officials?—A. Yes.

Q. Did you ever hear of the Murray Chemical Company?—A. Yes.

Q. That was a company in which Mr. Noel was interested?—A. Yes.

Q. They had a bond?—A. Yes, a similar bond.

Q. Why was the bond taken from them?—A. On account of the discovery I made regarding the entry and the removal of the forty-six barrels.

Q. Mr. Noel was manager of the company?—A. Mr. Goff Penny was the manager and had a very high reputation in Montreal—rather, I should say he was the President.

Q. In consequence of this malpractice the bond was discontinued?—A. They did not make any attempt to get it. The forty-six barrels of alcohol were taken down to the bonded warehouse and afterwards sold.

Q. Afterwards this new company was started in which Noel was interested?—A. Yes.

Q. Did you think it right that Noel should be permitted to carry on an individual bond when he had been discovered in connection with malpractice in the old?—A. It was not granted at all, and I did not grant them.

Q. You had supervision?—A. I have general supervision.

Q. Did you report the circumstances to your superiors in Ottawa?—A. The Murray Chemical Company, yes.

Q. When they applied for the new bond, did you point out the irregularities in the old?—A. No, I reported directly in connection with the Murray Chemical Company.

Q. You pointed out that Noel was in the new company?—A. I would not be sure of that.

Q. Would it not be your duty to do that?—A. I was not granting bonds.

Q. It would be your duty to point out the circumstances, is that not so?—A. I would think so.

Q. You do not remember whether you did or not?—A. I do not remember. I sent a report in connection with the Murray Chemical Company.

Q. But you knew that Mr. Noel was associated with the Murray Chemical Company?—A. Certainly, and the Department did too.

Q. And yet they granted a bond?—A. He blamed it on a man named Burgess.

Q. You do not suggest that the Department would accept the word of Noel, after that letter you read of Mr. Taylor's, a moment ago?—A. No, I do not think they would.

Q. Even then, why would they accept Noel's word?—A. Well—

By the Chairman:

Q. Do you know of these facts personally?—A. I beg your pardon?

Q. Do you know of these facts mentioned in evidence, of these facts as to this bond of the Murray Chemical Co., of your own knowledge?—A. No, except that I discovered an export entry not properly signed.

By Hon. Mr. Stevens:

Q. You knew that Noel was the proprietor, or the chief—what shall I say, in chief possession of that Imperial Bond?—A. Yes.

Q. You also knew that that bond was a fraudulent bond?—A. Which bond? The Imperial?

Q. Yes.—A. Only after it was exposed.

Q. You knew that he was associated with the Murray Chemical Company? —A. Yes, but E. Goff Penny, was the President, a highly reputable citizen of Montreal.

Q. You know about the manner of administration in this Noel warehouse? —A. Yes, I know about it.

Q. You investigated some of these delinquencies?—A. It was reported to the Department.

Q. Did you find out that the consignees, whom they were sending this to, were fictitious persons?—A. Mr. Taylor covered it.

Q. The information came to you subsequently that the consignees were fictitious persons?—A. No.

Q. When did you find that out?—A. From Mr. Taylor afterwards, when Mr. Caven went out there. On November 26th, I wrote the Montreal Products Company, who had supplied the alcohol, and the Imperial Export Company, to arrange for payment of the duty on the deficiency. The Montreal Products Co. immediately sent in the money to cover the duty on this deficiency, but as I was not satisfied as to the operations carried on by the Imperial Export Co., I directed our cashier to hold this money pending further instruction. Mr. Officer Labelle and myself visited this bonded factory on December ninth and weighed and tested the alcohol in this bonded warehouse, with the result that in one barrel, number six, we found a deficiency of fifteen pounds.

Q. What date was that?—A. December 12th, 1924. That is a continuation of the report of Mr. Caven, who went out there and obtained further samples.

Q. And when did Noel lose his bond?—A. Immediately. I closed that bond and telephoned for the carters and seized the whole contents.

Q. That was December 26th?—A. December 9th.

Q. When you say "immediately", what do you mean?—A. That very day.

The CHAIRMAN: Mr. McLaughlin said, December 9th, 1924.

By Hon. Mr. Stevens:

Q. You say "immediately".—A. I brought the carters up there and closed the bond and brought the contents to the examining warehouse immediately.

Q. We have in evidence that on one, two or three occasion, you found a shortage?—A. Yes.

Q. Why were you waiting until the third occasion to close the bond?—A. I immediately billed the Montreal Products Company with the duty on the bond.

Q. In that case you referred the delinquency to the man in charge, Mr. Noel?—A. Yes.

Q. Is that the way to carry on business?—A. I did not suspect a proprietor who was bonded. He had to account for the shortage.

Q. How did you know that there was not a great deal more shortage?—A. I weighed and tested the barrels with Mr. Labelle. I got hot water and reduced the alcohol to the proper temperature and made the test.

Q. I do not understand that you had closed that bond at the time of the first discovery or the second, at least?—A. I reported right away to the Montreal Products Company, and they came up there to sample the barrels, and only a few days intervened.

Q. It does not matter if it is only a few hours; it seems extraordinary that subsequent to the discovery by the Mounted Police that the hasps being— —A. That was before the discovery of the door.

Q. Let us get that correctly. We have a record there of when the hasps were discovered, when Sergeant Salt found them.—A. It would be December 9th, and the bond was closed on December 12th.

Q. Prior to the time you discovered the three shortages?—A. November 26th, I discovered one of twenty-five pounds, which happened regularly, in transferring alcohol from different bonded factories; on December fifth, I discovered a shortage of fifteen pounds, when Sergeant Salt was there. I was going to go up there on the eighth but we did not have a key for the door. I went up there on the ninth and on December twelfth the doors were closed and the goods removed and the warehouse seized.

Q. It was after you discovered— —A. It was after I discovered the bond.

Q. When did you discover that the textalon was not alcohol?—A. It was about December 12th. that it was brought in to me from Malone.

Q. Did not that disclose that whoever had been in charge of the bond— —A. The bond was closed then.

Q. Just a minute. Did that not disclose to you that whoever had been in charge of the bond had not done their duty?—A. No, because the admixtures that were supposed to go into this alleged textalon was ammonia and other stuff; it was practically impossible for the officer to take a sample out of all the barrels, because the samples were taken away immediately after that.

Q. Who was the man in charge?—A. Beriault.

Q. He was supposed to take a sample of this textalon?—A. Yes.

Q. Later on, you discovered that this textalon was water, and the alcohol disappeared to some other persons?—A. There were some samples that were correct.

Q. I am now going on your own evidence.—A. The samples I examined—

Q. You say Mr. Caven went down there?—A. Yes. I do not know what he got. He may have been there.

Q. In any case it was discovered that the textalon was largely water?—A. Water.

Q. It must have been that the man in charge of that bond was not performing his duties?—A. It is possible that he may have been careless in taking the samples, one of the samples. I would like to know where he got the samples. The samples that went to Ottawa in this bond were analysed and were correct.

Q. But you discovered that they were fraudulent?—A. Yes.

Q. I asked you what was done by you as senior officer to the junior officer? —A. I reported it to the Department.

Q. You reported it?—A. Yes.

Q. When did you report this?—A. In this report I reported that the samples were principally water.

Q. What I asked was, did you report your junior officer?—A. Well, I made a report of the samples. I did not report him particularly. I had no reason to doubt he had been fooled by these men.

By Mr. Doucet:

Q. How could he have been fooled if he had taken a sample from each barrel?—A. He may get a sample from each barrel.

Q. Do you not admit that it would be proper that in order to test this textalon he should have taken a sample from the barrel which was water?—A. Yes, according to the regulation.

By Hon. Mr. Stevens:

Q. What is the regulation?—A. An average sample—and fill a bottle out of each barrel.

By Mr. Donaghy:

Q. They do not take a sample from every barrel?—A. No. We take an average sample, probably only one bottle.

Q. So evidently this junior officer must have been imposed upon?—A. Yes, Sergeant Salt said when he was going up with me on that day from the information he had the officer probably was in it but he did not say he was placing whatever blame there was against the officer; he had not gathered any evidence against the officer.

Q. Let us review the thing briefly. We have it clearly demonstrated by your own evidence that the bond was entered three times?—A. Yes.

Q. We have before us physical evidence that the hasps and locks were fraudulent?—A. Yes.

Q. And easily capable of being opened?—A. Undoubtedly.

Q. We have your evidence that both yourself and this Mr. Caven, a responsible officer of the Department, had samples showing that the material sent out was water instead of textalon?—A. Largely water, yes.

Q. These are the facts?—A. Yes.

Q. Now then, the suggestion is, in answer to all that, that this poor officer, who had been in charge, had been imposed upon?—A. It was up to the Department. I cannot suspend an officer.

Q. I ask you again, in face of all these facts, if you reported, as surveyor of the port of Montreal, this officer to your chief?—A. I discussed it with Mr. Taylor. Mr. Taylor did not think he was in it at all.

Q. You discussed it with Mr. Taylor?—A. Yes.

Q. When and where?—A. Montreal. I brought up these hasps to Mr. Taylor, to Ottawa, and I discussed that with him there too. I brought all the hasps and hinges and showed them to Mr. Taylor.

Q. You discussed it with Mr. Taylor?—A. Yes.

Q. Did you discuss this officer too?—A. Yes.

Q. No further investigation was considered necessary?—A. The Department did not think it necessary.

Q. And Sergeant Salt did not think it necessary either?—A. He said that they had blamed the officer but he did not have the evidence.

By the Chairman:

Q. Mr. Taylor made an appreciation of the facts. I think we have enough to go on.

By Mr. Donaghy:

Q. I do not think there is anything out of the way with this officer?—A. Mr. Beriault was a good steady officer. I have no reason to suspect Mr. Beriault at all.

Q. He will know better the next time?—A. I would rather hope so.

Mr. DONAGHY: But still you cannot convict anybody of a crime. Everybody is likely to be imposed upon.

By Mr. Donaghy:

Q. I want to clear up that matter as to the shortage of alcohol.—A. Yes.

Q. On two occasions you found no shortage and on the third one, when you went there, the place was closed?—A. The place was closed. I told them to have the carters go up there and take everything from the bond, remove the instruments to the examining warehouse.

Q. Have you found a shortage, on other occasions?—A. Yes, we get them occasionally. This alcohol is transferred. We have to move it out of bond to the manufacturers.

Q. Have you found a similar shortage in other places?—A. Yes, of fifteen or twenty pounds. The pay the deficiency immediately.

Q. In these other cases, did you find fraudulent or dishonest bonds?—A. I find lots of dishonest bonds.

Q. But taking them all, every time you find a shortage, do you say it is a dishonest bond?—A. Absolutely not. The other day I found a shortage in the case of one firm of 12 or 15 pounds. There is no question about them not being guilty of any thing wrong. The Canadian Industrial Alcohol Company have had barrels in there two years, in the warehouse, and it naturally evaporates away. There is a great percentage of evaporation.

The CHAIRMAN: Will you just answer the questions, Mr. MacLaughlin.

By Mr. Donaghy:

Q. Take your time and listen to me. Some implied criticism has been directed against you this morning?—A. Yes, I understand that.

Q. Having regard to the closing of these bonds, on the second occasion upon which you find a shortage, from what you are telling me now, I take it that you consider they are good honest bonds, even if you find a small shortage?—A. Certainly. The smallest we take on a guarantee is $5,000.

Q. On the second occasion you found a shortage, you were not suspicious that it was a dishonest bond?—A. Not up to December 6th. The first intimation I had that anything was wrong was when Mr. Taylor came from Ottawa with his file; he did not show the file to me; he went to the factory, telephoned in to me that he considered the bond all right, and went back to Ottawa.

By Mr. Doucet:

Q. These shortages are covered by a bond of guarantee?—A. Yes. We had a $10,000 guarantee bond.

By Mr. Donaghy:

Q. You had no reason to suspect until the third time?—A. I had reason, because Mr. Taylor came from Ottawa with his file, went to the factory, and then telephoned me. On the 26th of November he was up there.

Q. You talk too fast. What is your answer?—A. I say no, not until then.

Q. That is all I asked you. You did not suspect that, prior to the third shortage, did you?—A. No, I had not suspected it.

By Mr. Doucet:

Q. Before you retire, Mr. McLaughlin, let me ask you this; when was the Inland Revenue transferred to the Customs and Excise Department?—A. That was in 1921.

Q. About how many bonded warehouses are there in Montreal, approximately, do you remember?—A. Over one hundred.

Q. When the alcohol is shipped, say, from the Montreal Products Company, or from any distillery to a manufacturer's bonded warehouse, before it is placed in bond, or about the time it is placed in bond, is that alcohol analyzed?—A. Yes, and sealed.

Q. Has it been analyzed at all times since 1921?—A. Yes.

Q. And a sample taken from every barrel and analyzed?—A. When the alcohol leaves the distillery to go to a bonded warehouse, it is analyzed, and when it leaves there it is tested and weighed again.

Q. That is, it is tested?—A. Not analyzed.

Q. Every barrel is tested?—A. Every barrel is tested.

Q. And a sample taken from each and every barrel, leaving the distillery and going into bond?—A. They have their hydrometer, and their thermometer, and they test it in the bonded factory.

Q. Every officer is competent to tell the quality, overproof, for instance? —A. It is a very easy process.

Q. You say it is a very easy process?—A. Yes.

Q. Reverting again to the manufacture of alcohol into other goods, do you not think—for the information of the Committee, because we are expected to make a report upon this matter—that it would be important to insist that every barrel be tested before being shipped?—A. It is tested and weighed before it is shipped, and the weight, gross, tare and net weight is labelled on every barrel.

Q. Following that answer of yours, how would you account for the fact that in the shipment of textalon from this bonded warehouse—?—A. That was a manufactured article.

Q. What?—A. That was a manufactured article.

Q. I am asking you, would it not be advisable to have every barrel of the manufactured article tested before it is shipped?—A. Sure. Of course it would have to be analyzed.

Q. Has it been done?—A. No, not every barrel.

By Mr. Donaghy:

Q. Is it not considered necessary?—A. An average sample is taken.

Q. Your mind travels faster than mine. Is it necessary in the practical business of the Customs department, to have a sample taken, and an analyses taken of the sample out of every barrel in the factory where they are making this alcohol?—A. No.

By Hon. Mr. Stevens:

Q. Mr. McLaughlin, did you receive information or reports of undelivered textalon, prior to the discovery of the trick locks?—A. Yes. We received that, and after that the sample sent to Ottawa was analyzed, and agreed with the formula.

Q. But did you receive reports that this textalon was not received or delivered at point of consignment?—A. No, I did not.

Q. Prior to the discovery of the false locks?—A. Yes, a few days before I heard that there was a lot of it in bond at Malone.

By Mr. Donaghy:

Q. Just a few days before?—A. Just a few days before.

Hon. Mr. STEVENS: It does not matter how many days it was.

Mr. DONAGHY: Yes, it does matter how many days it was.

WITNESS: It would be quite regular, too.

Hon. Mr. STEVENS: Mr. Donaghy seems bound to secure something from this witness.

Mr. DONAGHY: I am not bound to do anything.

Hon. Mr. STEVENS: However, my hon. friend is thrusting in his suggestive questions regularly.

Mr. DONAGHY: I am asking the witness if he had reports of undelivered textalon prior to the discovery.

WITNESS: I had not any reports. I heard it was there. I was simply told that there were some barrels in bond at Malone, which would be quite regular, to be held in bond at Malone, once it crossed the line.

By Mr. Donaghy:

Q. But it was not reported to you in a regular manner; it was reported to you that it was lying there undelivered?—A. It was reported to me that it was lying there not cleared through the American Customs.

Q. And apparently under suspicious circumstances?—A. I did not hear that.

Q. Did you make any investigation?—A. I had not any information before Mr. Taylor came to Montreal, and I continued my investigation from that date.

Q. Would you not consider it a suspicious circumstance that those barrels of textalon, apparently valuable stuff, were lying at Malone?—A. I heard that after Mr. Taylor's visit to Montreal.

Q. Before the discovery of the false locks?—A. Yes.

Q. How long before?—A. A few days.

By Mr. Doucet:

Q. Up till Mr. Taylor's visit to Montreal you did not know that your Customs officer in that bonded warehouse—Mr. Beriault was it—was not taking a sample from each barrel of the manufactured product?—A. No, I did not.

Q. Would you say that one out of fifty would be an average sample?—A. No, they would open each of the barrels and take a sample of each and fill a bottle.

Q. You suggest that while it was a mixture, with ammonia and some strong stuff, you did not think a man would take a sample of each barrel?—A. I did not say that.

Hon. Mr. STEVENS: He could not get near it. All he would do would be to put a little ammonia on it, and then he could not get a sample.

By Mr. Doucet:

Q. He was not called upon to get a sample from each barrel?—A. Not from each barrel.

Q. I am trying to show that it should be insisted upon?—A. Perhaps it might be.

By the Chairman:

Q. When you have a manufacturer who is manufacturing in good faith, you always take his word a little, when you see a shipment ready to be delivered? —A. There are certain firms whose word we have to take sometimes.

Q. How many days would it take, if you had to take a sample from every barrel?—A. We could not do it. In the manufacturing bonds, there is a very, very small percentage.

By Mr. Doucet:

Q. The textalon was shipped in barrels?—A. Yes.

Q. It would not have called for any extra help to get a sample from each barrel?—A. No.

By Hon. Mr. Stevens:

Q. Were there no directions to the junior officers how to take a sample?—A. Yes. They are told how to do it, to take their samples and send them to Ottawa, and that was done in each instance.

Q. Have you any printed regulations?—A. No, there are no printed regulations.

Q. When you say they are told how to do it, what do you mean?—A. I tell them.

Q. What did you say, in this instance?—A. To take the average samples, the same as usual.

Q. But what did you mean?—A. To take a sample out of the different barrels; he only took two samples out of ten barrels.

Q. But what would be the average?—A. A little out of each barrel.

Q. To make it an average sample, was that your instruction?—A. Yes.

Q. If those barrels were shipped and were found to contain water, he could not have taken a proper sample?—A. It would appear so.

Q. And, sending those samples to Ottawa as being up to the average, or up to the requirements of textalon, and the subsequent discovery that they contained water, would indicate that they were not properly sampled; is that not right?—A. It would look like that, it certainly would.

Q. It would, would it not?—A. Yes.

Q. And if they were not properly sampled, the man sampling them would be responsible, would he not?—A. Absolutely.

Q. In this case, you consider you were justified in exonerating him from all blame?—A. I did not exonerate him from all blame.

Q. Your chief officer did?—A. Yes. If an officer is there doing the mixture to the different barrels, the same mixture goes into different barrels, and Mr. Beriault may have taken one sample out of one barrel of ammonia—I do not know about that.

Q. It is not an onerous duty, is it? it is a very simple duty?—A. Yes.

Q. The explanation you now give, that he might have taken one out of one barrel, would simply mean the confirmation of dereliction of duty?—A. In one way. This mixture is put directly into the alcohol in the barrels.

Q. But if the barrels contained water, the admixture would not amount to anything?—A. There is not doubt there was a fraud carried on there, extensively.

By Mr. Doucet:

Q. My information is this, that when alcohol is shipped from a distillery to a manufacturer's or a bonded warehouse—supposing that alcohol would test something like 65 overproof,—some alcohol could be drawn out of that barrel, and water substituted; that alcohol is placed on one side to be disposed of otherwise, and the Customs officers would not be wise to it?—A. Yes, when it leaves the distillery it is tested by the officer there.

Q. How?—A. By a hydrometer and a thermometer; the barrels are weighed, and when it gets to the warehouse it is tested again with a hydrometer and a thermometer and fastened up under Customs locks; but, as we see here, Customs locks are not always secure.

Q. There is no possibility of the alcohol leaving the barrel and water being substituted?—A. Not between the distillery and the warehouse.

Q. And it could not be inside the bonded warehouse?—A. Not inside the bonded warehouse.

Q. Although we know it has been done?—A. It has been done.

By Hon. Mr. Stevens:

Q. If water was substituted for alcohol, the alcohol in the Montreal house would have to be taken out of the bond?—A. It would have to be taken out of bond.

Q. If the locker was doing his duty, it could not be taken out without his report, could it?—A. In such cases as this, where there would be false hinges and hasps, the officer would not know it was in there. He tests it when it goes in only.

Q. He is not always on the job, is he?—A. No. I have one officer in charge of five or six of them, and they only employ him an hour a day, and they pay according as they require him for that service some pay for ten hours, fifteen hours, or twenty hours a month; according as the officer does this special service he gets a return therefrom.

Q. Have you any officer who goes around and visits these places at stated periods?—A. I go around myself, all the time.

Q. But you cannot visit the bonds unless the officers are there, because they are locked up?—A. I go around and check these bonds; any one I have under suspicion I set to work and check him off.

By Mr. Donaghy:

Q. Some of these employees in the position of lockers appear to be rather young and inexperienced; we had one here before us the other day?—A. Yes.

Q. Young Mr. Belanger?—A. Yes.

By Mr. Doucet:

Q. Would that man be qualified to make a test of alcohol?—A. No, because he is not in charge of a bonded factory; he is in charge of a bonded warehouse, where they are receiving goods in and shipping them out. I think Mr. Belanger could in a couple of hours be shown how to test alcohol; it is a very simple thing.

Q. It does not take long to learn chemistry?—A. That is not chemistry, Mr Doucet; it is simply testing by a hydrometer and a thermometer, and by weights.

By Mr. Donaghy:

Q. In examining the qualifications of these applicants for positions as lockers, does the Civil Service Commission ask for any recommendation from the Department?—A. No, sir, they do not.

Q. They are the sole judges?—A. We have to employ them where they appoint them, too, whether they are qualified or not.

By Mr. Doucet:

Q. And if they are not suitable, they can be dismissed?—A. Yes, but you have to make a report on them first.

Q. But before they are promoted from one grade to another, the inspector of the Department makes his recommendation to the Commission?—A. Yes, and also the Collector.

Q. The Commission does not make any promotion until such time as a responsible officer of the Department makes his recommendation that the party is entitled to promotion?—A. The usual process is that the promotion is sent to the Collector first, who rates this man on the percentage basis, and it is then sent to the Inspector, who either concurs in the rating or gives a different rating, and it is then sent to the Deputy Minister, who gives his rating, and it is then sent to the Commission.

By Mr. Donaghy:

Q. In the original appointment of this locker, which you say is made by the Civil Service Commission without any recommendation from the senior officers

of the Customs Department—do you not think that mode of appointment is open to some criticism?—A. We have got some very good men through that system, and we have also got some poor men, and have had to get rid of them.

By Hon. Mr. Stevens:

Q. Is there a verbal examination?—A. No.

By Mr. Doucet:

Q. No examination of any kind?—A. Yes, the Civil Service Commission have an examination, but there is no verbal one.

Mr. DONAGHY: It seems to me that the Civil Service Commission are falling down in some of these appointments to the Customs Department.

Mr. DOUCET: It seems to me where they have fallen down the most is where the recommendations come from the Department.

The WITNESS: In appointments made in Montreal, they have been concurred in by the Collector and by the Inspector; otherwise they would not be appointed.

The CHAIRMAN: That is all.

By Mr. Tighe:

Q. Mr. McLaughlin, there was never any collection made on this bond, was there?—A. On the Imperial export?

Q. Yes?—A. They were fined $600, and paid the fine.

Q. But they had a bond for paying the duty?—A. No; that is in the Court now, in the Superior Court at Montreal.

Q. When were these proceedings started?—A. Right away, but they have only reached the Courts now.

Q. That was in December 1924?—A. Yes.

The CHAIRMAN: Evidence has been given that Mr. Taylor knew all about it.

By Mr. Tighe:

Q. In connection with a question asked you by Mr. Doucet; supposing there were fifty barrels, say, on arriving, and an average sample being desired, would there be something taken from each barrel?—A. There would be supposed to be something taken from each barrel, to make up average sample, because we do not send fifty bottles to Ottawa.

Q. Have you given any instructions to that effect?—A. I issued instructions to take some from each barrel.

Q. But there are no written instructions sent out to the samplers as to how the samples are to be taken?—A. No.

By Mr. Doucet:

Q. But supposing what you thought was an average sample was really only a sample from one barrel?—A. He would not be doing his duty.

By Mr. Donaghy:

Q. There is one subject I wanted to ask you something about. The other day we had up to the question of the carting of goods that arrived, carried by bonded transportation companies, such as the C.P.R., to the port of Montreal. The question was asked in regard to the transportation from either the wharf or the freight sheds to the place of business of the consignee, and the question was further asked whether these goods being transported from the railway company's warehouse to the warehouse of the consignee were transported by bonded carriers or accompanied by Customs officers while being carted through the streets of Montreal. We did not have a very definite or satisfactory answer to

those questions. Can you tell us anything in regard to that?—A. Yes, because I made a report in 1923 which I understand the Deputy Minister sent to this committee, in which I clearly stated that during my forty years service—I have been in the service forty-four years—it has never been done; we have not had any bonded carters at Montreal outside of the bonded carters who are carting the packages designated for examination to the warehouse. They are the only bonded carters.

Q. Who cart the samples—A. No, who cart the packages for examination. Outside of them, there are no bonded carters.

Q. What protection is there for the revenue where the railway company surrenders goods to an unbonded carter for transportation through the streets? —A. You have to depend somewhat on the honesty of the people; all the large wholesale houses, such as Chaput Fils, have their own carters, and do their own cartage.

By the Chairman:

Q. But they are responsible firms?—A. Oh yes, and during my whole time I do not remember losing any duty on bonded goods so carried. In the summer time when the ships are arriving, all goods arriving ex vessels, are carried by different carters because there are no bonded carters there at all, except our own carters. The Shedden Company and the Dominion Transport Company cart nearly all the goods to the bonded warehouses.

By Mr. Donaghy:

Q. There was a statement made, I think, by Inspector Busby, reading as follows: "The transportation of bonded merchandise from warehouse or vessel to warehouses, cars, or other vessel is always carted by the Customs dray." Is that correct?—A. No, it is not; it has never been done.

Q. Then that report is not accurate?—A. It has never been done to my knowledge, and I have been there forty-four years.

Q. The same would apply to the carting of bonded goods from the wharf or freight shed to the bonded warehouse?—A. Just the same.

Q. Carted by unbonded carters?—A. Carted by unbonded carters.

The CHAIRMAN: That is all; you may go.

The WITNESS: I want to say a few words, not in any kind of bad humour, about the Honourable Mr. Stevens, who I do not think intended to do me injustice in connection with the automobile which the Ottawa Department assigned to me. In 1924 the Department assigned to me an automobile without my solicitation, and I used it, although it was not my wish to take a car of that kind; but they assigned it to me, and since that date I have been paying the expenses of that car, although it has been used in government business from a quarter past eight in the morning till a quarter past five in the afternoon. I have not billed the Department for any gasoline, oil, or garage rent. I have paid out over $500 or $600 out of my own pocket, and I felt the injustice very much of the reference made in Mr. Stevens' speech—

Hon. Mr. STEVENS: What remark of mine do you take exception to?

The WITNESS: That I was "an opulent thief", I am not opulent, and I am not a thief.

Hon. Mr. STEVENS: I didn't say that—

The WITNESS: In justice to myself, after a service of forty-four years I feel I am entitled to have that rectified as far as possible, and I understand from a good friend of mine in Ottawa that Mr. Stevens said he would rectify that remark.

Hon. Mr. STEVENS: I certainly made no statements directed to you as "an opulent thief."

Mr. BELL: Undoubtedly not. I followed that statement of Mr. Stevens very closely.

Hon. Mr. STEVENS: I make no apology for any remarks I made in the House; I want that made clear; and I object very strongly to witnesses coming before this committee and challenging statements alleged to have been made by me. My remarks in the House stand as they are.

The WITNESS: You stated in the House, and it appears on Hansard "McLaughlin driving around with government gasoline." I have not been driving with any government gasoline; I paid for that myself in order to avoid just such criticism as that to which I have been subjected.

Mr. DONAGHY: If any charges have been made against you in the House, and on Hansard, they are a public statement; you have been summoned here to give evidence; you are subject to cross-examination by anybody who wishes to cross-examine you. Likewise, in British fair play, you are justified in defending yourself—I will tell you that now—by answering any of these charges. That is your privilege as a British subject.

The WITNESS: I felt that statement very much. The statement as appeared in the Montreal Star set forth "these opulent thieves, including McLaughlin, Clerk and Giroux, drive around with government gasoline". When the car was assigned to me I had been so long in the service that I decided I would not charge the government with the running of the car.

The CHAIRMAN: You were sick at that time?

The WITNESS: I am sick yet.

Mr. ST. PERE: And you need that car very much?

The WITNESS: It is used by Mr. Kennedy, Mr. Taylor, Mr. Caven, and I am paying for its upkeep out of my own pocket.

Hon. Mr. STEVENS: I may say that as far as Mr. McLaughlin is concerned, I had never, at any time, included in my remarks a charge against his honesty, which I did against some other officers and which I think have been fully substantiated, because I always understood that Mr. McLaughlin was an honest official—

The WITNESS: I want to thank you, Mr. Stevens, for saying that.

Hon. Mr. STEVENS: —but I offered criticism along other lines, which it is my duty and privilege to do.

The WITNESS: I will submit myself to any criticism that may be coming to me.

Hon. Mr. STEVENS: I had never—

The WITNESS: It was reported in the Montreal Star under a big heading, and in a blocked out frame too, independent of your speech; it was repeated again, and in that block was given a synopsis of the charges, and I appeared again in that.

Hon. Mr. STEVENS: I will make this statement very clear, Mr. McLaughlin, so that the press can get it, that I disassociate you entirely from Giroux and Bisaillon in the remarks I made. I do not just do that now; I intended you to be disassociated in the first place, and if you were not, it was an error.

The CHAIRMAN: You see, when a man is in good humour, it is easy to understand it.

The WITNESS: I have no hard feelings about it; I know just what I have done, and I have not done anything I should not have, so I did not care so much.

The CHAIRMAN: That is all, thank you.

The witness was discharged.

WALTER STYRAN called and sworn.

By the Chairman:

Q. What is your full name?—A. Walter Styran.

Q. What is your occupation?—A. Corporal, Royal Canadian Mounted Police.

Q. Montreal?—A. Yes.

By Mr. Tighe:

Q. Corporal Styran, you are a member of the Royal Canadian Mounted Police?—A. Yes.

Q. In Montreal?—A. Stationed in Montreal.

Q. Do you remember in 1923 Customs officers calling on you and some other members of the force for assistance in connection with a supposed shipment of silk?—A. There were a number of times we were called on. I would ask to have the file so I would know what particular incident you are referring to.

Hon. Mr. STEVENS: Mr. Tighe, give us the title of this case.

Mr. TIGHE: It is called the Caughnawaga case.

By Mr. Tighe:

Q. You have been dealing with this Caughnawaga shipment?—A. Yes sir.

Q. The Customs called upon you for assistance in what year?—A. August 9th, 1923.

Q. And in consequence of that request by the Customs, what did you do?—A. In company with Corporal Anderson, Mr. Heavers, and Mr. Goyette of the customs, we went to Caughnawaga.

Q. That was on August 9th, was it?—A. Yes. Constable Furlong drove us in the car; he was the chauffeur.

Q. That was, as I understand it, in connection with a supposed shipment of silk?—A. Yes.

Q. And I understand there are two ferries there?—A. Yes, there are two ferries.

Q. There is an upper and a lower ferry?—A. They are called the upper and the lower ferry.

Q. To what ferry did you go, Corporal?—A. We went to the upper ferry; that is the ferry farthest from Montreal.

Q. About what time of the day was that?—A. Oh, that would be early in the evening.

Q. When did you first notice anything suspicious?—A. About nine o'clock.

Q. Then what did you notice?—A. We were on the Caughnawaga side of the St. Lawrence—on the Caughnawaga end of the ferry.

By the Chairman:

Q. In the forenoon, was this?—A. Early in the evening; about nine o'clock.

By Mr. Tighe:

Q. Were you still at the upper ferry?—A. Yes, and there were three cars drove up, coming from the south, coming into Caughnawaga from a southerly direction.

Q. Have you a note there as to what cars there were?—A. There was a Dodge touring, a Jewett sedan, and a Hudson sedan; they all bore dealers' licenses.

Q. And where did they drive to?—A. They drove up toward the ferry; that is, coming to the ferry.

Q. That is the ferry where you were?—A. Yes.

Q. Did they come up to it?—A. No, not all the way.

Q. What did they do then?—A. The driver of the Dodge got out of the car and saw Mr. Heavers, and apparently he recognized Mr. Heavers, as he walked back to the Dodge car and spoke to the other two drivers.

Q. Then what happened?—A. Then they turned off down the road.

Q. Where did they go then?—A. From the direction they took we presumed they went toward the lower ferry.

Q. What did you do then?—A. We gave them two or three minutes start, so if they were going, as we presumed, to the lower ferry, we would pull right in behind them. We then pulled out with our car and started to go to the lower ferry ourselves.

Q. How far is this lower ferry from the upper ferry?—A. Oh, a quarter of a mile or so.

Q. And when you got to the lower ferry what did you find?—A. We did not get to the lower ferry. When we were passing a narrow lane we saw the three cars parked in the lane, and as soon as they saw us they scattered and beat it. We chased the Jewett car, which went east toward the ferry, and after going about nine miles we succeeded in stopping this car.

Q. Who went with you in this chase of the Jewett car?—A. There was Corporal Anderson, and myself, and Customs officers Goyette and Heavers, and our chauffeur, Constable Furlong.

Q. Do you know what happened to the other two cars?—A. We found one of the cars—we later found the Hudson abandoned on the side of the road in a dark spot in Caughnawaga.

Q. Did you find out what happened to the three cars?

By the Chairman:

Q. Just a minute. Did you search the abandoned car?—A. The Hudson car? Yes, it was searched.

Q. What did you find in it, if anything?—A. In the Hudson sedan there were thirteen inner tubes, Tyrian, 35 x 5, manufactured at Andover, Massachusetts, U.S.A.; one inner tube, Empire 33 x 4, manufactured by the Empire Tire and Rubber Company, Fenton, New Jersey; one McGraw cord tire, 35 x 5, Number 92285-B, manufactured by the McGraw Tire and Rubber Company, Cleveland, Ohio; one Marathon tire, 35 x 5, Number AA500794, Marathon Tire Company, Akron, Ohio; one Marathon tire, same make as above, same size, bearing number AA500818; one McGraw cord tire 35 x 5, number 91646-H; one Marathon tire 35 x 5, number AA-500776; one Goodrich tire 32 x 3½, with rim; a used tire of Canadian manufacture.

Q. Continue your chase now.—A. When we caught the Jewett car, Officer Goyette and I took charge of the car with the driver who was driving it, and on the way back to Caughnawaga—

Q. That is the Indian Reserve?—A. That is the Indian Reserve, Caughnawaga.

Q. Did you search that Jewett Sedan?—A. Yes. There was nothing in the Jewett.

Q. Did you find anything? You must remember that seizure. Was there anything in it?—A. Not that I remember.

Q. In the Jewett sedan?—A. Not that I remember.

By Mr. Tighe:

Q. Look at the report of August tenth, you might see it in that.—A. In the Jewett car we found two sets of numerical punches, nine numbers to a set; each set of different sizes.

Q. What were those punches for?—A. Steel punches, for numbering.

Q. You could use those to put new numbers on a car could you?—A. Yes.

Q. Was there anything else found in the Hudson besides—

By the Chairman:

Q. Tires?

By Mr. Tighe:

Q. In the Jewett, I mean. It was in the Jewett you found those punches?—A. Yes.

By the Chairman:

Q. Nothing else? No silk?—A. No silk.

By Mr. Tighe:

Q. There was nothing found in the Jewett?—A. There was nothing found in the Jewett.

By the Chairman:

Q. Did you ask him if the owner of the car was at the wheel?—A. The party driving the car was named Cameron.

By Mr. Tighe:

Q. Did you ask him for his papers at the boundary line, if he had taken out his passport?—A. He claimed to be employed by the Robson Motor Car Company. He said he had met the other two in Ormstown and they asked him to drive the car back.

By Hon. Mr. Stevens:

Q. Who was with him?—A. He was alone in the car. There was only one man in the car, the driver.

Q. Who were the parties in the Hudson, and the parties in the Dodge? A. Legault and Falcon.

By the Chairman:

Q. Do you know the first name of Legault? (No audible answer.)

By Mr. Tighe:

Q. What was Legault's christian name?—A. I do not know his christian name.

By Hon. Mr. Stevens:

Q. Was that the man, Legault, who was here as a witness? Do you know him?

By the Chairman:

Q. A tall fellow?—A. No, I do not know his first name.

By Mr. Tighe:

Q. What is his business?—A. He is in the car business. I think at that time he and Falcon were partners.

By Hon. Mr. Stevens:

Q. Is that the man who keeps the Mount Royal Garage?—A. They used to keep a garage on Alexander street. It runs across St. Catharines street.

By the Chairman:

Q. What about the third car?—A. On returning to Caughnawaga we ran the car with Goyette and the driver, Cameron. We met the Dodge car some distance down the road. There were two men in it at that time.

Q. Did you stop the Dodge then?—A. Well, the conversation that took place there was in French.

Q. Did you search the Dodge?—A. The car stopped. The Dodge stopped and Goyette got out and it stopped some distance down the road, twenty or twenty-five feet; Goyette got out. We could not both get out and leave Cameron with the Jewett. He conversed with them a few minutes, but it was in French. I do not understand French. I do not know what was said.

Q. But the car had been searched? The Dodge had been searched? What became of the Dodge after?—A. Goyette told me that he told him to come back to the ferry and told him to straighten up everything. He told me that they had entrance papers for the cars but they never showed up.

Q. They went away—A. Yes.

By Mr. Tighe:

Q. Who was in the car besides Goyette, yourself and Cameron?—A. At that time?

Q. Yes.—A. That was all.

Q. Where did Anderson go?—A. Anderson and Heavers went back to try and locate them. They found the Hudson abandoned on the road.

By the Chairman:

Q. That highway from Caughnawaga is not lighted?—A. No, it is very dark.

By Mr. Tighe:

Q. Was there any attempt made to search the Dodge car when you were there?—A. No.

Q. Did Goyette give any reason why he did not search it?—A. He told me that Falcon had told him that he had entrance papers for them.

Q. Could you see anything in the car yourself?—A. At the time they pulled up at the Ferry there was a trunk in the car.

Q. There was a trunk in the car?—A. Yes.

Q. Could you say that that trunk was in it still at that time?—A. I did not notice it at that time. It was very dark there.

Q. You did not notice? What did you do with Cameron and the Jewett car after that?—A. Cameron drove the Jewett to Montreal and the Hudson was also brought in there. We put them in the garage, that is our garage, on Sherbrooke street.

By the Chairman:

Q. Did you watch that trunk afterwards? When you saw that trunk at first in the car, I suppose you shadowed that trunk all along afterwards?—A. We never saw it afterwards.

Q. You never saw it afterwards?—A. We never saw it afterwards.

Q. When you saw it at first, why did you not seize it?—A. We were acting with the Customs. The Customs were in charge.

Q. Why did you not tell the Customs Officers to seize it right away, or stay there as a guardian? It was very interesting for you.—A. It was up to them. We worked under them on that occasion. We were only there to give them assistance, to make arrests, if necessary.

By Mr. Tighe:

Q. I think that was the time you went to chase the Jewett car, too?—A. No. We wanted to get all three together.

Q. It was at the upper ferry, where the three cars were together, that you saw the trunk in the car?—A. Yes, when the driver got out of the Dodge car.

Q. When you brought the Jewett to the garage what happened to it afterwards? You handed over matters to Sergeant Salt then, after you got back with the two cars to the garage?—A. Yes.

Q. Do you know what happened to Cameron after that?—A. Officer Heavers let him go.

Q. Did he say why he let him go?—A. Not to me, he did not.

Q. Do you know if he intended to arrest Cameron?—A. I do not know.

The CHAIRMAN: That is all. You are discharged.

Witness discharged.

The committee adjourned until 4.15 p.m.

AFTERNOON SITTING

TUESDAY, April 6th, 1926.

The Committee resumed at 4.15 P.M., the Chairman, Mr. Mercier, presiding.

WALTER STYRAN recalled.

The CHAIRMAN: Proceed under the oath you have taken, Corporal.

The WITNESS: All right.

By Mr. Tighe:

Q. In this Caughnawaga matter, you told us when you were coming back you met the Dodge car?—A. Yes.

Q. Why did you not seize it?—A. When we passed the Dodge car there were Officer Goyette of the Customs, myself, and Cameron the driver of the Jewett car together. We stopped, and Goyette got out of the car; we could not both leave the car, to look after the Dodge, because we would have lost the Jewett.

Q. One of you had to remain with the Jewett?—A. One of us had to remain with the Jewett, and I remained.

Q. And you expected Goyette— —A. I expected him to seize the Dodge car.

Mr. TIGHE: That is all.

Witness discharged.

WILLIAM ALFRED ANDERSON called and sworn.

By the Chairman:

Q. What is your name?—A. William Alfred Anderson.

Q. What is your occupation?—A. Detective Corporal Royal Canadian Mounted Police.

Q. In Montreal?—A. Yes.

By Mr. Tighe:

Q. Corporal Anderson, you remember this Caughnawaga matter on the 9th of August, 1923?—A. I do.

Q. You wrote a full report to the Department on the 10th of August 1923? —A. I did.

Q. Do you remember going on the 9th to the ferry at Caughnawaga?—A. Yes sir.

Q. And who was with you at that time?—A. Corporal Styran, Constable Furlong, Customs Officers Heavers and Goyette—

Q. You went, I understand, to the upper ferry, or to what ferry did you go?—A. We were at both ferries.

Q. To what ferry did you go first?—A. The upper ferry.

Q. What did you see that drew your attention?—A. After we had been there for some time there were three cars arrived with just the drivers in each car.

By the Chairman:

Q. When you speak of the upper ferry, you mean the Maloche ferry?—A. I don't know what the name of it is; it is the upper one, the one up toward the lake.

Q. Near the bridge?—A. No, not near the bridge; the other one; the upper ferry.

By Mr. Tighe:

Q. About what time of the evening was it?—A. I cannot remember exactly; it was about nine o'clock, I think.

Q. Will you tell us about the three cars you said you saw coming up?—A. There were three cars, a Hudson sedan, a Jewett sedan, and a Dodge touring. There was a chauffeur in each of the three cars, and they were parked one behind the other, evidently waiting for the ferry. They looked suspicious to us, and after a moment or two, I think the chauffeur of the Dodge car got out and Customs Officers Heavers and Goyette went over to speak to him. They had a conversation for a couple of minutes—I don't know what was said—

Q. Did they seem to know one another?—A. Yes. When the three cars stopped, if I remember correctly; I think Mr. Heavers said "I think that is Falcon", or "It looks to me like Falcon" or words to that effect. He and Goyette went over and spoke to him. Immediately after they had finished the conversation the chauffeurs got in their cars and they started their engines and backed up very quickly and took the road toward Montreal. We waited until they were out of sight before we gave chase, so they would not think we were going to chase them.

Q. Did you find out who the men were who were in the three cars?—A. Not at that time.

Q. Did you find out subsequently?—A. Yes.

Q. Who were they, Corporal?—A. A man by the name of Cameron, one by the name of Falcon, and a Mr. Legault.

Q. Then, were they livery cars? Were they livery cars? Could you tell whether they were livery cars or ordinary cars?—A. They were pleasure licenses, two sedans and a touring.

Q. Were they cars for hire? Could you tell by the license numbers?—A. I do not remember, I am sure.

Q. You do not remember?—A. No. I think they had dealer's licenses on, but I would not be sure about that.

Q. Well then, where did they go?—A. They went to the other ferry. We went to the second ferry and they parked off the highway with the light on, in the dark. Immediately we put on the light they dispersed. We chased the sedan for a few miles then, where we overhauled it.

Q. That was the Jewett sedan?—A. That was the Jewett sedan, driven by Cameron.

By the Chairman:

Q. That Jewett sedan, what colour was it?—A. I think it was a maroon colour, a reddish colour.

By Mr. Tighe:

Q. Well then, when you overhauled that car, what did you find in it?—A. Cameron.

Q. And who was with you in your car? Was Furlong driving it?—A. Furlong was driving the police car. There was Corporal Starnes, and both Customs officers.

Q. Corporal Starnes and both Customs officers?—A. Yes, if I remember correctly, they were.

Q. Then, what happened when you caught up with the Jewett?—A. I, Corporal Starnes and the Customs Officers waited and came back to Caughnawaga. They went around to look after the other car. We drove up in the police car and on our way to Caughnawaga village we met the two men in it.

Q. You did not recognize it? You thought it was an ordinary car—A. Yes.

Q. And you found the Hudson car by the roadside, abandoned?—A. It had been left there. When Corporal Goyette and Corporal Starnes came to the village they said that the car which they had passed was a Dodge sedan, with Falcon and Legault in it. He had a conversation with Falcon. Falcon asked him why he was using it, so I think Goyette told him something about having papers and so on. I said, "where is he, and why did you not bring him back?"

Q. Did Goyette say he searched the car then?—A. Yes, Goyette said there was something in the car. If I remember correctly, I think it was a trunk.

Q. Did you see the trunk in the car?—A. I did not.

Q. Did you say that the first time when you came to the upper ferry, the three cars were there?—A. I did not stay in the police car all the time.

Q. What happened after that? Did the Dodge car go away then?—A. The Dodge car kept on to Montreal. We took the Hudson across the ferry and brought it to the police barracks.

Q. What happened when you brought the car in to the police barracks? —A. We took the car to the police barracks, just opposite the garage. I got out of the car and said to Customs Officer Heavers, "why did you not go and look after Cameron"? I said to Heavers, "you are to look after Cameron"; so I went inside and I came out a few minutes later and found that Cameron was gone. I said to Heavers, "where is Cameron?" He said, "I told him to go". He made a mistake.

Q. Did he give you any reason for telling him to go, that justified it in any way?—A. No.

By Mr. Tighe:

Q. What happened to those two cars that you got? You do not know whether they were moved from your place to the Customs?—A. I did not have anything to do with that. I could not tell you.

Q. Did you lay a charge against Falcon in the meantime?—A. Yes.

Q. It was stated in your report, that, "acting on instructions, I am laying an information and complaint against Falcon for being in possession with smuggled goods. That is the tires and tubes—A. I do not recall that at all.

By the Chairman:

Q. Did you hear the evidence of Corporal—he was here this morning?—A. No, I was not here this morning.

Mr. TIGHE: I think it is practically the same.

The WITNESS: There were two sets of dies; there were two sets of dies.

By Mr. Tighe:

Q. What were those dies used for?—A. They are numerical punches, for changing the numbers on the engines and so on.

By the Chairman:

Q. That is what I thought.—A. They can be easily used for that, changing the numbers.

Q. Changing the numbers on the engines?—A. Yes.

By Mr. Tighe:

Q. You do not know what happened after these cars were left in the Customs and released?—A. No. I know they were given back to Falcon. He was supposed to have entry papers but I did not know anything personally about it.

By Mr. Bell:

Q. Do you know who would know? Who can tell us?

Mr. TIGHE: We have Sergeant Salt coming along. He can tell us.

The CHAIRMAN: That is all. You are discharged.

Witness discharged.

ERNEST CHARLES PARKER SALT recalled.

The CHAIRMAN: You will answer on the oath already taken.

By Mr. Tighe:

Q. Sergeant Salt, do you remember when these cars, that we have been just speaking about were brought in to the police garage, on the 9th of August, 1923?—A. Yes.

Q. You were there at the time?—A. I was in the office, yes.

Q. And Sergeant Anderson—Corporal Anderson, reported to you what happened?—A. Yes. He gave me the full particulars.

Q. Will you tell us what happened to these cars after they were left in your custody?—A. Mr. Clerk, of the Customs, was also in the office. I talked the whole matter over with him personally and decided to apprehend Cameron and place a charge against him.

Q. A charge for what?—A. Being in possession of smuggled goods. In the meantime we found that Cameron had left. Then I instructed Corporal Anderson to lay a charge against Falcon for being in possession of smuggled goods, with Legault and Cameron.

Q. Do you know whether those charges were ever laid?—A. Yes, and they never materialized.

Q. Do you know why they did not materialize?—A. Because after these three men had been given their liberty, they were able to produce papers showing that the cars had passed through the port at Frontier. We queried these papers and started to check them up. There was some correspondence on the file regarding that, and eventually the matter dropped.

Q. What distance was Frontier, where they got those papers, from Montreal? —A. Oh, it would be two or three hours run, at the most, in a fast machine.

Q. Two or three hours run in a fast machine. How long after that seizure, on the ninth of August, did they produce those papers?—A. Well, it would be a matter of two or three days. You see, when Cameron disappeared on the night of the seizure, then we put our report in to the Department and our interest ceased in that case. It was then in the hands of the Department, and we acted under their instructions. As a result of that case, we asked for permission—we recommended that in future when a mounted policeman and Customs Officers were working together, the Mounted Police should take control of the case and if they saw justification for the arrest of the man they should arrest that man and not leave it up to the Customs Officers. On that recommendation we received a letter on August sixteenth, signed by the Commissioner, Wolsley, to the effect that this was put into force, which reads as follows:

> "Referring to your forwarding minute of the 10th instant, endorsed on the report of Detective Corporal Anderson of the same date, dealing with the above mentioned subject: Upon consultation with Mr. W. F.

Wilson, Chief, Customs Preventive Service, your suggestion is approved, that when our men are called upon to assist Customs Officers in similar cases they will have full charge of the investigation and will therefore, be in a position to take prompt action when deemed necessary.

Please see that the local Customs official understand our position in the matter, so that there will be no doubt as to where the responsibility will rest for the successful outcome of such cases.

Kindly acknowledge receipt."

Then, we pressed for an investigation in that matter. We asked certain questions, if we could have an explanation given as to how these entry papers came to be in possession of these men, when they did not have them on the night they ran away and yet they had their papers, which was very suspicious, but it dwindled down to nothing in the long run.

Q. Did these papers cover goods in the cars or did they purport to cover the cars themselves?—A. "Entry No. 24, passed at Frontier, covering one Dodge touring automobile, by Z. Legault, August 9th, 1923.

Entry No. 25, passed at Frontier, P.Q., covering five tires and eighteen tubes, by Z. Legault, August 9th, 1923.

Entry No. 22, passed at Frontier, P.Q., covering one Hudson 1920, by T. Lang, August 7th, 1923.

Entry No. 23, passed at Frontier, P.Q., covering one 1923 Jewett sedan, by R. Reed, August 8th, 1923.

The Dodge automobile with the tires and tubes appears to be correct as checked with the entry, as is also the 1920 Hudson, but on the Dodge Sedan, it is my opinion, that the said automobile is undervalued and that the engine and serial numbers do not agree with those on the face of the entry, 1923."

This letter is signed by Mr. Wilson. "No duty has been paid on the numerical punches of the Jewett car, which amount to a nominal value.

"I presume that no examination was made, but we have since learned that the box contained four inner tubes, that were not in the Hudson car, at the time of the seizure. When Hudson car was seized, same contained five new tubes, four inner tubes, whereas entry should be for five inner tires and eighteen inner tubes."

By Hon. Mr. Stevens:

Q. Falcon and Legault are the two individuals whom we have constantly mentioned here as proprietors of garages dealing in smuggled and stolen cars?—A. Yes. We have had several dealings with them.

Q. And the evidence we had this morning was, that these three men in these three cars sought to escape from your men?—A. They ran away, yes.

Q. When did you come in to the case?—A. I came into the case when they reported to me at the barracks about having caught the two cars of Cameron. I talked it over with Inspector Clerk, of the Customs, and on pressure—I will not say on pressure—but on my suggestion it was arranged that we should arrest Cameron and seize the cars. I may say that Mr. Clerk was of the same opinion as myself, that there should be an arrest made there, but when we went out to get Cameron, who had been left in the garage, he had gone, and there was no arrest made. Arrangements were made to lay a complaint, but in the meantime we heard of these entry papers which were in existence.

Q. Pause there. When your men apprehended Legault, Falcon and Cameron, did they have entry papers for these cars?—A. Our men never got near Falcon or Legault, only Goyette got near them.

Q. Is Goyettte a Customs man?—A. He is a Customs man. It was from the report of the Customs men, but our men did not have any papers.

Q. Your men understood that they had no papers?—A. They understood that they had no papers.

Q. In other words, up to that point, it appears that the cars and the stuff in them had been smuggled?—A. Yes.

Q. And in the material in the cars were two sets of punches such as would be used for changing the serial numbers on cars?—A. There were two sets of punches which could be used for that purpose. The Dodge disappeared with Falcon and Legault, and they turned up later in Montreal with the entry papers. The Dodge disappeared the night of the seizure.

Q. To whom did Legault and Falcon report later?—A. It must have been to the Customs, not to the police.

Q. From whom did you receive the information that the entries had been made?—A. I cannot recall that. It does not appear upon this file. It must have been through either Mr. Bisaillon or Mr. Clerk, because those would be the two men we would deal with upon that occasion.

Hon. Mr. STEVENS: Mr. Chairman, I would like to point out just here, that here we have a case in which these two notorious crooks, Falcon and Legault, are involved. It is I think fairly clear that these cars and contents were smuggled. Some effort should be made to determine, or to clear up, what happened in that lapse of two or three days from their original apprehension and the production of these entries. If that can be done, you can establish perhaps the contact that these criminals have had with the Customs Branch, enabling them to secure these entries. I think a careful following of the evidence this morning discloses that situation. I do not know whether we are going to have any witnesses here who can clear that up for us.

Mr. TIGHE: Mr. Heavers and Mr. Goyette. It may be necessary to bring the Customs officer at the Frontier who gave the entries; he is not yet subpoenaed, I understand.

Mon. Mr. STEVENS: I think we should try to follow it through. It seems small, but we have had a great deal of difficulty in extracting from unwilling witnesses evidence which may involve themselves in these transactions, in trying to get at what the contact has been. But here is a case where it is almost clear to my mind that there has been an opportunity given to these parties to obtain the entry papers of cars smuggled into Canada.

By the Chairman:

Q. These entry permits bear numbers?—A. Yes, sir.

Q. They are made in duplicate, I think—A. I think they are made in triplicate, myself.

Q. When they are entered into Canada, they obtain their passports?—A. There would be no passport in this case. It would be a straight entry.

By Hon. Mr. Stevens:

Q. Were they American cars?—A. They were American cars; yes, sir.

By the Chairman:

Q. Even if it was an American car, it must report at the frontier?—A. They should report at the frontier.

Q. To get the entry?—A. Yes.

Q. Where are those papers?—A. At the town of Frontier.

Q. Can you secure them?—A. No sir, we cannot, the Customs can.

Hon. Mr. STEVENS: Let us have these other witnesses, Mr. Chairman.

By Mr. Bell:

Q. I would like to ask one question. I understood you to say a few minutes ago that there were some inquiry instituted as to how these men had got their

entry papers, but that it simmered down or petered out and came to nothing; you used some expression such as that in regard to it?—A. Yes, sir.

Q. When you said it simmered down, or petered out, what did you have in mind?—A. To go to that same file, we recommended that we should take control over all these investigations.

Q. You recommended that to whom?—A. To our chief, Commissioner Starnes, and got authority; later on it was cancelled. About December 20th, we got a letter signed by Mr. Wilson. That letter was addressed to Colonel Cortlandt Starnes, Commissioner, Royal Canadian Mounted Police, Ottawa, and read as follows. (Reads):

> "I beg to acknowledge receipt of your two letters dated 17th inst. with enclosed copies of reports, file 23-D, 24/4, D-4. For a considerable period second-hand automobiles were entered at the frontier instead of the outports, at Trout River, Franklin Centre, Frontier and some others, but on account of irregularities in values, the Department about three months ago issued instructions that no more entries should be accepted at those places—"

Q. I understood you to say that a specific inquiry was instituted in this case, as to how these men got those particular entries?—A. I am coming to that. (Reads):

> "but that all such automobiles should be manifested on Montreal, where they can be properly valued for duty. That is the practice in existence to-day. For this reason, I am inclined to doubt that it would be worth while investigating at those places, as suggested by Inspector Phillips, prior to the time the Department issued the instructions referred to.
>
> "Of course, I hold no brief for Falcon. About two weeks ago certain officers attached to the Montreal Customs House got in touch with Falcon, and they told me Falcon admitted generally that he had smuggled a lot of automobiles, and that for some reason or other he desired to defraud the Customs no more in this regard. In Montreal, these officers told me that Falcon is not defrauding the Customs, and that since their arrangement referred to, he has paid $24,000 duty, and the officers claim to know where and when Falcon imports all the cars in which he is interested. Whether or not any or all of the automobiles Falcon does import are stolen, I do not know. Of course, I want to give Inspector Phillips all the help I can, but I would suggest that he have an interview with Inspector R.C. Clerk, and Officer Bisaillon, of the Montreal Customs House, and he can then form his own opinion of what they tell him of Falcon. If Mr. Phillips is not then satisfied that Falcon is not defrauding the revenue, I will then do anything we can towards the end desired by the Montreal command.
>
> Yours truly,
>
> W. F. Wilson,
> *Chief Customs-Excise Preventive Service.*"

Q. That does not cover the point about which I am now inquiring, as to whether or not it was followed up, to see where those entries came from in this specific instance?—A. Yes. That was investigated by the Customs, not by us.

Q. By what officer?—A. Hereunder is quoted a report, which is the report made by Thomas Heavers, at Montreal, what I have just read to you.

Q. But is there not anything to point out where these specific entry papers came from?—A. We then took it up and asked other questions of the Customs Department.

Q. I understand that perfectly; did nothing come back to you that indicated that an enquiry had been made as to the source of these particular entry papers?—A. We received from Mr. Wilson a portion of a report made by Customs Officer Thomas Heavers in Montreal.

Q. In regard to these particular papers?—A. In regard to these particular papers.

Q. Did it give their source?—A. The source of the car was supposed to be the town of Frontier.

Q. But the papers?—A. They were supposed to come from Frontier.

Q. From whom?—A. The Customs officer who transmits them.

Q. Certified by him?—A. Yes.

Q. His name being what?—A. That I could not tell you, sir.

Mr. TIGHE: Mr. Goyette will probably give us that, Mr. Bell.

By Mr. Bell:

Q. You have no knowledge of it, Mr. Salt?—A. I have no knowledge of where the papers came from.

Q. When you say it petered out, you simply say that nothing more came of it?—A. We asked Mr. Wilson, upon receipt of that letter, some further questions in regard to that, to which we got no answer.

Q. That was the end of it?—A. That was the end of it, so far as the Montreal file was concerned.

By the Chairman:

Q. You are speaking from memory, I suppose?—A. I am speaking from memory, and from the file. I am using the file to refresh my memory.

By Mr. Bell:

Q. I am merely wanting to find out how far it went, according to your knowledge?—A. The Mounted Police made no inquiry at Frontier as to the genuineness of these papers.

Q. That was up to the Customs?—A. That was left to the Customs entirely.

By Mr. Donaghy:

Q. You were in the room this morning, and heard the evidence?—A. Yes, sir.

Q. Do you remember some question coming up in regard to the man who was the locker man at the Export Warehouse Company's works?—A. Yes, that was Mr. Beriault.

Q. Have you any light to throw upon the question of Mr. Beriault's integrity?—A. I have never met Mr. Beriault, or seen him, as far as I know, in my life.

Q. You told us when you were here before, that you were apprised of the trickery in these locks?—A. Yes, sir.

Q. By some individual who was serving you?—A. Yes.

Q. That individual was apparently on the inside of everything in that warehouse—that would seem to be a fair deduction?—A. He appeared to know what was going on there.

Q. To my mind, he would be the right man from whom you might get information as to who the real crooks in the warehouse were?—A. I did.

Q. Did it implicate this locker man?—A. Yes.

Q. It did?—A. Yes.

Q. It is very essential that that information should go to the Customs authorities; would you not think so?—A. Yes.

Q. Has it gone to them?—A. Yes.

Q. To whom?—A. It went through my officer commanding, and went through Mr. Bisaillon. I told Mr. Bisaillon myself personally, and I reported it in my official reports to Ottawa.

Q. Mr. McLaughlin was here this morning?—A. Yes, sir.

Q. Is it true that Mr. McLaughlin asked you for the name of this man who gave the information, so that he could interview him regarding the integrity of the locker-man?—A. I did not give him the name; I could not say whether he asked me for it or not.

Q. I am informed that he asked you for it, and you refused to give it to him?—A. That is highly probable.

Q. You only gave it to Bisaillon?—A. I did not give the name of the informer to Mr. Bisaillon.

Q. Or to anybody?—A. Or to anybody.

Q. So that there is nobody in the service of the Customs to check up the integrity of this individual, this individual who knew the inside of things?—A. No.

Q. I think you had better give it to somebody, in the interests of that young locker-man?—A. I do not think it would be safe. That man has been shot at twice already.

Q. I do not think you will be justified in withholding it?—A. I do not say the locker-man was crooked. I merely say what I was told.

Q. But as long as that young man has a suspicion cast upon his character and his integrity, I do not think that in the interests of justice he should be left under that suspicion, in order to shield the name of anybody; it can be cleared up in this way?—A. I do not think I shall give his name.

Q. I think I shall ask you for his name now, in the interest of justice and fair play. What is his name?—A. I will not give it, sir.

Mr. DONAGHY: Mr. Chairman, I am going to ask for a ruling upon this question, in the interests of justice, as it should be followed up, I think, in the interests of fair play.

Hon. Mr. STEVENS: I was going to say, Mr. Chairman, I am not objecting to the question at the moment, but when I asked for the name of an informer in a far less precarious position than this man I was not able to obtain it, and the Committee ruled against me, and would not permit the information to be given.

The CHAIRMAN: You were refused.

Mr. BELL: Not once, but several times.

The CHAIRMAN: I admit that, and the ruling will stand. I will not argue with myself.

Mr. DONAGHY: I ask that this witness should disclose—

The CHAIRMAN: I will not contradict myself in my ruling.

Mr. DONAGHY: There is another phase and that is, that it is not necessary that this witness should publicly disclose the name of the spy to either prove or disprove, but I would suggest it would be advisable for him to give the name to some man in the department, to Mr. McLaughlin or Mr. Wilson, and I think he should be admonished to do that; otherwise this man is under an implication all his life.

The CHAIRMAN: If I remember the evidence given the other day by Sergeant Salt, I understood that it was a false imputation, and there was nothing fraudulent and tricky with regard to Beriault.

WITNESS: I have made no accusation against Mr. Beriault. I was asked by Mr. Gagnon if I had been told anything, and I did not volunteer the witness' name. You asked me to disclose my informer.

The CHAIRMAN: No, I ruled against that.

WITNESS: I am accused of not doing what is right.

Mr. DONAGHY: Is there any objection to your disclosing that to the Chief of the Secret Service of the Customs Department?

WITNESS: Mr. Wilson?

Mr. DONAGHY: Yes.

WITNESS: No sir, I will tell Mr. Wilson.

Mr. DONAGHY: I think you had better do it in the interests of the young man.

The CHAIRMAN: As far as Beriault is concerned, no accusation has been made against the man. Mr. Taylor came into the box and said that he made an investigation, the result of which was that Beriault was not guilty, so that there could be no imputation in what Mr. Taylor said and in what Mr. Salt said, as to there being an injustice. I do not see yet that there is any reflection on Beriault.

Mr. BELL: At any rate you have ruled.

Mr. DONAGHY: You have my statement. Mr. Stevens then makes another statement insinuating that the man was a gauger and was not doing his duty, and that if he had done his duty, he would have discovered the chemical preparation that showed a certain amount of water and no alcohol in it. That was a clear reflection upon the man, and he should be cleared of that.

Hon. Mr. STEVENS: Inasmuch as Mr. Donaghy is discussing and analyzing my investigation, it is not a question of going into it any further in my opinion; but if you want my opinion, my own opinion is that he was responsible and willingly and knowingly responsible, and if we can bring forth more evidence to show that to be so, we should prove it.

Mr. DONAGHY: There was the insinuation, however, and that is all I want to say in regard to the matter. I think Sergeant Salt should be allowed to give the name of the informer.

The CHAIRMAN: What do you say?

WITNESS: I think I should be allowed to see the informer and get his consent.

Mr. DONAGHY: You should not worry about his consent where a man's character is at stake.

WITNESS: He told me the truth regarding the bonds.

Mr. DOUCET: If the informer has no objection, probably he can come before the Committee and give us the information.

Mr. BELL: I think we may properly assume that we are now under the same conditions as prevailed in the case of other informers, and they were promised that their names would not be given.

Mr. DOUCET: If the informer has been present, he will have heard this discussion. It may be that he has been threatened.

WITNESS: He has been shot at.

Mr. DOUCET: If he has been threatened and shot at, I do not think his name should be exposed.

The CHAIRMAN: If he is willing.

Mr. DONAGHY: We are only interested in knowing whether a certain man is being suspected, and an injustice is being done to him. If we are going to block any discovery by that or by some whimsical idea about the name of somebody, the objects of this inquiry will be blocked. A great injustice might be done and the imputation may remain for a long time. It will be an injustice to the country and also to the man.

Mr. DOUCET: We have already been blocked when endeavouring to find similar information.

Witness retired.

R. R. FARROW recalled.

By the Chairman:

Q. You are under the same oath?—A. Yes.

By Mr. Tighe:

Q. On page 865 of the record there is a letter from you stating in the Landy matter that instructions had been given by Mr. Rivet who has been acting for the department in the prosecution, to withdraw the charge?—A. Yes.

Q. The Committee are anxious to find what the circumstances were under which the letter was written.—A. Have you the file there?

Q. I thought you were bringing the file.—A. The files were sent on the 18th of February. Here are copies, but they will not show who wrote the letter.

Q. Have you the number of the file?—A. It is number 113874.

By Hon. Mr. Stevens:

Q. On the letter I think it was 878?—A. Yes, that letter is.

Mr. DONAGHY: You might use the copies.

WITNESS: It will not give me the information. I want to see who initialled the letters.

By Hon. Mr. Stevens:

Q. This file will not help you.—A. I think the letter was written by Mr. Chassé. You will remember a letter was written to Mr. Rivet, and there was no letter of instructions to the Mounted Police. There is an order in the department that no letter is to be sent to the Minister except by the Deputy Minister. That is the reason I sent the letter. It is on the instruction the Minister gave Mr. Chassé.

Q. You are in a position to say that this letter dropping the case was signed on the authority of the Minister?—A. Yes.

Q. I do not know that we need wait for the file. This shows it?—A. This was merely instructions to the Mounted Police.

Q. Do you recall the case in question?—A. Yes.

Q. I have the Police file here. The Police file shows somewhere about 16—you recall that, that there were about fifteen adjournments, you probably recall that?—A. There were a number of adjournments.

Q. In each case the department was in receipt of advice?—A. Yes.

Q. There was some correspondence between the prosecuting attorney, Mr. Rivet and the department?—A. Yes, and the departmental solicitor; that is the way it would be conducted. They signed their own letters, the heads of the branches.

Q. Have you any idea why the case was dropped against Landy?—A. No, I don't remember.

Q. Who would know?—A. Mr. Chassé would know.

Q. That is the departmental solicitor?—A. Yes.

Q. Who was dismissed?—A. No, he has been seriously ill, and has been many months.

Q. He is not on duty?—A. Intermittently. He has had an operation for the kidneys and is in a serious condition now.

Q. He is not available?—A. He might some day be available to come.

By Mr. Donaghy:

Q. You think he would be the most likely man to know who dropped the prosecution?—A. Yes.

By Hon. Mr. Stevens:

Q. The information conveyed to you by responsible officers clearly showed that Landy was present and employed in the smuggling of these eighty-nine bottles of rum?

By the Chairman:

Q. Do you know something about it personally?—A. No.

Hon. Mr. STEVENS: Wait now, Mr. Chairman. We have here a chief of the department.

The CHAIRMAN: There are regular modes of getting evidence.

Hon. Mr. STEVENS: We have the chief who had control, and gave instructions, and got a report, and knew of the terms of the report, and he proposes to give all the details now.

By Hon. Mr. Stevens:

Q. As head of the department, you were familiar with the case, and I am asking this question: In view of the information conveyed to the department by the Mounted Police and other Customs officers, was it not pretty clear that this Officer Landy was involved in the actual act of smuggling rum, these eighty-nine bottles which were in Montreal?—A. That is what I understood at the time and that is the reason the prosecution was entered.

Q. I would like to ask, Mr. Farrow, have you any idea at all of the reasons why the prosecution was stayed?—A. No.

Q. Mr. Farrow, you wrote a letter withdrawing the prosecution, as Deputy Minister, under instructions of the Minister?—A. Yes.

Q. Before a prosecution of this character was dropped, would not you, as head, as the active head, have some knowledge of the reason?—A. I would follow instructions.

Q. Now, do you know of any request being made through Mr. Chase who is now ill, or any other officer, or the Minister, that the prosecution should be dropped?—A. No.

Q. Would you, of your own volition, have dropped the prosecution without instructions?—A. That is not a fair question, in view of my instructions.

Mr. BELL: I don't think the witness should comment on a question in that way.

By Hon. Mr. Stevens:

Q. Mr. Farrow, I am very anxious to be absolutely fair with you, because I know on occasion you have probably been in embarrassing positions, but I am asking you now as head of the Department, with long, long experience, and I think a very honourable record, had you been free to determine this yourself, would you have dropped the prosecution against Landy, having the knowledge you did have in your possession?—A. Well, you see while I am the deputy head of the Department, there is a head and was a head of the Department.

Q. Quite so. Mr. Farrow, as far as I am concerned, and I think the other members of the committee will agree with this dictum, we will hold your Minister responsible for any acts he does, but I am not dealing with the Minister now; put the Minister out of your mind. You are the active head, the Deputy Minister, and you knew this case pretty well, and I would like you to answer me, if you will, directly; would you, yourself, knowing what you did about this case, have dropped the prosecution unless you were instructed by your chief, the Minister?—A. I must decline to answer.

The CHAIRMAN: That is not a fair question, and it is a hard question to answer. Even if he is the active head, the Department had a lawyer in Montreal. You will see from the record that a man named Rivet, K.C. acted for the Department in Montreal. He must have the full record, before he can answer; it is hard for him to assume. He is an experienced man.

Mr. DONAGHY: I think it is an embarrassing question to ask a deputy. You are practically asking him if he thinks his chief, the Minister, did wrong.

The CHAIRMAN: Not at all. I understand the man is so intelligent he does not want to speak through his hat; he should see the record.

Mr. BELL: Has he expressed a desire to see the record, because if so, I did not hear it.

Hon. Mr. STEVENS: I know the question is an embarrassing and difficult one—

The CHAIRMAN: Chasse was in charge of that—

Hon. Mr. STEVENS: No, Mr. Farrow is the deputy head, and everybody admits he knows his business thoroughly, and I want to again ask him directly if he would have withdrawn that prosecution against Landy of his own volition, and I request Mr. Farrow to give me a direct answer.

The WITNESS: Well—

The CHAIRMAN: If you cannot answer—

Hon. Mr. STEVENS: Wait a minute. Let him answer—

The CHAIRMAN: You cannot extract information from a witness favourable to you, which is not based on facts or law. He is looking at the record now, which is the move of an intelligent man. (To Witness) Go into the record, look it all over, and perhaps you will come to the same conclusion that Mr. Chasse did.

Mr. DONAGHY: I take it Mr. Farrow does not like to criticize the Minister.

The WITNESS: That is right.

The CHAIRMAN: I don't see it that way. It may be a good way, but as I see it, the answer must come based on facts.

Hon. Mr. STEVENS: Please let the witness give his own answer.

By Hon. Mr. Stevens:

Q. Mr. Farrow, you have already told us you were instructed to write this letter, by your Minister?—A. Yes.

Q. Is your hesitancy in answering my question now because you do not like to reflect upon the decision of your Minister?—A. It is the same question in another way.

Q. Surely you can answer that.—A. I do not think, Mr. Stevens, really, that I should be called upon to answer. My position in the matter is this: the case was referred to me by Mr. Wilson, and I recommended that prosecution proceedings be entered, and they were entered. Now, why bother me any more about it? I did not drop it.

Mr. DONAGHY: I think that is fair enough.

Hon. Mr. STEVENS: No, it is not. I am not anxious to cause Mr. Farrow undue embarrassment, but I think that this committee, the public, and the House of Commons, are entitled to the expression from a responsible head, a man who has been in the Customs Department for forty-two years, knows every particle of the operation of the business of the Department, knows it thoroughly, an honoured and respected officer, and his opinion is certainly worth something to this committee. If we are to be stopped from having the opinion of the Department heads on matters of administration of this kind, I don't think we

will get very far with the investigation. I will ask once more for an answer to my question, and I think I am entitled to have it.

The WITNESS: If the committee decide I shall answer it, I will, but I must object to it.

By Hon. Mr. Stevens:

Q. Do you refuse to answer unless ordered by the committee as a whole? —A. I would dislike—

Hon. Mr. STEVENS: Then I would move—

The CHAIRMAN: Just a minute—

Hon. Mr. STEVENS: Surely I have the right to make a motion.

The CHAIRMAN: You can get at the same end in a different way. You have the record here of the Landy case. You must have the particulars which surround the dropping of that case, and the committee will decide later on if anybody in the Department was wrong. We have the evidence that the letter was dictated by Mr. Chassé and signed by Mr. Farrow, because he had the authority, and we can judge afterwards by the facts and the evidence.

By Mr. Bell:

Q. Mr. Farrow, perhaps you will be good enough to answer this. Having the record of the things Mr. Stevens has put to you, if you would have taken the course that the Minister did take, perhaps you will tell me now that that is the way you would have decided it. Will you say that?—A. It is the same thing.

Q. Oh no, it is not.—A. It is; I beg your pardon.

Q. Are you willing to state affirmatively you would have taken the course the Minister took?—A. It is the same thing.

Mr. BELL: He would not state affirmatively that he would have done that; that answers the question.

Hon. Mr. STEVENS: I would just ask one other question.

Mr. BELL: The question is answered.

The WITNESS: You may add " as far as you are concerned "—

Hon. Mr. STEVENS: Please let the witness answer himself.

By Hon. Mr. Stevens:

Q. You instituted these proceedings, Mr. Farrow?—A. Yes.

Q. Did anything occur between the date of the proceedings and the date of this letter which you wrote withdrawing the proceedings, which caused you to change your mind in regard to the case?—A. That is the same thing over again.

Q. Oh, no, Mr. Farrow; we are letting you down pretty easy.

Mr. DONAGHY: I think you ought to answer that question.

The WITNESS: Did anything occur to change my mind?

Mr. DONAGHY: That is the way Mr. Stevens put it.

The WITNESS: No.

Hon. Mr. STEVENS: Well, we will drop that for the time being.

The CHAIRMAN: Everything is dropped.

Mr. BELL: I would not say that. As a matter of fact, he has answered because he refused to say.

Hon. Mr. STEVENS: I do not wish to prolong the proceedings in this case, Mr. Chairman, but I do say this, that I think in this case, as an illustration and a sample of how cases are handled we ought to place on record a tabulation of the adjournments reported.

Mr. DONAGHY: Quite right.

Hon. Mr. STEVENS: And as I say, we could take Mr. Farrow or one of the other witnesses right through with this, but that would be a long procedure, and I would like to ask if one of the other officers—Mr. Salt, for instance, whose name I see here—could not prepare from this file, a tabulation of the adjournments, and put it in evidence to-morrow—if the committee will agree.

Mr. DONAGHY: Quite right. We are all really interested to know why this prosecution was stopped. Perhaps if Mr. Chassé is not able to come, we might communicate with him and ask him to write us a letter.

The CHAIRMAN: And state by whom the adjournments were asked. It is very important. (To witness). That is all, Mr. Farrow.

Witness retired.

CLIFFORD WALTER HARVISON called and sworn.

By Mr. Tighe:

Q. Mr. Harvison, you are at present in the Merchants Protective Association?—A. Yes.

Q. Were you in the Mounted Police?—A. Yes, sir.

Q. When did you leave the force?—A. On October 4th, 1924.

Q. You were stationed in Montreal, were you?—A. At Montreal, yes.

Q. You remember this matter called the Alfred Martin matter?—A. I remember having been connected with the Alfred Martin case.

Q. Do you remember going down to the Customs, in Montreal, in connection with two bales?—A. Yes, but I would not be able to state very clearly what happened unless I saw the file. I made a report to my officer commanding.

Q. You made a report?—A. Yes.

Mr. TIGHE: They are getting the file. We will take another witness in the meantime.

The CHAIRMAN: What is the name of your next witness?

Mr. TIGHE: Mr. Goyette.

ALFRED GOYETTE est appelé et assermenté: (called and sworn:)

Le président:

Q. Quel est votre nom?—R. Alfred Goyette.

Q. Qu'est-ce que vous faites?—R. Contremaître, 51, rue McGill, Examining Warehouse, Montréal.

Q. Aimez-vous mieux parler français?—R. J'aime mieux parler français.

Q. Vous voulez rendre témoignage en français, mais vous pouvez répondre en anglais?—R. S'il y a des questions auxquelles je puis répondre, j'y répondrai.

By the Chairman:

Q. What is your occupation?—A. Foreman, Examining Warehouse, McGill Street, Montreal.

Mr. BELL: His evidence before Duncan was given in English.

By Mr. Bell:

Q. You gave evidence in English before Inspector Duncan?—A. (Translated) Yes. R. Oui, monsieur.

By Hon. Mr. Stevens:

Q. Do you prefer to give evidence in French or in English?—A. (Translated) I prefer to give my evidence in French. R. Je préfère donner mon témoignage en français.

Hon. Mr. STEVENS: You will answer in English, if you understand?

The WITNESS: (Translated) Yes, I will answer if I can. R. Oui, je répondrai en anglais, si je le puis.

By Mr. St. Père:

Q. Did you understand all the questions that were put to you in English, when you testified before Mr. Duncan?—A. (Translated) Yes, I understood some of them. R. Oui, quelques-unes des questions.

By Mr. Doucet:

Q. You did not understand all the questions?—A. (Translated) I did not understand them all. I understood them fairly well. R. Pas toutes, j'ai compris assez.

(Questions asked in English and answered in French, Mr. Beauchamp interpreting).

By Mr. Tighe:

Q. You are a member of the Preventive Service of the Customs, in Montreal?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. And you were in August, 1923?—A. (Translated) Yes, sir. R. Oui monsieur.

Q. Do you remember going to Caughnawaga in connection with a reported importation of silk?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. Do you remember that date, the ninth of August, 1923? That was the date?—A. (Translated) I do not remember the date. R. Je ne me souviens pas. de la date.

Q. It was about that time?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. Do you remember when you got to the ferry?—A. (Translated) Yes, sir. I do remember. R. Oui, monsieur.

Q. What time of the evening was that?—A. (Translated) I do not remember. R. Je ne me souviens pas.

Q. Do you remember seeing any cars coming up to the ferry?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. You cannot say what time it was now?—A. (Translated) No, I cannot say. R. Non, monsieur.

Q. It was getting late in the evening, was it?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. Who was with you?—A. (Translated) There was a member of the Royal Mounted Police with me, but there was one with me in particular. R. Une police montée, mais sur un certain point, on était plusieurs; mais un avec moi en particulier.

Q. When these three cars came up Officer Heavers was with you too?—A. (Translated) Yes, sir. R. Oui.

Q. And two of the police, as well as the chauffeur?—A. (Translated) Yes, sir. R. Oui, monsieur.

Q. What happened when these three cars came up to the ferry?—A. (Translated) There were three cars. We were at the ferry at Caughnawaga. R. Il y avait trois chars. On était au quai de Caughnawaga.

By the Chairman:

Q. You know the place intimately? What ferry was it?—A. (Translated) The old ferry, not the Meloche ferry; the old one. R. L'ancienne "ferry"; pas la "ferry" Meloche, l'autre, l'ancienne "ferry".

By Mr. Tighe:

Q. That was what they called the upper ferry, was it?—A. (Translated) Yes. R. Oui, monsieur.

Q. Did you recognize who was driving these cars?—A. (Translated) No, not at the time. R. Non, pas sur le moment.

Q. Who were in the cars? Did you ultimately find out? A. (Translated) Some time later I recognized who were in the cars. R. Rien qu'une secousse après.

Q. Who were in them?—A. (Translated) Mr. Legault. R. M. Legault.

Q. What was Legault's christian name?—A. (Translated) I do not know what his christian name is. R. Non, monsieur.

Q. Who else?—A. (Translated) When they went to the ferry, Mr. Heavers was in the car. There was Corporal Anderson, Mr. Styran, the chauffeur—I do not remember his name. At the time that Mr. Heavers left the car that was carrying the Mounted Police these cars dispersed in various directions. Then Mr. Heavers, Corporal Anderson, Mr. Styran, myself and the chauffeur, followed them. R. Ceux que j'ai reconnu quand je suis arrivé à la "ferry": M. Heavers était dans un char; il y avait le caporal Anderson, M. Styran, puis le chauffeur —je ne me souviens pas son nom.—Au moment où M. Heavers est sorti du char qui appartenait à la police montée, ces chars-là se sont dispersés chacun d'un bord. Là, M. Heavers, M. Anderson, M. Styran, le chauffeur et moi-même on les a poursuivis.

Q. Which of the cars did you chase?—A. (Translated) They dispersed in different directions. In the first place, we entered Caughnawaga village and then we noticed that the cars were not there, but there was a small red light. Then the Mounted Police backed up their car and we followed them for seven or eight miles. R. Les chars qu'on a poursuivis? Pour commencer, on est descendu au village de Caughnawaga; là on s'est aperçu que les chars n'y étaient pas; puis ils ont vu une petite lumière rouge, là ils ont reculé leur char, la police montée puis on les a poursuivis pour 7 ou 8 milles, certain.

Q. You ultimately captured that car?—A. (Translated) Yes. Corporal Anderson did, and Mr. Heavers also stopped the car. R. Oui, le caporal Anderson et M. Heavers ont arrêté le char.

Q. Who were in that car?—A. (Translated) If I remember well, it was a man named Cameron. R. Si je me souviens bien, c'était un nommé Cameron.

Q. Did you search the car at that time, Mr. Goyette?—A. (Translated) No, I did not. R. Non, monsieur.

By the Chairman:

Q. Wait a minute.—A. (Translated) I did not go in that car. R. Je ne suis pas monté dans ce char-là.

Q. There were three cars?—A. (Translated) It was a Jewett. R. Un Jewett.

Q. A Jewett sedan?—A. (Translated) It was a Jewett car, but I cannot recall what model or what make it was. R. Cela, je ne peut pas me rappeler, si c'était un sedan ou un autre modèle.

Q. That was the car Cameron was in?—A. Yes, sir.

Q. On your way back did you come across any other car?—A. While returning with a Jewett automobile along with Mr. Anderson and M. Styran, it was very dark, and I heard somebody scream out "Goyette, Goyette." The Mounted Police, that is, Mr. Styran, stopped the car; then I got out of the car. I went behind the car, and a man came towards me, and as he approached me he said "Why Goyette, the duty has been paid on these cars." Then I recognized Mr. Falcon.

Q. A votre retour, avez-vous rencontré quelque autre char?—R. En m'en revenant avec le char Jewett, en compagnie de M. Anderson et de M. Styran, il faisait bien noir, j'ai entendu un cri: "Goyette! Goyette!" La police montée, M. Styran, a arrêté le char. Je suis débarqué, moi; j'ai été en arrière du char,

il y a un homme qui est venu à moi; en arrivant, il a dit: "Comment, Goyette, les droits sont payés sur ces chars-là." J'ai reconnu M. Falcon.

Hon. Mr. STEVENS: Of the Mount Royal Garage, Montreal?

The CHAIRMAN: The Robertson Motor Car Company.

The WITNESS: It must be the Robertson Motor Car Company.

Le TÉMOIN: Ça doit être la Robertson Motor Car.

Mr. BELL: There is only one there.

By Hon. Mr. Stevens:

Q. The well-known handler of smuggled cars in Montreal?—A. I read about that in the papers. It was very dark when he showed me those papers. Then I said to Mr. Falcon, "It is very dark here, let us go closer to the ferry landing, where Mr. Heavers, who is an experienced officer, can examine these papers."

R. J'ai lu cela dans les journaux. Là, il m'a montré ses papiers. Comme il faisait bien noir, je lui ai dit: "Monsieur Falcon, venez donc à la traverse, où il fait plus clair, et M. Heavers, qui est un officier d'expérience dans les saisies d'automobiles, va regarder si vos papiers sont corrects.

By Mr. Tighe:

Q. When did you see the Dodge after that?—A. It was very dark, and I could not say whether it was a Dodge or any other kind of car. The car was there, the motor was running, but I cannot say what kind of car it was.

R. Je ne pourrais pas dire si c'est le Dodge, ni quel char c'était; j'ai vu le char à la noirceur; j'entendais le moteur marcher; je ne peux pas dire si c'était un Dodge.

Mr. BELL: Will he not tell us what was done in response to the request to go closer to the light and examine the papers?

The WITNESS: Mr. Falcon answered me and said, "All right, I will go there." Then I got into the automobile with Mr. Styran, and I was under the impression that Mr. Falcon was to come along to the ferry-landing, but Mr. Falcon did not come. Then we continued on our way towards the upper and of Caughnawaga village, where we noticed a Hudson car that was ditched. I saw Mr. Anderson and Mr. Heavers standing by the car.

R. Là, M. Falcon m'a répondu: "C'est correct, je vais y aller." J'ai embarqué dans l'automobile avec M. Styran, de la police montée, et ont est parti. Moi, j'étais sous l'impression que M. Falcon était pour venir au "ferry", mais M. Falcon n'est pas venu. On a continué le chemin. En venant dans le village, plus haut que Caughnawaga, en passant on a vu qu'un char Hudson était "ditché".

Le PRÉSIDENT: Qui était dans le fossé?—R. Dans le fossé; pas dans un gros fossé, mais sur le bord du chemin. Il y avait M. Anderson et M. Heavers qui étaient contre le char.

By the Chairman:

Q. Did you recognize what kind of a car it was?—A. If I remember well, it was a Hudson coach, and there were automobile tires in that car.

Q. Avez-vous reconnu la marque du char?—R. Si je me souviens bien, c'était un Hudson Coach. Il y avait des "tires" d'automobile dedans.

Q. Then what did you see there?—A. Then they took the car and brought it down to the ferry-landing.

Q. The ditched car?—A. The ditched car, the Hudson coach. Afterwards we crossed the car over on the Lachine side, the Lachine ferry. When we reached the Lachine side, we met Mr. Clerk and Mr. Bisaillon.

Q. Et qu'est-ce que vous avez vu?—R. Après cela ils ont pris l'automobile et l'ont descendue au "ferry". Après cela, on l'a traversée sur le côté de Lachine. En arrivant là, on a rencontré M. Clerk et M. Bisaillon.

By Mr. Bell:

Q. Together?—A. They were together. Then from there we drove the two cars to the Royal Mounted Police garage, on Sherbrooke Street.

R. Ils étaient tous les deux ensemble. Après cela, on est parti et on a été conduire les deux chars au garage de la police montée, sur la rue Sherbrooke.

By the Chairman:

Q. What happened at that time?—A. Mr. Clerk took charge of the whole thing, and Mr. Bisaillon was with him. It was late. It must have been eleven or half past eleven o'clock.

Le président:

Q. Et puis, là?—R. Là, c'est M. Clerk qui s'est occupé de toute l'affaire, et M. Bisaillon était avec lui.

Q. Il était tard?—R. Il devait bien être vers onze heures, onze heures et demie.

Q. Then you left. What do you mean by saying that they took charge of the cars at the Mounted Police garage?—A. They took possession of the two cars, and placed them in the garage.

Q. Et alors vous êtes parti?—R. Nous sommes partis.

Q. Qu'est-ce que vous avez voulu dire par ces mots "qu'ils en ont pris soin, à la police montée"; qui en a pris soin?—R. Ils ont pris le char et l'ont mis dans leur garage.

By Mr. Doucet:

Q. When you say Mr. Clerk took charge of the cars, what do you mean?—A. Mr. Clerk was giving orders about the cars.

M. Doucet:

Q. Vous avez dit que M. Clerk avait pris le char?—R. C'est lui qui donnait ses ordres, qui parlait avec M. Bisaillon et tout.

By Hon. Mr. Stevens:

Q. What orders did he give?—A. I could not understand what instructions or orders he was giving.

R. Je n'ai pas pu comprendre les instructions qu'il donnait.

Q. What happened, did he release the cars?—A. I never heard anything further about the cars. I do not know whether they were released or not.

Le président:

Q. Qu'est-ce qui est arrivé aux chars, ce même soir-là; est-ce qu'ils ont été relâchés?—R. Si les chars ont été relâchés? Je n'ai pas entendu parler des chars après.

By Mr. Doucet:

Q. What happened to Cameron; was he arrested on the spot?—A. No. Mr. Cameron was not arrested, not to my knowledge, but there was a conversation between Mr. Cameron, Mr. Clerk and Mr. Bisaillon, and Mr. Bisaillon and Mr. Clerk. I saw Mr. Cameron leave.

M. Doucet:

Q. A propos de M. Cameron, a-t-il été arrêté, là, sur les lieux?—R. Non; à ma connaissance, M. Cameron, ils ont pourparlé ensemble, M. Bisaillon et M. Clerk. Après cela M. Cameron, il me semble que je l'ai vu partir.

Q. Mr. Goyette, that time Mr. Falcon showed you the papers in the dark, you did not search the cars?—A. No, I did not. R. Non, monsieur.

Q. You could not tell what was in these papers?—A. No sir, I could not, he had documents but it was so dark that I could not distinguish.

R. Non, monsieur; il avait des documents, il faisait si noir que je ne pouvais pas voir.

Q. You did not think of going to headlights and examining them?—A. No. R. Non, monsieur.

Q. Did you subsequently see any papers?—A. I was there as assistant and I did not see the papers subsequently.

R. Moi, j'étais comme assistant, je n'ai pas vu les papiers après.

Q. Who else was in the car with Falcon?—A. I did not see any person besides Falcon. Mr. Falcon was not in the car. He was between three hundred and four hundred feet from the car which was moving. I heard the motor of an automobile about three hundred or four hundred feet from where Mr. Falcon was standing.

R. Je n'ai vu personne dans le char. M. Falcon n'était pas dans le char; M. Falcon était à trois ou quatre cents pieds du char qui marchait.

M. Doucet:

Q. Est-ce que c'était le char ou M. Falcon lui-même qui marchait?—R. J'ai entendu le moteur d'un char qui marchait, à peu près trois ou quatre cents pieds. M. Falcon est arrivé à moi, derrière le char.

By Mr. Bell:

Q. Is it correct to say that the documents produced by Falcon were not examined in the light at all?—A. No, not to my knowledge, they were not examined.

R. Non, pas à ma connaissance.

Q. Do you state that Falcon did not go to the spot mentioned?—A. No, he did not go there.

Le président:

Q. C'est pour cela que vous avez dit que M. Falcon ne s'est pas rendu?—R. Non, il ne s'est pas rendu.

By Mr. Tighe:

Q. You know the Central Garage?—A. I know the Central Garage to some extent.—R. Je le connais jusqu'à un certain point.

Q. Have you made it a practice of frequenting the garage of Falcon and Legault?—A. No. R. Non, monsieur.

Q. You have not been there pretty often?—A. No. R. Non, monsieur.

Q. Did you ever tell a bailiff when he was going to replevin a car that it was under Customs seizure?—A. I never saw a bailiff in my life. R. Je n'ai jamais de bailli de ma vie.

Q. Do you remember a case of Halm versus Falcon?—R. I know nothing about that. R. Je ne connais rien de cela.

Q. You do not remember telling the bailiff who was trying to replevin a car that the car was under Customs seizure?—A. I could never have said that, I never saw a bailiff. R. Je ne peux pas avoir dit cela, je ne l'ai jamais vu.

Q. You never heard of a man called Halm?—R. I never heard of that. R. Je n'ai jamais connu cela, moi.

Le président:

Q. Je voudrais vous poser une question. Vous êtes officier de douane depuis combien de temps?—R. Depuis 1912.

Q. Since when have you been a Customs officer?—A. Since 1912.

By Mr. Tighe:

Q. Do you remember the time these three machines dispersed when you were coming up there?—A. I recall that three cars came and stuck together. R. Quand les trois chars sont partis de là? Je me souviens qu'il y a trois chars qui sont arrivés et ont stationné là, au "ferry".

Q. You remember you said that they dispersed after you came up?—A. I was there when the cars came there. R. J'étais là quand les chars sont arrivés.

Q. Do you remember seeing Mr. Heavers going out and having a talk with one of the men in the car before they went away?—A. I do not recall having seen Mr. Heavers talking to one of the men in the automobile. I recall seeing Mr. Heavers speaking to Mr. Anderson. R. Je ne me souviens pas d'avoir vu M. Heavers converser avec un des hommes de l'automobile. Je me souviens d'avoir vu M. Heavers parler à M. Anderson.

Q. Do you remember who was the officer at the frontier point?—R. No, sir. R. Non, monsieur.

By the Chairman:

Q. Have you always been a Customs official since 1912?—A. Yes, sir.

Le président:

Q. Avez-vous toujours été officier de douane depuis 1912?—R. Oui, monsieur.

Q. In the Preventive Service?—A. I was employed as a sub-foreman in the examining warehouse. I might have misunderstood your question some moments ago. I am not in the Preventive Service, but am a Preventive Officer to some extent.

Q. Dans le service préventif?—R. Non, monsieur, contremaître à l'examining warehouse.

Monsieur le président, peut-être qu'il y a eu un malentendu, tout à l'heure. Préventif, d'une certaine manière; mais je ne suis pas dans le service préventif; officier préventif jusqu'à un certain point.

Q. What was the purpose of your driving out that night?—A. That was in the afternoon. Mr. Clerk called me up in his office and told me,—he says, "Mr. Goyette, you are going to go and assist Mr Heavers."

Q. Assist him to do what?—A. There was supposed to be a lot of silk coming in.

Q. You were looking for smugglers?—A. I was sent to assist Mr. Heavers.

Q. Did Mr. Clerk not inform you that this silk might have been smuggled? —A. No, sir.

Q. You did not know; it was not smuggled silk you were looking for?—A. The way he told me was this, "You are going out to assist Mr. Heavers."

Q. You knew it was smuggled silk?—A. If anybody came with silk, coming through there, I think it would be smuggled silk.

Q. When you saw Mr. Falcon, whom you knew to be a notorious smuggler, you did not think of going to the car and seeing if it was smuggled silk?

The CHAIRMAN: You have been assisting in this?

By Hon. Mr. Stevens:

Q. You knew it was smuggled silk?

The CHAIRMAN: You put in his mouth an answer he has not given.

By Hon. Mr. Stevens:

Q. You knew Falcon, did not you?—A. I knew him by sight.

Q. Did you not say, "Good evening Mr. Falcon"?—A. I said, "Hello Mr. Malcon."

Q. You knew Mr. Falcon?—A Certainly I knew Mr. Falcon.

Q. You were out looking for smuggled silk?—A. Yes.

Q. You say three cars and they scattered and ran away from you?—A. Three cars, they were standing at the ferry when I saw Mr. Falcon.

Q. These three cars ran away, did they not?—A. Yes, when we were at the ferry.

Q. Later on, did you run across another car, and you went over to meet it, and you met Mr. Falcon, that is right?—A. I met Mr. Falcon behind the car.

Q. You were looking for smuggled silk?—A. I was told to go out, there was supposed to be some automobiles coming with silk.

Q. When you ran across this car on a dark road, and you saw Mr. Falcon with the car, you let Mr. Falcon vanish with the car without looking into the car?—A. I didn't look in his car.

Q. Where did you expect to find silk?—A. I would think there was silk in his car.

Q. You went out looking for smuggled silk, and you knew he was a smuggler, and never looked into his car?—A. No, sir.

The CHAIRMAN: You were there to assist.

By Hon. Mr. Stevens:

Q. You invited this notorious smuggler, Falcon, to follow you along to some place where there was gas light?—A. Yes.

Q. He did not follow you?—A. He did not.

Q. He ran true to form?—A. I don't know where he ran to, but he did not come with me.

Q. Would you expect a man like Falcon to tamely follow you along the road at night?—A. The impression was this, when we came back with the Jewett car there was nothing in the car, and coming up the road I heard my name and I got off, and this man got off, and produced papers, but I did not know what they were.

Q. Did you take the documents?—A. No, sir. He had them in his hand, and after he spread them out in his hand like that (indicating), but is was too dark, and I said. "You come to the car where there is more light."

Q. Mr. Goyette, you were out looking for smugglers, and you met one of the kings of the smugglers on the road, and you never went and looked in his car?—A. No, sir.

Q. Do you expect to catch smugglers that way?—A. No.

By the Chairman:

Q. Do you know what a smuggler is?—A. (Interpreted.) One who imports goods without paying the duty on them.

Le président:

Q. Savez-vous ce que c'est qu'un "smuggler"?—R. C'est un homme qui passe n'importe quelle marchandise sans payer de droits dessus.

By Mr. St. Père:

Q. (Interpreted.) Had you any doubt that Mr. Falcon might smuggle in silk?—A. I had doubt he was able to smuggle anything in.

M. St-Père:

Q. Vous doutiez-vous que M. Falcon pourvait "smuggler" de la soie?—R. Il peut bien faire tout.

Hon. Mr. STEVENS: That is only levity-joking.

By Mr. Bell:

Q. When you went ahead and left Falcon to follow, if he would, did you do that under orders from Clerk or Bisaillon?—A. No, sir

Q. That was off your own bat?—A. Yes, sir.

By the Chairman:

Q. You were there to assist Mr. Heavers?—A. Yes, sir. I was there to assist Mr. Heavers.

Q. And when he showed his papers, you said, "Come and see Mr. Heavers, my boss"?—A. I did not say "boss"; I said he was a more experienced officer in seizures.

Q. And then he ran away?—A. (No audible answer).

By Mr. St. Père:

Q. (Interpreted.) Was that the first occasion on which you had been assisting an officer?—A. (Interpreted.) No, that was not the first time, but it was the first occasion in an affair of this kind.

M. St-Père:

Q. Etait-ce la première fois que vous étiez envoyé, comme cela, pour assister un autre officier?—R. Non, monsieur, j'y suis allé autrefois mais c'était la premère fois dans une affaire de même.

By Mr. Donaghy:

Q. Mr. Goyette, how long had you been in the employ of the Customs at that date?—A. (Interpreted) Since 1912.

Le Président:

Q. Depuis combien de temps êtes-vous au département des douanes?—R. Depuis 1912.

By the Chairman:

Q. (Interpreted) Continually?—A. Yes.

Q. Continuellement?—R. Continuellement.

Q. That is fourteen years?—A. Yes sir.

Q. Ça fait quatorze ans?—R. Quatorze ans.

By Mr. Donaghy:

Q. How were you appointed to the service?—A. (No audible answer).

By the Chairman:

Q. (Interpreted) Who appointed you there? Tell the truth?—A. (Interpreted) I cannot say who appointed me.

Le Président:

Q. Qui vous a placé là?—R. Pour vous le dire, franchement, je ne le sais bien le diable pas.

By Hon. Mr. Stevens:

Q. You are sure you have been drawing your pay ever since, though?—A. Yes sir.

By the Chairman:

Q. (Interpreted) How did you enter the service?—A. (Interpreted) I entered the service in 1912. I was working for a man named Blaiklock, a broker; then I went to work for the firm of Donnelly, Cunningham and Wells, who had the contract to cart goods from the Customs warehouse.

Le Président:

Q. Comment êtes-vous entré là?—R. Je suis entré en 1912. Je travaillais pour M. Blaiklock, "broker". Après cela, je suis parti pour travailler pour M.

Donnelly et pour MM. Cunningham & Wells, qui avaient le contrat du charroyage à la douane.

By Mr. Donaghy:

Q. You were appointed before the Civil Service Commission came into effect?—A. Yes sir.

Q. You are a product of the patronage system?—A. I cannot say. (Interpreted) If you let me finish I will tell you. In those days they did not have the same carting system they have to-day; the public came and got their own goods on the spot. Later on, the government gave the carting out, and divided the city into two parts.

R. Oui, monsieur. Si vous voulez me laisser finir, je vais vous le dire. Dans l'ancien temps, ils n'avaient pas un système de charroyage comme ils l'ont aujourd'hui. Le public venait lui-même chercher les marchandises. Après cela le Gouvernement a donné le charroyage par contrat et on a divisé la ville en deux.

Mr. DONAGHY: Well, I was not interested in the cartage business. I was interested in the system under which you are appointed.

The WITNESS: (In English) I would have told you in a couple of seconds the way it was.

Mr. BELL: He says he does not know he ever was appointed. He is like Topsy; he just grew.

The WITNESS: (Translated) When I was working for the cartage company and I remained in their employ and I was appointed to work with them.

Le Président:

Q. Alors, vous rendiez service au public, on avait besoin d'un contremaître et on vous a gardé?—R. Oui, monsieur. Je travaillais pour la compagnie de charroyage qui payait mon salaire et on m'a fait nommer. Si ç'a été notre député, je ne le sais pas.

By Mr. St. Père:

Q. You look upon this more as a foreman than as a Customs official?—A. (Translated) Yes, I am a foreman.

M. St-Père:

Q. Vous vous considérez plutôt contremaître qu'officier de douane?—R. Oui, monsieur. Je suis contremaître.

The CHAIRMAN: Do you need Mr. Goyette any more?

Mr. TIGHE: No.

The CHAIRMAN: You are discharged.

The witness discharged.

The committee adjourned until 10.30 a.m. Wednesday, April seventh, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 25—WEDNESDAY, APRIL 7, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., Montreal, Que.

Mr. Clifford Walter Harvison, ex-member of R.C.M.P., Montreal, Que.

Mr. Thomas Heavers, Senior Customs Examiner, Montreal, Que.

Mr. Noel Chasse, Departmental Solicitor, Department of Customs and Excise, Ottawa, Ont.

Corporal John H. Kyle, R.C.M.P., Montreal, Que.

Mr. William Lionel Hicklin, Chief Clerk, Preventive Service, Montreal, Que.

Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont.

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EXHIBITS FILED.

No. 113—Statement of postponements, and by whom they were asked for, in connection with the John Landy (Customs Officer, Montreal, Que.) case.

No. 114—Customs Forms E-12 and E-13, Oath of Office; Oath of Allegiance; Certificate of superior officer that said Oath of Office and Oath of Allegiance have been subscribed to.

No. 115—Statement of imports of anthracite and bituminous coal from the United Kingdom entered for consumption at the Port of Montreal during the fiscal years ended March 31st, 1923 and 1925, and for the current fiscal year to February 28th, 1926.

No. 116—Pencil sketch illustrating the markings on wooden packing cases containing goods shipped from Switzerland.

MINUTES OF PROCEEDINGS

WEDNESDAY, 7th April, 1926.

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

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

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

Moved by Hon. Mr. Stevens—That the Clerk be requested to ask the Manager of the Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, Que., to make a special effort to produce the missing part of the bank cheques of Mr. A. E. Giroux, referred to in the minutes of the Committee of 6th April, and to notify the Committee as soon as possible.

Motion agreed to.

Moved by Hon. Mr. Stevens—That the Customs files enumerated below respecting automobiles seized, forfeited and sold, be produced, viz:—

File 113135, seizure 32313/1090, Winnipeg, Man.

File 125305, seizure 37049/78, Fredericton, N.B.

File 123681, seizure 35786/5589, Preventive Service, Montreal, Que.

Motion agreed to.

Hon. Mr. Boivin produced the Files and Statements following for the use of the Committee, viz:—

1. Files Nos. 113527, 121175—*re* seizure of Cars from Cabana and Nenard,

2. Statement—*re* Names of persons who have occupied certain positions at the Port of Montreal.

3. Files Nos. 112083, 118274—*re* seizure of Alcohol from Imperial Export Co., and also *re* the issue of license.

4. Reports—of Special Officer H. J. Gould *re* Ben Geltner and Clarence O. Picher.

5. Files—*re* the Violation of Customs and Excise Regulations by the following vessels, viz:—

Vessel.	Files.	Vessel.	Files.
Ermynthrude	107303	Marjory C	112173
Lucy R	103700	Aver M	112982
Bay Queen	113473	Winona	112397
Forrester	93387, 105109, 113773	Vincent White	110121
		Kiora	124627
Salvatrice	123104	Alase	113047
Lewis H. Smith	105030, 112504, 123599	Sadie Mac	113354
		Sigdrifa	121792
Adleiza D	120104, 120108	Eddie James	111925
Mimina	121221	Ida M. Zinck	123771
Bermee	122188	Pro Patria	94740, 99791, 101406, 101434, 106573, 111195, 112572, 112628, 113158, 120657, 123917, 123918
Alcala	106662, 121951		
Patrick and Michael	122749		
Alcarata	112934		
Mary Smith	105166, 112352		
Edna May	122239		
Una	113, 428, 113, 306	Rambler	121285, 122151
Winnifred M	113352	Lois A. Conrad	121647
Richard R. Moulton	121134	Frank L. C	112856, 120612
Buffalo	121347	No Tow	124480
Minto	121791	Noble H	125018, 125841
Florence May	124675	Mary F. Hyde	108273, 113214
Spark Plug	124322	Annie B	107683
Grace and Lou	113081	W. C. Smith	113330
		Cosy	121880

6. Prevention Service Files called for on March 30th, as follows, viz:—

SS. Bally Gally Head, No. 7755.
Schooner J. Croft, No. 5235.
Schooner Kaduskak, No. 5550-19.
Schooner Adana C.. No. 6076.
SS. Essex County, No. 14912.
Schooner Morse, No. 11221.
Yacht Ozo and SS. County Brand, No. 14619.
Schooner Catherine M. Moulton No. 9988.
Schooner Zolo Dixon, No. 13999.
Schooner Carrie L. Hirtle, No. 6078.
Schooner Sea King, No. 6077.
Schooner Jennie P.S., No. 6270.
SS. Glen Allan, No. 5550-45.
SS. Mahone, No. 6125.
Schooner Abascena, No. 10900-5.

7. Files Nos. 112976, 112977, and Service File No. 9222—*re* Three Cars reported by R.C.M.P. in August, 1923, two of which were seized from O. Falcon.

8. Departmental files and reports respecting three cars reported upon by the Royal Canadian Mounted Police in August, 1923, two being seized. Seizure numbers are 32172 and 32173, files are numbered 112976 and 112977.

9. Joseph Schussel files, as follows:—

Customs File 122081, seizure 34692.
Customs File 122364, seizure 34891.
Customs File 122080, seizure 34693.
Montreal Preventive File 12009.
Ottawa Preventive File 12009.

Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., was recalled. He filed, and Mr. Calder read,—

Exhibit No. 113—Statement of postponements, and by whom they were asked for, in connection with the John Landy (Customs Officer, Montreal, Que.) case.

Witness retired.

Mr. Clifford Walter Harvison, ex-member of R.C.M.P., Montreal, Que., was recalled and examined further respecting the "Martin" case.

Witness retired.

Mr. Thomas Heavers, Senior Customs Examiner, Montreal, Que., was recalled and again sworn. He was examined regarding the "Caughnawaga" case.

Witness discharged.

Mr. Noel Chasse, Departmental Solicitor, Department of Customs and Excise, Ottawa, Ont., was called and sworn, and examined as to the reason for the "Landy" case being dropped by the Department.

Witness retired.

Mr. Calder read and filed, as being the instructions received by Mr. Heavers upon appointment,—

Exhibit No. 114—Customs Forms E-12 and E13, Oath of Office, Oath of Allegiance, and Certificate of Superior Officer that said Oath of Office and Oath of Allegiance have been subscribed to.

Detective Sergeant Salt was recalled and examined as to the Joseph Schussel,, alias Joseph Goettenburg case of smuggling atophan, luminol and Birds of Paradise.

Witness retired.

Corporal John H. Kyle, R.C.M.P., Montreal, Que., was recalled and examined respecting the Schussel alias Goettenburg case.

Witness retired.

Mr. Noel Chasse was recalled and examined further regarding the Landy case.

Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Moved by Hon. Mr. Stevens,—For a statement giving the export entry numbers of all liquor exports from lake ports from Kingston, Ontario, westward to Sarnia, Ontario, inclusive, and including all outports. Also showing the name of the exporter, place of origin of shipment, name of consignee and place of destination during 1925 and 1926. The above statement to be submitted as the information from each port or outport is compiled.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before the committee of C. B. Alexander, Customs Preventive Officer, Toronto, on Friday, April 16th, 1926.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of Customs and Preventive files having reference to Anthony Sacca, seizure made at or near Fort Erie and Westley Electric Store, Windsor, together with all correspondence referring thereto.

Motion agreed to.

Moved by Mr. Doucet,—That the following witnesses be summoned to appear to-morrow, 8th April, at 10.30 a.m.:

Sergeant Churchman, R.C.M.P., Montreal.

Corporal Styran, R.C.M.P., Montreal.

Corporal Zaneth, R.C.M.P., H.Q., Ottawa.

Customs Assistant Appraiser, Geo. Gauthier, Montreal.

Mr. Stewart, c/o Blaiklock Bros., 41 Common street, Montreal. (Record re Schussel, alias Goettenburg.)

Sub-Collector of Customs Horne, Frontier, P.Q.

A. E. Skinner, c/o Blaiklock Bros., 41 Common street, Montreal, P.Q.

Customs Broker's Clerk W. Murphy, Jr., Montreal.

Motion agreed to.

Mr. William Lionel Hicklin was recalled. He filed,—

Exhibit No. 115—Statement of imports of anthracite and bituminous coal from the United Kingdom entered for consumption at the Port of Montreal during the fiscal years ended March 1st, 1923 to 1925, and for the current fiscal year to February 28th, 1926.

Witness to produce later the export entry of the Murray Chemical Company and the Imperial Export.

Witness retired.

Corporal Kyle was recalled and examined respecting service of summons to Mr. Bisaillon to appear as a witness in the Schussel case.

Witness retired.

Mr. Hicklin was recalled and examined as to the serving of summons to Mr. Bisaillon to appear as a witness in the Schussel case.

Witness retired.

Detective Sergeant Salt was recalled and examined as to the activities of Keith Von Harrison, narcotic smuggler, and importations received by the Edward Thorne & Company firm in Montreal. Witness filed,—

Exhibit No. 116—Sketch illustrating the markings on wooden packing cases containing goods shipped from Switzerland.

Witness retired.

Corporal Kyle was recalled and examined in reference to the Von Harrison seizure.

Witness retired.

Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont., was called and sworn, and examined as to the investigation conducted by him in respect to the importation from Switzerland of narcotic drugs by Thorne & Company, Montreal.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, April 7th, 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.

ERNEST CHARLES PARKER SALT re-called.

By Mr. Calder, K.C.:

Q. Under the oath already taken by you, Sergeant Salt, you undertook to prepare a list of the adjournments of the cases against John Landy, Customs Officer. Have you prepared that list?—A. Yes.

Q. Do you now produce that as an Exhibit?

Hon. Mr. STEVENS: Mr. Calder, I would like to have this go into the record.

Mr. CALDER, K.C.: Read into the record?

Hon. Mr. STEVENS: Yes, as part of the record.

Mr. CALDER, K.C.: It is now produced as Exhibit No. 113, and is now being read into the record. (Reads):

John Landy Case.

Sergeant Salt, R.C.M.C., submitted the following statement of postponements and by whom they were asked for (taken from the official record) viz:—

29 January, 1924—Summons served.

1 February, 1924—Case called and adjourned by request of Defence—Crown Lawyer absent—2 C.P.R. Constables from N.B. present.

8 February, 1924—Case called—Mr. Rivet present—Mr. Dillon asked for adjournment to get witnesses from C.P.O.S. Borden—2 C.P.R. Constables from N.B. present.

15 February, 1924—Case called—Mr. Rivet present who explained that by arrangement with Mr. Dillon the case would be postponed.

22 February, 1924—Case called—Mr. Rivet absent—Mr. Dillon asked adjournment as not ready to proceed.

29 February, 1924—Case called—Mr. Rivet not present nor was Mr. Dillon —In absence of Crown Lawyer, Mr. Depocas asked for adjournment.

7 March, 1924—Case called—Neither Lawyer present—Case again adjourned.

14 March, 1924—Case called—Mr. Rivet absent—Mr. Dillon asked for adjournment.

21 March, 1924—Both Lawyers absent when case first called—Mr. Rivet appeared later and was told case had been postponed.

28 March, 1924—Mr. Rivet asked for remand on consent of both Lawyers.

4 April, 1924—Mr. Depocas took over the Defence and stated that by arrangement with Mr. Rivet case was to be adjourned as Mr. Rivet was in Ottawa.

9 April, 1924—Case adjourned on request of Defence.

11 April, 1924—Case adjourned as Mr. Rivet was not there.

16 April, 1924—Case adjourned—Mr. Rivet absent.

23 April, 1924—Case adjourned—Mr. Rivet absent.

25 April, 1924—Case dismissed on wrong procedure.

27 May, 1924—New charge laid.

29 May, 1924—Summons served.

2 June, 1924—Case called—Common consent—Landy ill—Mr. Rivet claimed he did not agree.

9 June, 1924—Enquete set for June 25th, and accused released on Parole.

25 June, 1924—Case adjourned owing to absence of Sgt. Churchman.

12 July, 1924—Mr. Rivet said case adjourned to September 1st, 1924—No reason given.

21 August, 1924—It was found that case was put back to September 12th, 1924.

29 August, 1924—Ordered to drop case.

24 September, 1924—Order complied with.

Mr. CALDER, K.C.: That is all, for the moment.

Witness retired.

CLIFFORD WALTER HARVISON re-called.

By Mr. Calder K.C.:

Q. You have been already sworn?—A. Yes.

Q. Since you were called into the box, have you had an opportunity of refreshing your memory by your report?—A. I would like to have the file with me. It is right here.

Q. Will you state whether it was you who was detailed to go to the Customs House and examine and detain, if necessary, cases consigned to one Albert Martin, shipped from New York?—A. No, it was not me. I detailed Mr. Cahill to cover the thing.

Q. Did you go down there yourself at any time, in connection with these cases?—A. Not until after the cases had been missed.

Q. Not until after the cases had been missed?—A. No.

Q. Whom did you see? Was it yourself who discovered that the cases had gone?—A. No.

Q. Was it in consequence of your questions that that came to the surface, that fact?—A. I first learned that the cases had been missed by Mr. Bramsell, of the American Express Company.

Q. Did you take up the matter with the authorities?—A. Yes.

Q. What authority, at the Customs House, did you take it up with?—A. Mr. McLaughlin.

Q. Was Mr. O'Neill called in at any time while you were there, to explain the disappearance of the cases?—A. No, he was not.

Q. Do you know whether O'Neill was questioned in connection with it?—A. Mr. McLaughlin made arrangements to accompany me on the following—several days later, anyway, to make a thorough investigation of the matter.

The CHAIRMAN: Will you speak very loud. We do not hear anything here.

The WITNESS: Arrangements were made with Mr. McLaughlin, to meet him on the following day, or several days later, to make a thorough investigation of the matter. I talked the disappearance over with Mr. McLaughlin and he informed me that he was quite positive that a man by the name of Valiquette was responsible for the disappearance. He had had something similar against him a year previously. On the day of the appointment with Mr. McLaughlin I called and interviewed him, and he informed me that he had already conducted the investigation.

By Mr. Calder, K.C.:

Q. Was that investigation to have been jointly conducted?—A. Yes.

Q. Was that the agreement?—A. Yes.

Q. So that you did not have the advantage of hearing any of the witnesses in connection with the matter, that were examined?—A. No.

Q. Did Mr. McLaughlin say whether he could accurately place responsibility under the system then obtaining at the Customs House?—A. No.

Q. Did he tell you that it could not be accurately placed under the system obtained?—A. He said it could not be accurately placed.

Q. He only had a moral conviction?—A. He only had a moral conviction, by the fact that the boxes must have disappeared between certain hours, when this other man was on duty.

Mr. CALDER: I will call Heavers. When a witness is discharged, should he be sworn again or is it understood he is speaking under the same oath?

The CHAIRMAN: Was he discharged.

Mr. HEAVERS: Yes, I was discharged.

THOMAS HEAVERS, recalled and sworn.

By the Chairman:

Q. Your name?—A. Thomas Heavers.

Q. Occupation?—A. Senior Customs Examiner.

Q. Montreal?—A. Yes sir.

By Mr. Calder, K.C.:

Q. Mr. Heavers, do you remember on August 9th, 1923, of a numerous party setting out to watch the various routes to Montreal?—A. Yes sir, very well.

Q. The initiative of that came from the Customs itself?—A. From inspector Clerk.

Q. Not from the Mounted Police?—A. Not from the Mounted Police, no sir.

Q. You say this expedition was ordered by Inspector Clerk?—A. Yes, that a load of silk was supposed to be brought over by a man by the name of Lanetsky. I think it would be shown in the files under the name of Falcon.

Q. You say that this was a guard put on, on account of information received that a large cargo of silk would be smuggled through by people by the name of Lanetsky?—A. Yes, supposed to be that name.

Q. Where did the party assemble, at the Customs House?—A. Yes, two men were sent to the Longueuil Ferry, two men at the bridge, and two men at the Lachine Ferry.

Q. Who was the Customs officer in charge of the party that went to Lachine?—A. I was in charge, sir.

Q. The assistance of the Mounted Police had been required?—A. They were asked to come with us.

Q. And were subject to your orders?—A. Yes sir.

Q. The option of seizure or arrest, or both, rested with the Customs officers at the time?—A. We had no power to hold or arrest.

Q. You say that they had no power?—A. No, they had no power either to hold or arrest or prosecute, without the instructions of the department.

Q. Was it your standing instruction that if you caught a man smuggling you could not hold him?—A. Nothing.

Q. Was that instruction given to you by any circular, or was it merely the practice of the department?—A. The practice of the department.

Q. When you entered the Preventive Service, I suppose you were told that you were a peace office?—A. I was never in the Preventive Service.

Q. No?—A. No sir.

Q. As a Customs officer you know you come under the category of a peace officer?—A. I do not know that. I took an oath to protect the revenue.

Q. Were you ever told that not only could an officer arrest a man who is committing an offence but an ordinary citizen could do so?—A. I do not know about that.

Q. You were never told that?—A. No sir.

Q. When you were sworn in, who instructed you as to your duties?—A. It is in a form that I signed.

Q. What is the number or description of the form?—A. I don't know what the number is; the collector takes your oath and signature.

Q. I take it that at the moment you went to Caughnawaga, your duties and rights as to arrest had never been advised to you, or defined?—A. No sir.

Q. It was the practice in the department not to arrest anybody even if found committing?—A. Never to my knowledge.

Q. That was the practice in the department, not to arrest, even if the man was found committing, and you even go so far as to say you were forbidden to arrest?—A. I did not say "forbidden", I was never told; not forbidden, I was never told.

Q. If you were not forbidden to arrest, looking at the matter from a common sense point of view, did you know you had power to arrest?—A. I do not know.

Q. How do you suppose prosecutions could be undertaken if arrests were not made and no instructions were given?—A. You could order an arrest under the Customs orders.

Q. Wouldn't that be late in the day?—A. It probably would.

Q. Wouldn't it invariably be late in the day?—A. Yes, not until I got instructions from my superior.

Q. You got instructions not to arrest except upon advice from the department or instructions from them?—A. I never got instructions about arresting at all.

Q. You told us that you were not supposed to arrest?—A. I said that I had neither power to arrest, hold or prosecute without instructions from the department.

Q. You did get instructions?—A. I did not get instructions.

Q. Where did you get that notion?—A. Through the practice that existed.

Q. How long have you been in the service?—A. Nineteen years.

Q. So the practice was not to arrest, but merely to seize and ask for instructions?—A. Ask for instructions and sent in the report.

Q. When you sent in a report, did you get instructions to investigate and arrest?—A. Only on one occasion and that was in the case of Goldberg, where I arrested him with a false invoice.

Q. That is the only case of an arrest in nineteen years?—A. Yes. I was only seizing for five years.

Q. In these five years, having knowledge of the penalty clause in the Customs Act, you acted only once and made an arrest?—A. Yes.

Q. And investigated?—A. That is all.

Q. Who was in the party that went with you to the Lachine Ferries?—A. Sergeant Anderson, myself, Officer Goyette—

Q. Corporal Styran?—A. Yes, and the driver of the car—I think his name was Furlong.

Q. Was he a Customs Officer?—A. Mounted Police officer.

Q. There were three Mounted Police officers and two Customs officers there?—A. Yes.

Q. Did you remain in the machine or cross to Caughnawaga?—A. Yes, to Caughnawaga.

Q. There are two ferries?—A. Yes.

Q. Which ferry did you cross by?—A. The old ferry.

Q. That is the upper ferry?—A. Yes.

Q. Did you know at that time that there were two ferries or only one, the upper one?—A. Two ferries.

Q. Who was at the upper ferry?—A. Corporal Anderson, and myself, and Furlong.

Q. With the car?—A. Yes.

Q. Who was at the lower ferry?—A. Styran and Goyette.

Q. Styran?—A. Yes.

Q. Now, did you see three cars come up to the ferry?—A. We were waiting about four hours for the silk. I was sitting inside the car, and Corporal Anderson came up and said that there were three cars coming up with dealers' licenses on them. I got out of the car and as soon as I got out of the car, the three cars switched around and went away.

Q. They were evidently running away?—A. Yes.

Q. It was manifest to you?—A. As soon as I stepped out of the car, they turned around.

Q. Until you came up, they had manifested no desire to run away?—A. They only had just driven up.

Q. Were the Mounties in plain clothes?—A. Yes.

Q. It was upon your appearance that they turned tail?—A. Yes.

Q. And from that moment they must have known that you were officials and that they were committing some illegality?—A. Yes.

Q. You know, of course, that it afterwards developed that Legault, Falcon, and a man named Cameron, were in the three cars?—A. Yes.

Q. You had known Falcon for some time?—A. Yes, there is no love lost between us.

Q. You know Legault?—A. Yes.

Q. They know you?—A. Yes, they do, well.

Q. Seeing you, they turned tail and went away; where did they go to?—A. To the lower ferry.

Q. That is where Styran and Goyette were?—A. Styran and Goyette were at the upper ferry with us.

Q. The lower ferry was not being guarded?—A. No sir, not at that time, we were all together.

Q. It might be explained to the Committee that if you post a detachment at the upper ferry, you control the roads, the nearest American roads, what is that?—A. Along the Chateauguay road.

Q. What was done after these men went away?—A. Corporal Anderson said to me, "What do you think we had better do." I said, "We had better give them a chase."

Q. That came from the Mounties?—A. From me.

Q. The suggestion?—A. Yes.

Q. You did not immediately order a chase of your own motion?—A. I did not get time; Anderson spoke too quickly.

Q. And did you order a chase thereupon?—A. Yes sir.

Q. Where did you go?—A. We went down to the lower ferry and as soon as they saw us they turned around and scattered. Two cars went towards the Chateauguay road and the other went to the Laprairie one.

Q. The one that was plainly leading towards Montreal?—A. Yes.

Q. Did the other cars follow?—A. We only had one car.

Q. But everyone in the car?—A. Yes.

Q. Do you mean to say that Anderson, Goyette, Furlong, and yourself chased after one car?—A. From my recollection, yes.

Q. You did not take the initiative of ordering a party to remain and see what the other two would do—A. No sir, it was no use for a man on foot?

Q. He might keep his eyes open?—A. People would not come back the second time.

Q. How far did you have to chase the car?—A. About six or seven miles.

Q. Did you arrest it after they stopped?—A. We did not arrest them. We followed them, and ran up alongside of them and shoved them into the ditch; Corporal Anderson ordered them to stop.

Q. It must have been plain to them that you were following?—A. I do not know.

Q. It must have been plain that you were chasing them?—A. Yes.

Q. You had to shove them into the ditch?—A. Yes.

Q. It must have been clear to you that they were engaged in some illegality?—A. To my recollection I think that they were.

Q. I do not want to take you by surprise. Do you say that you were in the car that pursued?—A. Yes, in the car with Corporal Anderson.

Q. What happened when you ditched the car—A. I jumped out of the car, and I spoke to the party in the car, one of the parties, and asked what his name was, and he said, "Cameron," and that the car belonged to the Robertson Motor Company. As soon as he said that, I knew Falcon was an officer of the company, and I said, "The car is under seizure."

Q. Your statement is, or you tell us that down the road was the car in which Cameron was?—A. Yes.

Q. Was he in the car in which Legault and Falcon were?—A. No.

Q. You caught Cameron?—A. Yes.

Q. What did you do?—A. Put Goyette and Styran in the car, and told them to drive to the ferry.

Q. Was not that an arrest?—A. No, seizure of the car.

Q. With Cameron in it?—A. Yes.

Q. And you told Cameron to stay on the car?—A. I told him to stay on the car, because I was afraid we would not have enough drivers to drive the cars away.

Q. Was that your only reason for holding Cameron, that you wanted someone to drive the car?—A. That was not the only reason; there were the other cars.

Q. As a matter of fact, did you not hold Cameron with some notion of arresting him, at that time?—A. No, sir, I did not.

Q. Did you see Legault and Falcon subsequently, that night?—A. No, sir, I did not.

Q. Did you speak to either of them, or to both of them, before they left the upper ferry?—A. No sir, I did not.

Q. Did you see him on the way, as you were coming back with Cameron?—A. No, sir. There was a car going past, and I think Mr. Anderson said "I think that must be them."

Q. Did you recognize them?—A. No sir; it was too dark.

Q. Did Goyette make a report to you?—A. He did. Goyette stated that Falcon stopped him on the road and said he had the entry papers.

Q. Where was Goyette then?—A. Goyette was in the Jewett car, and we were in the other car, the Mounted Police car.

Q. Cameron was driving with Goyette?—A. And Styran.

Q. He stated to you that as he was coming back with Cameron he met Legault and Falcon?—A. He mentioned Falcon.

Q. But did not mention Legault?—A. He did not mention Legault to my recollection.

Q. As you were driving back with Cameron with the police car, which car was leading?—A. We were leading.

Q. You were leading?—A. Yes, sir.

Q. And Goyette and Cameron?—A. They were in the rear.

Q. Cameron was not a very bold man?—A. No, sir.

Q. Or he might have got away from you?—A. Yes.

Q. What was Goyette's report to you?—A. Mr. Goyette stated that Falcon had run up to him and said he had all the entries covering the car, the papers covering the car.

Q. Did Goyette examine those papers?—A. I do not believe he saw the papers.

Q. You say you do not believe he saw the papers?—A. No, sir.

Q. He did not report to you that he had examined the papers?—A. No, sir.

Q. Did he state what he said to Falcon on that occasion?—A. No sir, not to me.

Q. Goyette was your subordinate in this matter?—A. He was supposed to be my assistant.

Q. Did you not ask him for a detailed report?—A. No sir, I did not.

Q. Why not?—A. Because I did not see the necessity of it.

Q. But there were three men behaving in an absolutely suspicious fashion; you had to chase one of them six miles, and ditch him in order to stop him, and you did not think the occasion warranted any curiosity upon your part as to the movements or the statements of any of those men?—A. I told Goyette that if Falcon wanted to show the papers to bring him up to me; but Falcon never showed up.

The CHAIRMAN: Did you read the proceedings of yesterday, Mr. Calder?

Mr. CALDER, K.C.: No sir, not yet.

The CHAIRMAN: One of the last answers yesterday was that the papers were shown to Goyette.

Mr. CALDER, K.C.: But he does not believe that Goyette saw the papers at all, Mr. Chairman.

By Mr. Calder, K.C.:

Q. So that Goyette reported to you that Falcon told him that he had the papers for the cars?—A. That he had papers to that effect.

Q. And Goyette told you he did not see them?—A. No sir.

Q. Did you ask him?—A. I did not.

Q. Why not?—A. I do not know why I should ask him that, Mr. Calder.

Q. I should think that that is one of the most obvious things in the world.

The CHAIRMAN: You should have heard the evidence of Goyette yesterday, Mr. Calder.

Hon. Mr. STEVENS: He would have been dumbfounded.

WITNESS: I knew that if Falcon had the papers he would have been down to the Customs House with the papers, to get the car.

The CHAIRMAN: He said he did not know anything about the papers, to go to Mr. Heavers, that Mr. Heavers was an experienced Customs officer.

By Mr. Calder, K.C.:

Q. But why did you not require a further report from Goyette?—A. Because I knew that if he had the proper papers he would be at the Customs House to get his car.

Q. But in the meantime it might have been interesting to you to see what kind of papers they were, so that if he turned up later, you could find out if there was anything discreditable?—A. If it had been me, I would have had a look at the papers.

Q. But you would not have arrested him?—A. I would not have had the power.

Q. The summary of Goyette's report to you was that Falcon said he had the papers?—A. Yes.

Q. And Goyette then, upon Falcon's say-so, let the car pass?—A. The car was standing about 200 or 300 yards away, on the road, and Falcon got out and came running on foot to him.

Q. And said he had the papers?—A. That he had the papers covering those cars.

Q. And that was all that Goyette reported to you?—A. That was all Goyette reported to me.

Q. Did he report that he had told Falcon to turn around and go and see you with the papers at the wharf?—A. Yes, and we waited for about fifteen minutes, to see if he would come.

Q. I suggest to you, that if Goyette had been properly instructed he would not have allowed him to go, but that he would have taken him?—A. But we had no suspicion that these cars would have come across.

Q. But they were there?—A. Yes.

By Hon. Mr. Stevens:

Q. How did you expect the silk to come?—A. We expected it to come by automobile.

By Mr. Calder, K.C.:

Q. How did you know at the moment that these were not the automobiles with silk in them?—A. We did not know, at the time.

Q. It is precisely because you did not know that it would have been a good idea to arrest them?—A. As soon as they ran, we chased them.

Q. Then you had Cameron, and had one car; did you find another car?—A. We found a Hudson in the ditch, up against the house, filled with automobile tires and tubes.

Q. Did you find anything else in the two cars?—A. Yes, after the police arrived we did.

Q. What did you find?—A. Two sets of punches.

Q. For what?—A. The altering of automobiles.

Q. By that time you must have been convinced that these cars were illegally entered cars?—A. I was convinced, from what I had seen of them.

Q. And you had Cameron?—A. Yes.

Q. Did you know him before?—A. I never saw him before in my life.

Q. I suggest to you that it would have been an excellent thing to hold Cameron to see if he could be identified with these cars afterwards, if prosecutions were entered. Where did you go with Cameron?—A. To the Mounted Police.

Q. Was Cameron left in your charge there?—A. Not to my knowledge.

Q. Be careful now?—A. I am speaking the truth, I am here under oath, Mr. Calder.

Q. Whose suggestion was it that Cameron be brought to the Mounted Police?—A. As soon as we got to the other side of Lachine, Mr. Clerk and Mr. Bisaillon took full charge of everything.

Q. It was decided that Cameron should go to the Mounted Police?—A. With the car, he was to go to the Mounted Police.

Q. That Cameron should go to the Mounted Police?—A. Cameron and the cars.

Q. For what purpose?—A. I do not know for what purpose. Mr. Clerk was in charge.

Q. Did Mr. Clerk go up?—A. He did.

Q. To the Mounted Police?—A. Yes, sir.

Q. And Mr. Bisaillon?—A. Yes, all of us went up there.

Q. Where did Cameron remain, during the short time he was on the premises?—A. Cameron was on the street, also inside the garage.

Q. And in the garage?—A. And in the garage.

Q. Mr. Clerk and Mr. Bisaillon, where did they go?—A. They were in the garage. There was a lot of excitement and hubbub there, a lot of talking.

Q. After the hubbub had subsided a bit, where did Mr. Clerk, Mr. Bisaillon and the Mounted Police go?—A. In the garage.

Q. All the time?—A. They were counting the tires, Cameron and myself.

Q. Were you ever alone with Cameron at any time?—A. Not to my recollection.

Q. Is it true that he was left in your charge?—A. Not to my recollection; I would not like to swear definitely.

Q. So that if any person here swears that he was left in your charge, you would not be prepared to deny that statement?—A. I would not, because there was so much talking.

Q. Were you alone in the garage, or in any part of the Royal Canadian Mounted Police premises with Cameron?—A. Not to my knowledge.

Q. Who would know that, if you do not?—A. If I knew it I would tell you; I would say yes.

Q. You mean you do not recollect?—A. No sir, I do not.

Q. How did Cameron come to leave?—A. Cameron came to leave when I was counting the tires in the garage; when I came out he was gone.

Q. When you came out he was gone?—A. When the bunch of us came out, all the crowd of us, he was gone, Mr. Clerk, myself, and Mr. Bisaillon.

Q. And the Mounties?—A. Some of the Mounties.

Q. Which ones?—A. I think there were three or four. We were going to make a raid on Linetsky's house that night; we left the garage to go straight to Linetsky's.

Q. Which ones of the Mounties were there at the same time?—A. I think Sergeant Salt was in the garage at the time I left.

Q. In charge?—A. I would not say he was in charge, but he was there.

Q. At the precise moment Cameron left?—A. No, I would not say that.

Q. Where did you last see him?—A. In the garage.

Q. Were the doors closed?—A. No, the doors were open.

Q. Did Cameron hang around a while?—A. He did, for five or six minutes.

Q. He must have been under the impression that he was arrested?—A. I do not think he was, but maybe he was.

Q. Was he questioned by anybody that night?—A. Not to my knowledge.

Q. By Mr. Clerk?—A. Not to my knowledge.

Q. Nor by you?—A. No, sir.

Q. And the Customs House authorities were in charge of it at that time, that includes Mr. Clerk?—A. Mr. Clerk was in charge.

Q. How long did you know Falcon?—A. I have known Mr. Falcon about four years.

Q. While you were a seizing officer?—A. Yes. I made a lot of seizures for him.

Q. You said there was no love lost between you and Falcon?—A. Not a bit of love, there was not.

Q. Why?—A. Too many seizures.

Q. Did you not make some seizures sometimes which had the effect of assisting Falcon?—A. What do you mean?

Q. Did you not make seizures at a moment which was very opportune, and that assisted Falcon to hold a car?—A. Not to my knowledge.

Q. Let me try to refresh your memory. Did you visit Falcon's garage often?—A. I was never in Falcon's except when I was looking for cars, in my life.

Q. Do you recollect this incident: A bailiff turning up with a writ of replevin, and you telling the bailiff not to seize that car, that the Customs seized it?—A. That was in the Ritz garage, one of the seized cars belonging to the Government.

Q. That car was actually under seizure?—A. Under seizure.

Q. And you told the bailiff not to seize it?—A. I told the bailiff he could not look at the number; yes, I did.

Q. Why not?—A. Because I had strict instructions not to let anybody look at the numbers.

Q. That is interesting. A bailiff, with a court order, a writ of replevin, describing an automobile—wait a moment—it is a writ from a higher court, that orders him to seize a certain automobile, identified, as only automobiles can be, by make, year, and serial number; the bailiff comes into the garage, he wants to identify that car in order to exercise his writ of replevin, and you tell him that you have instructions that he cannot identify it?—A. I told him to see the entry.

Q. Who gave you these instructions?—A. I got my instructions through the Entries' officer.

Q. But what particular officer gave you those instructions?—A. Mr. Weldon, to my knowledge.

Q. Mr. Weldon told you not to allow anybody, bailiffs included?—A. He did not mention anybody. That was all my instructions.

Q. Was that car seized?—A. That car was seized.

Q. It actually was seized?—A. Yes.

Q. There was a K-9 on it?—A. Yes, sir.

Q. The bailiff did seize the car, did he not?—A. I believe he left a man in charge there frequently.

Q. Will you explain to us how that car got out of that garage and was sold in New Brunswick, the day afterwards?—A. That is more than I can tell you, sir.

Q. As a seizing officer, were not the facts referred to you at all?—A. No sir, they were not.

Q. Do you remember releasing that seizure?—A. I did not release the seizure.

Q. You say you did not release the seizure?—A. No, sir.

Q. Do you remember the seizure being released?—A. I do.

Q. By whom?—A. By the Inspector's office. The car you are talking about is the Caughnawaga car.

Q. Is that the Caughnawaga car?—A. Yes, sir.

Q. So that the moment that car was released, the collector of Customs knew that the people driving it had arrived at the ferry, had run away; at the moment the seizure was released on that car, the collector of Customs knew that the people driving it had come up to the ferry, seeing you, had run away, that it was one of a party of three cars, and that somebody was claiming it as being stolen?—A. I did not say that Mr. Clerk knew it.

Q. But you knew it?—A. The release was made from the Department through Mr. Clerk's office.

Q. You knew this fact?—A. I did, yes.

Q. Did you report to anybody in authority that there had been an attempt to replevin that car on behalf of the real owner of it?—A. The man who reported to be a bailiff—I got him on the telephone and he telephoned Mr. Weldon.

Q. He telephoned Mr. Weldon?—A. Yes sir; right direct from the garage.

Q. So that at the moment the car was released from seizure, Mr. Weldon knew from your report and the bailiff's report that the car had been taken under suspicious circumstances and was being claimed by the owner?—A. I don't

think Mr. Weldon would know, sir; I just make up a report and it is sent direct by his clerk.

Q. You mean he would have no personal knowledge?—A. No sir.

Q. Who would have personal knowledge?—A. One of the clerks, I think, sir.

Q. Who were the clerks?—A. There were two.

Q. Who were they?—A. Mr. Porteous and Mr. Beaudry.

Q. Mr. Porteous and Mr. Beaudry?—A. Yes; they write the letters, but they would have no recollection; they have so many letters going through.

Q. You know now that the statement you made to the bailiff had the effect of enabling Falcon to subtract that car from the seizure?—A. I know Falcon got the car delivered to him by the Department—got it released.

Q. Do you know under what conditions he had it delivered?—A. He had it released on the condition that the entries had been passed.

Q. Did you see that entry?—A. I seen it about a week afterwards.

Q. Did you compare it with the numbers of the car?—A. I was asked to go up and compare the numbers; the Hudson car compared with the entries, but the Jewett car did not, and I made my report to the Department.

Q. Then how was it released on that entry?—A. I don't know. I will tell you how I think it was released, Mr. Calder. They sent up Mr. Horn at Frontier, where the entry was passed, and Mr. Horn identified the car by a bullet mark in the back.

Q. Mr. Horn identified the car by a bullet mark in the back?—A. Yes sir.

Q. And changed the entry?—A. No, he did not change the entry, sir.

Q. So a car covered by an entry form which did not correctly describe it —and Falcon said "Give me that car; here is my entry?"—A. He did not say that; it went through the Department in Ottawa.

Q. I don't care how far it went. The position was this; Falcon had a Jewett sedan, and he produced an entry form, and it was claimed that the entry form did not correspond with the car— —A. Was not correct, no.

Q. —and on the strength of that entry form he kept the car?—A. He got the car from the Department, yes sir.

Mr. CALDER, K.C.: That is a good thing to know.

The CHAIRMAN: We will have to see the file to find out the real reason why the car was released.

By Mr. Calder, K.C.:

Q. Is this the only time you intervened with a seizure, having the same effect, namely, stopping replevin proceedings?—A. Replevin? Yes sir; the only time to my recollection.

Q. Are you sure?—A. I am not sure, but to my recollection, no sir.

Q. Did you ever hear it reported in your Department that the practice was set up that car smugglers and thieves themselves had their cars seized?—A. No sir, I did not.

Q. Never heard it said?—A. Not to my knowledge, sir, or recollection.

Q. You know of no specific instance of it?—A. No sir.

Mr. CALDER, K.C.: That is all.

The CHAIRMAN: That is all; you may go.

The WITNESS: May I leave Ottawa?

The CHAIRMAN: Yes.

The WITNESS: Thank you.

Witness discharged.

Mr. CALDER, K.C.: I will defer examining these files until I have a further opportunity to see them—

The CHAIRMAN: Mr. Chasse is here.

Mr. CALDER, K.C.: I did not call him; I don't know who called him.

Mr. TIGHE: We called Mr. Farrow yesterday, but he could not give us the information.

The CHAIRMAN: Mr. Chasse is very ill, and anxious to return home.

Mr. CALDER, K.C.: Very well. We will call him now.

NOEL CHASSE called and sworn.

By Mr. Calder, K.C.:

Q. You will have no difficulty in speaking English, Mr. Chasse?—A. No sir.

Q. Have you a file in your Department which covers the legal proceedings taken in consequence of smuggling alleged against Officer John P. Landy?—A. Yes sir.

Q. Have you that file with you?—A. No sir, I have not got it.

Q. Will you need to refer to it, or have you refreshed your memory by it?—A. I refreshed my memory a couple of months ago.

Q. And your memory is still good?—A. Yes sir.

Q. The facts, as stated under oath here, appear to be that Officer Landy was caught with three ships' officers of the C.P.O.S. Borden, taking liquor ashore; that at the time he was arrested he had got into a taxicab with the officers and had given a direction which was not a Customs House direction; that the ship's officers were arrested and subsequently a request was made to prosecute Landy, and instructions were given; that there was a technicality which upset the original proceedings and second proceedings, corrected, were entered, and that these ultimately were dropped: Were they dropped upon instructions from the Department?—A. They were dropped on a letter which I wrote myself.

Q. In consequence of what instructions did you write that letter?—A. In consequence of instructions received from the Honourable Mr. Bureau.

Q. Have you seen the correspondence which led up to Mr. Bureau's decision?—A. The decision came this way; Mr. Bureau wrote to me direct—he was in Three Rivers and wrote to me in the Department at Ottawa.

Q. Instructing you to drop the case?—A. Instructing me to drop the case.

Q. And you do not know upon whose report or upon what ground this decision was reached?—A. I think it was on compassionate grounds.

Q. It has been hinted here that it was on the report from the prosecuting counsel that the case was dropped.—A. I think the file would show that.

Q. Tell us what your recollection of the file is.—A. My recollection is that there is a letter from the prosecuting attorney.

Q. Perhaps you had better produce that letter.—A. The file is with the committee.

Mr. CALDER, K.C.: Is the file here? (To witness) I thought you had the file in your Department.

The WITNESS: Oh no.

Hon. Mr. STEVENS: Mr. Calder, there is an R.M.C. file here too, in addition to the Customs file, and I think probably you will find the letter you mention on the R.M.C. file.

Mr. CALDER, K.C.: There may be a reproduction of it.

Hon. Mr. BOIVIN: I think it is on the Customs file.

Mr. CALDER, K.C.: We probably will have the original there.

By Mr. Calder, K.C.:

Q. Mr. Chasse, I hand you Customs files under the titles J. P. Landy and Steamship Borden. Would you mind extracting the letter from that file? (Handing files to witness).—A. (Referring to files) I do not see that letter of Mr. Bureau's on these files.

Q. You do not find the letter of Mr. Bureau?—A.No sir.

Q. Well, we will pass over the letter for the time being, assuming we will be able to find it. Did the compassion of the Department extend to the limit of keeping this man in public employment?—A. No; it made no mention of that.

Q. The offence was completely forgiven?—A. The letter simply stated, as far as my recollection goes, that this was this man's first offence; that he was highly spoken of by his superiors, and that it was really an omission on his part.

Q. And he was not disciplined in any way at all?—A. Well, I cannot say that. I only dealt with the dropping of the decision.

Q. While we are on that subject, what does the law allow by way of discipline of Custom House officers? There is no provision for fining them for misprision of duty, is there?—A. I am not aware that there is any.

Q. So that the only forms of discipline which can be applied are reprimand, dismissal, or dismissal coupled with prosecution?—A. I suppose so.

Q. Would you not say, Mr. Chasse, that that is a weakness in the system; that if there were certain powers of disciplining men for infractions of duty by fining them, there would be less inclination to be compassionate and forgive offences on the assumption that the one which is discovered is the first one? —A. Of course, fear of punishment—

Q. —is always a deterrent— —A. —is the beginning of wisdom.

Mr. BELL: It used to be the fear of the Lord.

Mr. CALDER, K.C.: But the Lord has to be materially manifested. (To witness) That is all, Mr. Chasse. Will you try to see if you can trace those letters?

The WITNESS: When I refreshed my memory in this case a couple of months ago, I saw reference made in the report from this committee, asking for the file in the Department. They told me the file had been sent over here, but I had a copy of it, and the copy of that file showed the Minister's letter.

By Mr. Calder, K.C.:

Q. You know that this is a correct copy?—A. Oh, yes.

Q. Will you produce the copy?—A. It would be in the Department. I did not bring any of the papers with me.

Q. Will you send it?—A. I could produce a copy.

Q. You could produce a copy? We have had Mr. Bureau's letter. Will you produce Mr. Rivet's letter, if there be such a communication?—A. Yes.

By Hon. Mr. Stevens:

Q. Just a moment. I think we ought also to know why that letter of the Minister's was removed from the file. Who removed it?—A. I had nothing whatever to do with it.

Hon. Mr. STEVENS: For instance, Mr. Chairman, we have a file. Obviously there should be certain reports but they are not there.

The CHAIRMAN: I do not think actually that they have proven that the letter has been removed from the file. He cannot ascertain. He is only going to look through the file.

Mr. CALDER, K.C.: Mr. Chasse's statement is, that the letter was there but that it is no longer there.

Hon. Mr. STEVENS: A straight definite statement. There is no question about it.

The WITNESS: It was on the copy I saw in the Department.

By Mr. Calder, K.C.:

Q. You only saw the copy?—A. I only saw the copy of what was given, I mean.

Q. But you saw the original which was furnished to you?—A. I must have seen it when I got it.

Mr. DONAGHY: He has not said the original was on this file.

By Mr. Calder, K.C.:

Q. You have not stated that the original was on this file?—A. I do not see it here.

Q. Have you ever seen it there?—A. That is a couple of years ago.

Q. It is filed there or should have been filed with the file that we have now?—A. If this is the original file it should be on it. I left it there.

By Mr. Donaghy:

Q. Is it your office that this copy of the file is in that you are going to get? —A. This is the copy of it that I am going to get.

Q. Could not you telephone over now and we could clean it up in a few minutes?

The CHAIRMAN: Perhaps you will find it in your own office.

Witness retired.

Mr. CALDER, K.C.: I will file the affidavit and the oath of allegiance of Mr. Heavers' as being the instructions he received upon appointment, as Exhibit 114.

Mr. BELL: Can we have that read?

The CHAIRMAN: Reads:

Oath of Office

I, do swear to be true and faithful in the execution, to the best of my knowledge and power of the trust committed to my charge, by my appointment as
and that I will not require, take or receive any fee, perquisite, gratuity or reward or emolument, whether pecuniary or of any other sort or description whatever, either directly or indirectly, for any service, act, duty, matter or thing done or performed or to be done or performed in the execution or discharge of any of the duties of my said office or employment, on any account whatsoever other than my salary, or what shall be allowed me by law, or by order of the Governor in Council. So help me God.
Subscribed and sworn to before me
at
this day of 19

Oath of Allegiance

I, do sincerely promise and swear that I will be faithful and bear true allegiance to His Majesty King Edward V, as lawful sovereign of the United Kingdom of Great Britain and Ireland, and of this Dominion of Canada, dependent on and belong-

ing to the said Kingdom, and that I will defend him to the utmost of my power against all traitors, conspiracies or attempts whatsoever which shall be made against His person, Crown and Dignity, and that I will do my utmost endeavour to disclose and make known to His Majesty, His Heirs, or Successors, all treasons or traitorous conspiracies and attempts which I shall know to be against Him or any of them; and all this I do swear without any equivocation, mental evasion or secret reservations. So help me God.

Subscribed and sworn to before me at
this day of 19 .

Custom House

Port of day of 191 .

I hereby certify that has this day taken and subscribed before me the Oaths of Allegiance and of Office prescribed by Act Chap. 16, revised Statutes of Canada, 1906, ("The Civil Service Act") being duly authorized to administer the same.

Mr. BELL: That would not seem to contain any very specific instructions.

The CHAIRMAN: Oh, no.

Mr. CALDER, K.C.: It is characteristic of the nature of the Civil Service, that they are pitch forked in and made to fend for themselves.

Mr. DOUCET: What was the form of Oath before we had the Civil Service Commission?

The CHAIRMAN: The same thing. They are all the same form of oath, for judges and everyone, who receive commissions.

ERNEST CHARLES PARKER SALT recalled.

By Mr. Calder, K.C.:

Q. I am now going into a matter which has special significance because it followed almost immediately upon the Spanish Consul case, and the same leak apparently was still functioning.

Hon. Mr. STEVENS: What is the name of it?

Mr. CALDER, K.C.: This is the case of one Joseph Schussel, alias Joseph Goettenburg. I may say that in this case there was a prosecution also, a successful one, but what I want to show is the flaw in the Customs barrier.

By Mr. Calder, K.C.:

Q. Have you had the advantage, Sergeant Salt, of looking over the file in the preparation of this— —A. Not recently.

Q. Not recently?—A. No. I have some notes on it.

Q. I will guide myself on the file and if you are stuck you will refer to your report. On what date was the Schussel seizure made?—A. About August 27, 1923.

Q. You had received certain information that this man was receiving goods?

The CHAIRMAN: Will you speak louder, Mr. Salt, please?

By Mr. Calder, K.C.:

Q. You had received information that Schussel was passing goods?—A. We received information that a consignment addressed to Gottenberg was then in the Customs, and was likely to contain contraband.

Q. What was the nature of the shipment? I mean, how was it packed?—A. There were two packing cases.

Q. Did you detail anybody to verify the information?—A. I detailed Corporal Kyle.

Q. Did you receive a report from Corporal Kyle that the cases were there? —A. I was kept posted in the investigation, as it went on.

Q. Were the cases fiinally located?—A. The cases were located in Blaiklock Bros., a portion of it; a portion of it at the Mount Royal Hotel; a portion of it at Stanstead, P.Q., and we had reason to believe that another portion went Toronto way, but we did not know for certain.

Q. Did you go to Blaiklock Bros., in consequence of the discovery of the cases?—A. No. Corporal Kyle went there.

Q. Did he impound the cases?—A. Yes.

Q. Where were they brought?—A. Brought to the Mounted Police Barracks.

Q. Were they examined there?—A. Yes.

Q. By whom?—A. By me.

Q. Now, did you examine the cases, so far as the packing was concerned? You had better take your report? To cut the matter short, was there evidence, upon examination of the cases, that they had been brought up and examined at the Customs?—A. When we seized the cases, the cases had been opened and part of the goods taken out by Schussel or Goettenberg, and some of it shipped to Stanstead, and some to the Mount Royal Hotel.

Q. Now, what did the cases contain?—A. They contained a quantity of atophan, a quantity of luminol and ninety-nine Birds of Paradise.

Q. In that case?—A. In those two cases.

Q. Do atophan and luminol come into the category of narcotic drugs?—A. No.

Q. They do not?—A. No, they do not.

Q. Are they under a high valuation?—A. I could not tell you the exact valuation, but from inquiries locally, I think it was selling at about half a dollar a tube.

Q. Did you proceed to the Customs House and examine the entry papers, which I will produce later from the file?—A. I saw the entry papers at my office or at the Customs House.

Q. Did you see the speciman invoice?—A. Yes.

Q. That would be the paper lowest down on the file?—A. Yes.

Q. What were those invoiced as?—A. It was invoiced as luminol and atophan.

Q. Were the Birds of Paradise correctly invoiced?—A. No, because the quantity of luminol and atophan as shown on the invoice was much less than the quantity seized.

Q. So that the quantity itself was less than the quantity shipped, because it had already been tampered with?—A. We cannot prove definitely that any of the stuff escaped us. There are indications that it did, inasmuch as we found a paper showing that he had shipped a parcel Toronto way of ninety-nine Birds of Paradise, possibly one more bird; maybe one hundred.

Q. But it is certain that, taking the quantity seized, that quantity was greater than the quantity invoiced?—A. Yes, far in excess.

Q. You say the Birds of Paradise were in it also?—A. Yes.

Q. Are Birds of Paradise admitted into the country?—A. They are contraband.

Q. How many Birds of Paradise were found in the shipment?—A. Ninety-nine.

Q. What are they worth, on an average?—A. I do not know exactly what they are worth. Some will run from fifty to one hundred and twenty-five dollars, illegally.

Q. Was there any attempt to disguise this shipment to any of the authorities at the Customs House? Did you know whether or not they were luminol, atophan and Birds of Paradise?—A. I did not see the packages before they had been opened.

Q. The inner packages?—A. The Birds of Paradise were in boxes inside the others.

Q. The Birds of Paradise were in boxes inside the others?—A. Yes.

Q. But the boxes containing atophan and luminol, were they labelled as such, and identifiable?—A. It was packed loose around.

Q. It was packed loose around?—A. Yes.

Q. Did you also examine the entry form?—A. Yes.

Q. What did the entry form show, as to the nature of the shipment?—A. The entry form was talcum powder.

Q. What did the speciman invoice, attached to the entry case? Atophan and luminol?—A. The invoice showed atophan and luminol. The entry papers showed talcum powder.

Q. What valuation was put by the entry form on the talcum powder?—A. Some of that luminol was sold to McEwen and Cameron, Limited, and we recovered the goods from McEwen and Cameron, Limited. We established that by a cheque found on Schussel's person.

Q. Which would make it? There is a report of September 2nd which I think summarizes the whole thing. October 16th, I think, is your final report on the matter. Within your recollection, is that not right? Did the cheque justify, by comparison with the amount seized from McEwen and Cameron, the price of the tubes?—A. Yes, I believe so.

Q. You were computing the price from the goods Schussel had sold for $22, and considered that was the price of the tube as shown on the specimen invoice?—A. No.

Q. Do you remember what the price was on the specimen invoice?—A. I do not think I copied the invoice, but it was substantially under.

Q. Was there a further declination?—A. The talcum is at a lower rate than atophan.

Q. Talcum powder would be worth how much?—A. It would be of a less value.

Q. Is twenty-five cents a tube a correct valuation?—A. It would all be on the Customs entry bill; you could get all particulars there accurately.

Q. You told us about a seizure at McEwen and Camerson's?—A. Yes, twenty-six packages were seized from McEwen and Cameron.

Q. Did you seize anything at the hotel?—A. Yes.

Q. What was seized there?—A. A portion of the ninety-nine Birds of Paradise, fifteen Birds of Paradise, two wireless receivers, and a quantity of papers.

Q. You traced another part of the shipment to Stanstead?—A. Yes.

Q. To whom as consignee?—A. The amount of goods seized in Montreal, at Blaiklock Brothers was two thousand nine nine nine tubes, sixteen boxes atophan, each containing twenty-five tubes, three boxes each containing five tubes, five boxes atophan—that was a separate class—sixteen packages of an approximate value of $3,250. That was what was seized at the Stanstead Manufacturing Company.

Q. What do they manufacture?—A. Overalls or cotton goods.

Q. You say Goettenberg, alias Schussel, was arrested?—A. Yes.

Q. What charge was laid against him?—A. He was charged under section 219.

Q. And—?—A. The section covering having false invoices, false certified blank invoices.

Q. You found certified blank false invoices on him?—A. Yes.

Q. At the time of his arrest?—A. Yes.

Q. You recommended a charge should be laid under 219, what is that?—A. Being in possession of smuggled goods.

Q. And under 207 for being in possession of false invoices?—A. Yes.

Q. One of these is pursuable by indictment, 207?—A. Yes.

Q. Did you take up with the Customs the expediency of laying two charges?—A. At the time of Schussel's arrest he was brought to my office by Corporal Kyle and Mr. Bisaillon, and I took it up with Mr. Bisaillon, and recommended prosecution, and he agreed with me. There was nothing said as to how he should be charged. Having authority to prosecute, I laid three charges against him.

Q. Was that agreed to by the Customs?—A. They were not consulted as to what charges I should lay.

Q. After they were laid?—A. After they were laid, we received instructions from Mr. Bisaillon.

Q. Were these written instructions?—A. Yes.

Q. Have you the original or a copy?—A. I have a copy made in my office in Montreal.

Q. You saw the original?—A. Yes.

Q. You can state upon oath that the copy is correct?—A. Yes.

The letter reads as follows:—

"CUSTOMS AND EXCISE, CANADA
Preventive Service

MONTREAL, September 1st, 1924.

J. W. PHILLIPS, Esq.,
Inspector, R.C.M. Police,
Montreal.

DEAR SIR:—With reference to the seizure of bird of paradise feathers from one Joseph Schussel, I beg to enclose herewith copy of telegram received from Mr. W. F. Wilson, Chief Inspector, Customs and Excise, Preventive Service, Ottawa, Ont., relative to the employment of Mr. Leopold Terrier, 136 St. James Street, Montreal, to represent the department in this case.

Your attention is drawn to the section under which Mr. Schussel is to be prosecuted.

I am this day notifying Mr. Terrier he is to have charge of this case and that he is to prosecute under section 206.

Yours truly,

(Signed) J. BISAILLON,
Acting Officer in charge, Preventive Service."

Mr. CALDER, K.C.: The telegram reads as follows:—

"OTTAWA, ONTARIO, August 20, 1924.

J. E. BISAILLON,
Acting Officer in charge,
Customs and Excise Preventive Service, Customs House,
Montreal, P. Que.

Justice Department authorizes employment Leopold Terrier one hundred thirty-six St. James street for prosecution Joseph Schussel under section two hundred six Customs act for smuggling bird of paradise

mounts stop Prosecution under section two hundred seven will not be taken now as this is an indictable offence and action will be withdrawn regarding certified invoices mentioned by you phone conversation pending receipt full report

(Signed) W. F. WILSON."

Q. Was a report sent to the Customs department, setting forth the full facts, and more particularly the fact that Schussel had on his person false certified invoices?—A. A full report was sent in of the whole affair; in addition to sending in a full report we wrote a special letter to Mr. J. E. Bissaillon.

Q. Have you that letter?—A. I have.

Q. Under what date is it?—A. September 2nd.

Q. It read as follows: (Reads):

"J. E. BISAILLON, Esq.,
Acting Officer in Charge,
Customs-Excise Preventive Service,
Customs House, 51 McGill St.,
Montreal.

Re: *Joseph Schussel alias Josef Goettenberg (Pole, Jew), contra Section 219. Customs Act (possession of Smuggled Goods.)*

"SIR,—I beg to acknowledge receipt of your letter of September 1st, enclosing telegram of Mr. Wilson, dated August 30th, and also your message to the effect that Mr. Brais has been named to prosecute this case, Mr. Audet, his partner, acting for him pending his return.

"Regarding charges laid against this; charges were laid under Section 219, as the proof is much more easily made than under 206. A charge has been laid under Section 207. I would request that you advise me whether charge is to be withdrawn, or left in abeyance pending the outcome of the other charge.

"I would like to point out to you that if we withdraw the indictable charge now, bail will immediately be reduced, and I doubt if Schussel would appear to stand trial, as he is a Pole, not domiciled in Canada or the United States.

"Will you please advise me if I am to change the charge from Section 219 to Section 206. The penalty is the same, but the proof more complicated, and would necessitate the bringing in of several civilian witnesses, Customs officer, etc., and expose to the public that although warned to search these goods carefully, appraiser Mr. Gauthier did not examined the goods at all.

"Yours very truly,

J. W. PHILLIPS,
Commanding Quebec District."

Q. In consequence of this correspondence, did the order stand that the prosecution should be made under two heads?—A. There were telephone messages. I would not like to recollect accurately what they were, but I can tell you what the upshot of the affair was. The upshot of the affair was that we went to court with Schussel. The judge trying the case—

Q. Possibly you had better not mention what he said?—A. It was in his favour.

Q. It was in his favour?—A. Yes, he refused to allow us to adjourn the case. That compelled us either to prosecute either then and there or to drop the charge. Pending instructions from the Department, we went ahead with the prosecution.

Q. Under what Sections?—A. Under the Sections read.

Q. Sections 219 and 207?—A. Yes. Schussel pleaded guilty of both charges, was convicted, sentenced to jail, fined, all his goods confiscated, and he was subsequently deported back to Russia.

Hon. Mr. STEVENS: The instructions in that letter were not followed by the Mounted Police?

Mr. CALDER, K.C.: No, on account of what developed. The judge said they had to proceed immediately, which showed that to postpone is not an advantage to a prosecution.

Hon. Mr. STEVENS: Quite so.

By Mr. Calder, K.C.:

Q. You said you saw Mr. Bisaillon at the time of Goettenberg's arrest?—A. Yes.

Q. Or Schussel's arrest?—A. Yes.

Q. Did he tell you whether or not the Customs had received some intimation?—A. He told me that the Customs had been warned about this shipment.

Q. By whom?—A. By the firm of Blaiklock Bros.

Q. Is that what Mr. Phillips alludes to in the last paragraph of the letter just read?—A. Yes.

Q. So that having received a warning from Blaiklock Bros. the goods apparently passed through entirely unexamined?—A. Yes.

Q. Or, if examined, they were passed with full knowledge of the contents?—A. They were not examined at all. The affidavits show that.

Q. We cannot file the affidavits, but you can tell us who made the affidavits, and we will call them?—A. Mr. Gauthier was the appraiser.

Q. And it is his affidavit that the case was not examined, that you have on file?—A. These affidavits were obtained through the Customs Department, and copies were submitted to us.

Q. Will you quote the names of the signers of the affidavits, please?

Hon. Mr. STEVENS: Have we the affidavits?

Mr. CALDER, K.C.: They are on file, Mr. Stevens.

Hon. Mr. STEVENS: Why not produce the affidavits?

Mr. CALDER, K.C.: The Committee never having ruled on the evidence to govern us, I am wisely, I think, proceeding strictly according to court rules. There is no getting behind them.

The CHAIRMAN: It would be to the same effect, there is no doubt about that.

Mr. CALDER, K.C.: If we get the original witnesses they can be cross-examined, and further evidence solicited.

Hon. Mr. STEVENS: You are going to call them, I presume?

Mr. CALDER, K.C.: Yes, I think I should.

Hon. Mr. STEVENS: What I am getting at is, either to call these witnesses or, produce the affidavits.

Mr. CALDER, K.C.: Having nothing else, I want to get the names of the witnesses, and then call them.

The CHAIRMAN: Perhaps it would be better to call the witnesses, and then get the affidavits. The Committee will then have an opportunity to examine them.

WITNESS: I have no copies of the affidavits on this file.

By Mr. Calder, K.C.:

Q. You have copies of them, though?—A. I have them on file in Montreal.

Q. Telephone for them, and we will let this stand for the time being?—A. Very good.

Q. I understand the affidavits are coming up, and we will then get the necessary information. After the arrest of Goettenberg did you start investigating the papers covering the entries?—A. We investigated every angle of that case that it was possible to investigate.

Q. Were you assisted by Mr. Bisaillon in that investigation; was he with you?—A. The only time I saw Mr. Bisaillon in connection with this case was when he came to the office with Corporal Kyle, who had arrested Schussel. Corporal Kyle can tell you what happened when he arrested Schussel.

Q. You have no knowledge of what occurred?—A. Other than that he had been warned, and we decided to arrest, and the discussion about the prosecution.

Q. Do you know of your own personal knowledge whether Bisaillon went to Blaiklock Bros. to investigate further into the matter?—A. I believe he took the affidavits, but I am not sure about that. Corporal Kyle will give you that.

Q. Have you, against this man Schussel, in the course of your investigation discovered any evidence of previous smuggling of the same kind?—A. We had evidence in the papers found on Schussel; there was evidence to show that he was making trips backwards and forwards, between Europe and Montreal and New York; we discovered that he had a brother in New York, and a brother in Aufenthelt Gebruhrfieg.

Q. Where is that; I am afraid it is not an address, it is routing, is it not? It means to be transported without any opening, it is merely a transit direction in German.—A. His brother was living in Austria. I think that is near enough.

Q. As far as your investigation produced anything definite in regard to smuggling, it was by the co-operation of those three?—A. It would appear that he was running between the two.

Q. There were quite a number of shipments and addresses attributable to him?—A. No, he stopped at the Windsor Hotel, on May 9th and 10th, 1923, on October 17th and 18th, 1923, from January 20th to the 23rd, 1924; from June 6th to 11th, 1924, on August 27th, 1924, and admitted that he had been going backwards and forwards.

Q. Did he admit at the time that he had been putting goods through?—A. A document was found showing that he had a shipment abroad the "SS. Doric" in 1923, two cases of patent medicines, a bill from Blaiklock showing business done on June 24th, also in the months of January, February and May, 1924, a Royal insurance policy dated January 23rd, 1924, covering a shipment of $1,500 of dry patent medicine preparations.

Q. Had this man business addresses in Montreal other than the Windsor Hotel?—A. The parcels were addressed to Goettenberg, and he was registered at the Mount Royal under the name of Schussel.

Q. He had no office, and no commercial existence in Montreal?—A. No, sir.

Q. Merely a transient?—A. Merely a transient.

Q. Yet he got delivery of his goods apparently without question, on this last shipment?—A. Yes.

Witness retired.

JOHN H. KYLE recalled.

By the Chairman:

Q. Corporal Kyle, you are still under the same oath?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. You were detailed to go down to the Customs House and trace cases addressed to one Goettenberg?—A. I was.

Q. Did you do so?—A. I did.

Q. Where did you go first?—A. To Mr. Bisaillon's office.

Q. What took place between you and Mr. Bisaillon?—A. I told Mr. Bisaillon the facts of the case, as far as we knew them.

Q. Did he tell you at that time that they had had some intimation of this; did he tell you that they had been warned against Goettenberg by Blaiklock Bros.?—A. No, sir, I was not told by any of the Customs about that.

Q. After the interview, what did you do?—A. I went down stairs with Mr. Bisaillon; he made inquiries and found that this shipment had been released to Blaiklock Bros.

Q. Did he discover that from an inspection of the entry papers, and all the papers that go with it?—A. He left me in the outer office; he went in himself, and he told me when he returned, that he found that this shipment had been passed to Blaiklock Bros. without examination.

Q. He found that at that moment?—A. At that moment.

Q. Did he tell you at that moment, who was responsible for passing the shipment without examination?—A. I believe he mentioned Mr. Gauthier's name.

Q. What was done next? Before you go to that, did he produce at that moment any papers?—A. No, sir.

Q. Did he mention to you that he had discovered upon examination of the papers that atophan and luminol had been passed as talcum powders?—A. He had a blue paper in his hands.

Q. Do you know what form that was; is it the Home Consumption form? —A. The paper used for passing entries.

Q. I am afraid you are a little colour-blind; it is bluish-grey?—A. He had a paper in his hands, and said that this had been passed to Blaiklock Bros.

Q. At that moment did he mention that there was a discrepancy between the invoice and the entry form?—A. No, sir.

Q. Where did you go then?—A. Mr. Bisaillon said that the shipment was seemingly all right, that it had been passed and had gone through Blaiklock Bros. and he did not wish to do anything more.

Q. He considered that the matter was closed then?—A. That the matter was closed then.

Q. Did you insist?—A. I suggested that we had instructions to examine the shipment, and that it should be done.

Q. Did you get into communication with Blaiklock Bros.?—A. Mr. Bisaillon said "There is no necessity for me going around to Blaiklock Bros." I insisted upon him coming, because he had the writ and I had not.

Q. So you insisted upon him going?—A. Yes.

Q. You went together to Blaiklock Bros. in Montreal?—A. We went together, and saw Mr. Stewart, the head partner there, and he informed us that the cases were in a room in the rear.

Q. Did Blaiklock Bros. exhibit to you a specimen form of entry?—A. During our visit to the office we saw the entries.

Q. Did you notice the difference between the entry forms which passed the goods in as atophan and luminol and the form which entered them as talcum powder?—A. Yes.

Q. Did he tell you where they originated?—A. He said it must have been the fault of the Customs Department.

Q. Did you happen to see at Blaiklock Bros. at that time, that the entry form was made out by the broker?—A. Not the entry form.

Q. Is not the entry form made out by the broker?—A. Yes. He showed us the entry form, and the entry form was correct.

Q. Was that in his office?—A. Yes.

Q. You are sure about that?—A. Yes.

Q. The entry represented it as atophan and luminol?

Mr. CALDER, K.C.: If your report does not cover it—

The WITNESS: I have not seen this file—

Mr. CALDER, K.C.: Take all the time you like.

The WITNESS: I never had a chance to examine it.

Mr. CALDER, K.C.: Go on, because it is a most important point.

Mr. DONAGHY: Mr. Chairman, Mr. Chasse is not very well, and I do not think we should detain him here. We had better examine him now.

Mr. CALDER, K.C.: Then I will ask the witness to step down for the moment, and in the meantime he can be examining this report.

Witness retired.

NOEL CHASSE recalled.

By Mr. Donaghy:

Q. Mr. Chasse, I am handing you a file from which you state Mr. Bureau's letter was missing. Is that the one you had before you?—A. Yes sir.

Q. Do you recognize that as the proper file?—A. That is not the proper file.

Q. Did you recognize at the time you had it that it was not the proper file?—A. No, I did not.

Q. You did not recognize you had the wrong file?—A. No.

Mr. DONAGHY: It is rather singular you do not know your own files. However, we have the proper file here.

By the Chairman:

Q. Mr. Chasse, here is a file bearing number 32936-4493, Customs seizure of liquor, from E. Walter and E. Duncan, a file already produced before the committee. Will you take this file and read from it the letter, originally in French and translated into English, dated Montreal, July 30, 1924, from Mr. Rivet, K.C., Advocate, Montreal? Read the original letter also from Honourable Jacques Bureau, from Three Rivers, Quebec, dated August 2nd, stating why the proceedings were discontinued in the Landy case?—A. Shall I read it in French and then in English?

Q. Yes.—A. (Reading):

MONTRÉAL, 30 juillet 1924.

L'hon. JACQUES BUREAU,
Ministre des Douanes et de l'Accise,
Trois-Rivières, P.Q.

MONSIEUR LE MINISTRE,—Il y a quelques mois j'ai été chargé par votre département, d'instituer des procédures criminelles contre un nommé John Landy, employé aux douanes de Montréal, en vertu de l'article 215 de la lois des Douanes.

Après une enquête personnelle des circonstances qui ont entouré toute cette affaire je ne crois pas qu'il soit à propos de continuer ces procédures.

Je connais personnellement M. Landy depuis plusieurs années et je suis surpris qu'il ait pu se rendre coupable du délit qu'on lui impute.

Je vais ajouter que ses officiers supérieurs à Montréal m'ont fait d'excellents rapports sur son compte, et ils sont unanimes à déclarer qu'il a toujours fidèlement rempli ses fonctions et qu'il est un des meilleurs employés du département.

Dans ces circonstances et pour ces raisons je n'hésite pas à vous suggérer de donner instruction d'abandonner les procédures.

Votre bien dévoué,

L. A. RIVET."

The CHAIRMAN: Now read the translation.

The WITNESS: I will read the translation of that letter. (Reading):

"MONTREAL, July 30th, 1924.

Honourable JACQUES BUREAU,
Minister of Customs and Excise,
Three Rivers, P.Q.

Mr. the MINISTER,—Some months ago I was asked by your Department to take criminal proceedings against one John Landy, Customs employee at Montreal, under Section 215 of the Customs Act.

After a personal investigation of the circumstances which have surrounded this matter, I do not believe that it is wise to continue the action.

I have personally known Mr. Landy for several years, and I am surprised that he could have committed such an offence.

I will add that his superior officers in Montreal have reported to me favourably on his behalf and they are unanimous to say that he has always faithfully fulfilled his duty, and that he is one of the best employees of the Department.

Under these circumstances and for these reasons I do not hesitate to suggest that you give instructions to discontinue the proceedings.

Yours truly,

Sgd. L. A. RIVET."

The CHAIRMAN: Now read the letter coming from Mr. Bureau, the original.

The WITNESS: This letter was written to me by Mr. Bureau—

Mr. DONAGHY: To make it clear, let me ask you this question. That letter from Mr. Bureau is on its proper file?

The WITNESS: Yes.

By Mr. Donaghy:

Q. This morning, when you said it had been removed, you had the wrong file?—A. Yes.

Q. But you did not know you had the wrong file?—A. There were several people mentioned in it—

By the Chairman:

Q. But you said Mr. Bureau wrote to you from Three Rivers?—A. Yes.

The CHAIRMAN: Read the letter.

The WITNESS: (Reading):

"THREE RIVERS, August 2nd, 1924.

NOEL CHASSE, Esq.,
Solicitor, Customs and Excise,
Ottawa, Ont.

Re John Landy

DEAR SIR,—I beg to enclose herewith a letter from our solicitor advising that we discontinue proceedings against Mr. Landy.

Will you kindly act accordingly.

I have acknowledged Mr. Rivet's letter telling him that the matter is being left to you.

Yours truly,

Sgd. JACQUES BUREAU."

Hon. Mr. STEVENS: Will you kindly let me see that file? (File handed to Mr. Stevens.)

By Mr. Bell:

Q. You do not see any letter from the counsel retained by the government explaining how they find out that this man was a man of such good character, only after all these adjournments? There is no letter of that kind?—A. No; the only letter from Mr. Rivet, who was acting for us, is the one I have just read.

By Mr. Donaghy:

Q. Mr. Rivet is a well known King's Counsel in Montreal?—A. Yes.

Q. Of good standing at the Bar?—A. Yes.

By Hon. Mr. Stevens:

Q. This case started about January—approximately?—A. Started in November, 1923,—the 17th.

Q. And there were some 25 adjournments?—A. There were a number of them.

Q. A large number. This discontinuing letter of Mr. Bureau's is dated August 2nd, 1924?—A. Yes sir.

Q. Now, just a question or two in regard to Mr. Rivet's letter. Mr. Rivet, an eminent counsel, was retained to prosecute this case?—A. As counsel of the Department.

Q. I was taking the word "eminent" from my friend to my left; I do not know the gentleman personally.

The CHAIRMAN: I am convinced of it; he is a former M.P.

By Hon. Mr. Stevens:

Q. He was a lawyer?—A. Yes sir.

Q. And was retained in his professional capacity as a lawyer?—A. Yes.

Q. His duty as lawyer is simply to prosecute the case?—A. I suppose so.

Mr. DONAGHY: Any of us are as able to judge that as this witness. His duty would be to prosecute the case, and also to make recommendations as he saw fit, and advise from time to time.

The CHAIRMAN: I accept your statement, because when we engage a lawyer we not only engage him to act for us, but we should also follow his advice.

By Hon. Mr. Stevens:

Q. Mr. Chasse, you and I will go over this ground again. I do not want to prolong your stay in the witness box.

Mr. DONAGHY: There is not much use in going over the ground again.

Hon. Mr. STEVENS: I will go over it again as long as I am interrupted.

Mr. DONAGHY: I don't see the object of going over it all again.

Mr. DOUCET: Then don't interrupt any more.

By Hon. Mr. Stevens:

Q. Now, Mr. Chasse, once more—

Mr. DONAGHY: Do you want to go over that ground again?

Mr. BELL: Do not interrupt now.

By Hon. Mr. Stevens:

Q. Mr. Rivet was retained as a lawyer to prosecute this case, was he not? —A. Yes.

Q. Mr. Rivet's qualification to deal with the matter would be simply that of his professional capacity, would it not?—A. Well, speaking from the Department's point of view, I would say yes.

Q. Now, in this letter, Mr. Rivet writes, which you have just produced and read—he says first, "I was asked by your Department to take criminal proceedings against one John Landy". That is correct, is it not?—A. Yes.

Q. Then, he says, in the next paragraph: "After a personal investigation of the circumstances which have surrounded this matter, I do not believe that it is wise to continue the action". Then, he adds this: "I have personally known Mr. Landy for several years and am surprised that he could have committed such an offence." Now, as the legal advisor of this Department, do you consider it is sound practice for a lawyer, retained to prosecute in a criminal proceeding, to introduce into it his personal knowledge of the person, the individual whom he is prosecuting?

Mr. DONAGHY: Just a moment now.

Hon. Mr. STEVENS: Just let the witness please answer my question.

Mr. DONAGHY: Just a minute.

The CHAIRMAN: If you have any objection to this question, state your objection.

Mr. DONAGHY: Are we going to be assisted at all by Mr. Chasse's opinion on that? We have Mr. Rivet's opinion, a well known King's Counsel in Montreal, and we have his action, which speaks for itself. Are you now going to call a junior officer of the Department of Customs and criticize the action of the counsel retained in this case? If you are, I do not think it will have great weight.

Hon. Mr. STEVENS: I am going to proceed with this examination, Mr. Chairman, in my own way. I ask for that liberty and I ask for your protection, if necessary, to examine this witness.

The CHAIRMAN: There is no protection needed at all.

By Hon. Mr. Stevens:

Q. Mr. Chasse we are going to have this examination, whether they like it or not. You are the legal advisor of the Customs Department, are you not?—A. Yes.

Q. Mr. Rivet was retained to prosecute Landy, on a criminal charge? That is correct?—A. Yes.

Q. Mr. Rivet, in his letter of July 30th, says: "I have personally known Mr. Landy for several years and am surprised that he could have committed such an offence". Now, I ask you, do you, as the legal advisor of the Department, consider it a part of the function of the lawyer whom you retain to criminally prosecute, to introduce his personal feelings towards the man he is prosecuting?—A. Because he has written to the Minister—

Q. Never mind, I asked you just as a matter of Departmental procedure.

Mr. DONAGHY: There is no doubt about the procedure. What is the use of putting that nonsense to the man.

Hon. Mr. STEVENS: It is not nonsense. It is very important.

Mr. DONAGHY: It is well known that eminent counsel, who are employed to carry on any prosecution, feel it their duty to give their advice, not merely to act on the instructions of a departmental official. That is well known, and no matter what this young man might say, it would not alter it in the slightest degree.

The CHAIRMAN: You must not take a few words of the letter and interpret the letter. You have to take the full letter, because Mr. Rivet says: "Under the circumstances I advise discontinuance of the action. Moreover, I know that man personally." That is what the letter states.

By Hon. Mr. Stevens:

Q. I am coming back to the point: Mr. Rivet, as the lawyer retained to criminally prosecute this officer, introduces in his letter as reasons for discontinuing, this clause: "I have personally known Landy for several years and am surprised that he could have committed such an offence". Do you, as the legal advisor of the Department, consider it ground on which discontinuance of the action should be authorized? I only deal with the legal side of the question in that case. As the legal advisor of the Department, do you consider that ground on which to discontinue the prosecution?—A. That is, of course, a question, in which the Minister may exercise his discretion.

Q. Quite, Mr. Chasse. I am not, for the moment, questioning your submission to the Minister. That is all right. We have had other cases. We are not questioning that at all. I am asking you, as the legal advisor of the department, do you consider that sound ground for the abandonment of the prosecution?

Mr. DONAGHY: The question you are driving at is this, "do you criticize the action that Mr. Rivet took in writing that letter? Do you condemn him for that as a King's Counsel, and as counsel employed for the prosecution in this case?

By Hon. Mr. Stevens:

Q. I am not asking any such question. Would you pay attention to me, please?

The CHAIRMAN: It is very easy to answer that question, if you have practised as a lawyer.

Hon. Mr. STEVENS: Why not let the witness answer this question?

The CHAIRMAN: He is taken by surprise.

Mr. DONAGHY: You see, Mr. Stevens, your questions are not intelligently formed. Put the question straight to the man. You are trying to say he should criticize Mr. Rivet's action.

Hon. Mr. STEVENS: Mr. Donaghy can have his little pleasantries. I shall not indulge in reciprocating the sentiments or the words.

Mr. DONAGHY: You are asking him to criticize a very eminent King's Counsel. We all see that phase of it, and Mr. Rivet's position.

Hon. Mr. STEVENS: I am giving full credit to Mr. Rivet, as a barrister.

By Hon. Mr. Stevens:

Q. I am asking you simply, as the legal adviser of the department, if you consider—and I will repeat it again—that as a reason for the abandonment of a criminal prosecution?—A. I will qualify my answer. There is the legal side of it and there is the compassionate side of it.

Q. Will you give us the legal side of it? That is what I am asking.

The CHAIRMAN: You had better give him the letter as a whole. You had better read the letter again before answering.

By Hon. Mr. Stevens:

Q. You cannot just answer legally?—A. Legally, I had no right to drop the case on that ground, but there is the compassionate side in such cases, in which the Minister has the right to exercise his discretion.

The CHAIRMAN: You take the whole letter, not only a few lines of it, which say: "Because I know that man personally I withdraw the action." We have to be fair to everybody. Take the next paragraph: "After an investigation of the circumstances—". That is, "with the evidence given in court—which have surrounded this matter, I do not believe it is wise to continue this action"

—that is the proof that the lawyer is going to bring forward when he comes before a judge. He says—"after ascertaining these facts—" "I know Landy personally." He moreover states the facts—"I know the man." There are two alternatives.

By Hon. Mr. Stevens:

Q. We will come to the next clause. I am exceedingly sorry that you are subjected to all this embarrassment, because I want to help you and I am sure we can get along all right.

Mr. DOUCET: He does not need any help.

By Hon. Mr. Stevens:

Q. Mr. Rivet says "that his superior officers in Montreal have reported to me favourably on his behalf." I want to ask you now, as legal head of the Customs Department, is it the business of the lawyer retained to carry on a criminal prosecution to make a personal investigation?

Mr. DONAGHY: That is not a fair question. He does not say that he made a personal investigation.

Hon. Mr. STEVENS: "Have reported to me."

Mr. DONAGHY: Yes, reported to me.

Hon. Mr. STEVENS: Obviously I will have to go back and read another clause.

Mr. DONAGHY: There is no object in your endeavouring to split hairs. You are trying to make it a point that counsel employed by the government has no right to consult with departmental officials in Montreal. You suggested that they must communicate with this young gentleman we have here as a witness. He is no doubt a good man, but he has not had the experience which Mr. Rivet has. You are asking him to set up his opinion against Mr. Rivet's. You are getting it on the record, but it can not have any weight when you come to weigh the experience of the two men.

Mr. BELL: Why bother about it then?

Hon. Mr. STEVENS: The point I am making is, Mr. Rivet writes a letter, as Mr. Rivet, not as a lawyer prosecuting the case. Mr. Rivet recommends to the Minister the discontinuance of the case because of certain things set out in his letter, and as I think the letter speaks for itself, I ask Mr. Chasse now, as a responsible legal head of the department, was the prosecution of Landy abandoned because of any legal weakness in the case. Let him answer that.

The CHAIRMAN: The letter states all the facts.

By the Chairman:

Q. It was abandoned because you got instructions to do so from the Minister?—A. Yes.

By Hon. Mr. Stevens:

Q. But you, as legal head, had no knowledge of any legal weakness?—A. Mr. Rivet was better posted than I was.

Q. Mr. Rivet did not advise you?—A. This is the only communication I got.

Q. Mr. Rivet did not advise you of any legal weakness?—A. No.

By the Chairman:

Q. After a case is given to a lawyer in Montreal against any officer, is the lawyer obliged to report to you personally, or to the Minister, or to the Deputy

Minister?—A. It all depends; there is the Customs end and the Excise end. So far, I have confined my activities to the enforcement of the excise, and particularly the sales tax. This was a case for the Customs.

Q. He would not be obliged to report to you?—A. No.

By Mr. Calder, K.C.:

Q. I notice in a letter from Mr. Rivet that he says he had personally investigated the circumstances of the case. Was any report ever asked of Mr. Rivet to elicit the facts that he had himself elicited, that ran contra to the evidence on which the other two men were convicted. He says, "I have personally investigated and under the circumstances I think the case should be withdrawn." Now his investigation would reveal other facts prior to the evidence produced in the case of the other two men who were convicted, or else it would corroborate those facts. Has he ever been asked to state the result of his investigations?—A. This is the only correspondence I have seen.

By Hon. Mr. Boivin:

Q. You say that you have been looking after more particularly the prosecutions entered in connection with the collection of sales taxes?—A. Yes.

Q. In these matters solicitors report to you?—A. Yes.

Q. To whom in the department do the solicitors employed generally report in connection with prosecutions taken under the Customs Act?—A. They generally report to the Deputy Minister direct or to Mr. Blair.

Q. Mr. Blair has charge of the excise?—A. Yes, under the Deputy Minister.

Q. There is nothing very unusual in making a report direct to the Minister; that sometimes happens?—A. Yes.

Q. Was Mr. Rivet who was engaged in Montreal, chosen by you, by the Department, or by the Minister, to take proceedings in this case?—A. He was appointed by the Minister of Justice.

Q. The Department of Customs has no authority to choose these attorneys? —A. All attorneys are appointed by the Minister of Justice.

By Mr. Bell:

Q. Do you know whether or not Mr. Rivet rendered an account for all these adjournments at which he was not present?—A. Offhand, I could not say.

By Hon. Mr. Stevens:

Q. Do these accounts go to the Justice Department?—A. They are sent to us, and we send them to the Justice Department to be taxed.

Q. Do you keep a copy?—A. We keep the original.

Q. The account is on the file?—A. It would be on the file.

Witness discharged.

The Committee adjourned until 3.30 o'clock.

AFTERNOON SITTING

APRIL 7, 1926.

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

WILLIAM LIONEL HICKLIN recalled.

By Mr. Calder, K.C.:

Q. Mr. Hicklin, when we were on the Giroux coal case, I asked you to prepare a statement of the imports of anthracite and bituminous coal from the United Kingdom, entered for consumption at Montreal during the fiscal years from March 1st, 1923, to 1925. Did you prepare that?—A. Mr. Tulford prepared it for me.

Q. He gave it to you to be produced?—A. Yes.

Q. Will you produce it now as Exhibit No. 115?—A. Yes.

Q. Will you also prepare, from the records in Mr. Taylor's office, the export entry of the Murray Chemical Company and the V. M. Noel bonded warehouse?—A. The Imperial Export.

Q. Is that the name of it? Imperial Export?—A. I think so.

Q. Yes, Imperial Export.—A. Yes.

Q. Well then, from the Murray Chemical Company and the Imperial Export?—A. Yes.

Q. I understand the records are in Mr. Taylor's office. Will you go and have them prepared?—A. I will, sir.

Mr. CALDER, K.C.: All right.

Witness retired.

JOHN KYLE recalled.

By Mr. Calder, K.C.:

Q. This morning, I asked you if you inquired at Blaiklock Bros., who had prepared the entry for that Schussel case, and you stated, "that they said it must have been prepared at the Customs House." Is that a correct statement? —A. Yes. They said it would be prepared by the clerk, who was in the Customs House.

Q. By their clerk, who was in the Customs House?—A. Yes.

Q. That is what you meant?—A. Yes.

Q. I see. Now, did you have any occasion to serve the summons upon Bisaillon in connection with this case?—A. Two days before the case was coming up in court, I had occasion to be in Bisaillon's office.

Q. Were you then charged with the service of the summons?—A. No, but on that day I spoke to Bisaillon and told him that this case was coming up on a certain day and that he would be required as a witness in court. He said, that he thought he would have to go to Ottawa on that day. He did not seem very willing to go, so when I returned I told Staff Sergeant Salt the facts and we got out a subpoena.

Q. Who was charged with the service of that subpoena?—A. I was charged with it.

Q. You were charged with it?—A. Yes.

Q. Did you go down to the Customs House to serve it?—A. I did.

Q. With the object of making a personal service?—A. I did.

Q. Did you find Bisaillon?—A. I did not.

Q. Did you find any evidence that Bisaillon was there?—A. I saw his portfolio there. His car was also outside, and I waited down in his office, and I had men searching for two hours for him.

Q. On whom did you effect service?—A. I left the subpoena with Mr. Hicklin, I think.

Q. I see. That is all. Just a moment. I forgot something. Did Mr. Bisaillon appear in court as a witness?—A. He did not.

Q. Was he called? I mean was the roll of witnesses called over?—A. Yes, he was called.

Q. He was called?—A. Yes.

Q. And he did not answer the summons?—A. No.

Mr. CALDER, K.C.: That is all.

Witness retired.

WILLIAM LIONEL HICKLIN recalled.

By Mr. Calder, K.C.:

Q. Do you remember when the summons to Mr. Bisaillon to appear as a witness in the Schussel case was served?—A. Yes.

Q. Was Bisaillon there in the office at the time?—A. Not in the office.

Q. Well, was he in the office when Corporal Kyle appeared?—A. No, sir.

Q. Well now, Mr. Hicklin, tell us the circumstances.

By Mr. Bell:

Q. Was he in the building?—A. He was in the building.

By Mr. Calder, K.C.:

Q. Did he find it convenient to be outside the office?—A. I think so.

Q. Did he tell you so?—A. Yes.

Q. What did he do, even if it is vigorous?—A. Corporal Kyle came in the office with the subpoena and asked where Bisaillon was. If I remember right, I think I said he was around somewhere at the time and I went to find Bisaillon. I found him, I think, in Mr. Clerk's office.

The CHAIRMAN: His friend.

The WITNESS: I told him that Corporal Kyle was waiting with a subpoena. He said that he did not wish to go to court; he did not care about appearing as a witness in any case.

The CHAIRMAN: Speak loud. There are many gentlemen behind you who would like to hear something.

The WITNESS: He instructed me to tell Corporal Kyle that he was not in the building.

Mr. BELL: May I interrupt you just long enough to say this, with deference. I think it would be well to specify the words, if the witness can remember anything of the exact language, used by Bisaillon on that occasion.

Mr. CALDER, K.C.: An unexpurgated version of it.

By Mr. Calder, K.C.:

Q. Insofar as you can recall it, quote his exact words, when you said to him that Corporal Kyle was there in the building, with a subpoena for him? —A. It was something to the effect that he did not want to have anything to do with the Mounted Police.

Q. That he did not want to have anything to do with the Mounted Police? —A. Yes.

Q. And he also said that he did not want to go to court?—A. He did not want to appear as a witness in any case.

Q. And then the subpoena was served on you?—A. Yes. I remember Kyle waiting around about two hours and he remarked to me "there is Bisaillon's hat and coat on the rack." He says, "his car is at the door."

Q. Then, was the subpoena left with you?—A. Yes.

Q. Did you hand it to Bisaillon?—A. I handed it to Bisaillon when he came back.

Witness retired.

ERNEST CHARLES PARKER SALT re-called.

By Mr. Calder, K.C.:

Q. Sergeant Salt, do you know of a man called Keith Von Harrison?—A. Yes.

Q. Is that man known under aliases?—A. Yes, he has many.

Q. Can you quote the aliases he is known under?—A. He is known as Keith Von Harrison; Keith Von, using sur-names; Perkins; Monroe. They should be on the file; there are a whole lot of them.

Q. Take the file and tell us the various aliases under which he is known, because he comes up in the various reports, under those aliases?—A. Perrin is another name. There are two or three other names as well as that.

Q. He was certainly known as Keith Von Harrison, as Keith, as Von, as Perkins?—A. Perkins.

Q. As Perrin?—A. Perrin.

Q. As Monroe?—A. As Monroe.

Q. Those were his best known aliases?—A. Those are the ones I can recall at the moment.

Q. Under those various aliases—

The CHAIRMAN: Is this on the smuggling case?

By Mr. Calder, K.C.:

Q. Under these various aliases, what are his reputed activities?—A. Probably the biggest narcotic smuggler on the North American continent.

Q. Did you, shortly after your arrival at Montreal, receive instructions to watch this man?—A. We got information that he was connected with the drug traffic. His name came up.

Q. Did you at first, before any specific incident developed—were you requested generally to watch his activities?—A. We were cognizant that he was a suspect, and as opportunity occurred, we endeavoured to check him up.

Q. Did you receive definite information as to any particular act that he was contemplating or performing?—A. On October 17th, or thereabouts, 1922, we received word that he would receive a shipment of twenty-five thousand ounces of narcotics, and certain particulars were given.

Q. From whom did you receive that information? I mean, from what officer did you receive that information?—A. We received that information from the Preventive Service of the Customs.

Q. In a letter written by whom?—A. By Mr. Wilson.

Q. Bearing date October 17th, 1922?—A. Yes.

Q. I see. According to the information given you, where were the goods shipped from?—A. The original shipping point was in Europe, in Switzerland.

Q. Was the firm shipping mentioned?—A. No. The only information we got was that a shipment was going to 85 St. Peter street, Montreal.

Q. What did you do, consequent upon that information, with a view to trapping the shipment?—A. We put a shadow, a continuous shadow, night and

day, on 85 St. Peter street. The only point—the only tangible place I could work was on St. Peter street. We shadowed that place night and day, from October 17th up until November 11th.

Q. With what result?—A. With the result that at that time we saw nothing, and we were preparing to abandon the shadow, and I though before abandoning the shadow, it would be policy to make an open investigation in the building.

Q. What kind of a building is 85 St. Peter street?—A. It is an office building, in the heart of the business district. We discovered through that investigation a number of packages of non-narcotic drugs in an empty office, that, in turn, led to us unearthing a firm by the name of Edward Thorne and Company.

Q. Did you look up the registration of that firm?—A. We checked it up, but as to looking up the registration, I could not say.

Q. Who were the partners in that firm?—A. I could not tell you that.

Q. Do you know whether these people had applied for and got a chemical manufacturing bond?—A. Yes.

Q. Did they also apply to deal in narcotics?—A. They applied to deal in narcotics, but that was refused.

Q. I think you have something on your file, to show why it was refused. —A. They checked that firm up under another firm, sometime previous to that, but at that time I was not aware of that. I was not able to check the two firms until after we made a check-up of the offices.

Q. What did your information file reveal to you, as far as the makeup of the Edward Thorne Company was concerned?—A. It was a questionable concern.

Q. Was Keith Von Harrison mentioned anywhere in the investigation, under any of his aliases?—A. Well, that report is on another file, E-918-D4; January 11, 1922. I do not think I have got that there.

Q. Will this recall it to you, that the substance of the information was that one Perrin was interested in the Thorne Company?—A. Louis Crevier was supposed to be the President of the company. He knew H. Astrof, connected with the firm.

Q. Did the name of Astrof, being connected with the firm, arouse any suspicion that Keith Von Harrison would be interested in it?—A. Yes.

Q. Astrof is known as Keith Von Harrison's partner?—A. Yes, and also Perrin was Vice President.

Q. That is one of Keith Von Harrison's aliases?—A. Yes.

Q. You say the bond to deal in narcotics was refused in consequence of that investigation?—A. I would not say in consequences of that investigation.

Q. Subsequently to that investigation?—A. About the time of that investigation.

Q. About the time of that investigation?—A. Yes.

Q. At the time you found that they were interested in 85 St. Peter street, they had a chemical manufacturing bond?—A. I do not think they had a bond. They had a suite of offices there.

Q. Did they have a chemical manufacturing license?—A. That I could not tell.

Q. Upon going into Edward Thorne's office, at 85 St. Peter street, you say you found some non-narcotic chemicals?—A. We found those in empty offices, adjacent to his offices. We traced back and we found it belonged to Thorne, a man representing Thorne. He admitted it was his. Then we called at his office and we found two packing cases with cocoa in them, which had recently arrived, and we presumed they were part of the six cases, which were supposed to contain twenty-five thousand ounces. The result of that was, we checked further and we found sugar and milk. Sugar and milk is a chemical which is used very often to dilute heroin and morphine.

Q. It is a standard dilutant in making up decks?—A. That is what they use to dilute it. We found five packing cases in the basement of the building.

Q. Describe the way in which the packing cases were marked.—A. These packing cases had never been opened at all. They were marked by marks which were understood by Mr. Fowler who was working with me—or I was with him. We opened up the packing case and examined the contents. In one we found that a large piece of iron had been put in it, and we deducted that it had been put there to make up the even weight so as to tally with the other cases.

Q. Besides the iron, what was in the case?—A. It was noticed in one of the packing cases that had not been opened for investigation, that it had markings similar to the Customs marks. It is my recollection that there was some stuff in there, and it was the same stuff as the sugar milk.

Q. How were they packed?—A. I would not like to say; I have not got notes of it.

Q. These particular goods that were shipped to Keith Von Harrison were wooden packing cases which were lined with tin, the tin being hermetically sealed?—A. Yes.

Q. Do you remember whether these tin cases were so packed?—A. The one with the iron in was packed that way.

Q. Was the iron inside the tin as well?—A. No, placed between the tin and box.

Q. That box had a wooden outer casing and hermetically sealed, with a lining of tin—A. Yes.

Q. That had not been touched?—A. No.

Q. As far as the appearance of the case is concerned and the wooden part, would you say that it had been opened; were the straps intact?—A. You are asking me to remember something which happened in 1922. I can tell you that these packing cases had not been opened. As to how I got the information, I would not like to go any further.

Q. You say that they bore what appeared to be Customs markings?—A. From the Customs markings, Mr. Fowler told us that he had been successful in tracing five shipments, one, chemical products, four cases; two, chemical products, six cases; third shipment, six cases; and fourth and fifth, milk sugar and cocoa powder, six cases each. That had been addressed to B. Alten and Company, A. E. Thomas and Company, O. W. Wright and Company, and J. M. Thomas and Company. On every occasion the marks were different and conveyed no meaning. Of the five shipments two came on the Minnedosa, two on the Bosworth, and three on the Melita. The boat was C.P.R. from Antwerp. The goods were shown on the Antwerp sheets. The shipper was always Goth and Company, Basle, Switzerland.

Q. Now, did you investigate in order to find out whether these firms that appeared as consignees, or whose names appeared in the remarks column on the form, had a real existence?—A. That portion of the investigation was made by Mr. Fowler, who traced the shipments to the Edward Thorne Company each time.

Q. In each instance the shipments went to Edward Thorne and Company?—A. Yes.

Q. When you went into the basement you found three cases?—A. One packing case from each of the shipments.

Q. Each of these packing cases did not contain a proper address, but contained an absolutely innocuous address?—A. Yes. As a result of finding these we were able to go down to the next boat arriving, and were convinced the shipment came from the same company.

Q. To whom was it addressed?—A. I may say here that Keith von Harrison was supposed to be Vice-President of the Thorne firm. On arrival of the Minnedosa from Antwerp six cases were found of powder of cocoa consigned to Hector Vieau and Company, shipped from Goth and Company, Basle, Switzerland, and marked S-571.

Q. Did you enquire whether that was an existing or a fictitious firm?—A. That was a fictitious firm.

Q. Now these cases, six in number, that you found, did you examine the markings on them?—A. Yes.

Q. Tell us how they were marked? You might possibly make a little sketch of the markings?—A. They were marked "S A", triangle.

Q. Just sketch the markings.—A. The number inside of the triangle would vary according to the number of cases.

Q. We will put this in as exhibit 116. The cases were marked "S A" with a number in the triangle, the number varying from case to case, and also the words "Made in Switzerland"?—A. Yes, from 571 to 576.

Q. Were there any of these goods that had an additional marking?—A. Three cases had an additional blue cross made by pencil.

Q. Was that near the marking?—A. On the end, apparently by an indelible pencil, about an inch and a half in height.

Q. Was it in the same position in the three cases.—A. If I remember correctly, it was.

Q. Was it stencilled, or how was it marked, and where?—A. On the end of the case.

Q. Was this marking on the end or face, the top of the case?—A. It does not say here.

Q. Now what was done with these cases?—A. The cases were taken into the Customs Examiner's warehouse.

Q. By whom?—A. Mr. Fowler and Corporal Kyle.

Q. When did Mr. Fowler appear?—A. He was down from Ottawa.

Q. Was he on the investigation a long time?—A. He was on when we made the search.

Q. Who is Mr. Fowler?—A. A member of the Customs Preventive Service, attached to the Ottawa staff.

Q. When you say that this was taken into the Customs Examiner's warehouse by Mr. Fowler and Corporal Kyle, am I to understand you were present when the goods were located?—A. I was not present. I saw them first in a special room in the Customs office, when I first examined the cases.

Q. Did you go to the Customs House?—A. Yes.

Q. Were you summoned to go?—A. I was notified what was going on.

Q. What you report is what you saw?—A. Yes.

Q. As to markings?—A. Yes.

Q. Were you present at the opening of the case?—A. Yes.

Q. You saw the markings on them when they were being opened?—A. Yes.

Q. Was any move made to leave the goods in the condition in which they were in order to find out who claimed them?—A. I do not know if any effort was made to see who claimed them. They were taken practically from the wharf to the Customs office. As to what was going on at the Customs end, I do not know.

Q. When you opened the case, what did you find? Describe the character of the cases.—A. Each was a wooden packing case which would stand as long as one of these tables. It was wood, zinc lined or tin lined, hermetically sealed and containing various things.

Q. What was the case, or what were the blue marks on the case, indicating what they contained?—A. Cocoa.

Q. Was anything done to the box, or anything added to the contents to equalize the weights?—A. Case 574 and 576 contained twenty packages of cocoa, each one weighing ten and one half pounds. The boxes of cocoa were not full.

Q. Was there a considerable deficiency?—A. Yes.

Q. About how much?—A. The tins of cocoa were not by any means full, some I would say about half full. This particular case, however, was identically the same in weight as the big case.

Q. To the best of your knowledge, the heavier packing cases were approximately the same weight?—A. Yes, the weights were practically the same.

Q. Three cases marked with a blue cross contained cocoa powder with tin inside, and were partly filled?—A. Yes.

Q. What did the three tins not marked with a blue cross contain?—A. Case 571 contained eighteen, eight and one half powder packages of morphine cubes, weight 153 pounds, six and one half pound packages, presumably heroin, thirty-nine pounds, three six and one half pound packages cocaine, nineteen and one; total two hundred eleven and one half pounds.

Q. Do you know whether the weights were subsequently analyzed, and the contents justified?—A. The second case contained identically the same. Case 573: the third case contained sixteen instead of eighteen and one half pounds morphine cubes, a total of one hundred and thirty-six pounds; six and one half heroin, thirty-nine; four six and one half cocaine, twenty-six pounds; making a total of six hundred and twenty-four pounds of narcotic drugs, which would be nine thousand nine hundred and eighty-four ounces.

Q. Within the hermetically sealed tins, was there any attempt at camouflaging the drugs in the three cases that contained narcotics?—A. No, the cases were approximately the same weight, but there might have been a little less tin and so on. Each tin was full to about the same extent of narcotics.

Q. There was no attempt to hide them in any other stuff?—A. No.

Q. They were packed as though they were legitimate goods?—A. Yes.

Q. At about what price would these sell at?

By the Chairman:

Q. Legally?—A. I think it is about four dollars an ounce, the way it is sold in Montreal.

Q. That would be approximately $40,000 shipment?

Hon. Mr. STEVENS: I may have missed it, how were these goods passed?

Mr. CALDER, K.C.: There was no entry ever passed.

By Mr. Calder, K.C.:

Q. Did anybody appear to claim this shipment?—A. Not to my knowledge. That shipment was taken right off the boat to the Customs.

Q. Did any broker or any principal appear to put an entry through?—A. Not to my knowledge.

Q. If the other shipments were packed in the same terms of narcotics, the total would be nearly six thousand pounds?—A. Yes, it contained approximately forty thousand ounces.

Q. That is right?—A. Yes.

Q. Do you say that the legal value of the drug would be about four dollars an ounce, in your experience in hunting down the narcotic drug trafficker, and that would increase enormously when handled by him?—A. It increases by leaps and bounds up to about a dollar or a dollar and a half for three or four grains when it it has been adulterated—after it has been adulterated.

By Mr. Bell:

Q. By a retail handler?—A. That would be by a deck pedlar on the street; it would be half narcotics and half sugar and milk. About three grains would run about a dollar or a dollar and a half.

By Mr. Calder, K.C.:

Q. What was done with the chemicals, were they put under seizure?—A. They were put under seizure and turned over to the Customs.

Q. Had Mr. Edward Thorne been interviewed at all?—A. He was; we ran into Edward Thorne when we were searching his premises about the 25th October.

Q. Is that the right date?—A. About the 11th November.

Q. Have you got your report?—A. Yes, that would be the report of the 27th November. The 13th of November is the date of the search of the office.

Q. Was Mr. Thorne questioned as to the origin of the various narcotic drugs that were on the premises?—A. We did not have very much to work on, all we found there was five packing cases which had numbers on them. We did not know whether we got the right party, but we were in 85 St. Peter Street, and we were not certain that we were in the right office. When they came to check up the packing cases in the basement, that led to the seizure, we knew that we had the right firm.

By Mr. Bell:

Q. When you found out that it was weighted with iron, you knew it was a fake shipment?—A. I knew that there was something wrong. That by itself did not prove anything, and I asked Mr. Thorne what all the iron was doing in the packing cases, and he said that it might have got mixed up with the shavings that were in the cases. He gave some petty excuse.

Q. In each instance?—A. No.

By Mr. Calder, K.C.:

Q. That would be a way of doing it instead of filling each to the same level?—A. No, we found, in some of the packing cases, iron among legitimate goods which would normally weigh heavier than narcotics.

By Mr. Bell:

Q. Did you ordinarily expect to find cases lined in this manner if the contents were cocoa?—A. That is a question. I had never had anything to do with shipping. A number of goods came in that were tin lined, and goods do come in that way.

Q. Even with contents like that?—A. I would not like to express any opinion; I have not done any shipping.

By Hon. Mr. Stevens:

Q. It is a very thin tin?—A. You would have to use a can opener to open it.

Q. Is it not like the ordinary tins which you find containing goods?—A. Yes.

By Mr. Calder, K.C.:

Q. If you started a break in the tin, it would tear?—A. Yes.

Q. When you visited the establishment of Thorne and became convinced that it was Thorne's premises—?—A. We did not become convinced that it was Thorne's premises, and that he was the owner, until after we made the seizure. We did not know that he was the owner of narcotic drugs until after the seizure was made.

Q. Was that the conclusion that you came to at the time?—A. Not by us.

Q. Was it following a question asked at the time by anybody in your presence?—A. I do not think by any member of the force.

Q. Was any attempt made to get any information from Thorne?—A. To ask Thorne anything?

Q. Yes.——A. We asked a few questions.

Q. Did you ask for entries?—A. That was done by Mr. Fowler.

Q. You were not there?—A. No, Mr. Kyle was there.

Q. After the shipment was seized and sent to Ottawa, did the Royal Canadian Mounted Police lose interest in the job finally?—A. No, we were asked at the time of the shipment to obtain a report from various sources, and also we were asked to watch shipments coming in after we made the first seizure. When these cases come in, one is given to the authorities, and the remainder of the cases go to the examiner who has the choice of taking a case out of the shipment for the purpose of examination. It is his duty to take one and examine it in the examining warehouse. After completing the examination, Mr. Fowler handed three cases to the Collector of Customs, and the remainder were taken by the police, and Mr. Fowler continued his investigation.

Q. You are refreshing your memory from a report?—A. Yes.

Q. Of Mr. Fowler to the department?—A. Yes.

Q. Were you supplied with sworn statements of various Customs officials? —A. No.

Q. Did you request any instructions as to whether you were to follow the case up further or not?—A. Corporal Kyle was making investigation locally, but we were not able to get very far on that.

Q. I am referring to further instructions from the Customs Department? —A. Yes.

Q. Have you any letter in which you pressed for further information?— A. On November 25th we received word—November 27th Corporal Kyle put in another report, and on February 14th we sent a letter in to Ottawa, asking what the result of the Customs enquiry was, so that we could join hands and start to work again.

Q. What was your reply?—A. The reply was that we were to be guided by Mr. Fowler's report, and that we were sent down a copy of the report.

Q. Was not the copy a complete copy?—A. No.

Q. Have you got the letter enclosing it?—A. The letter enclosing it is dated February 22nd.

Q. You got a copy, the original of which is here on the headquarters file of the Royal Canadian Mounted Police?—A. Yes, 22nd February, 1923.

"Secret and Confidential

Colonel CORTLANDT STARNES,
Assistant Commissioner, Royal Canadian Mounted Police.

DEAR COLONEL STARNES,—Upon my return to Ottawa to-day I received your letter of the 20th instant, with enclosed report from the Officer Commanding Quebec district, reference E-986 D/35.

With the exception of some paragraphs that are not essential for your purpose, there is enclosed for your confidential information a copy of the report made by Special Officer Fowler.

We are not yet in a position to prove that the smugglers prior to the one that was seized contained narcotic drugs.

If we get evidence that such drugs were in the previous shipments, we would then be in a position to take Thorne, at least into court nor lay a charge under the circumstances of the seizure, nor could we prove he was responsible for the importation.

I shall be pleased to confer with you on this subject if you desire."

In his report, Inspector Phillips states, "It is curious to note that in one of Corporal Kyle's last reports, a copy of a letter was forwarded wherein it stated that a certain Customs officer, etc., was getting too fresh and he would be removed."

A copy of the letter was received on the morning of the 29th November. That letter is from Mr. W. F. Wilson, and goes on to state all the facts which have already been placed before the Committee in the letter which has been read into the records.

Q. To what does the letter refer?—A. That letter refers to a note that we found on Thorne's premises and which was sent in.

Q. Did you send in the note itself, or merely a copy?—A. The attached letter shows that it was presumably the original that was sent in; a copy of it is here.

Q. I was under the impression that the person who made the investigation took note of this letter in order not to arouse suspicion. I think you will find that to be the case?—A. Yes, it was a copy.

Q. It was?—A. It was copied.

Hon. Mr. STEVENS: What was this note?

Mr. CALDER, K.C.: It was a note which seemed to indicate that if the Customs officials were too busy around Thorne's place, they would be reported and censured, but Mr. Wilson's impression is—and I may say I have the same impression—that it was "planted" there by Thorne himself.

Hon. Mr. STEVENS: For intimidation purposes?

Mr. CALDER, K.C.: Yes.

Mr. DONAGHY: Was it a typewritten note?

Mr. CALDER, K.C.: No, it was written.

By Mr. Calder, K.C.:

Q. Now, subsequent to this report which was sent in, attached to the letter which was read, was anything done?—A. Very little was done by us.

Q. Did you receive any request to investigate further?—A. It was understood we would do what we could; that would be understood.

Q. The case was finally closed as far as you are concerned?—A. No, the case was never closed; it is not closed yet.

Q. Then it is dormant—hibernating?—A. We got some further very valuable information as late as January, 1923.

Q. Nothing further has ever been done?—A. No arrests have been made, no.

By the Chairman:

Q. Is Thorne still in business?—A. I cannot tell you where he is now.

The witness retired.

JOHN H. KYLE recalled.

By Mr. Calder, K.C.:

Q. Corporal Kyle, you were detailed to go down and pick out the cases on the "Minnedosa" in connection with the Keith Von Harrison seizure?—A. I had been working on that case during the week previous, and examining the manifests of all ships coming into the port, and on a Saturday we knew the Minnedosa was coming in from the place where we suspected the drugs were coming from, and I accompanied Mr. Fowler that morning to examine the manifests of the Minnedosa.

Q. And on examining the manifests you found these six cases?—A. Yes.

Q. Which you picked out as suspicious?—A. Yes.

Q. And from the time these cases were picked out until the time Staff-Sergeant Salt, Mr. Fowler and yourself examined them jointly, were the markings altered in any way?—A. No; they were locked up in a special bond.

Q. And were delivered to the examing warehouse for examination in exactly the same condition as when they were seized?—A. Absolutely.

Q. Did you notice at the time of the seizure these crosses, marking the cases?—A. They were unloaded right off the boat. We went down and examined the manifests and picked out this shipment, and by special arrangement had this shipment brought off the ship and put into the bond immediately, and locked up.

Q. What I mean is, as far as your own observation is concerned, you did not examine the markings at that time?—A. Nobody examined them.

Q. You are confident that nothing was added to or taken away from the package or its markings until it was examined?—A. There was a man on guard there all the time.

Q. A man from the R.C.M.P.?—A. No, from the Canadian Pacific.

Q. You have heard what Staff-Sergeant Salt has said as to the contents of this?—A. Yes.

Q. Were you with him at the time he examined the premises of Edward Thorne at 85 St. Peter Street?—A. Yes, I went down with him. I was detailed by Staff-Sergeant Salt to go down and check up the people on this premises. I went down there, and on going through the building I noticed all these packages in a certain room, which looked to me like drugs—not necessarily narcotic drugs, but drugs. I also noticed that these packages were marked in a foreign language. I thought it was German at the time. I went down below, and on going down—this was on the second floor—on the first floor there were two firms, Moirs, and Edward Thorne. Through curiosity—there was a letter box in Edward Thorne's premises—I looked through the hole and saw a packing case with the markings outward. On this packing case was written "Made in Switzerland." It struck me at that time that this was the firm we were looking for. I immediately returned to the detachment and reported the facts to Staff-Sergeant Salt, and he got in touch with Mr. Fowler, and I accompanied Staff-Sergeant Salt and Mr. Fowler to Edward Thorne's. We went down there by car, and decided that I should stay outside and keep a lookout to see what happened. If there was anything wrong in the street or from the windows, while they went inside, I would see it. Immediately they went up there, I saw two or three men coming out of the building—

Q. That was after Mr. Fowler and Sergeant Salt went inside the building?—A. Yes.

Q. These three men came out?—A. Yes.

Q. Had you seen them around the premises before?—A. No; that was the first time I was on the case, just that morning. One of the men I took to be Keith von Harrison.

Q. You had a picture of him?—A. I had a picture with his aliases on it. When these men came out they looked around and then they started to run up the street.

Q. Were you in uniform at the time?—A. No, I was in the car, in civies. When Mr. Salt and Mr. Fowler came out, I said, "One of those fellows who came down was Keith von Harrison." Mr. Fowler agreed with me, but Mr. Salt did not.

Q. And what was done then?—A. Well, the next part I took in the job was that I accompanied Mr. Fowler on the Monday following—that was on a Saturday—

Q. Were you alone with Mr. Fowler?—A. Yes, on Monday.

Q. Did you go to Edward Thorne's place?—A. We did.

Q. What happened there?—A. We interviewed a man who said he was Thorne.

Q. Was he alone in the premises at the time?—A. He was. We told him who we were, and he immediately began to get nasty, and said we had no right to be there; that he had enough influence to make us lose our jobs.

Q. I do not suppose that deterred you very much?—A. No.

Q. What did you do after that?—A. Mr. Fowler went through the office to try to get some papers. We found all the documents had been cleared; there was some small pieces of paper in the waste paper basket, but nothing of any importance.

Q. The surmise is that was done between the two visits?—A. (No audible answer.)

Q. Did Mr. Fowler ask Thorne to produce invoices for such drugs as were on the premises?—A. Mr. Thorne was not willing to produce anything.

Q. Was he asked? Did Mr. Fowler ask him?—A. Yes, he asked him.

Q. And he refused?—A. I cannot exactly tell what he said.

Q. Did Mr. Fowler attempt to make any search of the premises?—A. The premises were searched.

Q. For documents?—A. Yes.

Q. And for drugs?—A. Yes.

Q. Were samples taken of the drugs that were there?—A. The drugs were not in the office; they were up above. As far as packages in the office itself, there were hundreds of small bottles, like drug bottles, and also hundreds of small packages that he used for putting up drugs, like this (indicating) and like this (indicating).

Hon. Mr. STEVENS: Cartons?

By Mr. Calder, K.C.:

Q. Cartons?—A. Yes.

Q. Were they full or empty?—A. Empty. There was also a big still used for mixing drugs; a big, big still, about the height of the roof.

Q. Did you take any samples of the drugs upstairs?—A. That I cannot say. I believe samples were taken on the Saturday, when I went down there on Saturday morning, first of all, when I discovered the drugs—

Q. That is, with Sergeant Salt?—A. No, when I went down myself, Saturday morning, when I went down to check up. I saw this stuff, and naturally I took a sample of it, but it was found not to be narcotics.

Q. It was found to be sugar of milk, was it not?—A. I cannot tell you that.

Q. Did you secure information which you reported to Mr. Salt and to Inspector Phillips regarding the origin of these goods, or sources of information that you indicated to your superiors while investigating this matter?—A. At a later date.

Q. Will you tell us the date of the report you made which contained several important leads—without quoting from it?—A. (No audible answer.)

Q. Did you subsequently make a seizure of drugs, as assistant to the United States officers?—A. Yes.

Q. Where was that, and when?—A. That was in New York.

Q. In New York? About what date?—A. I do not seem to be able to find that.

Q. Tell us, as far as you can from memory. The dates are not very important?—A. It was around March, 1923, I think.

Q. Around March, 1923?—A. Yes.

Q. The seizure was made against whom? A man by the name of Monroe, was it?—A. Yes. L. Monroe.

Q. Is that one of the aliases of Keith von Harrison?—A. Yes. The shipment was traced to Edward Thorne and Company.

Q. The shipment was traced to Edward Thorne and Company?—A. Yes.

Q. And consequently must have gone from Switzerland via Antwerp, for Edward Thorne and Company and thence into the United States?—A. No. It came from Switzerland, from the Hoffman Laroche Company in Switzerland, to Antwerp; shipped from Antwerp to New York, in bond, to Montreal.

Q. In bond to Montreal?—A. Yes.

Q. And apparently was delivered successfully to Edward Thorne?—A. Not delivered, no.

Q. What happened to it?—A. When it arrived in New York it was spotted by one man in New York. He reported it to Mr. Ralph Oyler, who was in charge of the narcotic division in New York, and Mr. Ralph Oyler got in touch with us, and arrangements were made that we should travel with these cases to the border from Montreal, and there arrest the people who were responsible for the shipment.

Q. Afterwards, through a mistake of the Customs Department in New York, I understand the Customs seized the stuff in New York?—A. Yes.

Q. I see. There appears to be the same co-operation down there as here? —A. Worse.

Q. Was it in consequence of this seizure that you got this information? Have you turned up now the date report?—A. I got the date in the report of Bobson.

Q. The report containing the Bobson information and other information? What is the date of the report?—A. The date of the report is wrong, I am sure. It should be 1924, instead of 1923.

Q. It should be 1924, instead of 1923?—A. Yes.

Q. So it would be on January 10, 1924?—A. Yes.

Q. That is a secret and confidential report, addressed to the Officer Commanding, the Royal Canadian Mounted Police, at Montreal?—A. Yes.

Q. And forwarded to the Commissioner, by Staff Sergeant Salt?—A. Yes.

Q. While we are waiting for Mr. Taylor, by way of comic relief, will you take hold of the file, entitled "Customs Act of Clarenceville," bearing the serial number D-24-D-50, and state whether it was you who went down there to make a report on the conditions at that frontier point. You had better read over that report and then I will ask you questions on it. (Witness reads report.)

Q. You were instructed to proceed to Clarenceville, in the month of December, 1922?—A. Yes.

Q. In consequence of certain reports that were made there?—A. Yes.

Q. Who was the Customs Officer at that port?—A. Mr. Metivier.

Q. Where was his Customs House?—A. The office was at the back, around to the back door, I think.

Q. Of his private dwelling?—A. Private residence.

Q. Was it on the main road, leading into the United States? How many roads lead into the United States from Clarenceville? Look at your report, the last paragraph.—A. I do not think I have got that report. Yes, that was on the main road.

Q. That was on the main road?—A. Yes.

Q. How many roads are there, leading from Clarenceville into the United States? The last paragraph there gives it: "The village of Clarenceville is excellently situated for smuggling?"—A. Yes. There are three roads.

Q. There are three roads branching out from Clarenceville into the United States?—A. Yes.

Q. Which might be regarded as a strategic point. Was his Customs House on the road before it branched into the three roads into the United States?—A. This Customs House only covered one road. I can remember that.

Q. It only covered one road of the three?—A. Yes.

Q. I suppose you had a talk with Mr. Metivier?—A. I did.

Q. What was the salary he was getting?—A. He was only a part time man. His salary was five hundred dollars a year. His office hours were from 9.00 a.m. to 4.00 p.m. and after that anybody could go through.

Q. Did he tell you whether he rigidly stuck to his hours or whether he was also doing overtime?—A. He attended to business as an insurance man, and worked after his regular hours at that, and people could go in and report to his wife.

Mr. BELL: They would be interested, I think.

By Mr. Calder, K.C.:

Q. Between four o'clock in the afternoon, and nine o'clock in the morning, it was a close season for Customs House Officers?—A. Yes.

Q. Had that state of affairs been in existence for some time?—A. It had always been in existence, up to that time.

Q. Were you told by Mr. Metivier what the collections were at his port?—A. He said he was appointed—this was in December—he said he had been appointed in April.

Q. April, 1922?—A. Yes. He said, from April to December, he collected nine thousand dollars. He said that the man who had the job before him used to only collect a thousand dollars a year. He said that was his first year, and he was working good but, in the future, he would not be so particular.

By Mr. Bell:

Q. He did not say what his predecessor's salary was, did he?—(No audible answer.)

By Mr. Calder, K.C.:

Q. So the position of affairs was this: there were three roads, and his house covered only one of them. He was getting five hundred dollars a year and conciliated his duties with insurance, which took him away from his post, and his hours were from nine to four each day, and he was carefully not violating the Union regulations?—A. Yes.

Q. Have you ever examined other ports along the border?—A. I have just come back from Rock Island.

Q. You have just come back from Rock Island. That is interesting. What did you find as to the conditions down there?—A. I found them just as bad as at Clarenceville, if not worse.

Q. Just exactly how do you mean? In the first place, is there a Customs Officer there?—A. There are a few of them there.

Q. There are a few of them there. I see.—A. The same condition in the Customs House there. It only covers one road and there are dozens of them.

Q. There are dozens of them? Is there a close season there too, in the winter time?—A. In the winter time the Custom House closes at 12.00 o'clock Saturday, and opens again at 12 o'clock, Sunday night.

Q. I beg your pardon.—A. In the winter time the Customs House closes at 12.00 o'clock Saturday, and opens again at twelve, midnight, Sunday.

Q. Nobody to break the Sabbath down there?—A. No.

Hon. Mr. STEVENS: Smugglers observe the Sabbath there?

Mr. CALDER, K.C.: They have more religion than imagination.

By Mr. Calder, K.C.:

Q. Were you curious to find out what salaries were being paid to the Customs House officers down there?—A. The Customs House officers treated me so well down there that I did not inquire. It was not my business. I have nothing to do with this.

Q. I did not ask for your motives. I asked you for information?—A. I was working on a special case down there.

Q. How many roads pass through that vicinity, from the United States to Canada?—A. Well, I should say there are possibly about thirty different roads. There is supposed to be one Customs House to cover about thirty roads, I should say.

Q. It is so situated that only that road passes over it?—A. The Customs House Officers work twelve hours a day every day, and they say when they finish the job they are not going out looking for smugglers.

The CHAIRMAN: Smugglers are looking for them.

By Mr. Calder, K.C.:

Q. These roads are not covered during the night time, not even the one where the Customs House is?—A. There is a Customs man on duty at night.

Q. So that that road is covered all the time?—A. Yes.

Q. You have not visited any other ports at any time, I mean ports of the importance of Clarenceville?—A. I have gone through Rouse's Point.

Q. Rouse's Point is fairly well covered, is it not?—A. Well, I passed through Lacolle, dozens of times, when there was nobody there at all. It was a matter of knocking up a man to get through.

GEO. B. FOWLER called and sworn.

By the Chairman:

Q. Occupation?—A. Preventive Service.

By Mr. Calder, K.C.:

Q. What is your position in the Preventive Service, Mr. Fowler?—A. Principal clerk.

Q. Are you attached to the investigation branch?—A. Formerly I was.

Q. In 1922 were you in that branch?—A. Yes.

Q. Do you remember the circumstances of the case which is now being discussed?—A. Yes, fairly well, it is four years ago now.

Q. How is it quoted in the Preventive file?—A. Re alleged attempt to smuggle narcotics from Switzerland by Falcon, Limited.

Q. What is the number of the file?—A. 6880.

Q. When were you first instructed?—A. 2nd November, 1922.

Q. What was the nature of the instructions?—A. Information was received that large quantities of narcotics were being brought into Canada, and I was sent to Montreal to see what I could find out about it.

Q. Did you report to anybody in Montreal, and place yourself under his orders, or were you independent?—A. I was independent.

Q. The investigation was under your control throughout?—A. Yes.

Q. Did you require any assistance from anybody?—A. I did.

Q. From whom?—A. I received assistance from officers of the R.C.M. Police.

Q. What officers were attached to you?—A. At first I had an officer named Haverson working with me, and later there were several, I don't remember their names.

Q. Corporal Kyle?—A. Yes.

Q. Staff Sergeant Salt?—A. Yes.

Q. Tell us what was the first progress made with your investigation. You may refresh your memory by any report that you may have made.—A. Officer Haverson and I first started working on the steamship manifests which we were given permission to see, to find out if we could get any clue from them and we did not make very much progress in that apparently.

Q. Did you proceed to the premises of Thorne yourself?—A. Yes.

Q. What did you see?—A. Well, the officer in charge of the men who were watching this building had made an investigation of the interior of the building, and one of the rooms which they were watching was on the third floor and was apparently an empty room, that is there was no furniture or desks to show that it was occupied. There were parcels in the room and I went with two of the officers and we examined these parcels.

Q. How did you secure admission?—A. I do not remember, I really think the door was open.

Q. What did you find?—A. We found quite a quantity of parcels of chemicals.

Q. Did you take samples?—A. No, they were labelled and I knew from the weight of the parcels that they could not be narcotic drugs which we were after, or chemicals.

Q. Was there anything about the parcels themselves that led you to a further search?—A. No, any more than we enquired from the caretaker of the building who rented this room. His reply was that it was not rented to anybody, but he had given permission to a firm on one of the lower floors to store chemicals in the room.

Mr. BELL: I wish the witness would speak louder.

Mr. CALDER, K.C.: He enquired from the caretaker who was using the room and the caretaker said that it was not rented to anybody, but he had permitted a firm on a lower floor to use it.

By Mr. Calder, K.C.:

Q. You discovered who the firm was?—A. The name was on the door. The firm had their name on the door.

Q. What was it?—A. Thorne and Company.

Q. Did you investigate to find out what Thorne and Company were?—A. The door was locked when we first went, and we tried to get in, but could not, and we then tried to get any information that might be available from the city directory or the phone directory.

Q. Did you go down to the court house where firms are supposed to register?—A. No.

Q. You were probably aware that was obligatory upon firms to register themselves and their firm name?—A. No, I can not say that I was at that time. We had nothing to work on.

Q. Firms must register, and you could have looked up the register?—A. I was not aware of that.

Q. Did you ultimately discover who composed the firm?—A. Not very definitely.

Q. At no time during the investigation did you go and examine the records of the Tutelle office to find out what the registration was?—A. No.

Q. That has not been done to this day?—A. Not that I know of.

Q. What was your next step?—A. Later we went back and found that there were people in there.

Q. How many?—A. Perhaps a half a dozen.

Q. At the time previous to this visit, had you known Thorne, or could you identify him?—A. His name was mentioned.

Q. Did you have his photograph and a description of him?—A. I had seen his photograph.

Q. Were any of these persons, in your opinion, von Harrison?—A. When we went in first, the man who claimed to be the manager, but who was not the manager, came in and was the man I believed to be Harrison. I was not sure.

Q. You had also seen his photograph?—A. Yes. He looked like the photograph and did not. He appeared to be a stouter man than I would take to be the man in the photograph.

Q. What were these people doing?—A. In the rear of the room, I don't know what they were doing. There were some chemicals in the room.

Q. There was nobody there on the previous occasion?—A. No.

Q. Did you take any samples of the chemicals?—A. There was a large case apparently that had arrived, but was unopened.

Q. Did you note the marks?—A. That is no doubt in my report.

Q. Will you turn up your report?—A. My report shows that there were two cases marked "Switzerland."

Q. The shipping marks, did you note these at the time?—A. Yes, I have a record here. They were marked Y-384-D and also marked 403 in the second. Also Y-385-D with a mark 403.

Q. Was there a triangle around?—A. Around 384 and 385.

Q. Letters on the outside?—A. The letters Y and D.

Q. These cases were unopened?—A. One was unopened.

Q. Did you question anybody in the office with respect to these cases, their origin and entries?—A. We questioned the man who claimed to be in charge.

Q. Did he give the name of Thorne?—A. No.

Q. You do not recollect what name he did give?—A. He may have given the name of Thorne, yes sir. I have in my statement that Thorne volunteered a statement, but I later learned that he was not there. I learned that he was in the business but he had died.

Q. There was a man who held himself out to be the manager and answered such questions as you put to him?—A. Yes.

Q. You were armed with a writ of assistance?—A. Yes.

Q. Did you ask for the invoices covering the goods?—A. Yes.

Q. With what result—A. We asked and he said that he did not have any, and we examined all available desks, but we found no records whatever.

Q. Under these circumstances, having a case of goods on the premises of Edward Thorne and Company, and with your previous information, there being no invoices produced to you by the owner of the place, was any move made to seize these goods?—A. We opened the case and examined the goods.

Q. For narcotic drugs?—A. There were no narcotic drugs.

Q. If there were no invoices, might they not have been smuggled goods? —A. Possibly.

Q. Under ordinary circumstances would you have seized them?—A. Well, I was looking for narcotic drugs principally and was not much interested when the goods proved by regular examination to be all right.

Q. And the seizure at that moment might interfere with the search for narcotics; that is reasonable enough, is it not?—A. I was not interested, because I found the other goods.

Q. Did you open both cases?—A. One was open.

Q. And you opened the other?—A. We opened the other.

Q. What did they contain?—A. Cocoa powder.

Q. Were there any other chemicals besides those; I think you told us there were other chemicals?—A. Yes, there were other chemicals.

Q. You judged by their weight that they were not incorrectly labelled, or at any rate that they were not narcotic drugs?—A. That is right.

Q. Did that terminate the interview with the people in Thorne's office at that time?—A. No, sir.

Q. What else happened?—A. When we opened this case later, we had to cut the tin inner case. Upon seeing that, it had not been previously opened, he suggested that he had another case or two in a basement close-by, and if I liked to see them, he was quite willing.

Q. Did you proceed to the basement to look at them?—A. We did.

Q. What did you find?—A. We found either two or three similar cases to the ones we had seen in the office in size.

Q. Did you take the markings on those cases?—A. We took the markings.

Q. They contained two letters straddling a triangle, which contained a number?—A. Yes.

Q. And the name underneath in Swiss "Made in Switzerland"?—A. Yes.

Q. You did not find the blue cross which was found afterwards on the shipments which contained the narcotics?—A. I did not. This was alongside of the furnaces, and it was not a very bright place.

Q. Did the examination of the cases in the basement end that interview? —A. Yes, I obtained some information from the examination.

Q. With that information, namely, the markings on the cases, did you go back to the manifests?—A. I may say that one showed a small lead pencil number which, being associated with a letter, immediately suggested to me that it was a Customs entry number, and I proceeded to the Customs House, and looked up that entry number.

Q. I suppose you reported upon that, did you not, upon the result of your investigation?—A. I finally reported when it was all over.

Q. Will you read into the record what you found from the records in the Customs House, in regard to the shipper, the consignee, and all other details concerning the shipments which you traced?

By the Chairman:

Q. Is your report very long?—A. It is a long report of nine pages.

Q. Did you file a copy of it?—A. I think this is the first time this has been up.

Mr. CALDER, K.C.: We have had a great deal of this already, Mr. Chairman. I am merely picking out from his report the R.C.M. statements.

Hon. Mr. STEVENS: You are only asking for a certain paragraph?

Mr. CALDER, K.C.: Only what he discovered from the records concerning these shipments and the consignees.

Mr. BELL: Would you indicate to him just what you want, Mr. Calder?

By Mr. Calder, K.C.:

Q. The headlines will give it to us; those will cover it?—A. Yes.

Q. The headline of each paragraph of the report will give the information. Will you tell us what these shipments were?—A. Entry 21108-A covered a consignment of goods to B. Alton & Company, Montreal.

Q. What was that shipment composed of?—A. It purported to be phenacetin and phenazone.

Q. Those are dutiable?—A. Yes.

Q. But they do not fall into the category of narcotic drugs?—A. No sir. Entry 22767-A was another consignment for B. Alton & Company, Montreal.

Q. Purporting to be what?—A. Phenacetin and phenazone, the same as the others. This is a rather long chemical name—hexamethylentetramine.

By the Chairman:

Q. Will you speak a little louder, if you please?—A. I will, if I can.

By Mr. Calder, K.C.:

Q. That is two. Now give us the third?—A. The third was entry 31357-H, consigned to O. W. Wright & Sons, Montreal, stated to be six cases of cocoa powder.

Q. Now the fourth?—A. Entry 27685-E, consignee, J. M. Jessop & Company, purporting to be six cases of sugar of milk. Entry 33024-A, to A. E. Thomas & Company, six cases of cocoa powder.

Q. That concludes those five shipments?—A. Yes, sir.

Q. Do you know what broker put those through?—A. I have in one paragraph two of the numbers that were apparently passed at the Customs by E. Boland, the name of E. Caton, being coupled with Boland on one of them.

Q. Are these brokers?—A. They were broker's clerks.

Q. But did the firm of brokers appear anywhere?—A. I do not think they did.

Q. Then they must have been put through by the consignee acting through an ordinary representative?—A. No. I think the clerks, who do that kind of work for the brokers, have a license, the same as a firm, a similar license.

Q. And put through business on their own account?—A. That is my understanding of it.

Q. Are you sure of it?—A. I am not sure.

Hon. Mr. STEVENS: Mr. Calder, I may be wandering a bit, but were all these cases marked the same?

Mr. CALDER, K.C.: All marked on the same system.

Hon. Mr. STEVENS: But they were marked the same?

Mr. CALDER, K.C.: They were marked in the same way, two to Alton, one to Jessop, and so on. I am going to go into that in a minute. They were all marked in the same way.

By Mr. Calder, K.C.:

Q. They were from the same shipper; were they not; from Goth & Company, of Basle, Switzerland?—A. They were all from Goth & Company.

Hon. Mr. STEVENS: The later shipment was received when?

Mr. CALDER, K.C.: He has never told us. They were from Goth & Company, and were marked with two letters, a number in a triangle, and "Made in Switzerland".

WITNESS: Yes.

The CHAIRMAN: Did you ascertain what the two letters meant, at the top of the triangle?

Mr. CALDER, K.C.: They were ordinary shipping marks, to identify the cases.

By Mr. Calder, K.C.:

Q. Were all these shipments consigned to 85 St. Peter Street?—A. I do not think we have any record of that.

Q. There was no record, but they were consigned to order, were they not, with a name in the "Remarks" column?—A. Yes, the "Remarks" were "notify these different firms."

Q. If these various firms were to be notified, I take it that they must have had an address?—A. I would not be sure if I learned any address of any of them, unless I had a chance to read this report.

Q. It is important enough; you can take your time, Mr. Fowler. What I want to know is this: whether, at the time the shipments arrived, the alleged consignees, or the purporting consignees, had registered an address with the Customs, and if so, what that address was; if not, whether you investigated how

the Customs were expected to notify them?—A. I found on questioning the Clerk Boland that he admitted that their destination was 85 St. Peter St.

Q. Did he tell you who had given him that information?—A. Yes, he told me that the money and invoices for these transactions were handed him by a friend.

Q. By a friend?—A. By a friend.

Q. A friend that was not denominated?—A. I beg your pardon?

Q. That was not named by him?—A. He named him.

Q. What was the name of the friend?—A. Richard Dalton.

Q. Since he was a friend, he must have known Dalton's address?—A. Yes.

Q. What was Dalton's address?—A. He was agent for the C.P.R. at Mile End Station.

Q. Did you investigate whether there was a Dalton, an agent for the C.P.R. at Mile End Station?—A. Yes, sir.

Q. Did you examine Dalton?—A. I saw him, and asked him questions about this.

Q. What did Dalton state to you, I mean, as far as his own action was concerned, in explanation of his having handled these shipments?—A. I asked him first if he was an importer of chemicals; he said he was not, and I mentioned the fact that we had information that he was connected with certain entries, and he said he had received the invoices and necessary monies to pass the entry from a friend of his, from a Mr. Thorne, of Edward Thorne & Company.

Q. So that that traced the shipment clearly to Edward Thorne & Company?—A. Yes.

Q. Having both the name and address of the firm?—A. Yes.

Q. Did you examine, in the course of your investigation, the entry papers?—A. I did.

Q. Could you, from the entry papers, tell us what Customs clerk passed the entries and what appraisers examined the goods?—A. I find that entry 21108-A was passed by P. Dillon, attorney for D. Alton & Company.

Q. That is, the representative who presents the entry form to the Customs; but what clerk passed them?—A. The appraiser was J. Redmond.

Q. Do you know if Redmond is still there?—A. I am not sure.

Q. The practice should be under Section III of the Customs Act that a case should be selected haphazard by the computing clerk, to be examined; that is correct, is it not?—A. Yes.

Q. Will you look in your file and tell us whether that rule was observed by Redmond, that is, the appraiser?—A. That was observed.

Q. Look in your file, and tell us what computing clerk it was who passed the entry, and who selected by the inscription on the entry form the case to be examined?—A. In this case, the clerk was J. Lefebvre.

Q. What case did he indicate for examination?—A. (No audible answer).

Q. You have marginated on the entry form the marking on the cases as being "K.T.", with, in a triangle, the numbers 461 to 464 for each case?—A. Yes.

Q. Did you find on the entry form any observance of section 111? That is to say, any writing by which the computing clerk says "Examine such and such a case"?—A. This is but a copy of the entry.

Q. But I suppose it is an accurate copy?—A. Yes.

Q. You see, Mr. Fowler, it must have been important during your examination to find out whether the element of luck or design governed this examination. According to Section 111 the computing clerk, who is supposed to be perfectly innocent of what goes on outside, selects from the marked cases one which he says "Examine", and that case is supposed to be taken from the warehouse and brought up for examination. Now, in that entry form you find nothing which indicates that a certain case is to be examined?—A. No sir, not on the copy of the entry.

Q. But you ought to have been careful to have that copy accurate with the original?—A. Yes sir. There is another document—

Q. The slip of the carter?—A. No, there was another document, and I was going to say it might be the place where it would appear.

Q. But I understand it must appear on the entry form and the cartage slip?—A. It says it was stamped and the stamp reads "Hold package for release by appraiser".

Q. And that is the point where the marking should be put?—A. Yes sir.

Q. And that is left blank?—A. That is left blank, yes sir.

Q. You said this was examined by Appraiser—what is his name again?—A. Redmond.

Q. Did you question Redmond in the course of your investigation?—A. Yes, I questioned anyone—

Q. But more particularly did you question Redmond?—A. I did.

Q. Did Redmond report to you that he had not examined these cases—these particular cases in this shipment?—A. I cannot remember.

Mr. CALDER, K.C.: Then we will have to call him.

By Mr. Calder, K.C.:

Q. Now, take the second shipment in the order of date, and tell us who the computing clerk was, and look up the entry form.—A. Entry 27677-A.

Q. Who was the computing clerk in that case?—A. A. J. Goyer.

Q. Will you look at the entry form and see whether the "Hold for examination" stamp was filled in, to indicate the special case to be examined?—A. No sir, there is nothing on that.

Q. Now, in the entry form which you have now before you, are the marks on the cases marginated?—A. Just the same as on the previous ones.

Q. And the stamp which says "Hold for examination" is not filled in with any of the number marginated?—A. I do not see a record of the stamp on this.

Q. Who was the appraiser in that case?—A. Mr. Dillon.

Q. Did you examine Mr. Dillon with respect to his having examined these cases?—A. This is four years ago, but my memory is I spoke to them all.

Q. Do you recollect what Mr. Dillon said in regard to the observance of the rule?—A. No, I can remember a general remark—I do not know who made it—that frequently the goods were passed without examination because they were too busy.

Q. Do you recollect whether it was told you that because these were sealed tin packages, they had not been opened?—A. I cannot remember that.

Q. Now give us the third entry, the computing clerk's name, and the appraiser's name?—A. Entry 31357-H.

Q. Computing clerk?—A. Robert Barrowman.

Q. The appraiser?—A. O. J. McShane.

Q. And the fourth one?—A. Entry 27685-E.

Q. Computing clerk?—Robert Barrowman.

Q. The appraiser?—A. Mr. Dillon.

Q. Now Number five?—A. Entry 33024-A; check clerk, Robert Barrowman; appraiser, O. J. McShane.

Q. Now, Mr. Fowler, do you know of your own knowledge whether the Customs officials had been warned to watch for this shipment of narcotics, or was your object twofold, to seize the shipment of narcotics and to find out as well whether there was any leak in the Customs?—A. Well, I was principally concerned in locating narcotics.

Q. With that in view, did you cause the information to be circulated to the computing clerks and appraisers, or their chief, that such a cargo was likely to be passed through?—A. I did not.

Q. What was the next step taken then? We have reached the point where you have traced this shipment to 85 St. Peter Street and Edward Thorne and Company. May I ask whether you verified that Jessup and the other firm which purported to be consignees, existed?—A. I made what investigation I could, by examining directories.

Q. Do I understand by directories, looking through the City Directory and telephone directories?—A. Telephone directories, of Montreal.

Q. Did you inquire among Customs Brokers whether these existed?—A. I did not.

Q. Anyway, you satisfied yourself that there were fictitious firms.

Hon. Mr. STEVENS: Which firms?

Mr. CALDER, K.C.: The purporting consignees.

Hon. Mr. STEVENS: All fictitious.

Mr. CALDER, K.C.: All fictitious.

By Mr. Calder, K.C.:

Q. Did you inquire of any of the Customs officials that would be concerned in handling this, who they would be, with a view to notifying the shipper that he did not exist?—A. No.

Q. It was an advice to the Customs to notify the shipper?—A. That would be on some of the shipping documents.

Q. It would be to the interest of the forwarding agent or whoever was concerned in handling the shipping documents?—A. The information would be there for anybody interested, I presume.

Q. What was the next step?—A. First, I found several shipments of cocoa powder; that was the clue, and then I looked for further shipments of cocoa powder addressed to anybody, by examining ships' manifests of the lines that the other package had arrived by.

Q. Can you tell me this: In examining this manifest, did you discover whether this marking, that two letters and a number in a triangle, was shown on different shipments?—A. They were all the same, on the different lines.

Q. These were evidently shipments from Goth to Edward Thorne. What I mean to say is, were these markings peculiar to this shipper and consignee? —A. As far as I know, they were.

Q. And you started examining the manifest for cocoa powder?—A. Yes.

Q. And finally you discovered the shipment, which was seized?—A. Yes.

Q. When an order to deliver a case for examination is passed out, and the carter goes to the bond where the shipment is in the warehouse, there are Customs officials, who should see that the proper case is delivered?—A. Yes.

Q. In your investigation, did you narrow down to a certain number of Customs officers, who should be charged with the duty, in this particular case? —A. I think I furnished the names of the officers who were on duty at the wharf, when each of these shipments arrived.

Q. I beg your pardon. I did not catch that.—A. I think I furnished the names of the officers, who were on duty at the wharf, when each of these shipments arrived.

Q. Would these be the Customs officers, who would be charged with the duty of seeing that the case went up for examination and, if the carters' ticket called for a particular case, would select and send up that case?—A. I am not very familiar with that kind of work, but I presume they would be.

Q. Tell us who they were?—A. The first entry, 21108A came on the Minnedosa, arriving at Montreal, August 26th. The two officers were, J. A. Lebeau and A. Benoit.

Q. J. A. Lebeau and A. Benoit?—A. Yes.

Q. Now, the second shipment?—A. Entry 27677-A, ex-steamship Melita, Montreal, October sixth; two officers, J. Drysdale and J. P. Landy.

Q. The third?—A. Entry 31357-H, ex-steamship Bosworth, November third, J. Drysdale and J. P. Landy; Entry 27685-E, ex-steamship Minnedosa, October twenty-fifth, J. A. Lebeau and A. Benoit.

Q. Did anybody ever appear to claim this shipment?—A. Not as far as I am aware, at Customs. The steamship office stated, after I had been there, looking for some information, that somebody came inquiring about it; they did not know who it was.

Q. And did you make any endeavour to trace this person?—A. Well, all they could tell me was that some gentleman asked about it; they could not go any further. There is another officer coming.

Q. There is another officer coming?—A. Yes. Entry 33024-A, ex-steamship Melita, Montreal, November 24th; Officers J. A. Lebeau and A. Benoit.

Q. That concludes the list?—A. Yes, sir.

Q. Did you question these officers?—A. It is a long time ago. I did question some of the officers at the wharf. Some of the officers that appeared to be concerned—pardon me—that was in connection with the men of the transportation company. Some of them had been transferred to St. John, and I could not see some of the men that I wanted, but I did see some of the Customs officers. At this moment I cannot just remember who I interviewed.

Q. You have put all this in your report?—A. It is in my report, somewhere.

Q. Now, Mr. Fowler, as a result of your investigation, you must have formed some theory as to how these shipments were put through, and have reported to your superiors flaws in the organization, or neglects of duty, which permitted a man to risk an investment of over a hundred thousand dollars in narcotics and bring them through the Customs. My own view, I might say, is, that no man would take such a risk unless he were reasonably certain of getting them through.—A. I find that I have trouble at this moment finding it in this lengthy report, but the case that went for examination in each instance belonged to either the first three of the numbers. There were six cases in each lot, either the first three or the last three, but it has always been one or the other.

Q. In other words, the first step was to have three cases, or half the shipment innocuous and the other contraband?—A. That is correct, that is, the one I eventually located was that way.

Q. And the inference was, that that was the same throughout the firms?—A. That was the opinion I had.

Q. Now, in order that a man might send such a shipment, he must have been reasonably certain, with the innocuous case, that one of them would go to the examining warehouse?—A. Later, after seizing the case, I found a little mark, a cross on the case, which I took to be an identification mark, for that purpose.

Q. A warning, "this is the case to go up for examination."—A. I believed so.

Q. Now, could that be done, in your opinion—could these marks be followed with any safety at all unless there was a break-down of the Customs system, or a collusion on the part of somebody?—A. Those cases were very large. In the ordinary course of events, I would say, perhaps, that little cross would not be noticed at all unless one looked for it. Those cases were as high as this table and almost as large as this table, square, and very large. As I say, in a large case like that, this little cross that I eventually located, perhaps, would not be located.

Q. It would not be noticed, and consequently it must have been put there for the information of somebody, who was previously advised?—A. That was my opinion.

Q. Now, supposing the computing clerk was not in collusion and marked upon the entry, haphazard, a case to be examined, the chances of the shipment always getting through would be remote?—A. Yes, sir, but I found in a great many instances, it was the custom to mark—the computing clerk would examine one.

Q. Examine one? As a matter of fact that almost was the rule, in the Customs House, was it not?—A. I have seen it in a great many cases.

Q. I put it to you that, before the Meluquerre case, it was the constant practice to violate Section 111 and instead of describing the case by its markings —I am speaking of overseas shipments now—instead of describing the case by its markings, they would simply write down, "examine one."—A. I have seen it on a good many cases, I don't know to what extent.

Q. It would be on the overwhelming majority of cases, would it not?—A. From memory I have seen a great many, how many I would not say.

Q. That would be a violation of Section 111, which says that certain goods must be selected by the collector or his deputy, or subordinate, for special examination?—A. Yes.

Q. And that must be done haphazard in order that an element of luck will come into it?—A. Yes.

Q. Of the case which has been marked is selected according to the Customs Act and sent up for examination, the case is examined at the Customs warehouse, and the examiner can see that it is a selected case that he is examining?—A. Yes sir.

Q. If he does not do that, he is further assisting the smuggler?—A. I suppose that would be true.

Q. Then if he does not examine the case at all when it is sent up, he makes the system absolutely perfect?—A. Yes, providing the importer knows that.

Q. If it was the constant practice to use X-1 and select any case, then it will always be known that the case which will be selected from the shipment?—A. Yes.

Q. That would apply so far as the majority is concerned?—A. Yes.

Q. If the examiner were in collusion he would select the right case as far as the importer was concerned?—A. I remember a case in question at the wharf, where I questioned one of the men as to why a certain number in each instance went over for examination. I was told that they examined one, and that they had permission to examine any one they wished. When I was enquiring at the wharf from the officers I interviewed, I mentioned the fact that there appeared to me in the shipments I had under investigation to be certain numbers; that is the first series seemed to have been used. I asked how that could be and they said that they did not know, that they examined one and that one might be anyone they wished.

Q. Would that faculty be submitted to any of the railway or shipping or express handlers?—A. I presume the entries in all cases would be handled pretty much the same.

Q. Section 111, if that section is really observed, the elements of luck becomes of such consequence that there would be no shipments which would run in the neighbourhood of $100,000 to $500,000 in shipments of narcotics?—A. That would be my opinion.

Mr. CALDER, K.C.: That is all I want from this witness at the present time. There are some documents which I need and which I desire to examine him upon, but which documents are on other files. (To witness.) Will you report to-morrow morning? Will you deposit that file which you have?

The Committee adjourned until 10.30 a.m. Thursday, April 8th.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 26—THURSDAY, APRIL 8, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. John R. Stewart, Blaiklock Brothers, Customs Brokers, Montreal, Que.

Mr. Clifford Walter Harvison, ex-member of the R.C.M.P., Montreal, Que.

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

Mr. Georges Gauthier, Customs Assistant Appraiser, Montreal, Que.

Mr. C. P. Blair, General Executive Assistant, Department of Customs and Excise.

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1926

EXHIBITS FILED.

No. 117a to 117e—Customs Entry Forms covering entries 21108A, 27677A, 31357H, 27685E, and 33024A.

No. 118a to 118d—Customs "Goods for Examination" Forms covering entries 21108A, 27677A, 31357H and 27685E.

No. 119—Statement of shipments made to the Sun Fruit Exchange from June 3 to December 17, 1923.

MINUTES OF PROCEEDINGS

THURSDAY, April 8, 1926.

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

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

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

Ordered,—That the fees and expenses of Mr. Tighe, as Junior Counsel to the Committee, be fixed as follows, viz.: a fee of fifty dollars per diem, exclusive of Sundays, while in Ottawa for the purposes of the Committee, and fifteen dollars per diem for expenses while employed by the Committee.

Moved by Hon. Mr. Stevens,—That the auditors be instructed to extend their audit to the books of Blumer Bros., 242 St. Catherine street west, Montreal, and Woollens Limited, 37 Mayor street, Montreal.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For a copy of all Appraisers' Bulletins or Customs Regulations issued previous to Bulletins Nos. 3013, 3016 and 2990 in reference to the prohibition of prison labour goods under Item 1206, Schedule C of the Customs Tariff, together with memorandum showing all seizures or prosecutions under this item since its enactment.

Motion agreed to.

Moved by Mr. Bell,—That a summons be issued for the appearance before the Committee on Monday, April 12th, of Thomas Mackenzie, 18 Melgund avenue, Ottawa, Ont.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of a report made by Customs and Preventive Officer Alexander on general conditions in the Windsor-Walkerville district, together with Customs and Preventive files having reference thereto.

Motion agreed to.

Mr. Doucet stated that Customs Preventive files asked for by him some time ago had been produced, but that the corresponding Customs files had not yet arrived. The Clerk was instructed to ask Mr. Farrow to attend the Committee to-day at 4 p.m. to give an explanation.

Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont., was recalled and examined further respecting the investigation he made at Montreal concerning the importation of narcotic drugs from Switzerland. Mr. Calder detached from the Customs file and filed:—

Exhibit No. 117a—Customs Entry Form covering Entry No. 21108A.

Exhibit No. 117b—Customs Entry Form covering Entry No. 27677A.

Exhibit No. 117c—Customs Entry Form covering Entry No. 31357H.

Exhibit No. 117d—Customs Entry Form covering Entry No. 27685E.

Exhibit No. 117e—Customs Entry Form covering Entry No. 33024A.

Exhibit No. 118a—Customs "Goods for Examination" form covering Entry No. 21108A.

Exhibit No. 118b—Customs "Goods for Examination" form covering Entry No. 27677A.

Exhibit No. 118c—Customs "Goods for Examination" form covering Entry No. 31357H.

Exhibit No. 118d—Customs "Goods for Examination" form covering Entry No. 27685E.

Witness retired.

Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined respecting the report made by Mr. Fowler regarding the "Von Harrison" shipments of narcotic drugs from Switzerland to Montreal.

Witness retired.

Mr. John R. Stewart, Blaiklock Brothers, Customs Brokers, Montreal, Que., was called and sworn, and examined respecting the importations of Scheussel alias Goettenberg. He was also questioned in regard to the efficiency of the Customs Service at Montreal.

Witness discharged.

Mr. A. E. Skinner, Blaiklock Brothers, Customs Brokers, Montreal, Que., was discharged.

Mr. W. Murphy, Jr., Blaiklock Brothers, Customs Brokers, Montreal, Que., was discharged.

Mr. W. F. Wilson was recalled and asked to examine his files and report later as to whether or not he had received any information from the American Preventive Service concerning the activities of Keith von Harrison; whether any reports exist regarding pilfering in the Post Office Department of the Montreal Customs House; and if there is a file with respect to neglect to pay duty on brick making machinery.

Witness retired.

Mr. Clifford Walter Harvison, ex-member of the R.C.M.P., Montreal, Que., was recalled and examined in regard to importations from New York of silk designated as "cabbages" by the Sun Fruit Exchange, Montreal. Mr. Calder filed,—

Exhibit No. 119—Statement of shipments made to the Sun Fruit Exchange from June 3 to December 17, 1923.

Witness was also examined respecting shipments of silk dresses in trunks from New York to Montreal as baggage, and in regard to investigations he made as to conditions along the boundary line in the Montreal district.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise, was recalled and examined as to why no reprimand was issued for the negligence displayed by the employees in the Long Room at Montreal in connection with the Keith von Harrison drug importations. Witness was also questioned as to the reason for the delay in production of Customs files asked for by the Committee.

Witness retired.

Mr. Clifford Walter Harvison was recalled and further examined as to conditions in the Customs Service around Montreal, and as to improvements that might be made, also with respect to an automobile smuggled by Mr. Lajoie, and in regard to visiting Mr. Falcon's garage to seize automobiles.

Witness discharged.

Mr. Georges Gauthier, Customs Assistant Appraiser, Montreal, Que., was called and sworn. He was examined partly in French, translated by Mr. Beauchamp, and partly in English, respecting the "Schlussel" importations, and why they were not examined by him.

Witness discharged.

Mr. C. P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled and examined as to why no disciplinary measures were taken in respect to the laxness shown by the Montreal Long Room officials in connection with the Keith von Harrison drug importations. At Mr. Calder's request, permission was given to Mr. Blair to take File 6880, seizure 30822-3843, (Keith von Harrison file respecting seizure of narcotic drugs from Hector Viau, Montreal) to peruse same previous to his re-appearance before the Committee.

Witness retired.

Hon. Mr. Boivin produced:—

1. All correspondence respecting Order in Council, P.C. 3233, dated 30th December, 1920, being File 125184, Liquor (Whiskey and Gin) which must have been manufactured in Canada at least two years.

2. Files 124700 and 124256, seizure of liquor from Moses Azziz of Lower Caraquet, N.B.

3. Original export entries concerning certain shipments made by Dominion Distillery Products Limited, Montreal.

4. A statement from Mr. Farrow in respect to Mr. Doucet's motion of the 26th February to the effect that there is no record of any seizures of liquors having been made from the warehouses of the Quebec Liquor Commission, Montreal.

5. Files respecting automobiles seized, forfeited and sold, and claim thereafter made to the department that same had been stolen, viz:—

File 113135, seizure 32313/1090, from C. Oran.
File 125305, seizure 37049/78, from parties unknown.
File 123681, seizure 35786/5589, from parties unknown.

6. File 126211, Samuel Ethier, seizure of gasoline.

7. File 125492, Schooner Vera E. Hillelman, Mulgrave, N.S.

8. File 125251, Schooner Victor W. T.

9. File 119148, seizure of liquor in warehouse of G. G. Harnish.

Mr. W. F. Wilson produced,—
File 14243, Albert Filmore, Port Elgin, N.B., liquor.

Moved by Hon. Mr. Stevens,—That Mr. J. Love of The Love & Morton Co. Limited, 306-310 Ross Ave., Winnipeg, Man., be summoned to appear before the Committee on Tuesday, April 13th.

Motion agreed to.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, April 8, 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.

GEORGE B. FOWLER recalled.

The CHAIRMAN: You are under the oath which you took yesterday?

WITNESS: Yes sir.

By Mr. Calder, K.C.:

Q. I would ask you to speak very loud so that all the members of the Committee will hear you. I might say that Mr. Fowler is just recovering from a severe illness and has some difficulty. You told me that you had a slight correction to make in your evidence of yesterday?—A. Yes.

Q. Will you make that now?—A. When I was speaking of Mr. Boland as having passed some of these entries, I referred to him as being a clerk.

Q. What is the fact?—A. He is an accredited Customs clerk of a wholesale firm in Montreal, but not a broker's clerk.

Q. Mr. Fowler, will you look up the report that was guiding you yesterday and state whether you required from the clerks in the computing room an explanation of their neglect of the Customs Act, section 111, and what explanation they gave you?—A. I did.

Q. Well you asked for an explanation as to how it happened; they did not describe a case by number and markings for examination?—A. Yes.

Q. What was their explanation? First, was the same explanation given by all of them?—A. Practically.

Q. What was the explanation?—A. It was explained that where goods were all of one kind, that is if there were ten cases of one kind of goods, they did not consider it necessary to pick out a particular case.

Q. So the smuggler who wanted to bring in goods could then escape from the operation of section 111 by describing his cases as having all the same contents?—A. Yes.

Q. You reported that?—A. Yes sir.

Q. I dare say that report was forwarded to the proper quarter?—A. Yes.

Q. Do you know of your own knowledge whether any disciplinary action was taken against the computing room clerks, or whether they received any instructions to cease the practice of marking the Customs entry papers "X-1"?—A. I did not.

Q. Did you also interview the Customs officers at the wharf warehouse?—A. Yes.

Q. And require from them an explanation, if they could give it, why the six shipments had got through unchallenged?—A. Yes.

Q. What did they say?—A. I asked them if in the last numbered cases of each shipment appeared to be one from each case designated for examination, and why one was always sent.

Q. That all appears from the files?—A. Yes.

Q. That the last numbered case appeared to be examined?—A. Yes, one of the last three.

Q. One of the last three?—A. Yes.

Q. What was the explanation?—A. They claimed that under their instructions "Examine one", they were free to take any case, but as to explaining the reason why the last case was taken, they said that it just happened.

Q. You reported that in your report?—A. Yes.

Q. Forwarded to the proper authorities?—A. Yes.

Q. Will you look at the Customs file on the same subject and will you indicate to me one by one the entry forms for the various shipments in order of time?—A. That is the first one. (Indicating file).

Q. This is the first shipment?—A. Yes.

Q. I will detach this from the file, with the Committee's permission, and will file it as exhibit 117-A. Now it is evident from the order to the landing waiter, which is affixed by means of a square rubber stamp reading: "Landing Waiter, number (blank) packages for release to appraiser, signed 'Clerk' ". This is initialled?—A. No, that is not very good writing. I would say that is, "Examine one, division four".

Q. This is marked "Examine one, division four", and the clerk who checked has neglected to sign his name?—A. Yes sir.

Q. Although evidently the usefulness of this stamp is that you can trace an entry form back to the man who passes it?—A. Yes.

Q. Will you take the next shipment?—A. (Witness produces entry form).

Q. You produce 117-B original form covering entry 27677-A, is there any indication of that case having been passed?—A. There is the stamp and the writing is "Examine one, division four".

Q. I notice that the stamp is not there, but the writing "Examine one, division four"; is there an initial there?—A. There is an initial.

Q. Will you find the third one?—A. (Witness produces entry form).

Q. In this third entry form numbered 31357-H, there is no stamp, but there is in lead "Examine one" with an initial "B"?—A. That is division three or four; it has been changed.

Q. That will be filed as exhibit 117-C. Now the next one?—A. Now the next entry form is for entry 27685-E.

Q. That has no stamp either?—A. No sir.

Q. It is merely "Examine one, division four"?—A. Yes, examine, division four, but "one" is not very plain.

Q. At any rate none of the cases are marked and there is no designation of a specific case?—A. No.

Q. No specific case to be examined?—A. No.

Q. Are there any initials to show who examined it?—A. No sir.

Q. That would have to be traced by the letter?—A. Yes.

Q. That would have to be traced by the letter "E"?—A. Yes.

Q. That is exhibit 117-D, and you now produce as exhibit 117-E, entry form for import, No. 33024-A, and that has no stamps, but it has a notation in red to examine one, division three, but no initial of the entry clerk?—A. No sir.

Q. Now, in order to be fair to the department, sometimes a case appears—the designation of the case is put on the carter's ticket, did you find that?—A. Usually I found it on the back of this examination form.

Q. Did you find it in this case?—A. I am looking to see.

Q. We are now speaking of form C-14?—A. Yes sir.

Q. Now will you pick out for the five entries, form C-14 and see whether the specific case is designated?—A. On the first one, entry 21108-A no number appears.

Q. On the first one, no number appears?—A. No.

Q. Detach it, will you?—A. There is an explanation here on another document; no case went to the Customs for examination, in this case.

Q. You say no case went to the Customs for examination in this case?—A. No. sir.

Q. Did you investigate that?—A. No, I did not. It is covered by what is called at the ports "Delivered under cover." That means by authority of the collector where something is required in a great hurry, or for other reasons.

Q. Will you file the document which manifests that?—A. I have made a memorandum of it here; I do not know just where I got that information; perhaps I can find it by looking for it.

Q. Your statement is that in the first shipment no case was sent for examination?—A. That is correct.

Q. No specific number appears on C-14?—A. No.

Q. The result of your investigation was that that first shipment had been delivered without an examination of a case, under a cover order from the collector of Customs himself?—A. I presume that is the ordinary procedure.

Q. Who was the collector of Customs at that time?—A. Mr. Weldon.

Q. Will you look through the files and see whether you can produce that cover order?—A. It does not appear on the file. I obtained that information through asking somebody there.

Q. Did you confirm it from Mr. Weldon himself?—A. No, I believe it is done frequently.

Q. But I want to know whether it was done in this case, and whether it was admitted to have been done by Mr. Weldon in your hearing?—A. I could not say. I did not inquire from Mr. Weldon.

Q. Did you mention that in your report?—A. Yes, sir.

Q. You say you mentioned that in your report?—A. Yes, sir.

Q. Will you go on to the next; take C-14 out, and we will file it as Exhibit No. 118-A. Before we go any further, this Carter's ticket is delivered to the carter, is it not?—A. Yes. That is not a carter's ticket. There is another document called a carter's ticket.

Q. To whom is that document given?—A. I am not familiar with the port procedure.

Q. Is the number mentioned on the carter's ticket—I mean the number of the specific case to be examined? I am grouping together under one letter number all the entry ports, and I am now grouping together all the C-14s, namely, the delivery order for the delivery to carters?—A. I have not got a copy of the carter's ticket in connection with that.

Q. All right, proceed to the next C-14, in order of time?—A. Entry 27677-A.

Q. Is there any mention there of a specific case?—A. The case examined shows on the back.

Q. The case that was examined shows on the back of the ticket?—A. Yes, sir.

Q. Now, as a matter of practice and rule, should not that appear on the face of the ticket?—A. As I said before, I am not familiar with the port procedure.

Q. It is checked off on the invoice as well?—A. That case number is.

Q. Detach it, please. In this order for examination, C-14, for entry number 27677-A, you have at the back the case number and marking E-K, with 646 in a triangle, one case?—A. Yes.

Q. You say it appears from the specimen invoice that that case was checked?—A. It was marked with a check.

Q. In that case was the case marking in the last three?—A. It was the last one of all.

Q. In the shipment that was seized, were the cocoa powder cases the last three?—A. Yes, sir.

Q. Proceed to the next C-14.

Mr. KENNEDY: Just what do you mean by the last three, Mr. Calder?

Mr. CALDER, K.C.: They are numbered consecutively, Mr. Kennedy, and in each case it was one of the last three cases that was examined, and in the seized shipment, the last three cases were cocoa powder, and the first three were narcotics.

Mr. KENNEDY: The last three were the higher numbers?

Mr. CALDER, K.C.: They were the higher numbers.

WITNESS: Entry 31357-H, the case for examination appears on the back of it, but not on the invoice.

By Mr. Calder, K.C.:

Q. File C-14 referring to entry No. 31357-H, showing at the back an examination number, case marking AW, triangle 625, one case, and that was also in the last three?—A. Yes, sir.

Q. Now take the next one; you file as Exhibit No. 118-D the C-14 for entry 27685-E, bearing on the back ZD, triangle No. 866, one case; what are those additional letters, do you know?—A. I think that is short for the word "address."

Q. That will be 118-D and in each case that appears to be examined?—A. That was the last case of all, and in this case it was checked on the invoice.

Q. In examining at the warehouse, you discovered that no examination of the cases had been made at all; that is, no thorough examination?—A. The packages we found at 85 St. Peter street, the cases in the office, and the cases in the basement of another building, none of them had been opened, although some of them we proved were cases that had been to the Customs.

Q. So that the way it stands now, is this: that apparently by some sort of system, the highest numbered cases were the group examined in each shipment?—A. Yes.

Q. Or rather, the cases picked out for examination?—A. Yes.

Q. Then, it went to the Customs, with the examiner checking the invoice, having examined the goods, although in each event where you found a case it had not been examined?—A. With the exception of one, and when I made the first inquiries, I may say that I found a shipment prior to the one seized at the Customs house; that is, the three cases, at least one case, and when I found that case I did not examine it very carefully, because I was in a hurry to get to the wharf to see If I could get the ones left on the wharf. They were gone. Next morning when I returned to the Customs, that case appeared as having been opened since my visit the evening before.

Q. Catching up with the duties, as it were?—A. That was one of the lot which was actually opened.

Q. And in the cover shipment itself, no case was discovered for examination, and the whole shipment was delivered, for some urgent reason?—A. Yes.

Q. And all those facts were reported by you?—A. They are all in my report.

Q. I understand from the system established in the Customs, that if a third party, not the importer himself, passes an entry, he must have a power of attorney?—A. Yes.

Q. And that power of attorney is numbered?—A. Yes, sir.

Hon. Mr. STEVENS: Is it filed?

Mr. CALDER, K.C.: Filed in the Customs House, you mean?

Hon. Mr. STEVENS: Yes.

Mr. CALDER, K.C.: Yes. There is a special place close to the Long Room where the power of attorney number is filed.

WITNESS: Yes, sir .

By Mr. Calder, K.C.:

Q. That is to say, by turning up the particular number, you can find which broker it is, and which party he represents?—A. Yes.

Q. Did you discover anything unusual about the power of attorney numbers in this case?—A. The numbers in each case were false.

Q. In each case the powers of attorney numbers were false?—A. Yes.

Q. And that could have been found out at the time of passing the papers, if there had been any reference to the power of attorney numbers?—A. Yes.

Q. Did you ask the computing clerk, or the distributing clerk at the Long Room to give any explanation of why that had not been discovered until you found it out?—A. I did.

Q. Whom did you question upon that subject?—A. I questioned all of the clerks in the Long Room whose names appeared upon any of these entries, in the presence of their chief.

Q. Is the computing clerk supposed, in the routine of his duties, to go and check the power of attorney numbers?—A. As I said before, I am not familiar with the port regulations.

Q. But upon your examination of them, did that duty become apparent? —A. It did.

Q. Consequently they admitted that the duty was laid upon them of checking the power of attorney numbers?—A. Their explanation was that owing to the large amount of work to be done, it was practically impossible to always check the numbers.

Q. So that press of business was alleged in the Long Room, and it was alleged on the wharf?—A. Yes.

Q. And it was alleged by the operator to the Collector of Customs?—A. Yes.

Q. Did you ask them at that time whether this frequently occurred, that they did not check the power of attorney numbers?—A. No. I was only interested in the file, and I pointed out to them, in each case, they were not correct.

Q. I have been told Mr. Fowler, that a little later on in your investigation, somebody appeared to either claim these cases or make inquiries about them? —A. I was told so by the collector.

Q. He did not appear to you personally?—A. No, sir.

Q. Did the collector tell you whether the person claiming the shipment, or interested in it gave his name?—A. He did.

Q. Who was it. I am merely seeking to lay down the bed plates for another witness?—A. I may explain that I was waiting to see the collector, and I went into the collector's office from his clerks' office. The public door is another door, and when I went in to see the collector about something connected with this matter, he said "Did you see that gentleman that just went out?" I said "No, I did not pay any attention." He said, "Well, he is interested in your cases," and he says "that is the Rev. Father Heffernan."

Q. Now, I suppose Mr. Weldon knew Father Heffernan's address?—A. He did mention it. If I remember correctly, it was a suburb of Montreal.

Q. Note Dame de Grace?—A. That is the name.

Q. I suppose you considered it part of your duty to interview this gentleman?—A. No, sir. I mentioned it in my report.

Q. You mentioned it in your report?—A. Yes.

Q. Well now, Mr. Fowler, do you not think that it would have been your duty to follow up this clue and find out for whom the intermediary was acting and under what conditions?—A. I may say, in explanation, that within a short time after that, I was approached by one of the officials of the port who introduced the subject by saying "I believe you made a big seizure yesterday." I admitted that we had, and he mentioned that the reverend gentleman had been down to the Customs about it and he said "he was speaking to me about it," and he said, "I asked him if he was aware of what kind of goods there were in the cases that he was inquiring about, on behalf of somebody else." He said, "no." I informed him that they were narcotics, and he was horrified, and this is as far as I went. I did not wish to cast any reflection on the reverend gentleman.

Q. It is precisely because this person, who was very evidently acting innocently for other parties, was horrified in the position he found himself, that you could have got information from him, as to the person who delegated him. Do you not think now, looking back at it, with a cooler and more collected wisdom, after the event, that you should have seen this gentleman and found out who had delegated him and who had surprised his good faith?—A. I thought my duty was finished when I reported the matter.

Q. Did you mention this fact to any of the Mounted Police at the time?—A. I will not be sure. I presume, perhaps, I did, because they were dealing with me.

Q. Did your investigation end at the point that you have now reached?—A. Yes, sir.

Q. Did you have communication of a long, detailed report, that was mentioned here yesterday, a report made by Corporal Kyle, as to the organization of Keith von Harrison and its ramifications in the United States?—A. As far as I remember, I have never seen that.

Q. So far as you remember you have never seen that?—A. No.

Q. It has never been communicated to you for further investigation?—A. No.

Q. The matter was closed with the report which you had been guiding yourself by, as far as you were concerned?—A. That is the ordinary procedure.

Q. When you discovered from the manifests, a sixth shipment, so similar to the preceding five, that you yourself were convinced that it was a part of the series, why did you not shadow the shipment, merely, and have it go through to its destination and then seize it?—A. I was afraid of losing it.

Q. You were afraid of losing it?—A. Yes.

Q. Of course, you had some justification, judging by the cases we have heard here, but in that case was there no procedure that you could have followed, which would have enabled you to follow the case through?—A. I do not think so, because they would certainly know in those cases that they were acting under my instructions, when they came off the ship.

Q. If there was anybody at the wharf, in collusion with Harrison, I mean, to stop the cases, he would know and warn them, but if you had not interfered with the cases they would have gone through in the regular way and you could have traced them to 85 St. Peter Street and seized them there?—A. No. When they got away with the previous shipments from the wharf, the first three cases in that shipment, as appeared from the investigation, I did not want to take any chances with the ones we had.

Q. In that case they were not being watched. May I put to you, possibly, Mr. Fowler, that, following the system adopted by the Preventive Service, of making seizures, rather than arrest, you were more concerned in the seizure than in arrest?—A. I wanted to make sure of getting my cases, which, I felt, would contain narcotics.

Q. At that time you had the information that Keith von Harrison had a reputation, continent wide, as a dealer in narcotics?—A. We had no real evidence that these had anything to do with Harrison. They were all fictitious names and they would disown any of them, all of them. We had not the proof at that time.

Q. That is very true, but with all the clues you had, being instructed by your informer that Keith von Harrison was interested in this shipment and that 85 St. Peter Street was its objective—you had knowledge that Keith von Harrison was a dealer in drugs, at 85 St. Peter Street, and that Edward Thorne & Company was among those interested, with Astrof, von Harrison's partner, and Perrin, who was Keith von Harrison's alias, and that the shipments were made under fictitious names, all taken up by Edward Thorne. You had all

the clues required and all the proof, except the fact that the previous shipments contained narcotics. That is correct?—A. Yes.

Q. If then, you had allowed the case to go through and had seized it in the possession of Edward Thorne, you would have proven that it was a narcotic drug establishment and that it was in the possession of Edward Thorne and his associates, and I submit to you that it was much more important to do that than to seize the ten thousand ounces?—A. If it had been done in the way the previous ones were handled, I would not have got it.

Q. Why?—A. Because in the other case they had got away from the wharf, and in this case they would not get anybody up there at all.

Q. They would have kept away from it, if you assume— —A. There would be no Collector.

Q. If you assume that you were looking for an arrest only, from the moment that you had seized the cases, or ordered them held, you are right; nobody would have appeared to claim it. But if upon checking the manifest you had merely held the case,—I suggest you could have done that by ordering the Collector there and your entire personnel down at the wharf—the case would then have been watched and the person appearing for it, to clear the entry, would have been arrested. I suggested you could have arrested Gatien at the moment he put the entry through and you could have got the rest. Is that not possible?—A. Possibly.

Q. That was not done?—A. No, sir.

Q. It did not occur to you at the time?—A. No.

Q. This was the period of time when the Mounted Police were ordered to take no initiative and to take no orders from the Customs officers, when they required their assistance?—A. I am not sure of the date.

Q. It was at the time when the Mounted Police were told to develop no initiative but to act entirely under the Customs officer?—A. I do not know.

Hon. Mr. STEVENS: Is Mr. Fowler Mr. Wilson's Chief Assistant?

By Mr. Calder, K.C.:

Q. Are you the Chief Assistant of Mr. Wilson?—A. At that time, I was a special officer, one of a great many.

By Mr. Donaghy:

Q. Did you act in co-operation with any of the officers in Montreal, in those proceedings which you took?—A. Yes, sir.

Q. Whom were you advising with in Montreal?—A. I was acting under instructions from my chief at Ottawa.

Q. Did you see anybody in Montreal and tell them what you were going to Montreal for, and what your men were going to do? Did you see the Collector? —A. Only when it was necessary in something pertaining to a shipment, until we got orders for releasing goods in the port of Montreal.

Q. It strikes me that you would have got in communication with the Collector of the port and told him what you went down there for. Did you not tell the Collector what you were there for?—A. In our work we found it was best to work as secretly as possible, in cases such as this.

Q. Did you or did you not have any talk with the Collector of the port, in connection with this matter?—A. I did not, until after the goods were held.

Q. Did you have any talk with anybody in the port, until after the goods were held?—A. No, sir.

Q. You were there purposely on your own initiative?—A. Yes.

Q. Did you not confer with any Customs officer before you went down there on this mission?—A. I could not form any scheme. It just developed as

the investigation went along. We first started looking for narcotic drugs described as such. Of course, we felt that we were exceedingly lucky to arrive at a point where we could make a seizure.

Q. For how many years had you been on this special investigation work prior to taking on this job?—A. About ten years.

Q. Your reason was, you say, it did not occur to you to shadow this shipment of drugs, passed through the Customs, passed to the consignee?—A. As I said before, I wanted to make sure of getting it.

Witness retired.

W. F. WILSON re-called.

By Mr. Calder, K.C.:

Q. Mr. Wilson, you were Chief Preventive Officer here, in Ottawa at the time this Keith von Harrison matter developed?—A. Yes.

Q. Did you receive and take personal communication of Mr. Fowler's report, dated November twenty-seven, 1922?—A. Yes.

Q. Did you make any recommendations or give any orders, in consequence of that report, other than those that were required, to dispose of the seizure? —A. I will have to have communication of the report, to know what you mean.

Q. Probably I can break it up for you, Mr. Wilson.—A. Yes.

Q. In the first place it was shown here that, in the computing room, the following violations of duty were committed, not only by one, but by all the clerks concerned; namely, that they did not check the power of attorney number and that they did not mark upon the entry form, the cases that were to be held for examination, describing them by specific markings; and further, the curious coincidence appears in all of them, that in every shipment the case chosen was in the group of the last three. Did you make any recommendation in connection with that?—A. Yes. I made a recommendation to the Department, with regard to the power of attorney.

Q. Yes?—A. And as a result of that there was a man specially assigned to devote his attention to the entering and checking up of powers of attorney, and that system has, since that time, been installed.

Q. What is the system now?—A. The system now is, that a power of attorney, filed by anyone, is entered in a swinging index—

Q. Swinging index?—A. Swinging index, under the name of the importer, and the Customs agent's name on it.

Q. Is there a cross-index in which the number comes first?—A. There is a cross-index, yes.

Q. And one man is specially detailed to do that?—A. Yes, sir.

Q. That is to say, he receives from his distributing clerk the entry papers, and checks the Power of Attorney number as the first step?—A. These entries are first handed to him, and he checks the Power of Attorney from his index.

Q. But what I am interested to know is, what was done to the clerks who violated the previous order?—A. Well, sir, that is outside of my responsibility.

Q. Did you make any recommendation?—A. I made a report to the Department, following Mr. Fowler's report.

Q. You passed on the facts?—A. Yes sir.

Q. And thought the Department should deal with them?—A. I cannot deal with port officers.

Q. I think you are right. The next thing that appears in this inquiry is that the officers at the warehouse, where the goods were unloaded, stated that upon the notation X-1, they would select a case for examination?—A. Yes sir.

Q. That is defeating Section 111?—A. Yes sir.

Q. Did you make any recommendation in connection with that?—A. From memory I cannot say.

Q. Well, you may consult your files if you like.—A. It is not my business, of course, to make recommendations on port business.

Q. No, but a little zeal in the public business sometimes is useful.—A. Yes —I think not; the facts were simply placed before the Department in the covering report for departmental action.

Q. Now the further investigation of this case, however, I imagine, would fall within your own jurisdiction?—A. We were conducting the investigation.

Q. Now, we arrived at a blind end with Mr. Fowler, who told us that when the seizure was through, a little information was got—I might almost say incidentally—afterwards. I do not know if I am mistaken, but I think there was a very, very strong case even as it stood, against Thorne for conspiracy to defraud from the Customs, and I am going to put that case to you, and if you agree with me I will have to ask you an embarrassing question; I will ask you why it was not further proceeded with. The people interested in these shipments were known before the investigation to be Keith von Harrison, because, unless I am mistaken, the activities of the Royal Mounted Police start with a letter from you dated April 17th, 1922. Does my memory serve me right when I say that Keith von Harrison's name was mentioned in that?—A. Yes sir.

Q. Then they have known that it was Keith von Harrison, and Keith von Harrison was known among other aliases as Perrin. Edward Thorne and Company contained among its officers or partners, or whatever they were, Astrof, Harrison; partner, and Perrin, presumably Harrison himself. All the cases, including the last one, were directed to 85 St. Peter street, and the only firm that was connected at all with the shipment at 85 St. Peter street was Edward Thorne and Company. So far, I am correct? I mean, as a result of the investigation?—A. I do not know that each shipment was identified as having been delivered to 85 St. Peter street.

Q. That is what Mr. Fowler says.—A. He is more familiar with it than I am, and I will take his word for that.

Q. I am taking it that Mr. Fowler is correct?—A. Yes.

Q. And you had, beside that, Mr. Dalton, who could speak to the circuitous method in which the Customs were approached, namely, that Edward Thorne went to him and asked him to use his good offices to get the shipment through, and Dalton would go through Gatien and Bolan. I think if I had been charged with the case I would have picked up Gatien and Bolan.—A. We did.

Q. Arrested them?—A. No, questioned them.

Q. I think I would have gone further and arrested them. Then you had Father Heffernan, whose indignation at being made a cats-paw would have led you to the person who interviewed him.—A. He may have got it in the Confessional.

Q. Oh no.

The CHAIRMAN: No.

By Mr. Calder, K.C.:

Q. Of course, that bars inquiry, although Lord Birkenhead is not of that opinion, but he would hardly get information of a sin in the Confessional and then go down and help a man to further commit the sin.—A. No.

Q. That is inconceivable?—A. Yes.

Q. He thought it was an ordinary transaction, I am quite sure, and went down to inquire about it because Keith von Harrison uses very peculiar instruments—unconsciously?—A. Yes.

Q. Father Heffernan certainly could have told you who asked him to go down for the shipment?—A. He could if he would, yes.

Q. Do you not think that case should have been further investigated?—A. We might have gone to see Father Heffernan. I will take the responsibility for that, but I concluded in my mind, rightly or wrongly, that Father Heffernan would not have told us.

Q. But even without that point of contact, the other points were fairly strong; you have Dalton, who connects Thorne; knowing Thorne, he could have identified him; you have Gatien and Bolan, and you have the deliveries at 85 St. Peter street, undoubtedly connected with Thorne and his organization?—A. Yes.

Q. I say that is almost a good enough case for Court on a charge of conspiracy.—A. With this exception; we had no proof whatsoever on the previous shipments that they were narcotic drugs. We believed they were, but we could not go into Court with that, as you know.

The CHAIRMAN: The jury might have disagreed.

Mr. CALDER, K.C.: They might.

By Mr. Calder, K.C.:

Q. But, Mr. Wilson, from the moment the drugs were safely landed in Ottawa, and the seizure was complete, what was done to further investigate the case?—A. I do not recollect there was anything further done. We considered it done as far as we could go.

Q. Now, did you receive a report, or was a report forwarded to you by Mr. Phillips, which had been made by Mr. Kyle on the activities of the Keith von Harrison organization in the United States, and the possibility of securing from certain people there certain information? I know, Mr. Wilson, this file should have been forwarded also to the Health Department, and it may have been considered that the Health Department should take it up, but we are not investigating the Health Department now.—A. Before I answer that, I would add to my last answer, when you spoke of Bolan, Gatien and Dalton, and about not going into Court, that we had no evidence of the importation prior to this seizure —that they were narcotic drugs. In the seizure of these six cases we had no evidence against those men, inasmuch as no entry had been passed at the Customs; therefore, there were no grounds, as far as we knew, for instituting proceedings against them. Now, if you will kindly give me the date of that—

Q. The Kyle report? I think it is quoted in the proceedings yesterday. It is a report made some time in March; I have not the exact date. The answer was not transcribed. (To Corporal Kyle). Will you look up the date of that report?

Mr. KYLE: January 10th, 1923.

By Mr. Calder, K.C.:

Q. It may be that you will not be able to find the report as I am instructed that it was sent only to the Department of Health?—A. I do not see it here.

Q. Were the contents ever discussed between you and the Commissioner of Police?—A. I don't remember the report.

Q. Do you remember the question coming up as to the possibility of procuring evidence as to these operations of the narcotic drug smuggling by obtaining information after interrogating people in the United States?—A. I don't remember that at all.

Witness retired.

[Mr. W. F. Wilson.]

JOHN R. STEWART called and sworn.

By Mr. Calder, K.C.:

Q. You are one of the partners of Blaiklock Brothers, Customs Brokers?—A. Yes, sir.

Q. 41 Common Street?—A. Yes, sir.

Q. Customs brokers?—A. Yes.

Q. Did you have in 1922 and 1923, a customer by the name of Goettenberg?—A. Not to my knowledge, no.

Q. Did you have a man by the name of Schussel?—A. I did.

Q. Did you conceive certain suspicions as to this man and communicate them to the Customs office?—A. I did and I did not.

Q. Tell us wherein you did and wherein you did not?—A. I am only speaking from memory as to the exact dates.

Q. Never mind the dates; I understand that it was at the beginning of your business connection?—A. Yes, that is true.

Q. Tell us what were your impressions?—A. He came in with a package received by post from the United States, containing goods which were described as luminol and atophan, or something of that nature, and there was a question as to value on account of the goods having originated in Germany and shipped out of bond to the United States. I did not agree with the appraiser, Chevrier, and referred the matter to the Chief Appraiser at the port. He gave me all information regarding it, saying one was good for the heart and one for rheumatism, and they were not drugs in any shape or form.

By Mr. Bell:

Q. Not drugs?—A. No, not drugs. He said that they were known and used frequently for the different troubles or diseases; one was for the heart and one for rheumatism. I think that is what he told me. These goods were not accepted and were ordered back, this particular shipment, to the United States.

Q. I am instructed, Mr. Stewart, that you warned the Customs that this man was not wholly recommendable, that he might be watched?—A. I do not say that I ever used those words.

Q. Did you ever use words equivalent or conveying the same idea?—A. He was a stranger, and I was afraid that it might be narcotics or dope.

Q. You conveyed that impression to the Customs?—A. Yes, so we would be absolutely sure, and would not have any dealings with a man dealing with narcotics, or doing anything contrary to the law.

Q. I suppose you remember when this matter was investigated?—A. What do you mean by investigated?

Q. When questions were put to you, concerning putting through the entry. I think we have the original here. Do you know the signature here?—A. That signature is not his signature.

Q. You mean to say that this is a copy?—A. Yes, it certainly is.

Q. We will assume that this is correct?—A. I am sorry, Mr. Calder, I can not assume anything.

Q. We will have to adjourn your examination?—A. When I say that, I mean that I have to see the original.

Q. If that is the case, we will have to adjourn your examination. You have a subpeona to bring all records, and you should have the duplicate?—A. You gave me no time at all; I got my telegram at five twenty-five last night to be here at ten-thirty this morning, and you did not tell me what was required.

Q. Unless I am mistaken your subpeona called for the production of all papers that you have in connection with Schussel. I am satisfied that your position is logical; we will get the original.—A. What is this one here? (Indicating) That has nothing to do with it.

Q. What I want to find out is who prepared the entry form and why it was altered from atophan to talcum powder. The first step, of course, is to find out whether it was prepared in your office; if you are prepared to admit that, we can go a certain distance?—A. I can not very well agree to admit that. When you have the copy here, as it is, it must have been prepared in the office.

Q. Prepared by Mr. Skinner?—A. No.

Q. By whom?—A. By one of the clerks.

Q. Do you know which clerk prepared it?—A. No.

Q. Mr. Murphy?—A. No.

Q. Is that a duplicate original?—A. This is our office copy.

Q. Yes?—A. You want to know who prepared it?

Q. At the moment you tell me that you are embarrassed by not having the original, but you have one of the triplicates?—A. Not in my possession; Mr. Murphy had it.

Q. You should have practised law instead of being a Customs broker?—A. I want to be frank with you; at the time this entry was prepared I was not in Montreal—

Q. I know that.—A. So I only have to tell you by the papers that I have before me who prepared the entry.

Q. I may tell you at once that there is no personal imputation at all, either against you or against your firm. Now you have one of the entry forms that was prepared at the same time as the one put through the Customs?—A. This is an exact copy of the one that was in the Customs house at the time that the entry was prepared.

Q. It is more than a copy; it is a triplicate?—A. Yes, it is a triplicate, if you will.

Q. It is as much an original as the other was?—A. Yes, precisely.

Q. Who prepared it?—A. Well, it is done on the typewriter, and it is impossible to tell you which typewriter did it. My record shows that it was done by a man who is not in our employ, by a man named Twigg.

Q. Do you know Mr. Twigg's address?—A. I do not know his private address; he is with T. Eaton and Company, Montreal.

Q. With whom?—A. T. Eaton and Company.

Q. In what department?—A. I could not tell you. I guess he is connected with the Customs Branch there.

Q. Have you ever had from Mr. Twigg any explanation of why, with the speciment invoice before him, which mentions atophan and luminol, the entry form which should at any rate be struck off from the invoice, shows it as dry chemical preparation?—A. Dry patent preparation.

Q. Very well, dry patent preparation—talcum powder or talc?—A. He did not use the term talcum powder.

Q. What did he say?—A. He simply said "Dry patent preparation," which is correct, according to the tariff. I think I might volunteer some information to you, Mr. Calder.

Q. What do the words "talcum powder" mean?—A. If you will allow me explain, you will be relieved at once. If you will come over here, I will show you. This is our office record, which is prepared by this party Mr. Twigg. I know that from the writing. He does not mention anything except "two cases dry patent preparation." He mentions the sale tax, the duty, so much freight, so much cartage, and so forth, and that completes the transaction as far as he is concerned. He hands it over to his operator to prepare the entry. When that is done, it is easy. In the tariff, there is no mention of atophan or luminol; he says, "Pry patent preparation," but they will not accept that as sufficient classification. They want to know specifically what goods are contained in those cases, and this girl in carrying the figures down, used the words "talcum powder." There is the whole thing, in a nut-shell.

Q. It is a mere incident that this dry patent preparation was covered by the words "talcum powder"?—A. Precisely.

Q. When the clerk brought the manifest back from the Customs with the objection that it was not completely described, you should have pointed out the atophan and luminol?—A. Those packages should not have come back, because we all know from past experience that we must describe the goods in the packages, other than "dry patent preparation."

Q. So that somewhere in the office, the words "atophan and luminol" were dropped and "talc" put in, but you say it was accidental?—A. That is my presumption. There is a quantity column in this form. The classification does not call for quantity, only in certain cases. But that blank is there, and they insist upon it being filled up, in nine cases out of ten, unless it pays a specific duty; so we just close our eyes and let it go.

Q. They will not take your entry without it being filled in?—A. If it was paying a specific duty.

Q. I know they insist upon it, but do you mean to say that the quantity of of drugs in this case had no influence on the duty?—A. Well, not on the entry form, because the correct quantities are shown on the invoice.

Q. If the correct quantities are shown on the invoice, why are they not shown also on the entry form?—A. That is something I cannot explain. It has no bearing upon it, anyway. They never check the quantity, I can swear to that.

Q. Having the invoice before him, your subordinate who prepares the entry form, finds it harder to copy than to originate?—A. I would imagine that it was on our invoices, although I have not seen it. If you get some by the gross and some by the dozen, and they pay the same duty, we do not go to the trouble of making the classifications accurately.

Q. But the clerk has before him atophan and luminol, and he writes "talcum powder;" he has before him a certain quantity, and he writes in another quantity?—A. I could not say about that, because I have not got the invoices before me.

Q. At the time Mr. Fowler went to your place, did you seek out an explanation from your personnel as to that mistake?—A. Unfortunately I was absent at the time.

Q. Mr. Dorion did that?—A. Yes.

Mr. BELL: Did it not appear yesterday, Mr. Calder, that this entry of talcum powder had occurred on more than one occasion?

Mr. CALDER, K.C.: That is not my recollection of it, Mr. Bell.

Mr. BELL: That was my recollection of it, and I just wanted to clear it up.

Mr. CALDER, K.C.: This is an isolated case, as far as I know. There is no evidence as to that, Mr. Bell. It appears to have been an isolated case, that is, as far as the evidence is concerned. There may be surmises, but no evidence.

WITNESS: When you only pass four entires for a man, and you get another from the Post Office, and you have to get the balance back, there is apt to be some mistake.

Hon. Mr. STEVENS: While Mr. Stewart is in the witness box, I might ask one or two questions of a general character, because we will not have the privilege of having Mr. Stewart back here, and we do not want to bring him back.

By Hon. Mr. Stevens:

Q. Mr. Stewart, some weeks ago, when questioning Mr. Weldon, the Collector of Customs at Montreal, on Friday, March 19th, I asked him regarding complaints made by Customs brokers, and business men of Montreal, regarding the manner in which business was carried on in the Customs Branch of that port. Hove you or your firm ever made any representations or complaints to the Customs Department as to the manner in which business is carried on there?

—A. Your question is rather vague, Mr. Stevens. You mean, on account of the officials at the port of Montreal being incompetent?

Q. Well, I do not want to put it in that way. Let me put it a little differently. Do you recollect having had a conference?—A. Yes.

Q. With Mr. Weldon and the Minister of Customs, I think, in Mr. Weldon's office in Montreal?—A. I do, perfectly.

Q. Would you mind telling us just what occurred at that conference, in your own way?—A. Do you think it is fair for me to answer that question, when I have been brought here upon another question entirely?

Q. I am doing this for your own convenience, because you can be brought back again?—A. If I remember rightly, it was in 1924. In the early part of 1924, things were going very badly in the computing room service; a lot of the staff were off sick and we were not getting the service. The result was that it was put in the paper, and it met the eye of the Minister; he sent for me, and we had a heart to heart talk, and suggestions were made as to how things could be remedied.

Q. Was that in the presence of the Collector and the Minister?—A. If I remember well, there were Hon. Mr. Bureau, Mr. Farrow, Mr. Bureau's secretary, Mr. Clerk, and myself, and during the interview, there was a Mr. Mendelsohn, and another party came in representing the British Trade Commission, I think it was. He of course, had nothing to say except that complaints were being made to him generally. We had specific casses which were brought to the attention of Mr. Bureau, and he promised to see that they were removed. Things were made so that they ran along much smoother.

Q. You do a very large business in Customs Brokerage?—A. We do quite a large business.

Q. The largest in Montreal?—A. Yes, I suppose so.

By the Chairman:

Q. A fair-sized business, anyway?—A. Yes.

By Hon. Mr. Stevens:

Q. Would you mind giving us your opinion as a business man operating in a large way of any practises in connection with the Customs administration which might be considered as irregular or not efficient?—A. Well, there is one thing I am sure of, that you have not got enough of a staff.

Q. Is the place under-staffed?—A. There is no question about that. If you were to take a look at the Customs House, as I did yesterday, you would be ashamed of it.

Mr. CALDER, K.C.: I went to it the other day, and there was only one appraiser in the grocery department.

WITNESS: One packer.

Mr. CALDER, K.C.: And he has to do the packing and opening.

By Hon. Mr. Stevens:

Q. There is one packer, Mr. Stewart, to how many appraisers?—A. A great number.

Q. Whereas they ought to be reversed?—A. I would think so.

Q. You must be, I should think, acquainted with the manner of appraising? —A. Well, that is again rather a vague question.

Q. Yes, I will admit that. Do you think the method of appraising goods in the port of Montreal is efficient?—A. Well, it is as efficient as it can be, with the staff they have.

Q. Your point is that it is under-staffed?—A. Exactly. If you would just stop to think for a minute of the amount of business transacted at the port of

Montreal, and the cases that come to the Customs warehouses they have for examination, and the staff of men there, you would see that it is impossible for them to do the work intelligently, and without mistakes. I do not care who they are or where they are.

By Mr. Donaghy:

Q. If that is the case as it exists to-day, it has existed for some years past? —A. Yes. The worst of the case is that men are dying or being superannuated, and are not being replaced.

Q. Who is to blame for that?—A. Do not ask me, Mr. Donaghy. I would imagine that it is the Department of Customs, and when we go around to them, they throw the blame on the Civil Service Commission.

Mr. CALDER, K.C.: That is what it was provided for.

WITNESS: I do not know that that is what it was provided for, but I know that the way the business at the port of Montreal is conducted, is a disgrace, and I am saying that without fear of contradiction by anybody.

By the Chairman:

Q. It is under-staffed?—A. It is under-staffed.

By Mr. Calder, K.C.:

Q. Is that the only defect, the under-staffing?—A. That would help wonderfully to move and expedite it.

Q. We are all here trying to find a method of reforming it. Besides the under-staffing, is there anything else, any other condition you consider disgraceful that does not flow from under-staffing?—A. Well, I think I would rather not answer that question.

Q. We must speak now, or forever afterwards hold our peace?—A. You are going at the thing the wrong way.

Q. This is the time for helpful criticism. You have told us that the Customs warehouse is under-staffed?—A. I have said that.

Q. Why not tell us the other difficulties you have in mind, in order that they may also be corrected?—A. Well, we want better elevator service; that is another thing.

Q. What else?—A. Well, I do not see that you could have much else.

Q. So that if the staff were increased, and the elevators accelerated, or increased in number, you think yourself that the disgraceful condition existing in the port of Montreal would disappear?—A. It would, to a certain extent.

Q. In order to cause it to disappear completely, what other things must be done, what violations of the rules checked, and what people ejected, if necessary? —A. It is not fair to me as an individual to be asked to suggest as to who should be "fired". I may say now, that with all this information going to Montreal as fast as it can, that I wish the reporters would report things correctly.

Q. You must remember, that far from controlling them, they control us?— A. I am of the opinion, Mr. Calder, that if the port of Montreal were sufficiently manned, or staffed, things would go along smoothly, and I will say that after that letter was published and the Hon. Mr. Bureau and Mr. Farrow came to Montreal, the situation was gone over and things were improved; we had no reason to complain.

Q. But they have relapsed?—A. For the reason, as I said before, that men are dying off, or superannuated, and are not being replaced. At that time our great complaint was in the Long Room, if I remember correctly; they were under-manned, and there were a lot of additions made to that particular document, and when we got our entries through it was the hardest part of the battle to get our entries checked; they were delayed there, they were delayed all along the line.

Q. There was one department which was not under-staffed. The appraiser's Department,—there were too many of them?—A. Looking at it from a business point of view, you would not require three or four appraisers. You have only one man as a packer.

Q. On looking at it in that light, they must have considerable leisure to examine everything, because there are three to examine, and only one to pack and take away?—A. How are they going to examine, when there is nobody to unpack or pack? You would not want to go and do an office boy's work.

Q. Well, I have done it?—A. Customs officers do not I suppose go to that extent. An appraiser would be lowering his dignity, to take a hammer and a chisel and open a case. It would not be an every day occurrence, anyway.

By Mr. Donaghy:

Q. Mr. Stewart, did you say they were crowded for space in the Customs House in Montreal?—A. They are and they are not; if the goods which come in were immediately examined and sent out, there would be no congestion, but if you have no men to handle the goods when they come in, the goods will lie on the floors; the elevators are packed, and there is nobody upstairs to remove the goods and naturally you create a congestion. If the elevators are packed upstairs, your hands are tied, no matter how many men you have got, but if you have men to keep the goods moving all the time, this would be overcome, because the goods are coming in continually from the wharves and if they are put upstairs immediately they would be delivered immediately.

Q. Do you find congestion there in the goods?—A. There has been lately. That, of course, has been due, I presume, to an epidemic of the 'flu and through men meeting with accidents and so on, but there is no doubt, gentlemen, about it, that the packers that are required in the port of Montreal are not there.

By the Chairman:

Q. Not sufficient in numbers?—A. No, sir.

By Mr. St. Pere:

Q. From your own experience, do you think that all the appraisers, presently acting in the Montreal Customs, are qualified people?—A. I would rather not answer that question.

Mr. DONAGHY: He is a broker and cannot be very well asked to criticize those people.

The WITNESS: I think you should get that information from some other source than from me. I think you should go to an appraiser, not to a broker, whose livelihood depends entirely on that. Naturally, if I say anything to hurt any of their feelings, it would be a reflection on me and they would want to come back on me. I have been in the Customs brokers business for thirty-five years.

The CHAIRMAN: A good reliable firm.

By the Chairman:

Q. Now, it was mentioned here that in the Customs warehouse there was no space—not enough to examine all the goods coming in?—A. Well, I think, whoever told you that, was telling you the truth.

Q. I have heard they were going to build a new Customs House in Montreal? —A. The foundations are there for thirteen or fourteen years.

Q. Do you think it would be a good thing for the manufacturers, the traders and merchants, the wholesalers and retailers, if that Customs House were built? —A. I certainly think it would be an improvement. Then you would have the examining warehouse apart entirely, as it was originally intended. To-day it is in part an excise office, an Income Tax office, all included in one, when the building was intended for an examining branch only.

Q. You know that the Income Tax office moved from the McGill building last year?—A. Into the same building, 51 McGill street.

Q. And they occupy an entire floor there?—A. Yes, an entire floor, practically, except a small corner.

By Mr. St. Pere:

Q. I will ask you the question in another form: do you not think an appraiser, say, in the grocery department, in the dry goods department, should be selected from people who had previous experience in the grocery or dry goods business?—A. Then your patronage system comes in right away. It is not fair to put embarrassing questions of that nature to me.

The CHAIRMAN: What you want is the right man in the right place?

The WITNESS: Yes.

The CHAIRMAN: Then the question is answered.

The WITNESS: May I ask a question? I have with me two of my assistants, and they have been subpœnaed or at least they have been called.

Mr. CALDER, K.C.: We were under the impression that Mr. Skinner was the one who had the document we required. We discharge him. Mr. Murphy is the one who went to the Customs.

The WITNESS: He is here to answer for himself. I was gone in 1924.

By Mr. Calder, K.C.:

Q. Under what item does talcum come? Is it 320?—A. Yes.

Q. Was that applied to luminol also?—A. Yes.

By Mr. Donaghy:

Q. Does talcum powder come under that item?—A. It varies. I am only assuming that the girl, when she copied this, put it in here.

Mr. CALDER, K.C.: I do not think there will be any utility in calling Mr. Murphy.

The CHAIRMAN: No. That is all right, you are discharged.

The WITNESS: The three of us?

The CHAIRMAN: Yes.

Witness discharged.

W. F. WILSON re-called.

By Mr. Calder K.C.:

Q. Did you at any time receive, either directly or indirectly, from the American authorities, engaged in the Preventive Service, particularly against narcotics, any detailed report of the activities of Keith von Harrison that might key into that information?—A. Well, I shall have to look up our files, Mr. Calder, to answer that.

Q. Will you do that, please?—A. Yes. Have you any idea of the date?

Q. No. I think it was subsequent to that seizure that took place down there that he alluded to, in Corporal Kyle's report, of January 10th. I think it was subsequent to that.—A. Our files will be looked up.

Q. All right. At the same time, Mr. Wilson, will you look through your files and find whether there were any reports, submitted either to the Preventive Service or to the Customs Department, concerning pilfering in the Post Office Department of the Customs House?—A. At what date?

Q. I mean—oh, we will say—in the time, in the last five years; they cannot have been very numerous. Would not you open a special file for that or would you assign— —A. A file for each subject.

Q. A file for each subject. There would be no summarizing for that?—A. No.

Q. I am afraid it is rather heavy work. At your own leisure, will you try and get that information?—A. Yes.

Q. Did you have any information concerning—have you any file rather, concerning the neglect to pay duty on brick making machinery, or, I will get the reference and give it to you?—A. We had one investigation on brick making machinery. I should say it was twenty or twenty-five years ago.

Q. Now, the one that I speak of is in connection with a company that went into bankruptcy. I will get you the reference during the interval. I have it somewhere here. It would concern machinery purchased by the Scott Brick Company from the American Clay Company?—A. When?

Q. It would be in 1912 or 1913.—A. You mean the Preventive Service files?

Q. Yes, or if you could transfer the request for information to the department.

By Mr. Doucet:

Q. Mr. Wilson, just a moment. You heard the last witness say that the staff at Montreal, in the examining warehouse, was undermanned?—A. Yes.

Q. Now, he said, that when they asked the Customs Department, they replied that the Civil Service Commission were to blame. Have you any knowledge that the Customs Department asked for appointments for those positions and were refused by the Civil Service Commission?—A. The staff at the port of Montreal, to-day, is larger than in past years, but I have no information personally with regard to that question. That is the department's port business; consequently I know nothing about the details of that.

Q. Would any officer in the— —A. Mr. Farrow would know that. He will appear this afternoon, I believe.

The CHAIRMAN: We just entered into the proof. We only had about a word of proof, and you want to start in rebuttal, to rebut that proof. This was all fixed for next week; we will have to wait until next week to verify this evidence.

Mr. DOUCET: What was fixed for next week?

The CHAIRMAN: The prison made goods, the examination of these business men, from all provinces of Canada.

Mr. DOUCET: We have a statement, under oath, that the staff of the Customs Department was undermanned and that the Civil Service Commission refused to make appointments.

The CHAIRMAN: No. He said it depended on the Civil Service Commission. There were no accusations against the Civil Service Commission.

Mr. DOUCET: I am looking for information.

The CHAIRMAN: He cannot give it to you.

Mr. DOUCET: Because, I suppose, there are a lot of men in Montreal, who can be appointed to the position of packers in the examining warehouse. Basing my opinion on that fact, I think I have the right to ask the question.

The CHAIRMAN: Who is your next witness? Let us get along.

Mr. DOUCET: You made the comment.

The CHAIRMAN: I would like to get the information in good form.

Mr. DOUCET: It is too bad the bad form only comes in this direction.

The CHAIRMAN: No, I do not think so. You started it this morning.

Witness retired.

CLIFFORD WALTER HARVISON recalled.

The CHAIRMAN: You are testifying under the oath you have already taken?

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. Mr. Harvison, you want to make it obvious that you are employed by the Merchants' Association, and not by the Merchants's Protective Association? —A. Yes, in the copy of evidence given on the 6th, I am shown as being employed by the Merchants' Protective Association. The manager of that company is at present under arrest, and I would sooner not be associated with him.

Q. When you were in the Royal Canadian Mounted Police, did you have information to watch shipments to a company called the Sun Fruit Exchange? —A. Yes.

Q. I suppose your first move was to investigate whether the Sun Fruit Exchange had an existence?—A. Yes.

Q. And a location?—A. Yes.

Q. What did you find in consequence of your investigation?—A. We were unable to find any registration of the company, or any place of existence; the company did not exist.

Q. What was the nature of the shipment being sent to the Sun Fruit Exchange?—A. The majority of them were invoiced as cabbages.

Q. What was the suspicion about these shipments of cabbages from New York to Montreal?—A. That silks were contained in the shipments of cabbages.

Q. I understand they had been checked at the other end?—A. Yes.

Q. Was there in that case the same feature of fictitious shippers as in some other cases that came up?—A. Yes.

Q. That is, the shipper at the other end had been investigated and found to be fictitious?—A. Yes.

Q. And the consignee at this end had no existence?—A. Yes.

Q. And these two lies or omissions were intended to cover the shipments of cabbages to Montreal?—A. That is right.

Q. Now, do you know what the rule is in the Customs with respect to perishable goods?—A. Perishable goods are taken by the consignee to his place of business, and are there examined at a later date by the Customs.

Q. Examined at a later date by the Customs?—A. So I believe.

Q. The purpose being to avoid deterioration in the examining warehouse, for which the government might be held responsible?—A. I suppose so.

Q. Did you investigate how deliveries were made to the Sun Fruit Exchange?—A. Yes.

Q. They would be put on the preferred list, would they not, as it is called?—A. Yes.

Q. To benefit by the advantage of immediate delivery without examination?—A. That is right.

Q. Conditional upon a subsequent examination?—A. That is right.

Q. It was not suggested in this case how the Sun Fruit Exchange goods were to be examined when they had no premises?—A. No.

Q. How were deliveries made in that case?—A. By the American Express Company. In each case the deliveries were taken by a driver named Thurgood.

Q. An affidavit has been procured from Mr. Thurgood, has it not?—A. Yes.

Q. Now, where were the deliveries actually made?—A. At a different address in each case.

Q. Were the goods actually delivered into a building?—A. No, they were delivered on to the sidewalk in front of a building.

Q. On the pavement?—A. Yes. In each case the shipment was consigned to one address, and upon the driver reaching there, he was told by a man stand-

ing on the sidewalk to take it to a different address; there he would be met by another man and the shipment taken by him on the sidewalk, and that was the last seen of it.

Q. Now, in each of these cases did you investigate in the Customs House, whether there had been any attempt to locate the Sun Fruit Exchange and examine the goods?—A. Yes. In company with Mr. Gould, a Customs officer, Mr. Moore and Mr. Jacques, all of the Customs Department, I interviewed Mr. Weldon at his office. We found there had been ten shipments consigned to the Sun Fruit Exchange.

Q. By virtue of this preferred order?—A. Yes.

Q. Conditional upon a subsequent examination?—A. That is right.

Q. Now, did the subsequent examination ever take place?—A. It did not.

Q. Was the fact that a subsequent examination had never taken place ever reported?—A. Not to my knowledge.

Q. I mean, reported to the Collector?—A. No.

Q. That was as far as your investigation went?—A. Yes.

Q. Over what period did these ten shipments extend?—A. My report does not say that, but if I remember well, it was over a period of about two months.

Q. Will you look at these papers here, (Indicating) which I understand were received by you in the course of your investigation, and state whether these papers will show over what period the shipments extended?—A. Yes. These papers were obtained by me.

Q. Will you file a copy?—A. Yes.

Mr. CALDER, K.C.: I now file a copy of a statement of shipments made to the Sun Fruit Exchange—(To witness) Under similar conditions each time?

The WITNESS: Under similar conditions each time.

Mr. CALDER, K.C.: —as Exhibit 119. This exhibit shows that the shipments extended from December 17, in one year—(To witness) What year would that be?

The WITNESS: 1923.

Mr. CALDER, K.C.: The first date would be December 17, 1923, and the last date—(To witness) would be what?

The WITNESS: December 17, 1923.

Mr. CALDER, K.C.: Oh, I have it in reverse order. It extends from June 7, 1923 to December 17, 1923.

By Mr. Calder, K.C.:

Q. Did Mr. Weldon express surprise that this should be continued over so long a period?—A. Yes.

Q. Was any effort made to fix the blame for this?—A. Yes. The man in charge of the clerks who were supposed to check the Power of Attorney numbers, was called in to Mr. Weldon's office and questioned, and claimed that it was impossible for the clerks to check the Power of Attorney numbers, as they were overworked, and had no time to check the numbers.

Q. And admitted, as a matter of fact, that in this case he had not done it? —A. Yes.

Q. Was there anything peculiar about the Power of Attorney numbers?— A. Yes; in each case the Power of Attorney numbers were wrong; it was the wrong Power of Attorney number—a different one.

Q. It was a false Power of Attorney number?—A. Yes.

Q. Did you investigate to find out on whom the duty was laid of following up these entries, and examining them at the premises of the company concerned? —A. No, I did not.

Q. That ended your investigation?—A. We seized one shipment. The last shipment was seized, and found to contain silk. That is the shipment arriving on December 17.

Q. The shipment arriving on December 17— —A. Was seized at the office of the American Express Company.

Q. And found to contain what?—A. Five or six rolls of Canton crepe. The cabbages were packed in barrels, and the upper half contained cabbages, and the lower half had either five or six rolls of Canton crepe.

Q. Now, how were the silks protected from the cabbages?—A. The rolls of silk were stood on end, and there was a quantity of paper or rags on top to protect the silk.

Q. Were the cabbages at both ends of the barrels, or only at one end?—A. Just at the top. There was no wooden cover on top of the barrels, just a piece of sackcloth covering the cabbages.

Q. To make it more obvious?—A. Yes.

Q. Now in the course of your duties as an R.C.M.P. did you have occasion at any time to check baggage at the various stations?—A. At Montreal?

Q. Yes.—A. Yes.

Q. You were concerned, I think, in the case of Rotenberg and Schnabel; in the case of Rotenberg, what station were the trunks in?—A. The American Express office.

Q. What station, Bonaventure?—A. At the head office on Common street.

Q. Is there a Customs checker there?—A. Yes.

Q. Upon examination of these trunks, alleged to belong to one Rotenberg, what did you find?—A. These trunks contained a number of silk dresses, all silk dresses, and the appraised value was $2,500.

Q. Was there any attempt at disguising these in the trunks?—A. None whatever.

Q. Was the trunks packed full of dresses?—A. Absolutely.

Q. In the Cooper Schnabel case, what did you find?—A. We had information from Corporal Kyle who was in New York, that one trunk thought to contain silk, one suspicious trunk, had left New York for Montreal, the Windsor station, and I went down in company with one other officer, and during the examination of the trunk—we did not open the trunk this day, we just examined it and held it to see if anyone would come along and claim the trunk. At the same time I noticed another trunk with the same kind of binding on the outside which had been shipped from New York. I put the trunk under seizure and instructed Customs Officer O'Leary to hold it, and the following day I went down with Customs Officer Gould, and I noticed a third trunk with similar strappings. The three trunks were opened and were found to contain sixty rolls of silk, and there had been no attempt to disguise it.

Q. You say that the three trunks contained silk?—A. Yes, they contained silk.

Q. These came in as baggage?—A. Yes.

Q. You say that there was apparently no attempt whatever to disguise the shipment?—A. None whatever.

Q. It was plainly a shipment of silk?—A. Yes. The tray had been taken from the trunks, and the rolls laid in.

Q. What was the value of the shipment?—A. I couldn't say.

Q. Was it seized?—A. I don't know—

Q. I suppose the K-9 would show the value?—A. Yes.

Mr. CALDER, K.C.: I do not know whether the point is clear to the Committee, but the point is this: no man would ship a shipment of that value as baggage unless he was positive that it would not be examined.

The CHAIRMAN: A trunk is supposed to be examined.

Mr. CALDER, K.C.: No man would take the financial risk of putting through shipments like that unless he was positive that there was no examination.

By Hon. Mr. Stevens:

Q. Were these trunks passed at the boundary line?—A. They were in bond at Montreal.

By Mr. Calder, K.C.:

Q. Was any investigation made, or disposition made in order to find out who would take delivery of the trunks?—A. Yes, we left the trunks at the station for a couple of days, hoping somebody would turn up and claim them, but of course they did not come.

Q. I suppose you communicated to nobody except your superiors the fact that these trunks were there?—A. I instructed the officer at the station.

Q. The leak must have been through the Royal Canadian Mounted Police or through the Customs?—A. Yes.

Q. Would you be prepared to say that it was not through the Royal Canadian Mounted Police?—A. I surely would.

By the Chairman:

Q. Do you know the value of the shipment?—A. I would say about ten or twelve thousand dollars.

By Mr. Bell:

Q. I suppose these trunks bore a check?—A. Just the traveller's baggage checks.

By Mr. Calder, K.C.:

Q. I understand that you were assigned to the investigation of conditions along the boundary line?—A. I was never assigned directly to the work. During one summer, I was on the boundary line most of the time.

Q. Will you tell the Committee generally what you saw along the boundary line in respect to, first, the location of the Customs houses, the hours of duty, the roads covered, and the possibilities of getting through?—A. In this one part the highway is a highway such as the highway through Rouse's Point, and it is considerably difficult to find a Customs house, even considerably more difficult to find a Customs house than to evade it. On almost any of the roads, and even at Rouse's Point, it is quite easy to take a back road or a turn off the main road. There is always an outlet by which the Customs house can be avoided.

Q. Your experience has evidently been the same as mine, that one thinks that the roads were laid out for the purpose?—A. Yes, exactly.

Q. Or the Customs houses adapted to the road?—A. Yes.

Q. With respect to the hours of duty of the Customs house officers at the smaller points, what did you find?—A. The majority of the officers employed by the Customs are men who draw from $500 to $700 a year for part day work. The hours of duty are from nine o'clock in the morning to four o'clock at night.

Q. Did you find them assiduous in their duties?—A. No. Part of their duty is to check trains, and if you strike a time when the Customs officer is checking a train at the Customs point, you will have to wait till he comes back, or probably his wife will give you a permit.

Q. Between the hours of four in the afternoon and nine in the morning, all roads are open?—A. Yes.

Q. Anybody can go through?—A. Yes, in one case you must go about two miles out of your way in order to—

Q. To strike a Customs house?—A. Yes, and on a very bad road to strike a Customs house.

Hon. Mr. STEVENS: They are very lucid.

By Mr. Calder, K.C.:

Q. Have you ever experienced any difficulty in checking yourself through Customs?—A. Never, we very rarely report to the Customs.

Q. Why is that?—A. We do not do it.

Q. As a matter of fact most of you were Customs officials?—A. Yes.

Q. At what point is this house which is two miles away from the road?—A. I do not know what it is called, but the road leads from Moore's Fort in the States, and you must travel a considerable distance before joining up with the main highway. It is known as the bootleggers trail and leads through Havelock Corners down through St. Chrysostome into Montreal. The Customs house is one mile north of the boundary line, and there is a main road into Canada and you turn to the right, and it is necessary to go about two miles in order to find the Customs house, and then it is necessary to come back to the main road again to come into Montreal.

By Hon. Mr. Stevens:

Q. What is that name you mentioned?—A. Moore's Fort.

Q. It is quite a little town?—A. A good sized town.

By the Chairman:

Q. It is about twenty miles from the boundary line?—A. Around twenty or twenty-five.

By Hon. Mr. Stevens:

Q. Is there a large business concern there under the control of a party called Moore, from which the place gets its name?—A. That is Moore's; there is Moore's and Moore's Fort.

Hon. Mr. STEVENS: That will be very interesting in connection with other things later on.

By the Chairman:

Q. It has a population of about one thousand?—A. Yes.

By Mr. Calder, K.C.:

Q. Is it not a fact that its principal industry is smuggling?—A. In all towns along there.

Q. Generally speaking, these roads appear to converge in Montreal, or in Canada?—A. They diverge out of Canada.

Q. From the main road?—A. Yes.

Q. When they arrive at a certain distance from the border on the Canadian side, they open out into a fan?—A. No, the fan is after you enter the United States, but before reaching the main line. There is about six miles from the Canadian boundary line to the State highway. After you cross the Canadian boundary line, the roads branch out.

By the Chairman:

Q. That route shortens the road to Champlain?—A. Yes.

By Mr. Calder, K.C.:

Q. Do you know a Customs officer called Thorne?—A. No, I know Horne; I know him.

Q. Did you ever have occasion to require his co-operation?—A. Yes.

Q. Under what circumstances were these?—A. We were advised that there was a shipment at Moore's Fort, a shipment of silk which had been shipped from New York to a fictitious name at Moore's Fort, and it was thought that a shipment would be through at that point. That was about four or five o'clock in the afternoon, and we thought that the shipment would be leaving that night for Canada. I gave instructions for Constable Barnes to telephone the Canadian Customs officials and have them watch the Havelock road, to be out there that night. Later, I found that the shipment could not move that night; I got into the confidence of the express officer and it was a very miserable night and I thought it would be too bad to leave the Customs officers on the road that night, so I went seven miles out of my way to Warren but there was no Customs officer there.

Q. He had relieved himself?—A. Yes.

Q. Where did you find him?—A. I didn't find him. I went up and down the road for two or three hours to try and locate him, but he went home and I knew that I would have to go over two miles to his house.

Q. Did you afterwards require from your active valet an account of where he had been that night.—A. No. The Customs officials were not under us, and I had no right to inquire as to where he was. It would have been a favour upon his part to work with him.

Q. You have spoken of the Moonshine Trail?—A. Yes.

Q. It is as well known in those parts as St. Lawrence street, Montreal?—A. It is quite well known.

Q. Why is it called that?—A. I have seen shipments of whiskey in truck loads going up the Moonshine Trail.

Q. To the United States?—A. To the United States.

Q. The return cargo was not quite as visible?—A. No. There is a house situated right on the border line; the barns are in Canada. Of silk shipments I have seized three going up that road. All shipments stop at that house, then. runners go up and down the road to make sure that it is clear. If the state troopers are not out, an automobile comes out of the first farmhouse in the States and hits it right into Montreal.

By the Chairman:

Q. Do you remember how many country roads there are, besides the main highways?—A. I do not understand the question, Mr. Chairman.

Q. Do you know how many roads lead to that highway, say, in the neighbourhood of ten miles?—A. There would be seven or eight roads anyway.

The CHAIRMAN: We will adjourn until this afternoon at 4.00 o'clock.

Witness retired.

The Committee adjourned.

AFTERNOON SITTING

The Committee resumed at 4 p.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order.

Mr. CALDER, K.C.: I will call Mr. Harvison.

The CHAIRMAN: Do you not want to take Mr. Farrow first?

Mr. CALDER, K.C.: Very well.

R. R. FARROW, Deputy Minister of Customs, recalled.

The CHAIRMAN: Under the oath you have already taken, Mr. Farrow.

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. Mr. Farrow, this (indicating) is the departmental file on the subject of the Custom seizure of narcotic drugs from Hector Viau, of Montreal, bearing number 30822-3843, which we have known during this inquiry as "The Keith von Harrison Drug Case". Now, it appears from the evidence given here, Mr. Farrow, that the clerks in the computing room admitted, first, that they had not checked the Power of Attorney numbers which, in fact, turned out to be false; that they did not observe the rule that there must be entered on the entry form a description of the case by markings, which they select for examination, under the operation of Section 111 of the Customs Act; although they did enter marking on Form C-14 but by a peculiar coincidence, also made their selection in the highest group of numbers, which appears to be the system of smuggling. Was that reported to you?—A. No, I don't remember of it having been reported to me.

Q. Will you verify by the file whether you have on the file a report or a copy of a report made on the whole investigation by Preventive Officer Fowler. It is rather a long document in very peculiar typewriting, done on a Hammond, I think. Perhaps I can locate it for you faster.—A. I wish you would.

Q. Here it is. (Indicating.) May I ask if you had personal cognizance of that report, and perused it with some care?—A. I cannot say, because all the correspondence on this file was dealt with by Mr. Blair.

Q. Now, any action that would be taken in consequence of the report would have to be taken with you or with your sanction?—A. Yes sir.

Q. Will you look on the file and find out if there was any sanction by way of punishment, reprimand, or peremptory instructions to remedy this discovered defect in the Long Room?—A. It will take some time to do that.

Q. You can take all the time you like, Mr. Farrow.—A. (Referring to file.) No; I cannot find anything on the file.

Q. I take it for granted then that no action was taken at all in consequence of the report with a view to correcting this revealed breach of the regulations? —A. It looks like it.

Q. Now, the next thing that has been established here is that none of these cases were opened for examination. There were a number of cases which were built of wood and lined with an hermetically sealed inner lining of tin, and it is established by Mr. Fowler's investigation and the admissions of the examining warehousemen that these cases were not opened at all. Would you state whether any action of any kind was taken to censure, reprimand, punish or "jack up" the examining warehouse on this point?—A. No, because the papers were apparently not brought to my attention at all.

Q. The file does not reveal any action at all?—A. No, not as far as I can see.

Q. Now, you had this further flaw that it was stated by the Customs officers at the wharf that their interpretation of the notation X-1—which in itself was a violation of Section 111—meaning "Examine one of the cases", empowered them to select, themselves, any of the cases for examination. I take it there was no action, and it was not pointed out to them that they had to insist upon a case being designated to them by the Long Room clerk.—A. The case number is shown on the invoice?

Q. The case number is shown on the invoice. There are six cases. We understand Section 111 says that in the Long Room the clerk who passes the entry must arbitrarily select one of these cases by its marking.—A. The computing clerk, yes.

Q. And that case is the case that should be examined and no other?—A. That is right.

Q. No correspondence and no directions went out to members of the Customs Department, or Customs house officials that they were to follow the regulations? —A. That is the regulation.

Q. With the Customs house service in the army, you have to keep constantly reminding the subordinates as to the regulations that must be observed?—A. I admit that.

Q. Here there was nothing. I take it from the file that there was no special command and no order sent out?—A. I think possibly I might explain somewhat to you about that. You do not expect that I see all of the correspondence?

Q. No.—A. If there is any case where an officer has been remiss in his duty, it is the duty of the man dealing with the correspondence to bring it to me. Apparently that was not done.

Q. The duty was laid upon Mr. Blair to bring it to you?—A. Yes.

Q. Or if it was a matter within his own jurisdiction, to deal with it?—A. Yes, he was supposed to deal with it and prepare a letter. I did not deal with all the correspondence, especially the seizure correspondence. Mr. Blair is a lawyer and dealt with it, and the appraising was under Mr. Watson who dealt with that, and Mr. Richards. I am not attempting to escape any responsibility in the matter at all.

Q. One of two things should have been done, either you should have issued disciplinary orders, or somebody did not follow orders which should have been followed?—A. Yes, sure.

Q. It was not done at all?—A. It could have been done at the port.

Q. We know that it was not done there. Now, there is another thing: Was it drawn to your attention that one of the clerks who was concerned in putting this order through, admitted, as appears by his original signed affidavit here, that he had forged the name of "P. Bolan" twice and the name of "B. Alten" once in the entry papers, namely on the affidavit on the back of the entry form? —A. I could not say.

Q. You have no personal recollection of this being brought to your attention? —A. No. It is four years ago.

Q. It is also mentioned in the affidavit that it is the practice of the port not to have an affidavit at all, but simply to receive the entry form with a signature at the bottom of an affidavit, and without a sworn affiant the port officer or the distribution clerk takes the entry form and puts it through. You will notice that is on the affidavit?—A. I suppose it is; I did not notice it. That is astonishing.

Q. It is astonishing?—A. Yes.

Q. These are two very obvious infractions of the regulations?—A. Yes.

Q. If it were known to you, you would have ordered a prosecution of the affiant?—A. I think I would have taken action.

Q. Either because it was not reported, or being reported it was not acted upon?—A. Either one; I have no recollection of it.

Mr. DOUCET: On the 16th of February last, I moved for a number of files in connection with the seizure of liquor from Albert Fillmore, Port Elgin, N.B. On the 19th, part of the file was brought down. It does not show the disposal of the case. It shows that the case came up in the magistrate's court eleven times and the preliminary hearing held on the 2nd day of November, proceeded with and completed the same day. It does not show the disposition of the case at all. On the 19th, or a few days afterwards, I wanted the complete file of the case. Is there any possible way of getting it?

WITNESS: Anything that is in the department you will get.

By Mr. Doucet:

Q. Why this long delay since the 20th of February?—A. Gentlemen, I hope you will excuse me, but between Parliament in session and the tremendous amount of work that I have to look after personally, working night and day, it is impossible for me to give my personal attention to all things, but all I can do I will do. I am bringing the clerks down to the office, and had them work on Easter Monday, and had them get these files together, and I sent over sixty-nine on Easter Monday. I am doing everything according to the best of my ability to get these things together, and it would be impossible for me to leave my own duties and go up to the record room when these things are required, records with which I am not familiar. I am giving instructions to the clerks to get whatever is asked for and produce all papers.

By Hon. Mr. Stevens:

Q. We ask for a certain number of files and we may get one half. We may get the Preventive file and do not get the Customs file. It is just as easy to produce the Customs as the Preventive file?—A. No, it is not, Mr. Stevens. The Preventive Service file is only in one office, and that is Mr. Wilson's office. The departmental file may be around in other offices; the accountant may have it in paying expenses, for instance,—

Q. If the Minister calls for a file, a clerk could walk out and possibly in fifteen minutes produce the file?—A. He might and might not.

Q. As a general rule?—A. Yes, he ought to be able to get it in fifteen minutes.

Q. This is fifteen days?—A. That is quite right. I do not want any member of the Committee to think that we are withholding any papers.

Q. We are trying to find out the cause of the delay?—A. The cause of delay is this, that the work can only be done by certain clerks who are familiar with the records. If I sent a man from the accountant's office, he would not know where to look for it.

By Mr. Doucet:

Q. I understand that when the whole case has been completed, or has not been completed, or awards have not been made, or fines have not been paid, the file would be distributed to the proper place. Take the file for the schooner "Mulhall" which was seized in 1919, which is a case that is completed and a report should have been sent to the department. That file being closed, it should be in the regular place?—A. Yes, certainly.

Q. The schooner "Arabia" in the fall of 1923, and the schooner "D. D. MacKenzie" sometime in the early summer of 1924?—A. Yes.

Q. The schooner "Rising Sun" sometime in the summer of 1925, not seized but the reports of the contravention of the law are shown, and yet the files are not available; they could not get hold of the complete report?—A. That is so.

Q. These files, I submit, were required on the 20th of March and in view of the fact that sixty-seven files were put in yesterday, and the Preventive Service files were brought before Thursday, I submit that these files should be here?—A. Do I understand that this is not the complete file?

Q. There was a seizure and release made in the case of the "Mulhall?—A. Yes.

Q. A charge and release made in the case of the "Arabia", I am not quite sure?—A. The situation would be this, if there was no seizure made the correspondence would go on the general correspondence file.

Q. Would that not go on the file that is known as "Contravention of the Liquor Laws of Nova Scotia or the Maritime Provinces"?—A. That is a file which does not deal with the Maritime Provinces, but the department generally. Mr. Blair has had the file under control all the time. He has access to it all the time.

Q. That file would give us the information?—A. Yes. If you got the whole file, it would close up the correspondence that he is dealing with.

By Mr. Bell:

Q. Is he dealing with it at present?—A. I think so.

Q. In connection with these matters?—A. That might be on the other file if there was no seizure.

Q. Is there any reason why that file should not be available?—A. There is no reason.

By Mr. Doucet:

Q. At the same time, I moved for the production of orders, instructions given to Inspectors Henry, Hall and Haley in connection with their activities in Lunenberg; is there any reason why that should not be available?—A. I wish you would let me have a list of them, and I will see about it personally.

Q. Then in connection with the G. G. Harnish case, Tuft's Cove, Nova Scotia, a seizure was made and ordered?—A. I think that came to the Minister's office this morning.

Q. I want to get the Customs file if it is possible?—A. I think that came this morning.

By Mr. Bell:

Q. Do you mean that the course of these files is, that having been requested, they were sent to the Minister and came from the Minister here?—A. He presents them to the Committee.

Q. We do not get any of them until the Minister has perused them?—A. I do not imagine that he will have time to peruse them.

Q. That is what I want to know?—A. If you can tell us what these files are, I will see that they come before the Committee.

Q. Some little time ago, what would be made up in a parcel for the Committee would go to somebody else, possibly the Minister?—A. You can probably understand this, that on Easter Monday they collected sixty-seven files and they went to the Minister's office, and on Tuesday they were presented here.

Q. Is there any reason why they should not come to us direct? Why must they go through the Minister?—A. The Minister wants to present them to the Committee.

By Hon. Mr. Stevens:

Q. We will take them without that formality; the Minister does not have to present them. You can present them, or a messenger from the department can hand them to Mr. Todd.

Mr. DOUCET: The Moses Aziz file, the famous file from Caraquet was in the Minister's office a whole week. He told us that he had the Moses Aziz file, and I asked for it maybe three or four times. And I got the clerk to call the Minister's office, and called the Minister myself. I will not say what I said. I got it the following Thursday, and if I had not got it before adjournment I possibly would have taken the matter up in the House. That is not treating the Committee right when we want to get the work done and get away from here.

By the Chairman:

Q. You have heard what has been said, and you will try and comply with the request?—A. I would like Mr. Doucet to give me a memo of what he wants.

By Mr. Bell:

Q. I would like to join Mr. Doucet in a request that you transmit these files as soon as they are available, unless the Minister has given orders that they should go to him first. Do you know if there are any such orders?—A. The Minister said that he was going to present the files.

The CHAIRMAN: It is very reasonable.

By Mr. Bell:

Q. Do I understand that you are prohibited from transmitting them to us without the Minister first having them?—A. I do not know about that, but he wants to present the files to the Committee.

Q. In some cases he did not bother bringing them here; these sixty-seven files, he could not carry them?—A. We had to send them by vehicle. I want it understood that there is no officer in the department but wants every file that is asked for, to come here.

Mr. BELL: (To Hon. Mr. Boivin) Mr. Minister we asked Mr. Farrow about some Customs files before you came in, and perhaps you know that the matter has been up before. Preventive files come in but the Customs files do not. Mr. Farrow says that in some cases he has been transmitting them to you before they come here. Is there any known objection, so far as you are concerned, to his bringing the files directly into the Committee?

Hon. Mr. BOIVIN: No, there is no objection that I know of. I do not know of any files that were delayed in my office for more than five or six hours.

Mr. BELL: Mr. Doucet had one in mind, which he asked for, and which we are still waiting for. Is there any objection to Mr. Farrow bringing this before the Committee as quickly as he can lay his hands on them?

Hon. Mr. BOIVIN: I have no objection.

WITNESS: My statement was that files were transmitted to the Minister for transmission to the Committee.

The CHAIRMAN: We understood that.

WITNESS: I want it made clear that my statement now is that the files were transmitted to the Minister, for presentation to the Committee.

Mr. BELL: That is what you said.

The CHAIRMAN: We understand that.

WITNESS: We have had some 67 files sent in already.

Mr. DONAGHY: We have had a great deal of fuss for nothing. We have more files here now than we can read in a month. A little bit of political fireworks has been fired off.

Mr. BELL: Is it possible for Mr. Donaghy to forget politics for a little while?

Hon. Mr. BOIVIN: I am told, Mr. Chairman, that some reference has been made to a file regarding a Mr. Aziz. That file was in my office in the House of Commons, and was not in the hands of the employees or the officials of the Department when it was called for. The reason for that file being in my personal basket in my office in the House of Commons is that the matter was held up at the request of the member for New Brunswick who desired to see me before an order was given for the execution of a warrant for commitment, I think. That is my recollection of the file, and in order that I might have the file handy when he came into the office to see me, I had it sent to my office in the House of Commons, at the beginning of the session, and I have it in my basket here. So that if there is any delay, I am responsible for that delay. I do not remember having held up any file that was sent to the Department for the benefit of the Committee. I am not insisting upon it being left there, and if the Committee desires that the files be sent up direct, I have no objection. I can tell you, however, that I have no time to go through the files, even if I wanted to; it would take a week to do that. I will merely bring them in.

Mr. BELL: That will oblige us very much, Mr. Boivin.

Hon. Mr. BOIVIN: I understand Mr. Doucet claims that there are some files that are still delayed.

The CHAIRMAN: Delayed for six or eight days in your office.

Mr. DOUCET: That is the one I have in mind.

Hon. Mr. BOIVIN: There may be a file asked for by the Committee which is still in my office. I think I have four or five seizure files in the office now, in cases which are pending. If I could get a list of the documents that are still required by the Committee, I would be glad. It would only take me about three minutes to tell you whether I have them, and I could bring them in this afternoon.

Mr. DOUCET: I will prepare a list, and let the Minister or the Deputy have it to-morrow morning.

Hon. Mr. BOIVIN: That will be first rate.

Witness retired.

CLIFFORD WALTER HARVISON recalled.

By the Chairman:

Q. You said this morning, before the adjournment, that there were about six country roads running to the main highway there. How many Customs Houses are there?—A. One, but not on the main road.

Q. Not on the main road?—A. Not on the main road.

Q. Would you suggest that there should be a Customs House at the juncture of each road there?—A. No, one Customs House on the main road would serve the purpose.

Q. Only the one?—A. Only the one.

Q. Would you leave the other open?—A. No, the other one is joined. A Custom House at Franklin Corners would serve the purpose.

By Mr. Calder, K.C.:

Q. There is a strategic point there which should command them all?—A. Yes, absolutely.

Q. And a Customs House would serve there?—A. Exactly.

Q. Have you had opportunities while you were on duty with the R.C.M.P. of observing conditions at the port of Montreal?—A. Yes, sir.

Q. Could you give the Committee the benefit of your experience, and tell them generally what you observed there that might be tightened up profitably

for the benefit of the Customs Department?—A. The entire system at the port of Montreal, could be tightened up. The system as it stands now is that a ship is sealed when it reaches port, and from then on, it is not watched by the Customs; it is not controlled by the Customs, other than the seals, and there is nothing to prevent persons taking parcels or a wagon load of goods from a ship in the harbour. Men are stationed at the gates, but there are so many wagons coming in and going out that there is very little checking, and nothing at all to prevent people bringing parcels off the boats. From conversations I have had with various sailors and officers of the boats I gathered that they consider Montreal one of the easiest ports at which they call to smuggle goods ashore.

Q. Would you say as a matter of fact that there is a good deal of smuggling done by ships' crews?—A. Absolutely.

Q. Small in the individual case, but very large in the aggregate?—A. Quite.

Q. On what goods is this smuggling especially practised?—A. Liquor, cigarettes, and tobaccos.

Q. Would you say that a considerable amount of narcotics come ashore in that way?—A. Yes.

Q. You say that the difficulty arises from this, that after a ship is sealed—what do you mean by sealing a ship?—A. The Customs Officer goes aboard the ship and seals the various compartments which contain wines and liquors; he examines the ship, but it is beyond the power of the Customs Officer to thoroughly examine a ship in anything less than a month.

Q. He goes aboard the ship and seals the various compartments which contain wines, liquors and cigarettes, other than the regular cargo?—A. Yes.

Q. And from that moment on goods might be smuggled in the cabins of the crew?—A. The cabins of the crew are supposed to be searched by the Customs Officer, but there are a number of places on a ship, such as along the propeller shaft and between the platings in the side of the ship, where large quantities of drugs or cigarettes could be concealed, where they could never be found. We have taken six men and searched a ship for a whole day, and none of us would then guarantee that there was nothing on the ship. It is a big day's work, to search a ship.

Q. And from that on, the Customs' control of the ship ceases?—A. Except when landing cargo.

Q. As far as any contraband that might come along, that escapes control altogether?—A. Entirely.

Mr. CALDER, K.C.: Mr. Harvison can go on and describe these conditions, under the guidance of the Committee. I have a long distance call to make, Mr. Chairman.

The CHAIRMAN: All right, Mr. Calder.

By the Chairman:

Q. What do you do when you first go aboard a ship, do you search for narcotics or drugs?—A. A man is of course stationed on the wharf and at either end of the ship, to see that nothing is thrown overboard. Then men go down into the hold of the boat, the engine room, the crew's quarters, and below from the engine room the propeller shaft is followed back to the stern of the vessel; from there, there is a small passageway, a tube, with a stairway inside leading to the main deck; that also must be examined. There are various little lockers and compartments, and compartments for waste and such things, that must be examined. In some places the wall of the ship can be reached. Articles could be put in between the two walls of the vessel, which would never be found. The masts of some ships can contain goods; sometimes the crew have pails of dirty water. In one case I remember opium bricks were found in an ash can, covered with ashes. There are places beyond mention, on a boat.

Q. Do you go through the grocery department?—A. We go through the grocery department, we go through the liquor room. The crew's quarters are easily searched, but that is the last place that any member of the crew would hide anything.

Q. What about the coal?—A. The coal is searched as well as possible, but it is a difficult job to search through a coal bin. After the ship is docked and has been sealed by the Customs, there is absolutely no element of chance in taking contraband goods to shore, or if there is any chance, it is very, very small. I believe that beyond No. 24 shed there is only one customs officer, and there are a number of sheds lower than that. Then, one Customs officer cannot remain on duty twenty-four hours. The police officer has only the sergeant to call upon, and any quantity of goods could be taken ashore.

Q. Do you visit the cabin of the officers of the ship?—A. Yes, all cabins.

Q. Of the Captain?—A. Of the Captain, everything is searched from the captain's down.

Q. Do you go through the medical department too?—A. Yes.

Q. They are supposed to have drugs for patients, sick persons on board?—A. Yes, the wireless room is also a favourite place.

Q. You see that they have only the proper quantity for a trip, I suppose?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Have you any suggestions to the way in which this leak through of contraband might be stopped?—A. In the same way that the smuggling across the line could be stopped, by putting some element of chance in it, by putting some man whose duty it was to go around and question various people, to stop various people. The wall could be built similar to other ports.

Q. But it has been already built, I understand?—A. Only partly.

Q. All you could do would be to close it and patrol the openings?—A. But the dock extends about five miles.

Q. That is so much for the harbour. You have already spoken of the smuggling in the stations and in the express offices?—A. Yes.

Q. There also is an element, which has to operate, of making raids at unexpected hours and at irregular intervals, and examining every piece?—A. Yes; having inspectors detailed to the work, to go around and examine the shipments, their visits not to be known to any others than their own particular head.

Q. Now, were you ever concerned in a seizure of liquor, which, I think, is known as the Peachey case?—A. No, I was not concerned.

Q. Not concerned in that at all?—A. No.

Q. Were you concerned in a seizure of cars, from a man called Lajoie?—A. Yes.

Q. Will you tell us how you first came into that case?—A. On the 21st of May—

Q. A little louder please, Mr. Harvison?—A. On the 21st of May, 1923, a letter was received by the officer commanding, at Montreal, from Mr. Wilson, enclosing a copy of a report, submitted to him by Mr. Orr, the sub-collector of Customs, at the port of either Athelston or Hemmingford.

Hon. Mr. STEVENS: Hemmingford, it was.

The WITNESS: Hemmingford, I think.

By Mr. Calder, K.C.:

Q. Yes.—A. And giving details of a seizure made by them, from Eddie Lajoie. The letter stated that they received information that a shipment of silk was coming across the line. Several Customs Officers proceeded to Victoria Bridge.

Q. Are their names given in the report? Well, go on. We will find the names later. What happened?—A. They proceeded to the south side, the south end of Victoria Bridge, to await the arrival of Lajoie in a Packard car.

Q. Ultimately, a car was seized in that case?—A. Yes, a car was seized by the Customs officials, in that case.

Q. It was lodged in the King's warehouse, I suppose?—A. No, it was lodged in Beauvais' garage, in St. Lambert. The license plates were taken from the car and given to Eddie Lajoie. He was allowed to take his plates away with him.

Q. Was he the person in whose possession the car was, at the time it was seized?—A. It was in his possession. He is quite well known in the way of being mixed up in that sort of thing.

Q. That is a car thief?—A. A smuggler. Beauvais, the proprietor of the garage, was warned by the Customs officials that the car was under seizure. During the night Lajoie returned and put his plates back on the car and drove out.

Q. Now, according to the report furnished you, did Lajoie return alone, or was he accompanied by a Customs officer?—A. Lajoie, accompanied by a man, who claimed that he was a Customs officer, and who had been with the party at the time of the seizure, returned.

Q. When the car was lodged with Beauvais who were present, Lajoie, and three persons holding themselves out as Customs officers?—A. Yes.

Q. And the car was lodged in the garage, as being seized?—A. Yes.

Q. The plates were given to Lajoie?—A. Yes.

Q. Later on, he returned with the plates and one of the Customs officers took his car and drove off?—A. That is right.

Q. Without any receipt or any papers being lodged with Beauvais, at the time?—A. That is right.

Q. All right. Were you called upon to investigate this occurrence?—A. Yes.

Q. What did you find out as a result?—A. The car had been described in the report as a Packard touring car, and we were furnished with the license number of the car. I went to Lajoie's house, at 52 St. Elizabeth Street, and on my way there, I noticed, about a half block from his door, a Packard sedan, bearing the same license plate.

Q. You got the car back?—A. That was a sedan. The car we were looking for was a Packard car. I seized that car on the pretence that I thought it was the real one, and Lajoie produced the right car. We took it back to barracks and the car was seized.

Q. Did you make any report upon your seizure?—A. Yes.

Q. Did you recommend prosecution?—A. Yes.

Q. Did you ever receive any instructions to prosecute?—A. No.

Q. Did the matter end there?—A. As far as I was concerned the matter would end there. I reported to my officer commanding.

Q. As far as you know, Lajoie was never prosecuted?—A. I know he was never prosecuted.

Q. You know he was never prosecuted, although he had, first, smuggled the car and then illegally got it out of the place where it was seized?—A. That is right.

Q. That is enough on that point. Were you concerned in any other case, in which Lajoie was mixed up?—A. Several, yes, but not connected with the Customs.

Q. Not connected with the Customs?—A. No.

Q. Do you know Falcon?—A. Yes.

Q. Did you ever have any occasion to go to Mr. Falcon's garage?—A. Many times.

Q. On seizure bent?—A. Many times.

Q. I am speaking now of an incident which occurred, after you left the Mounted Police, and when you were in the employ of the Merchants Association.—A. Yes.

Q. What happened on that occasion?—A. I received information that a Hudson touring car, a Hudson coach and a Winton touring car had been smuggled and were, at that time, in Falcon's garage, the Union Motor Sales—his new garage.

Q. In the new garage that he had opened some time ago?—A. Yes.

Q. Taking the place of the Robertson Motor Garage?—A. Yes. It is on Notre Dame Street West. I communicated with Mr. Bisaillon; Customs Officers Masson and McNamee were detailed to go and search the garage. I was allowed to accompany them, as my Association was, at that time, interested in stolen Canadian cars. The Winton car was located on the first floor up; a brown Winton car was standing there; the engine was not removed from the car. The car was not examined in any way.

Q. You mean by you?—A. By no one. I had no authority to examine that particular car.

Q. I see. You were acting rather as the informer in that case than as the seizing officer?—A. I was simply the informer in that case.

Q. The person from whom you had got the information, was he in the Customs?—A. Bisaillon?

Q. Bisaillon?—A. Yes.

Q. He ordered you to be accompanied by whom?—A. Officers McNamee and Masson.

Q. You say that McNamee or Masson did not examine the Winton, beyond looking at it?—A. No.

Q. They did not take off the numbers?—A. No, they did not raise any question. The Hudson coach was standing in the middle of the second floor, as though under repairs or changes.

By the Chairman:

Q. Changing the numbers?—A. They had already been changed. The engine cover was up. We examined the numbers on that car, and found that they had been tampered with.

By Mr. Calder, K.C.:

Q. Did you draw the attention of McNamee and Masson to that?—A. We examined it together and we were of the same—

Q. And you agreed that it was so?—A. Yes. Sometime later Mr. Masson recollected, after a conversation with Mr. Reed, who was Falcon's manager, having seized this car a year previous, somewhere near the border.

Q. I see.—A. No papers were produced, in my presence, to cover the car. Masson seemed quite convinced that the car was all right. He went out—

Q. He was convinced after the conversation with Reed?—A. Yes.

Q. Which refreshed his memory?—A. Yes, I saw no papers in connection with that car. The touring car, of which I had information, was not in the garage, could not be located. I had permission of the Customs officials to look over the other cars, in an endeavour to find Canadian stolen cars, although I did not think there would be anything in Falcon's place. I located two Fords and a Chevrolet that had certainly been changed. The numbers had been filed off and new numbers died out. I had not a search warrant; I had no means of seizing the cars myself, and I asked the Customs officials to seize them. They would not. I insisted, and Mr. McNamee, said, I believe, that he would call Bisaillon. He went away and came back several minutes later, and told me that Bisaillon had instructed him to tell me if I would submit a report to him in triplicate, proving that the cars were smuggled—

By the Chairman:

Q. In triplicate?—A. Yes, in triplicate.

By Mr. Calder, K.C.:

Q. I imagine, proving that the cars were smuggled would have, as its first effect, to take you out of the garage, in order to secure your proof?—A. To make my report—

Q. Under the Customs Act, the onus of proof that a car is not smuggled, is on the possessor?—A. Is on the possessor.

Q. You had to supply a report, in triplicate, with proofs that the car was smuggled?—A. Yes.

By the Chairman:

Q. Why a report in triplicate?—A. There was no explanation given to me. I wanted the car seized.

Mr. CALDER, K.C.: Because it was triple embarrassment.

The CHAIRMAN: One for Bisaillon.

The WITNESS: The whole three for Bisaillon.

Hon. Mr. STEVENS: One for Fisher.

By Mr. Bell:

Q. Did you draw the attention of Bisaillon to what Mr. Calder has just referred to, that the burden of proof did not lie with you?—A. I said to the Customs officers who were accompanying me—I called everything I possibly could to their attention. It was the Customs officers who communicated with Bisaillon, who brought up his message. I did not see him personally, at that time.

By Mr. Calder, K.C.:

Q. As a result, what happened to the cars?—A. They were left in Falcon's garage.

Q. Were they ever found again?—A. No, it would have been useless for me to go to the Court House and swear out a warrant and go back two or three hours later, because the cars would certainly be moved by them.

By the Chairman:

Q. What became of the two Fords?—A. They were left in Falcon's garage. No action was taken.

Q. There was no claim for these Fords?—A. The numbers were not even made note of by the Customs officers.

By Hon. Mr. Stevens:

Q. What date was that, approximately?

By Mr. Calder, K.C.:

Q. There is no file on this.

Hon. Mr. STEVENS: No, I know.

The WITNESS: That would be sometime about two years ago.

By Hon. Mr. Stevens:

Q. That would be subsequent to the famous three car case that we were considering yesterday?—A. Yes.

By the Chairman:

Q. You told me that the Fords and the Winton were on the second floor? —A. The Winton was on the first floor and the other two were in the room above.

Q. Was that a repair room?—A. That was a repair room. That is where they took the cars to pieces and put them together again.

Q. Did you look for dies there?—A. No.

Q. Did the other Customs officers?—A. They looked for nothing.

Mr. CALDER, K.C.: We had a case here, in which the Customs officials did not seize the dies, although they had found them.

By the Chairman:

Q. Do you not remember that the druggist went to claim one of the Canadian Fords, contending that it was his Ford, and Canadian made?—A. The druggist could not have claimed it. To my knowledge there was no action taken. The cars were left in Falcon's garage.

Q. Under the name of the Union Motor Sales Company?—A. Undoubtedly. Either it is the Union Motor Sales Company—it may be "Limited," or "Incorporated," or something.

Q. The Fords were left there?—A. The Fords were left there on the premises, and I believe, had not been properly searched.

By Mr. Calder, K.C.:

Q. One of these cars which you examined, appeared to have been made up of various cars?—A. That I could not say, unless I had taken the numbers and communicated with the—

Q. You do not remember having taken the numbers?—A. Not of these cars.

Q. From inspection, did these cars appear to be reassembled?—A. Yes.

Q. That is why they were on the repair floor?—A. Yes.

Q. Now, did you ever have anything to do with Legault?—A. Yes, not in connection with the Customs, that I recall.

Q. Did you ever have anything to do with a man called Leduc, in Longueuil?—A. Not in Longueuil; in Notre Dame de Grace.

Q. Does that concern the Customs?—A. Yes.

Q. Well now, will you tell us— —A. I have my own file in that.

Q. Will you tell us how that case arose? At that time were you in the Mounted Police?—A. No, I was in the Merchants' Association.

Q. All right.—A. We were looking for a stolen Canadian car, and received information that it was concealed in a garage at the rear of 300 Wilson Avenue. the garage was examined by Mr. Innes, our assistant manager, and myself, and had apparently been locked all winter, as there was snow all around the garage. On entering we found a sedan—a Willys-Knight sedan; not the car we were looking for, but a car which had apparently been tampered with; the engine numbers were wrong, and it had five American tires. We were not interested personally in American cars or in smuggled cars, so I telephoned to the Mounted Police and told them the car was there, and asked them to come and seize it, and that was done.

Q. Do you know what followed?—A. I inquired later.

Q. The rest you are going to tell about is hearsay, is it not? There is somebody here to speak to that? I mean, as to the promises of retribution which Leduc is supposed to have made?—A. That is right.

By Mr. Donaghy:

Q. Did you say that the supervision of the ships entering the port of Montreal was not adequate?—A. Yes; it was not.

Q. What officers of the Customs Department did you find, upon investigation, were ordinarily detailed to supervise the ships in the port of Montreal?—A. I never made an investigation for that specific purpose. The evidence I have just given was the result of having been around the docks and working on the docks for some time. I was never called upon to investigate any Customs officer in particular.

Q. Did you find any Customs officers whatever supervising the ships which entered the port?—A. Yes, there is one supervisor to meet each ship as it comes in.

Q. A man detailed by the Department of Customs to watch each ship as it comes in?—A. Yes.

Q. Is that number sufficient?—A. I believe so, yes; the ships were always met.

Q. In what way did you say he failed to perform his duty ordinarily?—A. I did not say he failed to perform his duty. He performed his duties as well as possible, but it was following the sealing of the ship after he left the ship, and while it was tied alongside the dock, that the weakness in the system came in.

Q. That is where he failed to perform his duty—after the ship was cleared?—A. Someone failed to perform their duty, but that would not necessarily be the Customs officer sealing the ship.

Q. What is that?—A. There was a weakness, but that was not the fault of the Customs officer. He might have had to go and seal another ship, after the first one was tied up.

Q. After he had sealed the ship and left, what would the danger then be of violations of the law?—A. There was nothing to prevent anyone violating the law. There was absolutely no check, unless a constable at the gate took a note of whoever he thought looked suspicious.

Q. What is your recommendation in regard to this in order to cure this deficiency in supervision?

The CHAIRMAN: Mr. Donaghy, I will ask a question, and then you can put your question afterwards.

Mr. DONAGHY: All right.

By the Chairman:

Q. You told us in your evidence previously that you searched the ships, and once there were five or six of you?—A. On a number of occasions.

Q. But not one of you could say there was nothing on the ship?—A. That is right.

Q. After you had finished your search, what did you do? Did you shadow the ship?—A. In some cases, yes.

Q. Not in all cases?—A. In some cases the ship would be searched, and then not shadowed. Sometimes we would be convinced that our search had covered every possible point.

Q. But if you have gone all through the vessel and found nothing, do you shadow the ship just the same, for a couple of days or a couple of nights?—A. If we had information on that particular ship, yes.

Q. If you had no information?—A. No. We had not the men, sir, to do it with.

The CHAIRMAN: Now, Mr. Donaghy, put your question.

By Mr. Donaghy:

Q. Was there any interval while the ship was in port or at the dock, when there was no Customs officer to guard against the taking of goods from the ship to the shore?—A. Yes sir; twenty-four hours a day, every day.

Q. Nobody there?—A. Nobody. There is a Customs officer in the shed, but he is pretty busy, checking the cargo of the boat.

The CHAIRMAN: With a boat 800 feet long that is quite a job.

By Mr. Donaghy:

Q. There is only one Customs officer there—the man in the shed?—A. Yes.

Q. What?—A. Yes.

Q. You are sure of that?—A. Yes.

Q. That is rather an astonishing state of affairs. I want you to be clear on that, if you know of it.—A. I am of the opinion that there is only one Customs officer in the shed. Now, there are 48 sheds. Which shed?

Q. I am not talking about 48 sheds. Take one at a time. Don't mix up the 48.—A. Which shed?

Q. Any shed. I don't care what shed you take. Stick to one shed. Take one as a sample.—A. Any shed below twenty-four?

Q. Yes, or above twenty-four, or not; I don't care where you take it.—A. The conditions are different in different sheds. I cannot answer that question.

Q. Take the worst case of which you know.—A. There would be no Customs officer there at all.

Q. Just the shedman?—A. Yes.

Q. At what shed did you find that?—A. Below twenty-four.

Q. Can you give the name of the shed?—A. I cannot, now, sir; that is three years ago.

By the Chairman:

Q. And where was the boat? Tied up at the wharf, but how far from the shed?—A. In some cases it would be out at the end of the pier.

Q. How far from the shed? The officer is working in the shed, and the boat is tied up to the wharf. What is the distance between them?—A. That would depend on what shed.

By Mr. Donaghy:

Q. Shed 24? Take the shed you just mentioned.—A. The boat would be one hundred yards from the shed. The boats are tied up between the different sheds.

By Mr. Donaghy:

Q. What you state now is that there should be a man detailed to watch the boat all the time it is at the shed?—A. That would help a great deal.

Q. Is that your suggestion? I do not want to hand it out if it is not correct.—A. That would help the situation, yes.

Q. Have you any other suggestion?—A. No, I have no other suggestion.

Witness retired.

GEORGES GAUTHIER est appelé et assermenté.

Le président:

Q. Aimeriez-vous à rendre votre témoignage en français?—R. J'aimerais mieux parler français.

Q. Quelle est votre occupation?—R. Je suis employé à la douane.

Q. A Montréal?—R. A Montréal.

M. Calder, C.R.:

Q. Monsieur Gauthier, êtes-vous employé aux douanes de Montréal?—R. Oui, monsieur.

Q. En quelle qualité?—R. Assistant évaluateur.

Q. Dans quel département?—R. Actuellement, au bureau de poste.

Q. Au mois d'août 1924, dans quel département étiez-vous?—R. A la Dominion Express.

Q. Vous rappelez-vous d'avoir eu en votre possession, pour examen, deux caisses, qu'on déclarait contenir de la poudre de talc, importées par un nommé Schlissel?—R. Oui, monsieur.

Q. Vous remarquez, en examinant la copie de l'entrée, que les caisses portaient des marque: A-70, XL-1, JS, N° 25 sur l'une des caisses et N° 26 sur l'autre?—R. Ici, c'est le manifeste; cela, ce sont les premières lettres, et ceci c'est le numéro de chaque caisse.

Q. Avez-vous remarqué, quand ces caisses sont arrivées à l'ordre d'examen, si elles portaient des numéros?—R. Oui, lorsqu'elles m'ont été données pour examen, elles portaient des numéros, exactement.

Q. Les deux caisses vous sont parvenues?—R. Oui.

Q. Avez-vous procédé à l'examen des caisses?—R. Non.

Q. Pourquoi?—R. Je vais vous dire: c'est parceque les marchandises sont arrivées à Québec comme bagage; elles ont été transférées à la Dominion Express, consignées à la maison Blaiklock Brothers, courtiers en douane...

Je puis continuer en anglais.

Q. Vous dites que vous pouvez continuer en anglais?—R. Oui.

GEORGES GAUTHIER called and sworn.

(Evidence given in French and interpreted by Mr. Beauchamp, Official Interpreter.)

By the Chairman:

Q. What is your occupation?—A. I am employed at the Customs Department.

Q. In Montreal?—A. In Montreal, yes.

By Mr. Calder, K.C.:

Q. Mr. Gauthier, in what capacity are you employed?—A. Assistant Appraiser.

Q. In what Department?—A. Presently at the Post Office.

Q. In August 1924, in what Department were you?—A. I was at the Dominion Express.

Q. Do you recall having had in your possession two cases declared to contain talcum powder, imported by a party named Schlussel?—A. Yes sir.

Q. Well you know that in examining a copy of a Customs entry that some cases bore marks "A-70", "XLJS-25" on one case, and "26" for the other?—A. This is the manifest, and these are the first letters and these are the numbers for the cases.

Q. Do you recall when these cases arrived, whether the order of examination bore the numbers of the cases?—A. When they were handed to me for examination, they bore the numbers.

Q. And the two cases reached you?—A. Yes.

Q. Did you carry out the examination of the cases?—A. No.

Q. Why?—A. I cannot say. I will tell you that these cases came in, that the man has to get from the other side. When it reached the clerk, he had these two cases transferred to the Dominion Express agent in bond, addressed to Blaiklock, brokers, or Customs brokers, on Common Street, Montreal. These cases arrived at our place at 51 McGill street for examination, but on that date under the order of the department, there was part of the boards to be taken down, and we had the carpenters working, and all these boards were there over the stuff, and the chief of the department, Mr. Drysdale, was sick that day, and the man in charge is responsible in money for all goods that disappeared. Besides my work, I had to watch these. At four o'clock, or five minutes before four, a special delivery came with the entry. The broker, the man of the broker, entered an entry to the clerk, of the manifest, which bore numbers and value and address of Blaiklock Brothers, and he handed the entry to me. We were looking for the case and could not find it. We called the Dominion Express agent, and called their man and I accompanied him to the department, and we

found them taking up the boards. We were closing at half past four, so you know the time was running, and we were closing at half past four, and the man was in there to get his goods, and Blaiklock Brothers, being a responsible firm, we were not suspicious, and I took it on me to deliver the stuff, not knowing that anything in any way was wrong. Because I am in the Service twenty years and nothing has happened to me, and it was at the last minute, and I can swear that there was no chance given to me to examine the stuff. I had no packer; I was alone practically. I swear what I tell you.

Q. Where it is a question of observing the regulation on the one hand and consulting the convenience of an importer on the other, did you not think the duty was laid upon you of observing the regulation?—A. I want to tell you this, that in the department, when I was a superior and there was a rush entry of special delivery, it means that we have to use diligence to try to do the best we can, so that the party will have his goods in a short time.

Q. You have to use diligence consistent with examination?—A. I understand.

Q. The object of your examination was in order to make sure that the stuff was all right?—A. Yes.

By Hon. Mr. Stevens:

Q. When did these goods come into the examining warehouse?—A. I could not swear that: they must have come in around twelve.

Q. The same day?—A. I guess that it was on Monday.

Q. The same day?—A. They were delivered the same day.

Q. Do you know who signed the special delivery slip?—A. Yes sir.

Q. Was it the collector?—A. The delivery slip is signed by Mr. Murphy who was here, and who signed the express sheet to get it out of our hands, and the agent of the company took it downstairs and signed it, and he told a special carter—?

Q. When you have a special delivery, what is it?—A. For the entry.

Q. I thought you meant that some person in the Customs asked you to make special charges?—A. When they pass an entry one of the clerks writes on the back "under cover".

Q. What does it mean, "Under cover"?—A. Instead of taking six or eight hours to reach us, it takes ten minutes.

Q. It is sent right away?—A. Yes.

Q. Why is it sent that way?—A. I do not know.

Q. It is rather strange that this particular shipment was treated this way?—A. This was done very often.

By Mr. Donaghy:

Q. You did not tell Mr. Stevens why it was done?—A. There was a rule that was in existence, that came into existence.

By Hon. Mr. Stevens:

Q. Why should this particular entry of Blaiklock Brothers be pushed ahead of others?—A. I do not know.

Q. It was not perishable?—A. No.

Q. Who authorized you to put it ahead of others?—A. When it came to me, I went to work and put it out the same night.

Q. There are lots of entries that take more than a day to go through?—A. Yes, the law gives three days. We never take that as everybody is kicking. We were passing from the department from one hundred to one hundred and twenty pieces a day.

Q. Do you do this at the request of the broker or person making the entry?—A. No sir.

Q. Are there certain firms whose goods are cleared more promptly than others?—A. No. In our department we would have to pass from one hundred pieces to one hundred and twenty pieces a day, and in a rush thirty packages an hour, two minutes examining value and contents, open it up, and I used to do the work all the time alone. We can not open everything.

Q. Why was it that this particular shipment was ahead of scores of others? There must have been probably one hundred in there, and why did you put this shipment out?—A. It was before me; it was brought to me at four o'clock.

Q. Who brought it?—A. One of the clerks with Mr. Murphy.

Q. What clerk?—A. Mr. Quinn, it was, who brought it from the long room with Mr. Murphy to our place.

Q. Why, Mr. Donaghy points out, does the long room clerk deal with the entry ahead of others and ship it before?—A. I do not know.

Q. Do you know who sent it up?—A. No, I did not see the party who brought it there. I was busy inside and Mr. Quinn brought it up, and said, "Here is three 'under cover' ".

Mr. BELL: Is this the witness who was referred to in the letter from Phillips to Bisaillon?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. It was hinted about the words "under cover" that the Collector of Customs recommended the release without examination?—A. I never knew that. What I understood was that it saved time, a matter of six or eight hours, in the delivery of the goods.

Q. Is this done often?—A. Well it is practised during holidays at Easter on account of shipments being late, and the merchants complain that they are likely to lose sales if the goods are not received on time.

Le TÉMOIN: Je préfère maintenant m'exprimer en français.

Q. Un des témoins a suggéré que les mots "under cover" voulaient dire que le percepteur des douanes couvrait de son autorité un envoi sans examen?—R. Je n'ai jamais su cela. J'ai toujours compris que cela sauve un trajet de huit heures, peut-être six heures; le client sauve cela.

Q. Est-ce que cela se fait souvent, ces entrées "under cover"?—R. Cela se fait aux alentours des fêtes, aux alentours de Pâques. Quand les consignations sont en retard, un homme dit: "Si je ne l'ai pas, j'en perds la vente, elle n'est plus bonne avant un an". Le collecteur use de discrétion.

Mr. CALDER, K.C.: This witness may be discharged.

The CHAIRMAN: You are discharged.

Witness discharged.

C. P. BLAIR recalled.

The CHAIRMAN: You are under oath already taken, Mr. Blair.

By Mr. Calder, K.C.:

Q. Mr. Blair, I am now handing you file No. 6880 referring to Customs entry 30822-33 covering seizure of narcotic drugs from Hector Viau, Montreal. In going into this case rather extensively, evidence has been given of several irregularities, and violations of the Customs Act, which led to the passing in of what is suspected to be a very large quantity of narcotic drugs, and Mr. Farrow has told us that the facts alleged against the Department were not submitted to him for action, but that they must have reached you. The first thing that was established was that the Long Room, or the clerks, the computing clerks, failed to check the power of attorney numbers, which afterwards turned

out to be false, that they did not enter on the entry form the markings of the case designated for examination. Do you recollect these things as being reported to you?—A. No, I do not recollect that.

Q. The report being the document which I now show to you, bearing date the 27th of November, 1922. Mr. Wilson told us that this report was sent on to you as it appears upon your file; I take it that that is correct, and Mr. Farrow says that the facts were never laid before him. Will you look over the file, and particularly that report, and say whether you have any recollection of these facts being brought to your notice?—A. I would have to sit and read this file all through, which will take some time. I could not read it through during the rest of the evening.

Q. What is your present recollection?—A. I do not recollect anything about it at all; I would have to examine the file.

Q. Mr. Farrow examined the file, and we find that no disciplinary action at all was taken; furthermore, no reminder to the Long Room or the computing clerks was sent, drawing their attention to their breach of the regulations, and certainly none of them were reprimanded. How do you explain that?—A. Well, I have not any explanation to offer at all. I do not recollect at the moment; my memory might be refreshed by reading this whole file, but I do not recollect at the moment whether Mr. Farrow's attention was drawn to this or not. If he says it was not, I am satisfied that that is correct.

Q. What we are interested to find out is, why none of the persons concerned in the Department were disciplined, reprimanded, or even warned that the offense should not be repeated; I would suggest that you take the file overnight, if the Committee will permit, and try to discover why no action was taken?—A. I could not tell you why no action was taken. I might be able to recall whether, from these circumstances, I had discussed it with Mr. Farrow or not, but that is all.

Q. I do not know how the Committee feels about it, but what I am interested in, particularly, is, why no action was taken?—A. I understand. This is a report which came to the Department?

Q. It is a report which sets forth several breaches of discipline, several outright violations of Section 111, without which we are convinced that these shipments could not have come through; furthermore, there is an important matter on the file, namely the admission by the person passing the entry, a man called Gatien, that he forged two names, supplied a false entry number, and was not sworn when he appeared at the counter to make his entry, and goes on to say that that is the practice of the Department, that the oath is merely a form; and I notice from a file that Gatien and Bolan were both barred from the brokering privileges; consequently some person must have looked over the file, and given a direction?—A. Has Mr. Wilson been examined, to state whether he discussed this matter with Mr. Farrow or not?

Q. Yes, and his statement is that he forwarded under a covering letter, a report of November 27, 1923, and inasmuch as he had no authority over the port officers, the matter was then off his hands?—A. But does he recall having spoken to Mr. Farrow personally about it?

Q. No, he just sent the report on?—A. I am certain I would not recall that circumstance. It is a thing that would most likely occur, that Mr. Wilson would speak to Mr. Farrow about it, but if he says his attention was not drawn to it, it would be right.

Q. Who would have authority in your Department to order the port to bar from the broker's privilege both Gatien and Bolan?—A. The power is granted I think under regulations that are issued. Have you not those regulations before you?

Q. Yes, but as a matter of fact, there was an order to the Collector of the port, which you will find on the file there, saying to debar Gatien and Bolan from the brokers' privilege?—A. You found he sent an order, but do you know whether that appears?

Q. It is on the file here.—A. Do you wish me to look over the file and find it?

Q. Yes, look over the file?—A. I see the letter is signed by the Commissioner of Customs, through the Collector at Montreal, dictated by myself.

Q. And that orders Gatien and Bolan to be barred?—A. Yes. The letter says. (Reads):

> "I am now to advise you that instructions are being sent to the Collector of Customs at Montreal to refuse permission to Gatien to pass any further Customs entries at that port."

Q. If you dictated that letter, you must have had under consideration the report and the affidavits accompanying it?—A. I should think so.

Q. Well now, the question comes up, why was not disciplinary action taken against the Customs officers who had, by their neglect, allowed this leak through the Customs wall?—A. I do not see anything on the files to guide in that direction at all, Mr. Calder.

Q. There is nothing on the file?—A. There is no memorandum.

Q. There is nothing on the file, which would indicate to you why a sharp order did not go forward to observe the regulations to the letter?—A. That is not what I am speaking of. There is no memorandum to guide me as to whether I specially drew Mr. Farrow's attention to the circumstances.

Q. We are not on the point, as to whether you drew Mr. Farrow's attention to the matter. Mr. Farrow says you did not, and you say if he says that, it must be correct.—A. Oh, yes, I would not dispute his word.

Q. That is the point we are at. Now, it appears from the file that you dictated such disciplinary action as was taken against Gatien and Bolan.—A. That is, as Customs brokers?

Q. Yes.—A. Yes.

Q. What I mean is, to bar them from the privilege of acting as brokers. The necessary conclusion is, that you must have been cognizant of the facts.—A. You are drawing a wrong conclusion there.

Q. Why?—A. It does not follow that because I dictate a letter, that I have done so without instructions, and have done so on my own motion entirely.

Q. Who would give you instructions in the matter, if Mr. Farrow says he did not?—A. Well, I would expect, with regard to those brokers, that I had spoken to Mr. Farrow; that I would expect. I was handling the brokerage files at that time, and I would expect that I would speak to some official before I would dismiss a broker.

Q. Before taking action?—A. Yes.

Q. Before you would speak to a person in authority, say Mr. Farrow, you would have to know what you were speaking about, and consequently you would have to consult the file?—A. As relates to that broker, yes.

Q. As a matter of fact, you knew at that time the conduct of Gatien in this matter and of Mr. Bolan, without reading the file?—A. There is no question but that I read the file.

Q. You read the file?—A. I have read the file.

Q. And you had knowledge of the facts?—A. I reported on the matter, for decision.

Q. You had knowledge of the files. Mr. Farrow says he made no disposition in the matter, and I might say, that he practically put it up to you?—A. Yes.

Q. Well, now, the question is, why was no action taken?—A. I never disciplined any of the officers.

Q. Apparently in this case it appeared to be nobody's business to hand out the necessary discipline?—A. No, I do not think so.

Q. Mr. Wilson says, "I do not do it because I have no control of that particular file."—A. I think he is correct.

Q. Mr. Farrow says, "I did not do it, because it was never brought to my attention."—A. No.

Q. Mr. Farrow says, it is within your department.—A. What is within my department?

Q. The matter concerning this file.—A. To discipline an officer? I doubt if he would say that.

Q. Well, to recommend discipline, then.—A. Well, what is the difference?

Q. Well, I do not know.—A. I think these facts should have been drawn to Mr. Farrow's attention.

Q. And he should have taken action?—A. I won't say anything about that.

By Mr. Bell:

Q. Can you say in whose department it would be to take some action?—A. I did not get you.

Q. Can you suggest in whose department it would be to take some action and whose obligation it would be to act in some way?—A. Well, I am not just sure but what the officers of the port have some right to suspend; I am not quite sure on that point.

By Mr. Calder, K.C.:

Q. But if they do not exercise that right where they should, is there nobody above them who could exercise the right?—A. I should think the Minister or the Deputy Minister—

Q. Or the Assistant Deputy Minister?—A. Well, they never have.

By Hon. Mr. Stevens:

Q. You admit having written that letter for Mr. Farrow?—A. I wrote the letter, yes.

Q. You must have known all about it, Mr. Blair, before you wrote a letter of that kind. You did not prepare that letter, without knowing what you were basing it on?—A. I think the letter follows the fact as reported.

Q. We are just going around in a circle; one passes it on to another, and we get nowhere.

Mr. DONAGHY: Of course, it may not have been Mr. Blair's duty to make any recommendation regarding discipline.

Mr. BELL: That is why I am asking him to suggest, if he can, whose duty it was.

By Mr. Donaghy:

Q. Whose duty was it to recommend this matter, not to execute it, or to sign the order, but to recommend?—A. I think I should have drawn Mr. Farrow's attention particularly to this matter.

Q. It is a long time ago?—A. Yes.

Mr. BELL: Barring men for forgery is an uncommon occurrence.

The WITNESS: It was a long time ago, 1922.

Mr. DONAGHY: It is a long time to ask Mr. Blair to speak, with definite memory, on the matter.

Hon. Mr. STEVENS: We are asking him to speak, with the facts on the file before him. If there was anything else to refresh his memory, we would do it.

By Mr. Calder, K.C.:

Q. Supposing this incident had occurred now and it had been just freshly forwarded to you, by Mr. Wilson, what would you do?—A. Just as things happen now, it would not come to me first, but the first time that it did, I would certainly speak to Mr. Farrow about it, and the officer to whom such reports come now, Mr. Callbeck, who is head clerk in the Law Branch—his instructions are, to draw the Deputy's attention, at once, to any irregularities and have been for a long time.

By Mr. Bell:

Q. If you spoke to him about it. We understand that. Then, the question of taking action, or refraining from taking action, would lie with Mr. Farrow?—A. Well, it would not lie with me. That is what I wish to say.

Q. With whom, other than Mr. Farrow and yourself, would it lie?—A. I would think it would be the Minister, and the Minister would be probably consulted; before the officer was dismissed or discharged.

Q. Would you expect Mr. Farrow to report back on it, or would you expect him to go to the Minister?—A. Well, I do not know. I am not familiar with the procedure; it would not be done through me.

Q. You are not familiar with the procedure?—A. I am not familiar with the procedure between Mr. Farrow and the Minister.

Q. Do I correctly understand you that, having reported a matter of such grave importance as this to Mr. Farrow, you would consider that you were through with it, that you had no further responsibility in connection with it?—A. Unless I received instructions.

Q. Unless you received instructions from Mr. Farrow, your responsibility was gone?—A. I would not be inclined to follow it further, having drawn his attention to it.

Q. You reply affirmatively, that your responsibility would be ended, after you had drawn it to the attention of Mr. Farrow?—A. That is not the same as my answer. I would not take any further action until I had received further instructions.

Q. Then, you consider that you had no responsibility?—A. Your idea of my responsibility and mine are different.

Q. Would you consider that there was nothing else to be done?—A. I would not consider that I would be expected to do anything further until I got further instructions.

Q. Until you got further instructions?—A. Yes.

Q. So, if you did not get any instructions, it was through, as far as you were concerned?—A. A matter of that kind, I might raise it again myself, if I thought it was important.

Q. Well, you did consider this important, of course?—A. I say I do not recall whether I discussed this with Mr. Farrow or not.

Q. Being a forgery, I thought it had some importance.

By Hon. Mr. Stevens:

Q. When the action was taken to suspend the license of this broker—is that what it was? You cancelled his license?—A. I am not sure whether, at that time, brokers were licensed or not.

Q. Well, he was refused permission to practise?—A. We often do that. There was an amendment, which I thought you had. I thought the regulations were put before you about it; but, up to a certain period, brokers were not licensed by the department; then after that period we speak of cancelling their license, but before that period, we ordered the collector not to accept further entries from them.

Q. I think they were licensed. Never mind whether they were or not. when you issue an order, such as you did there, or when you cancel a broker's license, do you permit the broker to transact business in the Customs office thereafter?—A. That is an instruction issued to the Collector not to permit it. The Collector may permit him to act after. This letter was an instruction to the Collector.

Q. I wish you would help me. Do not be too technical on this question. You cancel the license of a broker, or, as in this case, issue instructions to the collector, that his privileges are cancelled; subsequent to that, what happens, if the broker persists in making entries?—A. The situation is different, whether or not it is before or after the period when brokers were licensed. If we cancel his license, he cannot do business until he is licensed again, and he cannot be licensed, without the department knowing it. Before that they were not licensed, and we sent a notice to the collector, and the collector would not let him do any more business, but it would be possible for the collector to allow that man to do business, because he did not require license to do it.

Q. Supposing a broker, whose license was cancelled, and was employed by another broker's firm, and had one of these powers of attorney—could he do that?—A. Well, he should not do it.

Q. He should not be allowed to practice at all.—A. The way to put it, it is possible for a man to do that, but I do not think he should be allowed.

Q. Is there any check made up, to see that they do not?—A. Not in the department, but I would expect the collector would make a check.

By Mr. Calder, K.C.:

Q. In this case, Mr. Blair, Bolan was reinstated, was he not?—A. I do not know.

Q. I read into the record a letter from Frothingham and Workman, Limited, dated September sixth, 1923.

SEPTEMBER sixth, 1923.

R. R. FARROW, Esq.,
Commissioner of Customs & Excise,
Ottawa, Ontario.

Re *File No. 110204:*

DEAR SIR:—We were very much pleased to receive a letter from the Collector of Customs and Excise, Montreal, under date of August 31st, informing us that you had issued instructions, permitting our Mr. T. Bolan to pass Customs entry from September first, 1923.

We would like to assure you that we greatly appreciate your action in this matter, and feel confident that your department will have no further trouble from this source.

Again thanking you, we are,
Yours truly,
FROTHINGHAM & WORKMAN, Limited,

(Sgd) G. C. DAVIS,
Managing Director.

A. Do you want to read the entire of the intervening correspondence?

Q. It is not necessary. I have looked over the file and there is just a letter dated August thirty-first.—A. Let me look over the file.

The CHAIRMAN: If you find some letter to explain your situation, to discharge yourself, and you wish to have it read to the committee, I would not like to refuse your demand.

The WITNESS: He has read the last letter, but there may be intervening correspondence, explaining why Bolan was permitted to act. I think that leaves a wrong impression, to put that letter in, without the intervening correspondence.

Mr. CALDER, K.C.: The file will reveal that it was on the request of Frothingham and Workman, pleading Bolan's inexperience, his general good record, that he was reinstated.

The WITNESS: I am taking your word for that.

Mr. CALDER, K.C.: If you look down the file, you will find that that is it.

The WITNESS: Yes.

The Committee adjourned until 10.30 to-morrow morning.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 27—FRIDAY, APRIL 9, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Lionel Hicklin, Chief Clerk, Preventive Service, Montreal, Que.
Mr. C. P. Blair, General Executive Assistant, Department of Customs and Excise.
Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., Montreal, Que.
Mr. James Churchman, Ex-Sergeant, R.C.M.P., Montreal, Que.
Corporal William Alfred Anderson, R.C.M.P., Montreal, Que.
Corporal Walter Styran, R.C.M.P., Montreal, Que.
Corporal John H. Kyle, R.C.M.P., Montreal, Que.
Mr. W. F. Wilson, Chief of Preventive Service, Department of Customs and Excise.
Mr. William Horne, Customs Patrolling Officer, Frontier Corners, Que.

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

EXHIBITS FILED:

No. 120—List of export entries under the names of the Imperial Export Company and the Murray Chemical Company, with covering letter from Mr. McLaughlin, Surveyor of Customs and Excise, Montreal, Que.

No. 121—Customs Entry Form, Frontier Corners, Que., 1923, Number 23, Jewett Sedan, and Highway Report Inwards, Frontier Corners, Que., respecting same car.

No. 122—Customs Entry Form, Frontier Corners, Que., 1923, Number 22, Hudson Sedan, 7 passenger car.

No. 123—Customs Entry Form, Frontier Corners, Que., 1923, Number 24, Dodge Touring car.

MINUTES OF PROCEEDINGS

FRIDAY, 9th April, 1926.

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

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

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

Mr. C. P. Blair returned File 110204, seizure 30822/3843, Keith von Harrison narcotic drugs seized from Hector Viau, Montreal.

Hon. Mr. Stevens quoted the motion made by him on 2nd March, respecting spirits manufactured for consumption during a period of less than two years, and asked that the Clerk request the Department for an assurance that all Orders in Council appertaining thereto have been produced; and if not, that they be produced forthwith.

At the request of Hon. Mr. Stevens,

Ordered, That Mr. Sparks have the use until Monday next of the copy of "The American Vanguard" which Mr. Sparks filed with the Committee at a previous sitting.

Mr. Doucet referred to his motion of 23rd March, regarding amongst others, the undermentioned 34 vessels, respecting which the Customs files have not been produced, viz.:

Schooner Carrie O.—Preventive Service File 9428.
Schooner Daisy C.—Preventive Service File 14403.
Schooner Edna H.—Preventive Service File 6845.
Schooner Francis E. Moulton.—Preventive Service File 12558.
Schooner Inex C.—Preventive Service File 10900-16.
Schooner J. Henry McKenzie.—Preventive Service File 14794.
Schooner Alameida.—Preventive Service File 5550-69.
Schooner Arabia.—Preventive Service File 6796.
Schooner Alice.—Preventive Service File 5550-51.
Schooner Rising Sun.—Preventive Service File 14538.
Schooner Carrie L. Hirtle.—Preventive Service File 6078.
Schooner Adana C.—Preventive Service File 6076.
Schooner Jennie P. S.—Preventive Service File 6270.
Schooner D. C. Mulhall.—Preventive Service File 10191.
Schooner Maggie and Esther.—Preventive Service File 6798.
Schooner Tomoka.—Preventive Service File 7701.
Schooner Catherine M. Moulton.—Preventive Service File 9988.
Schooner Sea King.—Preventive Service File 6077.
Schooner Abacena.—Preventive Service File 10900-5.
Schooner J. Croft.—Preventive Service File 5235.
Schooner Zolo Dixon.—Preventive Service File 13999.
Schooner Kaduskak.—Preventive Service File 5550-19.
Yacht Ozo.—Preventive Service File 14619.
Motor Sloop Annie May.—Preventive Service File 11992.
SS. Herbert Green.—Preventive Service File 9278.
SS. La Somme.—Preventive Service File 12201.
SS. Bally Gally Head.—Preventive File 7755.
SS. Canadian Otter.—Preventive Service File 10761.
SS. Wyke Regis.—Preventive Service File 11068.
SS. Bernard M.—Preventive Service File 5550-45.
SS. Mahone.—Preventive Service File 6125.
SS. Essex County.—Preventive Service File 14912.
SS. Brant County.—Preventive Service File 14619.
Motor Boat Stella Marie.—Preventive Service File 8929.

Mr. Doucet also requested that the following files called for on the 24th, 25th and 30th March be produced forthwith, viz:—

Moved by Mr. Doucet,—For the files containing all correspondence, telegrams, exchanged between the Customs and Excise Department or any branch thereof and the Honourable E. M. Macdonald and all others *re* the appointment of the Captain of Patrol Boat No. 5, together with a copy of the log book of such Patrol Boat, as well as any complaints made in relation to the ineffective work of such Patrol Boat in the waters of the Northumberland Strait during the season of 1925.

Motion agreed to.

Mr. Doucet moved,—For a copy of a report made on investigation held and a subsequent refund of a sum of money approximating $1,600 made by Captain J. D. Zinck of Lunenburg, N.S., to the department.

Motion agreed to.

Mr. Doucet moved,—For the production of customs files, preventive files and port files, as well as all letters passing between any parties in the district of Halifax, N.S., or Tufts Cove, N.S., and the Minister of Customs or any officials of the department having reference to a seizure of liquor in the warehouse of G. G. Harnish during the summer of 1925, including all correspondence, letters and telegrams received from one A. G. Jones of Halifax, and all replies thereto, as well as all instructions issued in connection with the seizure by the Minister, his office and other officials.

Motion agreed to.

Mr. Doucet moved,—For the production of copies of all instructions issued by or on the authority of (*a*) the preventive staff; (*b*) deputy minister; (*c*) minister; (*d*) chief legal agent; to preventive officers Henley, Hall, Haley and others advising them to discontinue their operations in the County of Lunenburg, N.S., until further advice.

Motion agreed to.

Moved by Mr. Doucet,—For the Customs files, Preventive Service files, and Port files containing all correspondence, letters, telegrams and reports relating to the seizure of cigarettes from one, Zoel Pigeon, of Missisquoi Bay, P.Q.

Motion agreed to.

Mr. William Lionel Hicklin, Chief Clerk, Preventive Service, Montreal, Que., was recalled and filed,—

Exhibit No. 120—List of export entries under the names of the Imperial Export Company and the Murray Chemical Company, with covering letter from Mr. McLaughlin, Surveyor of Customs and Excise, Montreal, Que.

Witness retired.

Mr. C. P. Blair, General Assistant, Department of Customs and Excise, was recalled. He was examined regarding legal procedure in the department with respect to seizures.

Witness retired.

Detective Sergeant Ernest Charles Parker Salt, R.C.M.P., Montreal, Que., was recalled and examined regarding:—

1. Seizures of cars in the possession of one, Peladeau, and one, Barrett.
2. The "Pecchia" liquor importations from the United States of America designated as ammonia disinfectant.
3. The Marie Van der Marien smuggling of cigarettes into Montreal by sailors.

Witness retired.

Mr. James Churchman, Ex-Sergeant, R.C.M.P., Montreal, Que., was called and sworn, and examined in respect to the "Marie Van der Marien" case, and as to his being offered a temporary writ by Mr. Bisaillon.

Witness retired.

Corporal William Alfred Anderson, R.C.M.P., Montreal, Que., was recalled and examined regarding automobiles seizures, viz: a Packard car in the "Barrett" case and a Willys-Knight in the "Leduc" case.

Witness discharged.

Corporal Walter Styran, R.C.M.P., Montreal, Que., was recalled and again sworn, and examined respecting the "Leduc" automobile seizure.

Witness retired.

Corporal John H. Kyle, R.C.M.P., Montreal, Que., was recalled and examined in regard to the "Leduc" automobile seizure.

Witness retired.

Detective Sergeant Salt was recalled and examined respecting smuggling of miscellaneous merchandise into Canada by Ovilla Guay of Champlain, N.Y.

Witness retired.

Mr. C. P. Blair was recalled and examined regarding the "Caughnawaga" seizure of automobiles, and in further reference to the legal procedure in the department respecting seizures generally.

Witness retired.

Mr. F. W. Wilson was recalled and examined respecting the procedure following the "Caughnawaga" seizure of automobiles.

Witness retired.

Mr. William Horne, Customs Patrolling Officer, Frontier Corners, Que., was called and sworn, and examined with regard to the entry of three automobiles at Frontier Corners referred to in the exhibits filed during the course of the examination, viz:—

Exhibit No. 121—Customs Entry Form, Frontier Corners, Que., 1923, number 23, Jewett sedan imported by R. Reed; also Highway Report Inwards covering same car.

Exhibit No. 122—Customs Entry Form, Frontier Corners, Que., 1923, number 22, Hudson sedan imported by P. Lang.

Exhibit No. 123—Customs Entry Form, Frontier Corners, Que., 1923, number 24, Dodge touring car imported by Z. Legault.

Witness discharged.

Files were produced re the Violation of Customs and Excise Regulations by the following vessels, viz:—

Vessel	File	Vessel	File
Buena	104048	Annie May	122044
	110068	La Somme	122391
Eddie James	125754	Daisy C.	125188
Alfrata	126621	Arabia	109725
D. C. Mulhall	113271	Maggie and Ester	104439
	120285	Edna H.	109777
	120282	Katie Margaret	112776
	120281	Herbert Green	113070
	120280		120180
Tomoka	111217		120082
	112381	Carrie O.	113257
Wyke Regis	120970	Frank J. Branton	73195
	121085	Joyce Smith	126257
Francis E. Moulton	122880	J. H. MacKenzie	125756
Hazel	108698	Sea King	108412

Vessel	File	Vessel	File
Zola	109666	Essex County	125962
Pantha	109391		120976
Bernard M.	109033		111732
Jennie P. S.	104971	Delina	108697
J. Croft	108369	Brant County	110282
	108256		125439
	105001	Chaudiere	111390
	104892		111394
Inca	111934	Bally Gally Head	110879
Golden Rod	108540	Kaduskak	108627
		Adana C.	108173

also the following files at the request of Hon. H. H. Stevens,—

Customs File No. 72570 re Prison Labour Goods.

Customs File No. 108082 re Prison Labour Goods.

Customs File No. 105745 re alleged violation of the Inland Revenue Act by Dominion Distributers, Regina Junk Co., and the Regina Wine and Spirit Co. and also Customs Files for the following,—

No. 122563 Romeo Cardinal—Seizure No. 35048-5270.

No. 126105 C. C. Cabana—Seizure No. 37706-113.

No. 126139 C. C. Cabana—Seizure No. 37705-112.

Mr. Farrow supplied a statement re certain files requested by the Committee,—

Vessel	Particulars
Morso	already filed with the Committee.
Madeline Adams	no file.
Mahone	no file.
Sea Bird	no file.
Canadian Otter	no file.
Inez C.	no file.
Petewawa	no file.
Brunhilde	no file.
Rising Sun	no file.
Bridgit V. Freeman	no file.
Alice	no file.
No Law	no file.
Alameda	no file.
Cecil C. Boak	no file.
Antonio	no file.
Mary Duff	no file.
J. H. Sinclair	no file.
Grace P. Brown	no file.
Patara	no file.
W. C. Kennedy	already with the Committee.
D. D. MacKenzie	already with the Committee.
Annie	already with the Committee.
Annie B. M.	already with the Committee.
Jeanne D'Arc	already with the Committee.

The Committee adjourned at 2 p.m. until Monday, 12th April, at 4 p.m.

WALTER TODD,
Clerk of the Committee

MINUTES OF EVIDENCE

FRIDAY, April 9th, 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 LIONEL HICKLIN recalled.

Mr. CALDER, K.C.: Under the oath you have taken, Mr. Hicklin.

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. I asked you to prepare, to have prepared, a list of the export entries under the names of the Imperial Export Company and the Murray Chemical Company. Have you that list?—A. Yes, sir.

Q. Have you added the total?—A. Yes, sir.

Q. Will you now produce that list with its covering letter from the Surveyor of Customs and Excise, showing the export entry of the Imperial Export Company, and the Murray Chemical Company, and file it as Exhibit 120?—A. Yes.

Mr. CALDER, K.C.: This shows, Mr. Chairman, that the Imperial Export Company exported 4,600 proof gallons, and the Murray Chemical Company 3,860 gallons, so that, if our theory is correct, that the process is going on, the loss in revenue must be over $70,000.

Hon. Mr. STEVENS: Is that put in as an exhibit?

Mr. CALDER, K.C.: Yes, as Exhibit 120.

Witness retired.

CHARLES P. BLAIR recalled.

By Mr. Calder, K.C.:

Q. Mr. Blair, as we adjourned yesterday, you were anxious that the correspondence leading up to the reinstatement of Mr. Bolan should be read into the record.—A. I thought there should be some intervening ones read.

Mr. CALDER, K.C.: Then I will read into the record the correspondence leading up to the reinstatement of Mr. Bolan. The first step is a letter from Frothingham and Workman Limited, dated December 23, 1922, addressed to R. R. Farrow, Commissioner of Customs and Excise, Ottawa, Ontario, and reading as follows:—

> "DEAR SIRS—We beg to acknowledge receipt of yours of the 20th instant, in reference to our Customs clerk, Mr. P. Bolan, and we are very sorry indeed that you have thought it necessary to cancel his right to pass Customs entries for us.
>
> Mr. Bolan, apparently, in his effort to assist a friend 'so-called' has, without doubt, committed a very grave offence, but we feel confident he did so without any thought or knowledge of wrongdoing, and we fully believe that his affidavit discloses the full story as far as he is concerned.

Mr. Bolan has been with us from boyhood. We have never had any reason to doubt his integrity, and this has been a very painful lesson to him, and a source of great regret to us, and we feel confident that there would never be any further trouble of this kind through him. If you could see your way clear to reinstate him, if necessary we would appreciate an opportunity for a personal interview with you on the subject.

Yours truly,

FROTHINGHAM AND WORKMAN LIMITED,
per J. E. DAVIS,
Managing Director."

Hon. Mr. STEVENS: To whom is that addressed?

Mr. CALDER, K.C.: To R. R. Farrow. Then the next is a copy of a letter on the file, apparently written by Mr. Commissioner Farrow, reading as follows:—

"9th January, 1923.

Messrs. Frothingham & Workman Limited,
199-203 St. Paul St. West,
Montreal.

Gentlemen,—I have the honour to acknowledge receipt of your letter of the 23rd ultimo, *re* your clerk Mr. P. Bolan, and referring to my letter to you dated 20th December.

I have again carefully looked into the circumstances of this case, and while I appreciate what you say in this man's favour, I am not disposed to alter the instructions sent to the Collector of Customs at Montreal that Mr. Bolan cannot further be allowed to pass any entries at Customs, either for himself, or acting on behalf of others.

I have the honour to be,

Gentlemen,

Your obedient Servant,

Commissioner of Customs and Excise."

Then follows the notification. Will you find the next letter—

The WITNESS: Oh no, that is following the notification.

By Mr. Calder, K.C.:

Q. Yes, but what is the next step leading up to the notification of reinstatement?—A. The only thing I see is a letter which I think you read in yesterday from Frothingham and Workman.

Q. No; I think there is a copy of letter to the Collector of the Port instructing him to relieve Mr. Bolan from his suspension; presumably there must have been.—A. I did not find that. That is what we were speaking about yesterday.

Q. Then follows the letter which we read into the record?—A. Yes; that is all I know about it.

Q. Now, after having the advantage of the file over night, can you suggest any reason why no disciplinary action was taken against the four men at the arrival warehouse, or unlading warehouse, and the clerks in the computing room?—A. I have no suggestion to offer.

Mr. CALDER, K.C.: There is just one question preliminary to another matter about which I will ask you.

By Mr. Calder, K.C.:

Q. There appears to be a ruling by the Department to this effect, or which has this effect, that if a car thief steals a car in the United States, changes its numbers, and then enters the new numbers on the entry form by which he passes the car into Canada, that is not a false description of the car. Was that ruling made at your suggestion?—A. I never heard of it.

Q. You never heard of it?—A. Never heard of it.

Q. Would you be prepared to say that no such ruling was ever issued by the Department? And by "Department" I mean either you or Mr. Farrow.—A. I never heard of automobiles being seized for mis-description.

Q. We are going into a number of cases in which that occurred, and in which the order of release was always accompanied by the statement that inasmuch as the car had been entered under the numbers it then bore, there was no false or mis-description. However, we will pass that now. I mean, of course, those numbers which are as much the identity of a car as a man's name is his identity, such as the serial number, the motor number, the axle numbers, and the various component part numbers, which constitute the identity of the car. The ruling appears to have been this—or at any rate it had this effect—that if a man stole a car in the United States, brought it to an American border point, and there punched out the numbers and substituted others, so obviously that any person accustomed to examining cars would see that at once, and he then proceeded to enter the car under the substituted numbers, the Department appears to have ruled—.—A. As a tourist?

Q. No, for importation. If it had been merely "juking" a car in and out of the country, that might have been a different matter, but this was entry for home consumption. The Department held that is not a mis-description, and you say you never heard of such a ruling?—A. Never heard of it. If you come to the border with a car, you would not be refused entry because of wrong numbers on it. There may be many cars come that way.

Q. Supposing afterwards it develops that that is a stolen car; that its numbers have been changed? These numbers were evidently changed for the purpose of tricking both the owner and the Customs—.—A. I don't see how he could trick the Customs if he paid the duty.

Q. He might.—A. How?

Q. Because the number might reveal the year of the car, and that would affect its value.—A. I don't think the appraiser would rely on that.

Q. Sometimes they have to, the shape of the model does not differ in two or three years; then the serial number would mis-describe the car. However, if you have not heard of the ruling, it is a different matter.—A. I should think that would be the appraiser's instructions.

Q. But there is this further danger, that the man who fakes a number on a car might fake the same number in five or six cars afterwards, of the same make and build, and produce this same entry to cover each of the five or six cars?—A. That has occurred. That would occur whether the first numbers were faked or not. It is liable to occur. You make one proper entry with the proper number, and it is possible for a man to take that number afterwards.

Q. I understand there is the danger of a man importing a car with the right number, and immediately afterwards number the car with a forged number?—A. Yes, some way or other, and then claiming that they were passed under that entry.

There is another question I would like to go into with you; can you tell us who inaugurated the practice in the department of releasing, on the signature or the mere affidavit of the man against whom a seizure is levied? We have a number of cases here, which I am going to go into this morning, in which a seizure was made; certain information had been given to the department justi-

fying the seizure, and action was requested by way of prosecution; the car, or whatever it was, was seized, but was afterwards released on the sole unsupported affidavit of the person against whom the seizure was levied. For instance, in the Marie Van der Marion case, which was a cigarette smuggling case, the seizure was released or rather no prosecution was ordered, on the sole affidavit of Mrs. Marie Van der Marion although the information was in the department that she appeared to be a continual and habitual smuggler of cigarettes. Can you explain how a thing like that would occur?—A. I do not remember the seizure at all, and cannot explain it.

Q. Would you mind sitting in here while we go into these cases, and possibly you may note them and then a little later on, refer to your files, and see if there was any justification for it. Will you do that?—A. I will, if you ask me to do it.

Q. Certainly, if you please?

Witness retired.

ERNEST CHARLES PARKER SALT recalled.

By Mr. Calder, K.C.:

Q. Sergeant Salt, I have now handed to you the Headquarters R.C.M.P files, in connection with seizures of cars in the possession of one Peladeau, and one Barrett?—A. Yes.

Q. Will you tell us about the Peladeau seizure, how it originated, what documents you received, and what reports you made?—A. I received information that there were a number of Packard cars in Montreal, which had arrived in Montreal by other means than through the regular sales representative of the firm who are selling the cars. It was alleged that these cars were stolen and smuggled. I investigated the Peladeau car case first. In the Peladeau case I found that the car numbers had been changed.

Q. Did you seize the car?—A. Yes.

Q. In Peladeau's possession?—A. There was some trouble in getting the car, but that is immaterial. The car was eventually brought to the barracks by Mr. Peladeau, with certain papers to cover that car.

Q. Tell us what they were?—A. A bill of sale from U. H. Dandurand, Limited, auctioneers, to Z. Legault, showing that they had sold Legault one single six Packard Motor No. 20578, engine 20788, on October 23rd, 1923, the price paid being $2,500, the $25 government being covered, also a letter in French, which reads as follows.

Q. That was a small violation of the Excise there?—A. The receipt was covered by the two cent excise stamp.

Q. A $2,500 receipt. Go on, please?—A. There is a letter in French which reads as follows—the translation was not made by me.

Q. It was made by Mr. Anderson?—A. It was made by Mr. Anderson. It says (Reads):—

> "Received from Mr. Z. Legault, the following Customs papers.
>
> 1. Customs paper bearing entry number 31413-A.
>
> 2. Bill of sale of U. H. Dandurand, Limited, dated 23rd October, 1923, for $2,525. All these papers are relative with the car which I bought from you on October 23rd, 1923; the Packard sedan, 1922 model, seven passenger, serial number 20578, engine 20788. Also a letter to Mr. Henry Peladeau on his own letterhead, and signed by Z. Legault, in French which reads thus:—
>
> "To confirm our conversation of to-day, I sell you one Packard, seven passenger, six cylinder, with all tools, bearing serial number

U-20578, motor No. U-20788, at the price of $3,800. I take your Chalmers car which I saw at the Martel garage on Park Avenue at $800, which I accept, a cheque of $1,000, a note payable November 15th, a note payable December 1st, 1923."

Q. Has it been reported to you, or has it come to you by way of information that there is a practice which the car thief calls the baptizing or christening of cars, which consists in stealing a car on the other side, and washing the iniquity of theft away from it by auction or by auction sale?—A. I have reason to believe that that goes on.

Q. And it looks very much as if it had been done in this case?—A. Well, any car connected with Mr. Legault looks suspicious.

Q. Have you had any report on this car, as to its proper ownership?—A. We identified the car as belonging to a man in the United States by the name of George G. Ford, of Rochester, New York.

Q. Did that information convey to you the right numbers on that car?—A. Yes.

Q. And one of the right numbers in the assembly was still on the car?—A. The numbers which way?

Q. It was one of the axle numbers, was it not?—A. The engine number was U-20782.

Q. It had been altered to what?—A. To U-20788.

Q. Was the alteration obvious?—A. Yes.

Q. You say it was?—A. Yes; you could detect the alteration.

Q. So that there was no doubt it was Ford's car, and there is no doubt that this Packard car belonged to Ford, and that for the purpose of disposing of it, the numbers had been faked?—A. Yes.

Q. There is no doubt about that?—A. No doubt about that.

Q. You have some additional proof you are going to give us?—A. Yes.

"Motor number, usually called the engine number, U-20782, had been changed to 20788, the change being apparent; the clutch number U-20866 and the transmission number 20866 were not found; the steering number U-20646 had been changed to U-20648, this change also being apparent. The front axle number U-20646, which should be the same as the steering numbers on all Packard cars, was not changed."

That is, the original number was still there.

Q. That was the number by which you traced it?—A. The rear axle and body numbers, U-20639 and 805 respectively were not examined. The frame number, U-20576 had been changed to U-20578, the change being apparent.

Q. You had at that moment taken copies of the entry form?—A. Yes.

Q. And in the entry form, the car was described under a faked number?—A. The entry form reads—I have extracts from it, and I think it is pretty nearly complete here:

"Customs entry number 31413-A, which gives the following particulars; the words 'entered for Home Consumption' have been substituted for the name J. D. Perreault.

"Port of Montreal, 19/10/23 imported by Paul Stanley, moving per highway, goods exported to Canada direct from the U.S.A.

"One Packard sedan, model 1922, seven passenger, serial number 20578, engine number 20788, invoice value $2,272, value for duty $2,272, rate of duty, thirty-five."

and so on. It shows that the duty was paid on it.

Q. The point is that it was entered under faked numbers?—A. Yes.

Q. At that moment, you say you were looking for a large number of Packards?—A. We had information which would cover probably ten or fifteen stolen cars.

Q. And you suspected that there might be the same alteration in all?—A. Yes.

Q. Did you apply for a ruling?—A. I was in wrong about that; my contention was that the car crossing the line under a faked number, that the entry papers which were produced were really the entry papers for that car; I doubted whether that was so, and it took me several hours in getting the car, because I was opposed in getting the car.

Q. By whom?—A. By Mr. Peladeau. I went to his place, but he refused to open his door. He called the city police, and I persisted that I would have the door opened, and that if he did not open it, I would break it down. As a result of that, he got in touch with Mr. Albert Germain, a prominent lawyer in Montreal, and he guaranteed to me that he would deliver that car at the barracks the following day. I had every confidence that Mr. Germain would keep his word. He brought it down. In order to avoid a clash by breaking the door down, I let the car stop there that night, and it was brought to me the next morning.

Q. It was brought to you?—A. Yes.

Q. Did you seize it?—A. Yes.

Q. Did you make a form K-9?—A. Yes.

Q. Will you quote from K-9 the reasons for the seizure?—A. (Reads):

"That they entered the above described Packard car under a false description, knowing the same to be falsely described, and further, that they undervalued the said car, contrary to section 209 of the Customs Act.

"A Packard car was stolen from Mr. George G. Ford, on or about September 21st, 1923, bearing the following numbers: Vehicle U-20443, motor 20782, clutch 20866, transmission 20866, steering 20646, front axle 20646, rear axle 20639, frame 20576, and body 805.

"This car was subsequently bought at a low valuation by Mr. Peladeau, and was found to be entered into Canada under Customs entry 31413-A on October 20th, 1923, at Montreal, under false numbers."

Q. And did you recommend a prosecution?—A. In that case I did not recommend a prosecution. I asked whether I was correct in the reading of the Act, and so on.

Q And so you applied for a ruling?—A. So I applied for a ruling.

Q. Your position was, that this car had been entered under a misdescription?—A. My position was that the car had been supposed to have entered into Canada, contrary to Section 209 of the Customs Act.

Q. Will you quote the words, by which you applied for a ruling?—A. "As I expect we shall be called upon, to make similar seizures, I would request a ruling from you as to whether my action in this matter is correct".

Q. Did you get a ruling?—A. The letter is in the files of the Customs and Excise Preventive Service, dated January 3, 1924, a copy of which was sent to our office, with a covering note.

Q. I now read into record the letter dated January 3, 1924. (Reads)

"Reference file No. 10187.

Colonel COURTLANDT STARNES,
Commissioner R. C. M. Police,
Ottawa.

DEAR SIR: I beg to acknowledge the receipt of your letter of the 29th ultimo, reference 23 D, 24-4-D-25, with enclosed reports, respecting the seizure of a Packard sedan, 1922 model, from Mr. Henri Peladeau, 391 Stewart avenue, Outremont, P.Q.

For the information of yourself and the officer commanding at Montreal, I quote hereunder a telegram which I sent this afternoon to the Collector of Customs and Excise, at Montreal.

'Please release to Henri Peladeau, 391 Stewart avenue, Outremont, the Packard automobile and spare parts, seized by the Royal Canadian Mounted Police and delivered to your custody 28th December. (stop).

Obtain and forward receipt of delivery as when seized.'

There was no misdescription of this car, as it bore the changed numbers when imported and was entered in the condition as imported, consequently it cannot be held on account of misdescription.

Furthermore, the car was appraised by an appraiser of the Montreal Customs House, when it was entered, and his appraisal was in accordance with the rules laid down by the Department. Therefore, there is no under valuation and under the circumstances there is no other course open than for me to do what I have done in telegraphing as above to the Collector at Montreal.

I would suggest that your officers be more careful regarding these matters.

Yours truly,

(Sgd) W. F. WILSON,
Chief Customs, Excise Preventive Service."

Q. And this was forwarded to you by a covering letter from Mr. Cawdron, dated January 8, 1924?—A. Yes.

Mr. BELL: So, the effect of that, Mr. Calder, is, that if they took the paint off and changed the numbers before they seized it across the line, they would be safe?

Mr. CALDER, K.C.: Yes. This means that if I paint my face black and enter myself as a negro, I would not be misdescribing myself. The numbers are in either case in the metal in relief or punched in low relief and change the identity of the car just as much as your personality and your identity. When they are in relief they chisel or file them, or when they are in low relief or sunk, they over punch, so the usual method is to take a three and punch it in to an eight. The mark of the punch is still evident at the moment.

By Mr. Donaghy:

Q. Sergeant Salt, that was done before the car entered Canada?

Mr. CALDER, K.C.: It must have been done because the car was entered under a fake number. Unless they put a fake number on it they could not enter it.

By Mr. Calder, K.C.:

Q. Do you know Sergeant Salt, whether the Custom House officer at the line is supposed to examine the numbers of the cars that are being entered? I mean——A. I do not see how he can make out his entry form if he did not examine the number.

Q. You see, he might have had faith, as we have had several brilliant examples of it?—A. I would not like to say anything about that, Mr. Calder.

Q. Can you tell we whether if he had done—— ——A. I have only crossed the line two or three times. I cannot recall. I was a policeman. I said I was a policeman, and perhaps they had some justification in giving my words some faith. I do not think they attempted to examine my car in Canada, or in the United States.

Q. I might tell you, not being a policeman, they never examined mine.

Mr. DONAGHY: You are a well known prosecutor.

Mr. CALDER, K.C.: I never prosecuted in that district.

By Mr. Calder, K.C.:

Q. As a matter of fact, they are supposed to take, not only the numbers of the cars, but the numbers of the tires?—A. That is a Customs regulation, which I have no knowledge of at all, Mr. Calder. Because as I say, what information I have given as to Customs work was given when I was a Customs officer myself, but I was never on the boundary port.

Q. Will you tell us now whether you seized a car from a man called Barrett?—A. The Peladeau car was seized on the 27th of December. Almost simultaneously the Barrett car was seized by Corporal Anderson, under my instructions. I did not actually go out and make the seizure myself. He knew all about the facts. It was an identically similar case to the Peladeau case with this exception, that in that, in view of the return of the Peladeau car, we notified the real owner of that car by telegram, or had him notified, so that he was able to claim the car.

Q. Yes.—A. And although we were ordered to return the car to Barrett, subsequent court procedure shows that Barrett lost the car. That is as far as I followed it.

Q. There was a judgment against Barrett by Judge Surveyer, was there not, ordering the car to be returned?—A. To L. A. Crossman, of Syracuse, on May 25th, 1924.

Mr. CALDER, K.C.: This is a newspaper report that is quoted. I can produce the original of the judgment if required.

The CHAIRMAN: You can read that under reserve.

By Mr. Calder, K.C.:

Q. Read that under reserve of the production of the judgment?—A. (Reads):

"May 5th, 1924.

The Officer Commanding, R.C.M.P.
Montreal,

SIR,—*Re* L. E. Barrett, Montreal, P.Q. Packard sedan, five passenger, 1923 model, license 93-726, I have the honour to report that Mr. Justice Surveyer, in Superior Court, ordered this automobile to be returned to the former owner, L. A. Crossman.

He stated that a car worth $4,00 had been stolen, and later, found in the possession of the Prudential Coal Company, Limited—"

That is Barrett—

"the latter said they had bought the car in good faith from the Robertson Motor Car Company."

Q. That is Falcon?—A. I believe so. (Reading):

"The Court held that it was not reasonable to expect that a $4,000 car would be sold for $3,100, the second-hand price, under ordinary conditions, and maintained the seizure.

I have the honour to be Sir,

Your obedient servant,
(sgd) E. C. P. SALT."

Now, I believe there was further court action in that case, but I do not know what happened.

Q. You mean there must have been an appeal?—A. An appeal or something, I do not know. I happened to pick that out.

Q. Was there anything peculiar about this car, as regards its make-up? Is this the car which was composed of the parts of three cars?—A. No. The appearance would indicate that it was composed of the parts of many cars.

Q. Because they had been systematically changed—the numbering?—A. But it was all one car.

Q. They had not followed the manufacturing system?—A. No.

Q. That would mean that they had punched the numbers, like those that they were faking, that is changing three's to eight's and seven's to five's?—A. Yes, and two's to eight's go very well.

Q. Will you quote your K-9 there? Did you make a K-9 in that case?—A. Corporal Anderson made the K-9.

Q. Quote the motive of the seizure? You need not quote the numbers; simply state the reason for seizure and any recommendation there may be.—A. (Reads):

> "That they entered the above described Packard car into Canada, under a false description, knowing the same to be falsely described, contrary to Section 209 of the Customs Act, or that the said car had been surreptitiously entered into Canada."

Q. Was there any recommendation made?—A. This car was seized under the Customs Act.

Q. What are you quoting from now?—A. I am quoting from a report submitted by myself.

Q. Forwarded to your— —A. No, he was away at the time this happened. (Reads):

> "This car was seized under the Customs Act, as up to the present, no Customs papers are forthcoming to cover it, and the car is composed of three different cars."

This is Falcon's car.

Q. You do not mean to say that Falcon had a car for which he had no papers?—A. This was immediately after the seizure. (Reads):

> "And presumably all three cars were smuggled. In the event should Customs papers be forthcoming, seizure will stand good, as a false entry must have been made."

I have reason to wish to correct that statement now. That was my opinion then. (Reads):

> "I received the following telegram from C. E. Mariner Company, Adjuster, Granite Building, Rochester, New York.
>
> "Sir, have been informed your command in possession stolen Packard sedan. Kindly confirm by wire. Please advise by letter what will be required by you, other than full identification of car by underwriters." To which I replied. Apply to Commissioner at Ottawa.
>
> "We do not know which car this telegram refers to but in any event it would be as well to be skeptical of such firms, unless they are known.
>
> (Sgd) E. C. P. SALT."

Q. Now, did you get a ruling on that too, and an admonition?—A. There was a ruling by Mr. Wilson, in a letter dated January 10th, 1924. A copy of this was sent to us, and the copy is on our file. (Reads):

> "Colonel COURTLAND STARNES,
> Commissioner R.C.M.P.
> Ottawa.
>
> DEAR SIR:—I beg to acknowledge the receipt of your letter of 7th, reference number 23D, 24-4-D 26, with enclosures, relating to the seizure of a Packard automobile from L. E. Barrett, 23 York St. Cote St. Paul, Montreal.
>
> Hereunder is a letter, which was sent yesterday afternoon to the Collector of Customs and Excise, at Montreal, respecting this matter.
>
> 'Under date of the 28th ultimo, Detective Corporal Anderson, W. A., of the Montreal Command, of the R.C.M.P., seized a Packard sedan from

L. E. Barrett, 23 York street, Cote St. Paul, Montreal, P.Q., and the car is reported to have been placed in your custody on the 2nd instant. I have now to ask that you arrange for the release of the car to Mr. Barrett and that you obtain and forward to me a receipt covering the delivery to him of the car and all spare parts, in the same condition as when seized.'

In explanation of the above I might say, that there was no misdescription of this car, as it was entered in the condition as imported, the changed numbers being on the car at the time of entry; consequently it cannot be held on account of misdescription.

Furthermore, the car was appraised by the Appraiser of the Montreal Customs House, when it was entered, and his appraisal was in accordance with the rules laid down by the Department. Therefore, there is no undervaluation, and, under the circumstances there is no other course open than to do what has been done, in asking the Collector at Montreal to arrange for the release of the car.

Yours truly,

(Sgd.) W. F. WILSON,
Chief, Customs, Excise Preventive Service."

Q. This was a Packard of what model? Of the current year, was it not?—A. 1923 model. This was in January, 1924.

Mr. DONAGHY: Would not Mr. Wilson appear to be technically right on that? The car should be described in the condition in which it entered Canada.

Mr. CALDER, K.C.: It seems to be a very close technicality because if it is —the misdescription consists, in my opinion, of two operations. First, a man has a car which has a certain identity. He changes that identity, and on that change enters it. The two things together constitute misdescription and I think the ruling should have been on that, because it is a misdescription.

Mr. DONAGHY: That is a crime committed in another country and I am inclined to think that technically, under the Act, that should be described in the condition in which it entered Canada.

Mr. CALDER, K.C.: Does it not contemplate that it should be entered as the identical car it was, when it left Canada.

Mr. DONAGHY: Does the act say it should be described by the marks on it or by the marks it had on it some months prior?

Mr. CALDER, K.C.: I do not think the Act was devised with any view that there would be faking. I think the regulation would be that it has to be described by its markings, but where those markings are obviously false, you might as well say that the Meluquerre stuff was correctly entered because it was marked as olive oil.

Mr. DONAGHY: It was not olive oil?

Mr. CALDER, K.C.: Neither was this particular car described by the number.

Mr. DONAGHY: The Meluquerre described as olive oil was not properly described. This car was described by a certain number and was apparently accurately described. It would be a crime committed prior in the United States.

Hon. Mr. STEVENS: It would not be so when it comes to Canada. In fairness to Mr. Wilson, I think that he is technically right. What surprises me is the haste to give a release under the circumstances.

Mr. DONAGHY: You mean that he should have held it up to find the owner?

Mr. CALDER, K.C.: Yes; the decision might have been as thoroughly reported as some of the other decisions.

Mr. DONAGHY: I am inclined to think that the Customs officer had the proper number on it, and they found the thief and they complied with all their duties.

Mr. CALDER, K.C.: The release certainly facilitated the disappearance of the car.

By Mr. Calder, K.C.:

Q. Now, Mr. Salt, leaving the cars for a while, and coming back to the very pleasant subject of alcohol, have you any information of a case known in your files as the Pecchia case? Will you take the file please? Now, what was the "nubbin" of that case, briefly?—A. That is one of the cases that I marked on the list, being one of the cases where a prosecution was entered. It appears on the list that you asked me to mark.

Q. On the list that was filed?—A. Yes, it was quite a large quantity of alcohol. Corporal Kyle can give you more particulars on the amount shipped. He knows exactly what happened in the case.

Q. This was, I think, a list of a series of shipments?—A. This was only the last two shipments.

Q. Shipments of what?—A. Alcohol.

Q. Openly shipped or camouflaged?—A. Exactly the same state of affairs as in the Noel case, only the other way, from the States to Canada.

Q. It was alcohol shipped in as some patent preparation?—A. Yes.

Q. What was the patent preparation?

Mr. DONAGHY: There will be a great run on the article if it is made public.

WITNESS: Ammonia disinfectant.

By Mr. Calder, K.C.:

Q. I beg your pardon?—A. To the Nobel Chemical Works, New York. They have made a number of shipments to Montreal to A. Pecchia, consigned to the Windsor Hotel, as ammonia disinfectant.

Q. Were any samples taken?—A. I could not locate the street.

Q. In that case as in many cases, the address of the shipper and his name were fictitious as far as your search revealed?—A. We located Pecchia at the hotel.

Q. At the other end, it was fictitious; the sender and address were fictitious at the other end?—A. Yes.

Q. At the other end?—A. It was fictitious, I think.

Q. This was a disinfectant?—A. Yes.

Q. I was asking whether it was analysed?—A. It was analysed and found to contain a liquid which was sixty-five overproof alcohol.

Q. At the time that this was discovered, was the consignee available for arrest?—A. Corporal Haverson reports,

> "I ascertained Pecchia was occupying room 1709 and had been there since the third instant."

Q. In the notification or advice, Pecchia was supposed to be at the Windsor; that was your information?—A. Yes.

Q. Who were the officers that made the seizure in that case?—A. Corporal Haverson was interested in it and Mr. McLaughlin.

Q. Was the seizure made by the Customs House officers or the Royal Canadian Mounted Police?—A. In a case of that kind, by the Customs House officers.

Q. Upon notification from you?—A. Yes.

Q. The moment that the seizure was made, you could have arrested Pecchia?—A. I don't know for certain.

Q. Administratively you were under the impression that you could have?—A. I believe that we could have.

Q. Did you ask for instructions?—A. It was not our case.

Q. Did you recommend action?—A. It was not our duty to recommend action when it was handled by another department.

Q. Was there any prosecution of Pecchia?—A. Not that I know of.

Q. Did you follow up the case in order to see whether there would be? Did you take, let me say, an ally's interest in it?—A. There is nothing I have to indicate prosecution, but the stuff was seized.

Q. I beg your pardon?—A. There is nothing on the file to indicate that prosecution was taken but the stuff was seized.

Q. Who speaks as to these facts, to the number of shipments?—A. Corporal Kyle as to what left New York, and Corporal Haverson as to what was gathered in at Montreal.

Q. Will you tell us about the Van der Marien case? What was that case concerning and what kind of a case?—A. This was a seizure of a quantity of cigarettes.

Q. In the hands of whom?—A. Marie Van der Marien. It was first made by Corporal Anderson on information obtained from Sergeant Churchman.

Q. What kind of cigarettes?—A. Cigarettes of European origin.

Q. Did you have information that this was practised on the part of Mrs. Van der Marien?—A. We had information that she was habitually receiving and selling cigarettes.

Q. That was her business?—A. Yes.

Q. Derived from what source?—A. Sailors off the boats. One of our men went down and was able to buy cigarettes, using the name of one of her alleged confederates.

Q. Using the name of one of her alleged confederates?—A. Yes, I forget what the deceit was that was practised upon her.

Q. Strategy?—A. Yes.

Q. About the cigarettes, did you make any recommendation? Did you at that time have any power to act?—A. This was September 25th, 1924. At that time we were not allowed to do anything without the consent of Mr. Bisaillon.

Q. Without his consent being previously obtained?—A. Yes, only we made the seizure without him knowing it.

Q. I hope you were disciplined for it. Did you report the matter?—A. Sergeant Churchman who was in control of the investigation, immediately in control, saw Mr. Bisaillon and suggested a prosecution, but Mr. Bisaillon recommended collecting a fine instead of prosecuting, that is to say making a settlement out of court, and gave Sergeant Churchman certain papers to get filled in. Sergeant Churchman reported that back to the office, whereupon we sent Mr. Bisaillon a copy of Sergeant Churchman's full report, setting out the full facts, and this letter was forwarded:

> "Attached hereto is seizure report. I recommend that this case be proceeded with in court and not hushed up. Open exposures in court would tend to decrease smuggling, whereas if the matter is allowed to be settled out of court, no good effect can be expected.
>
> Regarding the second last paragraph in this report, wherein Sergeant Churchman states that you ask him to obtain a voluntary abandonment, I may say that my officers are not empowered to do this, and if you desire it should be done, in the face of my recommendation to the contrary, then I must request that you send one of your own officers or do it yourself. I would also ask that such request be made to me direct and not through the medium of my men."

Q. By "voluntary abandonment" was meant that the officer would approach Mrs. Van der Marien, and she would relinquish up the title to the goods?—A.

No, go to her and say, "If you do not relinquish all claim to the goods and pay an additional sum"—whatever the officer may set—"we shall prosecute you in court." That is what I believe is done. I have never done that; I do not do it.

Q. You believe that is what is meant by "voluntary abandonment" and know of this being done?—A. Yes, I know of its being done under the Customs Act, and Customs and Excise Act.

Q. What was done in consequence of Inspector Phillips' recommendation? Was there any step taken by Mr. Bisaillon in connection with Mr. Churchman's powers to act?—A. In reply to that report, we got a letter back from Mr. Bisaillon which reads as follows—this is a copy.

Q. I will read it.

"CUSTOMS AND EXCISE, CANADA
PREVENTIVE SERVICE, MONTREAL,
December 8th, 1924.

J. W. PHILLIPS,
Royal Canadian Mounted Police,
Montreal, P.Q.

DEAR SIR:—Attached seizure report has been returned to me by Mr. W. F. Wilson, Chief, Customs and Excise, Preventive Service, Ottawa, with a letter reading in part as follows:—

'You will notice on the face of K-9, it is intimated that these goods were seized for having been offered for sale when they were not properly stamped, according to law.

This would be an offence against the Inland Revenue law and if it is intended to make the charge one under that law, the seizure should have been reported on the excise seizure form. If it was intended to make the seizure a Customs seizure, the charge shown on the form should have been one under the Customs act.

In connection with this matter, I would suggest that it remain a Customs seizure report, in which case it will be necessary for you to state that the goods were smuggled into Canada instead of stating that they did not contain any revenue stamps according to law.

It will be necessary for you to alter the wording of 7 and 15.'

(Signed) J. BISAILLON."

Q. That was one time when Mr. Bisaillon caught you napping?—A. No; it was seized under the Customs Act. We were not excise officers.

Q. Now, will you go on to the next proceedings?—A. We amended the form to suit.

Q. Going back now to the first report, and reading into the record the recommendation, or rather, the forwarding letter of Inspector Phillips, which reads as follows; I read only the first paragraph of it:

"Upon receipt of this information, Sergeant Churchman got in touch with Mr. Bisaillon and advised him of the facts of the case, and also pointed out to him that there was no one available at the moment with a writ, to make a search and seizure. Mr. Bisaillon told him if he would go down to the Customs Office he would be given a transferable writ, which apparently anybody can use. I never heard of such a document and to me, to make use of it would be distinctly illegal, as it would invest Mr. Bisaillon or the holder of that writ with more powers even than those held by a Cabinet Minister. I would like a ruling on this point, as the same thing may occur again, and I do not want any of my men involved in a proceeding which might follow the issuance of such a writ."

Mr. BELL: To whom was that addressed, Mr. Calder?

Mr. CALDER, K.C.: That is a report of Inspector Phillips forwarded to the Commissioner, R.C.M.P., reporting that Mr. Bisaillon had offered to provide Sergeant Churchman with a "transferable writ."

Mr. BELL: To whom was it sent?

Mr. CALDER, K.C.:To the Commissioner at Ottawa.

Mr. DONAGHY: You never happened to see a copy of that wonderful document?

Mr. CALDER, K.C.: I would like to.

Mr. DONAGHY: So would I.

Mr. CALDER, K.C.: If such a writ existed, I venture to say it was in active circulation.

By Mr. Calder, K.C.:

Q. Did you, from time to time, while this file was still open, recommend prosecution and press for instructions?—A. On November 20th we wrote to Mr. Bisaillon, saying "Will you please advise me what action you are desirous of having taken in this matter?". In reply to that—

Q. When was that reply?—A. November 26th.

—Mr. Bisaillon wrote: "I will advise you promptly of any developments in this case; it is in the hands of the Department."

Q. How prompt was he in advising?—A. December 8th, 1924.

Q. That is the letter advising of alterations in the writ?—A. Yes. On December 11th we sent in the altered papers, and said "Please advise what action the Department is desirous of taking in this case."

Q. What was the next step?—A. December 27th, from Bisaillon to our office:

> "Referring to the above-numbered seizure of cigarettes by officers of your Department, I beg to quote hereunder portion of the communication received from Mr. W. F. Wilson relative to this matter.
>
> 'Please have these cigarettes delivered into the custody of the Collector at Montreal, and forward me the usual receipt.'
>
> I would ask that the cigarettes in question be forwarded to me, and I will then transfer same to the custody of the Collector, and obtain from him the required receipt for my Department."

Those instructions were complied with, and we considered the case closed. Later on we received a copy of a letter dated Ottawa, January 16th, by Mr. Wilson, to Mr. Bisaillon:

> "In connection with the above-numbered seizure, I quote hereunder a letter received from the Department:
>
> 'With reference to the above-numbered seizure of cigarettes from Mrs.Marie Van der Marien. You are advised that Mrs. Van der Marien, in reply to the notice of seizure, has filed an affidavit in which she claimed that the cigarettes which were seized on her premises, had been left by a roomer who had left without paying his room rent. She claims she had taken possession of various articles left by him, including the cigarettes, which she was selling in order to compensate her for loss of room rent. She also claimed she was unaware that the cigarettes had been smuggled, and being a foreigner did not know the difference between the American and Canadian revenue stamp'—"

There were no American stamps on it. (Reading):

> "I would ask you to have the seizing officer—"

Q. You say that the affidavit stated that Mrs. Van der Marien was misled because she did not know the difference between an American and a Canadian stamp?—A. Yes.

Q. As a matter of fact, were there any revenue stamps of either country on the cigarettes?—A. I do not think there were any stamps on them because they came by boat. (Reading):

> "I would ask you to advise the seizing officer of the claim made by Mrs. Van der Marien, and if he is satisfied such claim is correct, kindly cancel the instructions issued to him on January 7th in regard to prosecution. Please advise promptly when the report is received."

Q. Had you received in the interval instructions to prosecute?—A. No.

Q. Did you receive them simultaneously with this letter?—A. That is all we knew about prosecution proceedings.

Q. You never received instructions to prosecute?—A. No.

Q. You are speaking of the Montreal office?—A. Yes. That is the first intimation, and that is the first order we got at all.

Q. So that you got the cancellation simultaneously?—A. Yes.

Q. Did you make any attempt to change the mind of the department in connection with that?—A. A report was submitted by Sergeant Churchman which was sent to Mr. Bisaillon.

Q. Was it accompanied by all the documents?—A. It was accompanied by a footnote from Mr. Phillips, as follows:—

> "This woman initiated the deal to sell to Corporal Anderson, and unquestionably knew what she was doing."

Q. Did you forward any affidavits covering the true state of affairs?—A. Not in this case.

Q. That was sent out on January 27th?—A. On March 3rd, 1925, we received a letter from Mr. Bisaillon which reads:—

> "Referring to your letter of the 28th ult., file No. 12508, I beg to quote hereunder a communication received from Mr. W. F. Wilson, reading in part as follows:—
>
> 'With further reference to the above numbered seizure of cigarettes from Mrs. Marie Van der Marien which was effected by officers of the R.C.M.P. on the 24th September last, do not prosecute in this matter but accept from Mrs. Van der Marien, pending decision, a deposit by way of penalty.'
>
> "I would suggest that you accept a voluntary penalty of $50 in this case."

That is from Mr. Bisaillon. In reply a letter was sent to Mr. Bisaillon dated March 4th, as follows:—

> "With reference to your letter dated the 3rd inst., suggesting that I collect the amount of $50 from the above named, I beg to state that this case is entirely in your hands, and as I have no one here who is acting as a Customs-Excise officer, I regret that I will not be in a position to have the above amount collected, and would ask you to have the amount collected."

Our writs had been cancelled in the meantime.

Q. All your writs had been cancelled in the meantime?—A. Yes.

Q. Did you go any farther?—A. The final outcome of that case is a letter from our director of criminal investigations, advising us that the cigarettes had been seized, and dealt with accordingly.

Q. Did you have any other cases arising out of the smuggled cigarettes?—A. Several.

Q. Now, did you have the case of Pecchia?—A. Yes.

Q. What was that?—A. That was a case of cigarettes. I have a note here, which says that a case of cigarettes was seized, and action was asked, but no prosecution was entered.

Q. You do not know any reason why a prosecution was not entered?—A. No.

Q. At that time, was there a feeling in Canada, or in Montreal more particularly, that cigarette smuggling was one of the most active forms of smuggling?—A. I do not know what the public opinion of the matter was, but I know that we got information several times about smuggled cigarettes, or smuggling cigarettes.

Q. Was it, in your opinion, one of the most active cases of smuggling, and one of the most frequent return cargoes?—A. I do not know that I formed much of an opinion about it, Mr. Calder; I was not very much interested in smuggling at that time.

Witness retired.

JAMES CHURCHMAN called and sworn.

By the Chairman:

Q. What is your full name, Mr. Churchman?—A. James Churchman.

Q. What is your occupation?—A. I have no present occupation. I am an ex-member of the Mounted Police.

By Mr. Calder, K.C.:

Q. By a voluntary abandonment of the service?—A. That is correct.

Q. Will you tell us about this transferable writ that Mr. Bisaillon offered you, and under what circumstances the offer was made?—A. In which case?

Q. In the Van der Marien case?—A. In that case I interviewed Mr. Bisaillon in regard to the projected seizure, and explained that he had no writ. He offered me what he called a transferable writ, which I could take and use.

Q. A transferable writ, which you could take and use?—A. Yes.

Q. Did he show you one of the transferable writs which you could take and use?—A. No, sir. I did not see one upon that occasion.

Q. Did you ever hear of such a thing?—A. No.

Q. That means a transferable writ of assistance?—A. Yes.

Q. A writ of assistance, as it were?—A. Yes.

Q. Did you express any surprise to Bisaillon as to there being such a thing?—A. I did not. I forget the exact words I used, but I questioned such a thing; I did not think it would be possible to obtain such a thing from anybody.

Q. What did he say?—A. That it was quite in order, and that the writ was very easy to be used by anybody. He wished to give it to me, any officer he wished to give it to.

Q. Did he indicate that there was only one of such writs?—A. I understood he had one in his office.

Q. Did you express any curiosity as to the frequency of its use upon other occasions?—A. I cannot remember that.

Q. Did he tell you that he had been using this writ?—A. That he had used it.

Q. That he had transferred it to somebody who had exercised the power under it?—A. To other officers who did not have a writ.

Q. Did he limit himself to officers?—A. I have no recollection of having heard it passed to anybody else but officers.

Witness retired.

WILLIAM ALFRED ANDERSON recalled.

By the Chairman:

Q. Mr. Anderson, you understand you are still under oath?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. It was you who seized the Packard car in the Barrett case?—A. Yes.

Q. What Sergeant Salt has stated as to your activities in that case is correct?—A. Yes.

Q. I hand you a file now in regard to Raoul Leduc. That is a car seizure? —A. Yes.

Q. What kind of a car was it; turn up your report?—A. It was a Willys-Knight sedan.

Q. Did you seize it?—A. No, I did not. Constable Barnes seized it, but I was with him at the time.

Q. Tell us what was peculiar about that car, with regard to its markings? —A. It was a Willys-Knight, 1923 model sedan, of American manufacture, carrying two American tires; the motor, serial and body numbers had been removed, and the license plate was taken out for a McLaughlin touring car.

Q. Did you ask him to produce the sale or the customs papers?—A. We did. Apparently there was neither sale papers nor Customs papers in Leduc's possession for this car, and Leduc told us that he had purchased a car last August from a man named A. Marcil, and as he had known Marcil for ten years or so, he did not think it was necessary to take a bill of sale. He also stated that he did not know Marcil's present address, or whereabouts. The car was put under detention, and was taken to the Central Garage.

Q. Did he offer to pay any duty, at that moment?—A. Not at that moment.

Q. Did you detain the car, or seize it?—A. Yes.

Q. Did you bring it to the barracks?—A. The car was placed under detention at that time. Mr. Leduc stated to me at the time that he was willing to pay duty on the car; also that he had thought some since last fall; he said he was willing to pay the ordinary commercial duty.

Q. Did you take the car and Leduc to the barracks eventually?—A. Yes, we did.

Q. Did you seize the car?—A. Yes.

Q. You are quite positive that he told you that he had bought it from a man named Marcil, that he had known him for some years, and that owing to the confidence he had in Marcil, he did not think it necessary to take any papers from him?—A. I am absolutely positive.

Q. Have you a letter here, dated April 17th, 1924, whereby the car was released?—A. There is a letter from Mr. Wilson.

Q. I will read into the record, a letter from Mr. Wilson, dated April 17th, 1924, addressed to Colonel Courtlandt Starnes, Commissioner, R.C.M. Police, Ottawa, which reads as follows:

"P. S. Customs Seizure 33520-4716

DEAR SIR,—Hereunder quoted is a letter addressed to me on the 14th September by the Department:—

> With reference to the above numbered seizure of a Willys-Knight automobile from Mr. Raoul Leduc, Montreal, I beg to advise you that Mr. Leduc has filed an affidavit with the Department, in which he claims to have purchased the car in July, 1923, from H. Welsh, 1677 Hunt street, Central Falls, R.I., U.S.A., who had been touring in the province of Quebec for some time and ran short

of funds. He claims to have given in exchange his McLaughlin car, and $500 cash, and to have been unaware that the Customs duties had not been paid, as Welsh had shown a card of passport allowing him to enter into Canada.

On referring to the report of Detective Constable J. H. Barnes, I find in his report that when he and other R.C.M.P. officers made the seizure, Leduc told them he had purchased the car last August, from a man named A. Marcil, and as he had known Marcil for ten years, he did not think it necessary to take his bill of sale for the car. I would ask you to advise Detective Constable Barnes of the Claim now made by Leduc and ask him to forward a declaration signed by himself, and the other officers present, covering the statements made by Leduc at the time of seizure in reference to the manner in which he came into possession of the car.

May I ask if you will please obtain from Detective Constable Barnes and the other officers who were with him on the occasion in question, the declaration asked for in the second paragraph above quoted.

Yours truly,

W. F. WILSON,

Chief, Customs-Excise Preventive Service."

Q. In consequence, did you ask Barnes to execute affidavits, covering a statement made to you by Leduc at the time of the seizure, that he had bought the car from Marcil a year before, a man whom he had known for ten years?—A. Yes. Under date of April 28th, 1924.

Q. Were those papers forwarded?—A. They were.

Q. They were forwarded in a covering letter from Mr. Phlilips?—A. Yes.

Q. Dated first of May, 1924?—A. Yes.

Q. Will you state whether the seizure was released or whether you were ordered to release the seizure?—A. The car was released by a letter from Mr. Wilson under date, sixth of May, 1924, which reads as follows: (Reads):

"*Preventive Service Customs Seizure 33520-4716.*

Colonel COURTLAND STARNES,
Commissioner, R.C.M.P.
Ottawa.

DEAR SIR:—Your letter of the 3rd instant with reference to 24-D-24-D-3, with enclosed declarations from Mr. John Kent Barnes and Mr. William Albert Anderson, respecting the above numbered seizure of a Wyllis Knight automobile from Raoul Leduc, Montreal, has been received. Your letter with notice of the said declaration, is being referred to the Department.

For your information there is quoted hereunder a letter addressed by the Department, on the 29th ultimo, to the Collector of Customs and Excise at Montreal.

'With reference to above numbered seizure of a Wyllis Knight automobile, the property of Mr. Raoul Leduc, 300 Wilson avenue, which seizure was made by the officers of the R.C.M.P., you are instructed to have this car re-appraised by Appraiser Bourdon, if he is at present on duty making allowance in the appraisal for any Canadian tires which may be at present on the car, and to allow release of the car to Mr. Leduc, pending decision on deposit of a sum equal to single duty and tax on appraised valuation, together with expenses of seizure and subsequent keep. If release is taken on these terms, the amount of deposit should be forwarded to the Chief of the Customs, Excise Preventive Service for credit to this seizure.'

Yours truly,

(Sgd) W. F. WILSON."

Q. And the seizure was released?—A. It was.

Q. Do you know whether any proceedings were, at any time entered against Leduc, in consequence of his misstatements to you?—A. Not as far as we were concerned.

Q. That is all. You are discharged.

Witness discharged.

WALTER STYRAN re-called.

The CHAIRMAN: Under the oath already taken. You were sworn.

The WITNESS: I was sworn and discharged.

Mr. CALDER, K.C.: You had better be sworn again. (Witness re-sworn).

By Mr. Calder, K.C.:

Q. I now hand you a file marked "J.F.K.-Leduc, Longueuil." You have the Headquarters file there?—A. No, I have the Montreal file.

Q. This was a car which was seized also?—A. Yes.

Q. Will you tell the circumstances of the seizure and any statements that may have been made to you by Leduc?—A. Which Leduc is this? J. F. K., 168 St. Charles street, Longueuil, Quebec.

Q. What is he by profession?—A. He has a garage. Information was received that the above named was in possession of a Hudson.

Q. You proceeded to Longueuil to seize it?—A. I proceeded to Longueuil in company with Corporal Kyle to seize this car.

Q. Did he make any statement to you as to the origin of the car?—A. We interviewed Leduc, and he explained that he had bought the car from Audette, who lives at Valleyfield; he bought the car about September, 1923. He came to see him and told him that the car had been stolen and offered to sell the car for $1,000.

Q. And the left rear mud-guard broken?—A. That is Leduc's story.

Q. It was finally agreed that Leduc should get the car for $800?—A. Yes.

Q. What did you do? Did you take the car to the barracks? Did he tell you at the time who had recommended Audette to him?—A. Yes.

Q. Will you tell us the names of the endorsers?—A. He claimed that Audette had been recommended to him by Brault, Ben Viau, and St Onge, of Valleyfield.

Q. May I put it to you that these are fairly well known names, in connection with cars?—A. It is common knowledge that they are engaged in running cars through.

Q. So that he was reassured by these recommendations and he bought the car without any papers or even without a receipt for the money paid for it?—A. Yes.

Q. So you seized the car? Did you take it to the barracks?—A. No. The car was not in running order at the time. It was being repaired. It was held under detention by Corporal Kyle.

Q. Do you know to whom the general agents of this car communicated, to discover whether it had been legitimately sold in Canada?—A. Yes.

Q. What did you find?—A. The same day Corporal Kyle visited the Legare Auto Supply Company.

Q. You gave them the numbers of the car?—A. We gave them the numbers of the car; engine number 14550. We could not find any serial number.

Q. What was the statement of the Legare Automobile Company? They control the sales in Canada, do they not?—A. They are the agents.

Q. Who would have records of all cars sold in Canada?—A. All cars passing through their hands. On the 15th of March, we visited the offices and were informed by the Accountant that no Hudson coupe, bearing engine number 14550, had ever passed through their hands.

Q. When you were in Leduc's garage did Leduc express any confidence that he would get the car back from you?—A. Leduc seemed quite confident that the car would not be seized.

Q. Ultimately, was the car in use, although detained?—A. Yes.

Q. Who saw that?—A. I saw the car myself.

Q. Where did you see it?—A. On St. James street. Previous to that, Mr. Calder, Corporal Kyle—

Q. Well, he is here and will speak for himself. Something had taken place in the meantime. There had been more seizures put on.—A. The car had been placed under detention again by the Customs officers.

Q. Now, when you saw the car travelling about freely, in Leduc's possession, did you speak to Leduc again?—A. No. I did not speak to Leduc.

Q. Did you speak to any Customs Officer?—A. I spoke to Mr. Duval, the Customs Officer, who placed the car under detention, after we had, and I had informed Duval that Leduc's car had not been placed under seizure, and the Legare Auto Supply Company, the Hudson Agent in Montreal, informed him that it was a Canadian car.

Q. He informed you it was not a Canadian car?—A. They had no record of it.

Q. Did you ask for instructions, or were instructions asked?—A. Yes, I asked for instructions, regarding any further action to be taken.

Q. That is all.

Witness retired.

JOHN KYLE recalled.

By Mr. Calder, K.C.:

Q. Corporal Kyle, after this car had been detained, as described by Corporal Styran, did you go with a writ to seize it? That would be your report, I think, on March 18th.—A. I went out to see Mr. Leduc about the matter.

Q. Yes. Was it your intention to seize it?—A. It was more to inquire what had taken place, after the car had been placed under detention by us.

Q. I see. Did he tell you what had taken place?—A. He did.

Q. Now, be careful, and avoid hearsay, since we have the witnesses that we can bring. Had anybody in the Customs office appeared and intervened in the proceedings?—A. Mr. Duval.

Q. What had Duval done?—A. Mr. Duval had visited Mr. Leduc's garage, on instructions from Mr. Bureau, and had placed the car under detention, giving Leduc a note to this effect, and promising a speedy investigation.

Q. Did you see that note?—A. I did.

Q. You did not take a copy of it?—A. No.

Q. The gist of it was that the car was seized?—A. The car was under detention, pending investigation.

Q. By the Customs?—A. Yes.

Q. You already had it under detention?—A. Yes, on the first visit.

Q. Was it subsequent to this visit that Duval told the garage people that Leduc was seen travelling about in the car?—A. I cannot say.

Q. I think it was. March 18th was the day of your visit, was it not?—A. Yes.

Q. And the car was seen on April 14th, on the street?—A. Yes, on April 14th, according to Corporal Styran's report.

Q. Yes. It is on the file, as a letter, of March 27, 1924? You now read into the record copy of a letter dated at Ottawa, May 15th, 1924, file 120746:

"Re *Hudson coupe owned by J. L. K. Leduc, Longueuil, Quebec.*

SIR,—I have the honour to acknowledge receipt of your letter of the 23rd ultimo, file 120746, with enclosed report from the Officer Commanding, Quebec district, Royal Canadian Mounted Police, regarding Hudson coupe in the possession of Mr. J. L. K. Leduc, and which was claimed to have been smuggled into Canada.

In reply, I beg to state that this matter has been referred to Inspector R. P. Clerk, Montreal, who reports as follows:—

> Mr. J. L. K. Leduc, 168 St. Charles Street, Longueuil, bought a Hudson coupe from a party unknown to me, but before paying for the same, he enquired from the manufacturer if this car had been sold by them to their agent in Canada, Mr. P. T. Legare. On being informed that this car had been sold to Legare in Three Rivers, he was therefore under the impression that the transaction was absolutely correct. He then paid for the car, but in applying for a license he was informed by the Department of Revenue of the Province of Quebec that there was already a Hudson coupe bearing the same number, serial number 418629, engine number 169362. Mr. Leduc then called on the Honourable Minister of Customs and Excise who instructed me to accept single duty for said machine as Mr. Leduc apparently acted in good faith. The car is now duty paid by entry 5695-A.
>
> Kindly advise the Royal Canadian Mounted Police that no further action need be taken in this matter.

I have the honour to be,
Sir,
Your obedient servant,
(Signed) CHARLES P. BLAIR,
General Executive Assistant."

The letter is addressed to "W. F. Wilson, Chief, Customs and Excise, Preventive Service, Ottawa."

By Mr. Calder, K.C.:

Q. Do you know whether the statement that it was sold by Legare Automobiles, or P. T. Legare, Agent of the Hudson in Canada, was investigated by you previous to this report being made?—A. It was investigated by Corporal Styran.

Q. The statement was made by the accountant of Legare that no such car had passed through their hands?—A. Yes.

Q. The jurisdiction of Legare is wholly within the Province of Quebec?—A. I believe so.

Witness discharged.

ERNEST CHARLES PARKER SALT recalled.

By Mr. Calder, K.C.:

Q. Have you got the file concerning Ovilla Guay? What kind of goods were concerned in this case?—A. I had better state that on the 12th of October, we received a letter from our office at Ottawa, from the D.C.I. enclosing a letter from the Customs Department, which in part reads as follows:—"A few weeks ago, while engaged on another matter, one of our operatives was in Champlain, New York, and had a talk"—I will not use the informer's name—"with Mr. Kennedy, the Customs Officer, who also acts as station agent at that point. Mr.

Kennedy informed the operative that practically every day five parcels arrive there from the Acme Trading Company of Cleveland, Ohio, all C.O.D." and so on. We were asked to investigate. As a result of the communication, Constable Barnes was sent down and succeeded in getting Ovilla Guay with five parcels coming into Canada.

Q. Sent from where?—A. From the Acme Trading Company from Cleveland, Ohio.

Q. Addressed to what point?—A. All addressed to Champlain, New York.

Q. He was carrying these in his automobile?—A. I was not there.

Q. That is the report and we will call Mr. Barnes?—A. They were found in his possession in Canada.

Q. At that time was he in a car?—A. In the garage, we found a car, and in the back of the car were two packages and another three were found in the garage.

Q. Were these packages traced to various people or to Mr. Guay?—A. Addressed, one to Josephine St. Dennis, one to Madame Rene Guillet, the third to Mademoiselle Adrienne Trahan, the fourth to Madame Jean Baptiste Minard, and the fifth to Emile Ogilvy.

Q. Was there any seizure made?—A. Yes.

Q. A regular form K-9 put in?—A. Yes.

Q. Did you recommend a prosecution and if so, how often?—A. (Reading):

> "This case has been brought to a successful issue, and I have no doubt that Guay can be arrested at any time. Attached find seizure reports. Will you please instruct me whether prosecution is to be entered against Guay or not?"

Q. Was that during the closed season?—A. Referring to memorandum dated 18th instant—I beg your pardon.

Q. Was that during the closed season?—A. That was just after we were ordered not to arrest without permission.

Q. It was during the period that you had orders not to arrest without instruction and not to prosecute?—A. Yes.

Q. Can you tell us how often you asked for instruction and with what result? Over what period of time did you press for prosecution?—A. In this particular case?

Q. Yes.—A. There was a letter, or copy of a letter, received by us dated October 29, which acknowledges receipt of our reports, and the last paragraph reads:—"I will endeavour to secure instructions to prosecute Guay. Will you let us know what place your Montreal command recommends for prosecution, so that I may obtain the name of a lawyer to retain." We replied saying, "The courts at Lacolle".

On November 20, we received a letter signed by Mr. Wilson, which reads in part as follows:—"For your information there is quoted hereunder a letter addressed to me on the 17th instant by the Department, 'I have the honour to acknowledge receipt of your letter of the 10th instant, with regard to the prosecution of Ovilla Guay at Lacolle, Quebec. When the Honourable, the Minister of Customs and Excise returns, this matter will be placed before him for his instructions as to prosecution.'"

By Hon. Mr. Stevens:

Q. That is a quotation from Mr. Wilson's letter?—A. Yes. On January 16, 1924, we wrote again asking for instructions in this case and whether prosecution was to be entered or not.

On February 19, we wrote again asking whether prosecution was to be entered in this case.

On January 26, we received a letter from Mr. Wilson saying, "I am placing your communication before the department." That is in reference to the letter of the 22nd January.

On the 27th March, a letter was written, "I have the honour to request that I may be advised whether a prosecution is to be entered against the above named."

By Mr. Calder, K.C.:

Q. That is a letter of Mr. Phillips?—A. Yes.

By Hon. Mr. Stevens:

Q. To whom?—A. The Commissioner of Royal Canadian Mounted Police.

On April 1, a letter was received which reads as follows:—"Your letter 28th ultimo, reference 23-D-24-D-79, with enclosed copy of report from Inspector Phillips, has been received and I am referring to the department the question as to whether a prosecution is to be entered against Mr. Ovilla Guay, Champlain, New York." That is from Mr. Wilson.

On May 1, the Montreal office wrote again, "I have the honour to request that I may be advised whether prosecution is to be entered against this man."

On May 8, there is a letter from Mr. Wilson, "Your letter 5th instant, reference 23-D-24-D-79, with enclosed copy of report made to you by the Officer Commanding respecting the question of the prosecution of Ovilla Guay, Champlain, as being received. As you know, this question has been before the Department for some time, but I am not yet in receipt of instructions as to whether the man named is to be prosecuted."

On May 16, a letter was sent by Mr. Wilson, "For your information there is quoted hereunder, decision rendered by the Houourable Minister of Customs and Excise on the 14th instant, 'In connection with the above numbered seizure from Mr. Legault—that the automobile be and remain forfeited, and be dealt with accordingly. Disposal of the automobile in question will be arranged in due course.'"

By Mr. Calder, K.C.:

Q. That closed the matter as far as you were concerned?—A. We handed the case over, and that closed the matter.

Q. What were the goods, jewellery and specialties?—A. Miscellaneous merchandise.

Q. Did you ever get any estimate of the value of these things? The automobile also was forfeited?—A. Yes, the automobile was valued at $500, and the goods were valued at $100.

Q. You say your information was that that had been the practice for some time?—A. That is the information received from the Department, causing the investigation.

Q. Consequently the knowledge was in the possession of the Department?—A. Yes.

Q. From the beginning?—A. They notified us that that was their information.

Mr. CALDER, K.C.: Before we go on, Mr. Chairman, a certain number of errors have been pointed out to me in the transcript; chiefly errors caused by running together; that is, one sentence instead of stopping flows into another, and destroys the sense. What facilities are there for correcting such mistakes, because, when we come to make up our reports, sometimes the exact contrary is intended to what has been stated. That has been called to my attention by Sergeant Salt.

Hon. Mr. STEVENS: It can be read over and corrected by the Committee, and all that can be noted in connection with the evidence.

Mr. CALDER, K.C.: We might prepare an errata page, which will be included in the proceedings.

Hon. Mr. STEVENS: Will Mr. Blair please come to the stand? I think I can get through with him in a few minutes.

C. P. BLAIR recalled.

By Hon. Mr. Stevens:

Q. Mr. Blair, I have here Seizures Numbers 32173, port Number 3507, and 32172, port Number 3506, referring respectively to a Jewett sedan automobile, and a Hudson sedan; these two cars, Mr. Blair, having connection with a case we examined a couple of days ago. I will give you the facts so that you will be prepared. Probably I had better give you these files; they refer to two cars seized or captured. I should say, two out of the three cars which the Royal Canadian Mounted Police and Officer Heavers and Officer Goyette captured, or overtook on the road while trying to escape from them. I want to question you in regard to these two car seizures. They were released to Falcon. That fact is established by both these files, is it not? Probably these two K-9 reports would answer the question more quickly. They were seized from O. Falcon were they not, and released to him?—A. Yes, they were both released to the party from whom they were seized.

Q. I want to get the name?—A. O. Falcon.

Q. And without any penalty?—A. Yes, without any penalty.

Q. O. Falcon, at the time these seizures were made, was known to the Department through reports of its officers as a smuggler of stolen cars?—A. You told me that. That is in the officers' report. I do not know when his reputation came in.

Q. Probably we had better have the reports, and get it right.

By the Chairman:

Q. What is the date of the seizure—A. August 12th, 1923.

By Hon. Mr. Stevens:

Q. Is that point admitted, Mr. Blair, or shall we look up the letter?—A. That Mr. Falcon was known?

Q. Yes.—A. I was looking through the files to see.

Q. In the letter I have before me, which was forwarded to the Department, it is stated by Mr. Anderson,

> "It is well known here in police and Customs circles that Falcon is by far the biggest dealer in stolen and smuggled cars in Montreal. This is readily admitted by all."

The date of that is August 14th, 1923. Then there is another report I think, by Heavers himself. Here is a letter sent by Mr. Wilson to Mr. Farrow, officially reporting his case, dated September 15th, 1923, file No. 9222, Preventive Service, in which it is stated:

> "It may be added that Mr. O. Falcon, at whose garage the car was found is referred to in the report upon our file as being well known in police and Customs circles as by far the biggest dealer in stolen and smuggled cars in the city of Montreal."

—A. That must have been referring to some other seizure. These are Montreal seizures.

Q. It is on the same file?—A. They are not Preventive Service seizures at all.

Q. But, it is on the same file?—A. On Mr. Wilson's file.

Q. It is on Mr. Wilson's file, but it is addressed to the Commissioner of Customs, Mr. Farrow, and I think it is admitted by everybody up to you, that Mr. Falcon is well known?—A. I do not want to make an admission one way or the other; I am speaking by these files.

By the Chairman:

Q. You are speaking by your files only?—A. Yes.

By Hon. Mr. Stevens:

Q. In any case, the point I want to establish before I ask you some further questions is this, that this man was known as a smuggler, to the Department. The point I am coming to is this: when officers Heavers and Goyette saw them—and you will find it in Heavers' report in each of those files—as soon as they saw those three cars, they turned around and sought to escape; that point is admitted, is it not?—A. Yes, that is in Heavers' report.

Q. You will also find in the report that one of those cars was abandoned, and one of them later captured or overtaken; that is admitted also, is it not, in a chase? It is all in evidence?

Mr. DONAGHY: Yes. it is in the evidence.

By Hon. Mr. Stevens:

Q. In the next place, it is admitted, and it is on the files also, that the cars contained some contrabrand goods, goods that had been smuggled, such as tires, tubes, punches, and a trunk; that is all set forth in the record? Is that admitted, Mr. Blair?—A. These two only cover cars, Mr. Stevens. Have you the separate seizure of the trunks?

Q. I do not know how I can help you. I have the reports before me here. I think Heavers reports, does he not?—A. Yes.

Q. Heavers reports that, does he not, Mr. Blair?

The CHAIRMAN: Take your time and read it properly.

The WITNESS: It is not stated on either of these reports of Heavers' on file.

By Hon. Mr. Stevens:

Q. Does he not report that they had certain dies for changing certain numbers on the cars?—A. Just wait a minute. There may be two letters from Heavers.

Q. Yes, there is a second one there.—A. Yes, he has a second letter. That is in the Jewett car. He says there were two packages of dies.

Q. Yes, in the Jewett car. It does not matter. They both belonged to the same man. Also Heavers reports that the numbers of these cars, on the Customs entry, are different from the numbers on that car, in the one case.—A. Is that the Hudson?

Q. In one or the other. That is true, is it not?—A. That is the Jewett.

Q. Both cars, mark you, were seized together, from the same man?—A. Yes.

Q. Will you take the numbers on the K-9 report, please, and read them into the record, on the Hudson sedan?—A. The Hudson sedan seizure; Montreal seizure, 3506; one 1920 Hudson sedan automobile, engine number 83285.

Q. Yes. Serial number?—A. Serial number off.

Q. Now then, will you come here please, and read into the record these numbers on this entry? This is the entry (indicating).—A. This is from the Preventive Service file.

Q. Truly, but it is the official entry.—A. If you just let me read the entry, as presented here.

Q. Read the numbers on the entry.—A. Do you want the whole entry read?

Q. No, just the numbers, Mr. Blair.—A. Well, I have before me an entry, on which this appears, "one Hudson sedan seven pass, (passenger) engine number 83258; serial number 80322.

Q. Now then, will you turn to the Jewett, in the K-9 report?

By the Chairman:

Q. Just one question, which appears to me. Was this Preventive Service file ever in your hands?—A. Not until this morning.

By Hon. Mr. Stevens:

Q. I do not care a button. Now, will you please turn to the K-9 report?—A. Seizure 3507, Montreal.

Q. Please read the engine number and the serial number.—A. One 1923 Jewett sedan automobile; engine number 33756; serial number, off.

Q. Read on the next report, the Customs entry number?—A. Well, I have before me a paper, purporting to be a Customs entry, number 23, from Frontier, Quebec, via highway; one Jewett sedan, five passenger; engine number 33188; serial number 34188.

Q. Now, you will note that in both cases a serial number is given on the entry and on the K-9 report it is reported as off, or missing, and in the case of the Jewett, you will notice that the engine number differs from the engine number as given on the K-9 report. The engine number on the Customs entry differs from the engine number given on the K-9 report?—A. Seizure Jewett 33756.

Q. And the Customs entry is 33188?—A. That is different from 33756.

Q. Both these cars were seized from a man known to the Department to be a dealer in smuggled and stolen cars and were released, in spite of the fact that they were captured when he was trying to escape with them, and the entry and the K-9 report differed, as to numbers. Would you explain, please, to the committee, why these cars were released to this notorious smuggler, under those conditions?—A. You were good enough to show me these files a moment ago so that they might be more apparent. I find that they were both released in pursuance of letters to the Commissioner of Customs from Bisaillon, Special Officer of Customs and Excise, in the port of Montreal.

Q. Yes. Any other report besides Bisaillon?—A. That is the only one affecting the release.

Q. Then, the report of these two cars was made on the authority and the advice of Bisaillon?—A. On September 13th, 1923?

Q. Yes. Now then, Bisaillon states that he examined the entry, does he not?—A. Shall I read the letter?

Q. Read the letter into the record?—A. (Reads):

"PORT OF MONTREAL, QUEBEC,
September 13th, 1923."

This relates to seizure 3507, the Jewett car.

"The COMMISSIONER,
Customs and Excise,
Ottawa, Canada.

SIR,—In connection with the Jewett sedan automobile seized from Mr. O. Falcon by officer Heavers, port number 3507, I have the honour to report that I have investigated this matter thoroughly and find that the duties have been fully paid on this car at Frontier Corners, entry 23, on the 8th August, 1923. I would recommend that this car be released to Mr. Falcon, without any further delay."

The corresponding letter, on seizure 3506, is as follows:

PORT OF MONTREAL, QUEBEC,
September 13th, 1923.

COMMISSIONER OF CUSTOMS AND EXCISE,
Ottawa.

SIR,—In connection with the Hudson sedan automobile, 7 pass., seized from O. Falcon by officer Heavers, seizure No. 3506, I have the honour to report that I have made a thorough investigation of this matter and I find that the duties have been fully paid on this car at Frontier Corners, on the 7th August, 1923, entry number 22. I would therefore, recommend that this car be released to Mr. Falcon, without any further delay."

Q. Have you any information before you, as to when these entries were made, other than the dates that are alleged in these letters?—A. No, I have not.

Q. Mr. Blair, of course, is not aware that we have evidence before us that there was no papers presented at the time the cars were seized; and these entry papers were presented some days afterwards. That I admit he cannot give us information on. There is just one other point: will you please see on these entries by whom they were made , Mr. Blair? I want you to put that on the record. The entries were made by whom?—A. P. Lang, for Entry No. 22; R. Reed, for Entry No. 23. 23 is the Jewett; 22 is the Hudson.

Q. Read the next one. You might as well. We have not got it before us. —A. There is entry No. 24, copy of an entry, No. 24. "Z. Legault." That is a Dodge touring, five passenger.

Hon. Mr. STEVENS: It will be noted, Mr. Chairman, and I am sure that the committee will admit that these cars were seized in the possession of Falcon, Cameron and Legault.

Mr. CALDER, K.C.: They say that Cameron is supposed to be the alias for Reed, Falcon's manager.

Hon. Mr. STEVENS: I beg your pardon.

Mr. CALDER, K.C.: They say that Cameron is supposed to be the alias for Reed, Falcon's manager.

By Hon. Mr. Stevens:

Q. Read the next one, a Dodge was entered up?—A. There is an entry No. 24, Z. Legault; that is a Dodge touring.

Hon. Mr. STEVENS: It will be noted, Mr. Chairman, that these cars were seized in the possession of Falcon, Cameron and Legault.

Mr. CALDER, K.C.: Cameron was supposed to be an alias for Reed, Falcon's manager.

By Hon. Mr. Stevens:

Q. I am drawing attention to the discrepancy in the name. These facts, Mr. Blair, were before the Committee at the time; that is, the facts that the car was seized in the possession of Falcon, Legault and Cameron, and the Department was also advised by these entries that the entries were made by Reid, Lang and Legault. May I ask— —A. I see nothing in the departmental files.

Q. If we have to go into the details, I will read—we will put it this way; when I say "Department," I refer to the Department as a whole.—A. Well, the Preventive Service stands as regards the department in the same way as I do. It does not follow that we are acquainted with everything that is on file there.

Q. A file that has been established?—A. Yes.

Q. When the Department is dealing with a question of this kind, they have all the information before them, whether it comes from one branch or the other; that is correct?—A. They do not get all of the information before them.

Q. We have heard in connection with the Preventive files that there is information there that would also be found in the Customs files, and the Commissioner would have it?—A. No doubt the Commissioner would have it.

Q. The matter was reported from time to time to the Commissioner by Mr. Courtlandt Starnes?—A. Yes.

Q. The question I want to ask is this; in view of these discrepancies: first, the known character of Falcon; secondly, that information on the files, Preventive and Customs, that the names given in the Customs entry differed from the names of the individual from whom the cars were seized; and, thirdly, that the engine numbers were changed and were different from the Customs entry—what justification was there for ordering the release of this car?—A. The investigation of a trusted employee of the department. We cannot go down and investigate all these matters. We have to rely on the employees.

By Mr. Donaghy:

Q. Mr. Bisaillon?—A. Yes.

Mr. DONAGHY: He is supposed to be a trusted official of your department, and if your department was deceived we cannot blame you.

By Hon. Mr. Stevens:

Q. Now, Mr. Blair, you state that the release was made on the report of Bisaillon. In addition to Bisaillon's report, you had before you all this information to which I have referred?—A. I had.

Q. Did you not look over the information at all? When I say "you," I mean yourself, or Mr. Farrow, or whoever orders the release?—A. If I were looking after it, I would not have any information but what is on my own file.

Q. Tell me who ordered the release of the cars? You have a notation that will show?—A. I wrote a letter on the 18th September, and I have a notation:—"Released by order of the Commissioner."

Q. From the files, the Commissioner had this information before him?—A. He had the information that is on these files. I do not know what other information he had.

Q. In the case of releasing, it would be necessary for him to have full information?—A. Ordinarily he would have the information that is on the two files.

Q. At the time that Mr. Bisaillon made the report, he was not Chief Preventive Officer?—A. He is described as a special officer of the Customs.

Q. An officer in the employ of the department?—A. He was a special officer.

Q. What does it mean? We might as well get it; that is right, is it not?—A. He was a special officer.

Q. On his sayso the release was made?—A. On his report on the whole investigation made by him.

Q. In spite of the fact of other information on the file, and that the department had knowledge of Falcon's character?—A. You are speaking to me about other files.

Q. I do not want to go through this file from end to end?—A. It would not do any good if you did.

Q. The point that I want to establish is that reading over the letter on the file would tend to show that the cars were released, with a full knowledge of the character of Falcon, and of the seizure being made, and all the facts being dis-

closed to the department in reports?—A. You will be able to draw that inference from all the evidence that has been given. All that I can tell you is that the release was ordered on the report of Bisaillon.

Q. On your own files from the reports of Officer Heavers, these same facts are disclosed?—A. What same facts?

Q. The fact that Falcon was a notorious smuggler. However, we will leave that?—A. That is not disclosed.

Q. That is disclosed in the letter I read to you a moment ago, to the Commissioner, that Falcon was in possession of the cars, and that these cars had sought to escape from him under suspicious circumstances?—A. He says that.

Q. And that there were found in the cars dies for changing the serial numbers?—A. Yes.

Q. That is disclosed?—A. Yes.

Q. And that the numbers on the cars did not comply or correspond with the numbers of the cars on the entry?—A. He speaks of that on the Jewett.

Q. All of that information is before you which was before Mr. Bisaillon, coming before the Department through Heavers' report?—A. When you speak of the Preventive Service being part of the Department, yes.

Q. But it is before you, on Heavers' report; that is altogether aside from Falcon's character?—A. Well, you have said a good deal just now that is not in Heavers' report.

Q. No, I have not, not a thing?—A. Pardon me.

Q. I am not going to argue the point, but, it is there in Heavers' report?—A. Yes.

Mr. DONAGHY: You would never get anything done if the other Department had to get everything checked over. It would be running in a circle.

By Mr. Calder, K.C.:

Q. Is it the custom to release a Customs seizure without a report of the facts, drawn from the Preventive Service file?—A. Well, investigations of the Department are directed through the Preventive Service, usually.

Q. But there was a man who was a Preventive officer at the time?—A. You mean Mr. Bisaillon?

Q. Yes?—A. No; he describes himself as a special officer of the Customs.

Q. What was he, outside of his own description; was he reporting to the Preventive Service?—A. I could not tell you that.

Q. How is it that parts of a report on this car were made to the Preventive Service?—A. I could not tell you. This is not a Preventive seizure at all.

Q. In that case, how is it that the Preventive Service file contains the essential documents?—A. I do not know how these documents got on the Preventive Service file.

Q. The essential document in my opinion is the discrepancy between K-9, the numbering of the machine, and the entry number, and the discrepancy between the names of the people found in possession of the car, and to whom the cars were released, and those in whose names they were entered. That essential document is on the Preventive Service file?—A. Yes.

Q. And yet it is not a Preventive Service seizure?—A. No, the seizure was through the port of Montreal.

Mr. CALDER, K.C.: There is something wrong there, I mean as regards the distribution of documents.

Mr. BELL: Are you finished, Mr. Calder?

Mr. CALDER, K.C.: Yes. I was going to call Mr. Horne to speak of the documents.

By Mr. Bell:

Q. Growing out of something Mr. Calder said this morning, Mr. Blair, he referred to the fact that a number of files show that in certain cases there were seizures made of goods that came into this country, and that the Department had previous knowledge that these people were already law breakers and of bad repute; and then on the same file, some affidavits of the accused saying that he did not know the law, and avoiding the penalty?—A. I could not hear you very well.

Q. You know what I am speaking about?—A. Yes.

Q. I want to know if you ever put into effect any machinery to test the truth or the falsity of any such affidavits?—A. I expect they would be investigated.

Q. At the beginning of this hearing, you were brought before the Committee as being a legal expert of the Department; I presume that is a correct designation. I am speaking of the early days of the hearing, when the Hon. Mr. Boivin brought you in to give us the workings of the Department; he told us you were a legal specialist?—A. I was at one time a law clerk in the Department.

Q. Very well. Is there any one other than yourself who would look after the legal end of these things, in the Department?—A. Well, almost everyting that occurs in the Department has some legal bearing.

Q. But who else, other than yourself, would have to do with the legal end of this investigation?—A. What do you mean, by the legal end of this investigation?

Q. You get an affidavit filed in the office, all the information you get about a seizure; do you sit down and accept it; do you accept it as true?—A. I would not call that a legal duty.

Q. Is it a practice of the Department to sit down under an affidavit of that kind and never test it?—A. No.

Q. What do you do to test it?—A. We have it sent to the officer and reported upon.

Q. You have it sent to the officer, and have it reported upon?—A. Assuming that it comes in on a Montreal seizure, we send the file or the affidavit to the officer, and ask him to investigate, and obtain any other affidavits, or evidence of similar authority, if he believes it is wrong, and obtain this other evidence. We get as much evidence as possible.

Q. Never mind Montreal at all, but take longer distances than that. We have cases where affidavits have been put in and accepted, and goods released without any penalty? Was there any effort made, for instance, to put the deponent in an affidavit on cross examination, as to the material contained in the affidavit, to test its truth?—A. No. We have no machinery for cross examining.

Q. That has never been done.—A. We have no machinery for cross examining.

Q. However grave the offence, all that a man had to do was to file an affidavit, and he got away with it?—(No audible answer).

By Mr. Donaghy:

Q. You rejected a great many of these affidavits?—A. I do not recall one.

Mr. Bell: I have examined a lot and I would like to have them brought to my attention.

The Witness: I say that I could not recall one, where we had released a car on the affidavit. You are taking the very opposite of when I said "no".

By Mr. Bell:

Q. My suggestion is that there are a number of cases where such affidavits have been filed, and they have always been followed by the return of the goods.

I suggest, that if there is any examination I would like to find it.—A. I do not recall any, one way or the other.

Q. I have examined in the last two days a dozen files without finding where you did not release on affidavit.—A. I do not doubt it.

Q. You and I are at one.

By the Chairman:

Q. Supposing a seizure is made; an affidavit goes to the department and you send the facts mentioned in your affidavit to the seizing officer. You would know that if these facts are correct or not, he passed judgment on them?—A. That is the usual thing.

By Mr. Calder, K.C.:

Q. I may say, that in the files discussed this morning, there is no evidence that these affidavits were ever referred to anybody. In one case, at least, they had affidavits in their possession, which demonstrated that a contrary statement was made by the deponent.

Mr. BELL: May I state, if an investigation was made, as the Chairman suggested, that no report of that subsequent investigation has found its way to the files.

By Mr. Doucet:

Q. In these two cars, you said, that when the commissioner made his decision, or recommendation for decision, he did not have the Preventive Service files before him?—A. No, I did not say that.

Q. You did not say that?—A. No.

Q. I understood you to say, when the decision was made, the discrepancies between the Preventive Service files and the Customs files were not known by the Commissioner?—A. There is nothing on the file to show that he had the Preventive Service file before him.

Mr. DONAGHY: Mr. Blair is quite right. It was a Preventive Service seizure. Mr. Blair is quite right.

By Mr. Doucet:

Q. It would be a Preventive Service seizure?—A. No.

Q. The essential points showing the discrepancies were on the Preventive Service files?—A. That appears to be so.

Q. Do you not think that before an important decision is made, a resume of the Preventive Service files should be placed before the Commission?—A. (No answer).

Q. Do you not think that before a decision is made, a resume of the important facts contained in the Preventive Service files should be before the Commissioner, together with the Customs Service files?—A. I think all evidence should be available to him before he decides.

Q. He should make no decision before having had the facts laid before him?—A. That goes without saying.

By Hon. Mr. Stevens:

Q. Whose duty is it to place it before the Commissioner? Whose duty is it to compile the facts and place them before the Commissioner?—A. I should think any officer who received information would hand it to the Commissioner.

Q. Take the K-9 reports, do you not prepare them for the Commissioner?—A. You are speaking of decisions?

Q. Yes.—A. Of recommendations to the Minister for decision?

Q. Yes.—A. These are nearly all prepared; they may not be prepared by me actually, but my name is on them.

By Mr. Donaghy:

Q. You are the man that recommends the decisions. The point is that you have before you apparently all the files containing information, which you require?—A. Yes.

Q. And the mystery is, how does it happen that you do not have before you the Preventive Service files containing other information?—A. I would not call for any other file than the file that is in our department, and which is supposed to contain all the evidence.

Q. The information would also probably be in the Preventive Service Department?—A. Yes.

Q. You would be thrown off your guard in being asked for the Preventive Service file?—A. Yes.

By Mr. Calder, K.C.:

Q. Mr. Blair, when you release a car because the Customs papers are in order, should not you at least have the Customs papers before you?—A. You are referring to this case?

Q. I am referring to these threee cars. The proof of the release is from the Customs papers covering the cars, and should not you at least have these papers before you?—A. And check up the officer to that extent?

Q. I say that you should have before you the essential evidence which forms the basis of your decision?—A. We took the report of the officer in this case. Should we go back over the whole investigation and find out what the officer's report was based on?

Mr. DONAGHY: Every officer would be made to think that all other officers were thieves.

Hon. Mr. STEVENS: That is not suggested for a moment.

Witness retired.

W. F. WILSON recalled.

By Hon. Mr. Stevens:

Q. Mr. Wilson, just take a glance through the file and tell the Committee whether or not the essential facts in that file include the Mounted Police reports and copies of the entries of these cars made at the boundary, and whether they were at the disposal of the Commissioner of Customs when a decision was being made. I am referring to the Preventive Service file.

Mr. BELL: While he is looking that up, I would like to call attention to page 626 of the proceedings, in which Mr. Blair states that correspondence in the law branch all comes under his notice, and goes out under his signature.

Mr. DONAGHY: That does not alter the fact.

WITNESS: I was looking at this file, to see how these entries came into my possession. They came as the result of a letter which I addressed to the Collector of Customs and Excise in Montreal, on the 17th August, 1923, which was based upon reports received by me from the Royal Canadian Mounted Police. As a result of my letter to the Collector, the Acting-Collector addressed a letter to me on the 20th of August, enclosing these papers, and that letter from the Acting-Collector was received on the 21st of August. The following day I wrote a letter to the Assistant Commissioner of the Royal Canadian Mounted Police, and informed him fully of the entries, and other papers received from the Customs House in Montreal. On the 15th of September I wrote to the Commissioner of Customs and Excise a letter concerning another seizure, No. 4360.

By Hon. Mr. Stevens:

Q. That is the Dodge car, the third car, it is the other one of the three cars, the group to which the other two belong?—A. Yes. In order that there may be no mistake, I did not report these papers received to the Department.

Q. They were not reported to the Department?—A. They were not reported to the Department. I reported part to the Royal Canadian Mounted Police, who were handling this case, so far as I knew, in Montreal; consequently I did not transfer them to the Department, taking it that the matter was in the hands of the Royal Canadian Mounted Police, and that they would deal with it as a result of the information I gave to them. So, if I am at fault in not reporting to the Department, I have to confess it.

Mr. CALDER, K.C.: There still remains the important fact that there was a release under the circumstances we have been speaking of.

Witness retired.

WILLIAM HORNE called and sworn.

By the Chairman:

Q. What is your name?—A. William Horne.

Q. What is your occupation?—A. I am sub-Collector of Customs at Frontier.

Q. In the province of Quebec?—A. In the province of Quebec.

By Mr. Calder, K.C.:

Q. Were you sub-Collector at Frontier Corners, Quebec, on August 21st, 1923?—A. Yes, sir. I was patrolling officer.

Q. What is the distinction between patrolling officer and sub-collector?—A. I do not know; that is the title they gave me.

Q. As patrolling officer, do you make the import entries at that port?—A. Yes sir.

Q. Will you look at the papers now before you, namely, a copy of the entry forms covering a Hudson sedan, report No. 23, entry Number 22, a Jewett sedan, report No. 24, entry No. 23, and a Dodge touring, report No. 25, entry No. 24; do you remember those three cars coming in together?—A. Yes.

Q. What time was that in the day?—A. I rather think it was in the afternoon.

Q. Was it in the afternoon of the very day that the entry is dated from?

Hon. Mr. STEVENS: If he has the original entries, they would be better.

By Mr. Calder, K.C.:

Q. Have you the original entries?—A. I have just for the Jewett.

Q. Well, let us take the Jewett. Where are the others?—A. In my telegram I was asked to bring this one. I could have brought the others.

Q. Will you forward the others?—A. Yes.

Q. Compare them with the copies, to see whether the copies are correct. We can put in the original; we will examine from the original?—A. One Jewett sedan, five passenger, engine No. 33188, serial No. 34188 of 1923.

Q. That is dated on what date?—A. That is dated on the 8th day of August.

Q. Was it on the afternoon of the 8th that these cars were passed through?—A. I am pretty certain that it was on the 8th, in the afternoon.

Q. Was it not on the afternoon of the 10th?—A. No, I will not say that.

Q. Were the three cars there at the same time?—A. No, if I remember rightly, there was this Jewett sedan, and a Dodge touring car.

Q. Dodge touring?—A. Yes.

Q. No Hudson?—A. Yes. There was a Hudson. If I remember right, that Hudson was the day before.

Q. Namely, the 7th?—A. I think it was on the 7th. This is in 1923, as near as I can remember.

Q. I put it to you that these entry forms were made after the cars had passed, upon a declaration made to you that there had been an omission to pass them.—A. I beg your pardon.

Q. Is it not a fact that these entries were made on a subsequent day, at the request of either Mr. Falcon or Mr. Legault, representing to you that they had omitted to enter these cars—A. No, sir.

Q. You are positive as to that—A. I am positive. Those cars were entered on the day that they are stamped.

Q. You looked at the numbers of the cars?—A. I got the numbers of the cars.

Q. Now, be careful now. Did you personally check the numbers of the cars?—A. Well, now, sometimes I checked those numbers off myself. Sometimes I went to the engine and got the number.

Q. You say, that sometimes you checked the numbers yourself and sometimes there was somebody delegated for the business of checking?—A. I stood there, yes. Now, my eyesight, except with glasses, ain't as good as it should have been.

Q. In these cases you check the numbers?—A. I would not say whether I checked the numbers of all these cars. I stayed there at those cars with the officer and entered the numbers that they gave me. I had a pencil and paper. If I did not check them myself, I put them down.

Q. Can you explain how it is that they gave you the wrong numbers?—A. No, I cannot, but these cars were seized afterwards.

Q. Yes.—A. And Officer Heavers and I were called into Montreal about this Jewett Sedan.

Q. Yes.—A. And Officer Heavers told me when they seized those cars, they found dies in these cars to change the numbers. Whether these cars had been changed after they left me or not, I could not say. My entry here was the number that was on the engine, and the serial number, as I supposed, when they were at my office. Now, if I took them off myself they were correct. If they were false, they gave them to me false. I took it for granted that they were honest enough to give me the numbers that were on the cars, and I took it to that effect.

Q. Have you known Falcon for some time?—A. I have known Falcon. I think the first time I met Falcon was in 1923.

Q. On that occasion?—A. No, on cars.

Q. On this occasion, I mean.—A. No, it was before that.

Q. Try and recollect if Falcon read off the numbers to you, or whether you took them?—A. Well now, honestly, I could not say whether I took them or whether Falcon read them.

Q. If you took them, you say, they were correctly taken?—A. If I took them they were correctly taken.

Q. Can you explain why on earth Falcon should give you a number to be put on an entry form to justify his car, which would be a false number?—A. Well, he must have had his object in it.

Q. What possible object or conceivable object could he have? He was passing a car through and, in order to be able to say "this car passed the Customs correctly," in order to do that he gave you a wrong number?—A. His intentions were, possibly to change that number and probably he got caught in the act. I won't say.

Q. You say, he would enter the car; then he would change the number, and then he would produce the entry to prove that the car was passed. You do not know Mr. Falcon. He would not be such a fool; I am quite sure of that. Now, I put it to you that what really happened was, that it was a post entry, and because it was a post entry of that nature, you or Falcon either had the car to check by, if the wrong number appeared.—A. The day that I took the entry on these cars they were at my office. When these cars were there Falcon came back for his entry, his money. I said, " Mr. Falcon, there is nothing doing; once I pass the entry and take the money I keep the money." Anything I know I am going to tell it. Those cars were duty paid. I rather think I did my duty to the Customs. When they paid me the duty for these cars they were seized at the wharf. They were going across to Caughnawaga. When he came back and wanted his papers and his money after I had made the entry and posted it into my books, what did he take me for.

Q. Why should he want the paper when he had already a copy?—A. I could not tell you.

Q. When did he come back for it?—A. It was a day or two after that.

Q. Tell me, what is your salary at Frontier?—A. $600 a year.

Q. What are your hours?—A. My hours are twenty-four hours a day, pretty near.

Q. You are on duty in your Customs House, twenty-four hours a day?—A. I am supposed to be on from eight to six. I get out of my bed at four o'clock in the morning, at twelve o'clock at night and at two o'clock at night.

Q. When people ask you to get up?—A. When people want me to look at the car and search the car and let them go.

Q. Supposing a man comes in, he would sooner dodge than find you, as you are safe in bed. I am not blaming you when you are getting $600 a year, and the government can not expect perpetual insomnia?—A. (No answer).

By Hon. Mr. Stevens:

Q. You try to accommodate a person who wants to go through?—A. If an American tourist is in with a car and is going out at night, I accommodate him.

By Mr. Calder, K.C.:

Q. If a man required you between the hours of six in the afternoon and eight in the morning, you are not actually on the job, and anybody would have to look for you and it could not be expected that you would be on the job?—A. From eight to six?

Q. From six at night to eight in the morning?—A. I have no right to be there. If I am at home, I do the work, and if I am not, they have to go to another Customs.

By Hon. Mr. Stevens:

Q. You are quite sure that Falcon gave you these numbers?—A. As I said before, he must have. If I got the numbers, I took them off the engine. If the serial number was changed, it was done after.

Q. Falcon was right there?—A. Yes.

Q. Why did you not put Falcon on the entry papers?—A. It was Reid that signed this B-1 entry.

Q. Falcon ran the whole show; why did not you put his name?—A. He paid the money. This Reid claimed that the car was for him, and that is why he signed.

Q. Reid was Cameron. Why did not you put Falcon on one of the others, and why did you put Lang's name on?—A. It is not on the Jewett.

Q. On the other?—A. It must have been Lang that imported the car, and he claimed that it was Lang.

Q. Falcon owned both of these cars. Falcon gave you the numbers, and why did not you put Falcon's name on?—A. Falcon paid me the money.

Q. Why did not you put his name on the entry?—A. I do not know how he was paying the money any more than Cameron. Cameron claimed that it was his car, and Reid claimed the other car. I put the entry as he gave his name.

By Mr. Calder, K.C.:

Q. Will you now produce the highway report inwards and the entry form, which will go in as exhibit 121, and will you forward to Mr. Todd the entries covering the other two cars?—A. Yes sir, I can bring them this afternoon.

Q. You can bring them this afternoon?—A. Yes.

Mr. CALDER, K.C.: They will be filed as 122 and 123 respectively.

Witness discharged.

The Committee adjourned until Monday, April 12th, at 4 p.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 28—MONDAY, APRIL 12, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

Mr. Thomas MacKenzie, Salesman, Ottawa, Ont.

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

EXHIBITS FILED:

No. 124—Appraisers' Bulletins Nos. 2990, 3013 and 3016, all respecting Prison Labour Goods.

No. 125—" Convict Labour in 1923," a pamphlet numbered 372, issued by the U. S. Department of Labour.

No. 126—Quadrennial Report, Board of Control and Economy, Convict Department, Alabama, 1919-1922.

No. 127—" Prison Labour for Private Profit," a pamphlet issued by United Garment Workers of America.

No. 128—Statement made by Dr. Stagg Whitin, National Committee on Prisons and Prison Labour, respecting output of Reliance Manufacturing Company.

MINUTES OF PROCEEDINGS

MONDAY, 12th April, 1926.

The Committee met at 4 p.m., Mr. Mercier, the Chairman, presiding.

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

Committee Counsel present: Mr. Tighe.

The minutes of the last meeting were read and adopted.

The Auditors submitted their Third Interim Report.

Mr. Sparks returned the copy of "The American Vanguard" which he received on loan from the Committee at the last meeting.

Moved by Mr. Doucet,—For the production of the Customs files, Preventive Service files and Port files *re* the Customs seizures Nos. 36470, 36471, 36472, 36487.

Motion agreed to.

Customs Preventive Service files were produced as follows:—

Preventive File 13874. Seizure of Radio and Electrical supplies from Windsor Radio and Electrical Supply Co.
Preventive File 13392. Schooner Vera E. Himmelwan.
Preventive File 14331. Schooner Victor W. T.
Preventive File 15012. Schooner Carrie Hirtle.
Preventive File 13023. Seizure of smuggled cigarettes from A. Archambault, Montreal.
Preventive File 8404. E. Lajoie, Montreal, smuggled silk.
Preventive File 7479. Harry Korman, Toronto, seizure of silk dresses.
Preventive File 15050. *Re* Undervaluation and silk smuggling by Ben Geltner (Giltner) of New York.
Preventive File 12990. Employment of O. Picher.
Preventive File 6676. Following parties suspected *re* dealing in smuggled Autos; D. Gendron; A. St. Onge; Dr. Brault.
Preventive File 9800. Silk smuggling into Canada.
Preventive File 13256. Seizure of auto from unknown parties.
Preventive File 13043. Seizure of smuggled cigarettes, cigars, etc.
Preventive File 13023. From Jos. Pigeon, Montreal.
Preventive File 13043. Montreal files for Jos. Pigeon.
Preventive File 14858. Montreal files for O. Pigeon.
Preventive File 14858. Preventive File for O. Pigeon and M. Mendelson.
Preventive File 13256 *Re* Customs seizure 5589, Dodge sedan.
Preventive File 13874 *Re* Customs seizure 5878 and 5964, smuggling of radio supplies at Windsor, Ont.

Customs files were produced as follows:—

Customs file 125115 Sam Walfield.
Customs file 108631 Steamer Vaudreuil.
Customs file 126003 Schooner Carrie L. Hirtle.

Customs file 108120 Schooner Carrie L. Hirtle.
Customs file 100894A General file *re* clearance to vessels.
Customs file 109927 Schooner Dawn.
Customs file 126891 Schooner Dawn.
Customs file 107702 Respecting seizure 32453/3536.
Customs file 113284 Respecting seizure 29851/3317.

Memo to effect that no file exists in case of following vessels, viz: Teviot, Chaudiere, San Gil, Jean Smith, Maria A. Howes.

Respecting violation by certain vessels of Customs and Excise regulations, following files produced, viz.:
108631, 126003, 108120, 109927, 100894A, 125115, 126891.

Memo to effect that files 111217 and 112381 *re* Tomoka and 110121 *re* Vincent M. White were previously submitted, and correspondence *re* Abecena and Mary O'Connor was submitted in connection with Export of Liquor at Halifax.

Report made by Customs Excise Officer Alexander on General Conditions in the Windsor-Walkerville District.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ontario, was recalled and questioned respecting Exhibit No. 43, a prison-made shirt imported from the United States of America.

Witness retired.

Mr. Thomas MacKenzie, salesman, Ottawa, Ontario, was called and sworn, and examined respecting the purchase by him of Exhibit No. 43.

Witness discharged.

Mr. R. P. Sparks was recalled and examined in regard to importation of prison-made goods. The following exhibits were filed:—

Exhibit No. 124.—Appraisers' Bulletins Nos. 2990, 3013 and 3016, all respecting Prison Labour Goods.

Exhibit No. 125.—"Convict Labour in 1923," a pamphlet numbered 372, issued by the U. S. Department of Labour.

Exhibit No. 126.—Quadrennial Report, Board of Control and Economy, Convict Department, Alabama, 1919-1922.

Exhibit No. 127.—"Prison Labour for Private Profit," a pamphlet issued by United Garment Workers of America.

Exhibit No. 128.—Statement made by Dr. Stagg Whitin, National Committee on Prisons and Prison Labour, respecting output of Reliance Manufacturing Company.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

MONDAY, April 12th, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 4 p.m., the Chairman, Mr. Mercier, presiding.

Mr. HENDERSON, K.C. (Counsel for Mr. R. P. Sparks): I understand that the committee intended to use this week for the purpose of hearing the Commercial Protective Association, and this particular afternoon was intended to be devoted to the question of the bringing into Canada of certain made goods from the United States.

Mr. Sparks, I believe, in my presence, intimated that it would be necessary that a report be obtained from the auditors in order to form a foundation upon which to proceed. I understand that the committee has just received a report and through the courtesy of the committee I have had an opportunity to glance at it. It appears to be highly illuminating, and some reference to it will probably shorten proceedings.

I do not know to what extent the committee intends the contents of these reports to be made public, and I hesitate to make any reference to the report before I get instructions from the committee along the line as to what extent the committee desires the contents of these reports to be published.

The members of the committee will see at a glance that there are very considerable important matters contained in the report, and I do not want to refer to anything which should not be referred to.

The CHAIRMAN: You can state your case about prison made goods, and after the case is completed the report shall be received by the committee.

Mr. HENDERSON, K.C.: If, Mr. Sparks, for instance, in giving evidence, can refer to the report from time to time, as I take it that the report is an authoritative report it will enable him to give his evidence intelligently and concisely. I do not want to be guilty of any breach of any rule that the committee may have laid down.

I can understand that some reports will be treated as confidential by the committee. I would suggest that this particular report is public material, and probably would be so treated by the committee. I would suggest that the members of the committee indicate what their view is first. I do not wish to run counter to any wish of the committee.

Mr. BELL: Mr. Sparks, on several previous occasions, made specific reference to a number of firms whose names appear in this interim report. I take it—I hope I am not usurping your function, Mr. Chairman—with reference to parts of the report that deal with these particular firms, that would be something that could be probably laid before the committee at this stage.

Mr. HENDERSON: You will see, Mr. Bell, in the report a number of important firms referred to by Mr. Sparks, and one in particular, the New England Apparel Company at Derby Line, a company which, obviously from the report, has no object for its existence except to be consignees for things from different concerns. There are large amounts of goods received by the concern. They can trace fifty-one cases which do not come from the concerns named by Mr. Sparks. Mr. Sparks is prepared to say that one of the concerns from which fifty-one cases did come, is also a manufacturer of prison made goods, and it appears that

that concern had no object in existing except to act as consignee, immediately on the other side of the Canadian border, of prison made goods. The reports received were that no trace could be found of any of these goods ever having been shipped out from Derby Line. Unless Derby Line has a miraculous and marvellous power of consumption, the obvious inference is that these goods were smuggled into Canada.

The CHAIRMAN: Your remarks are not a surprise to the members of the Committee. It is in evidence before the Committee. If you want to state your case, you are allowed to do so.

Mr. HENDERSON, K.C.: You have it in concrete form.

The CHAIRMAN: We had practically the information that is in the reports, but we did not have the figures.

Mr. HENDERSON, K.C.: There is no objection to my referring to this?

The CHAIRMAN: No.

Mr. HENDERSON, K.C.: As a basis for the evidence which we are going to give.

The CHAIRMAN: I think what the Committee will object to, is statements being made in connection with the report which is not complete. When the report of the auditor is not complete, you had better not—

Mr. HENDERSON, K.C.: No, I would not think it proper to refer to them.

The CHAIRMAN: It is only an interim report.

Mr. HENDERSON, K.C.: Absolutely. I was going to point out, and I was going to say conservatively—I want to say that in a very broad sense—I would call the Committee's attention to the fact that item 120 which is on schedule "C" has reference to a list of prohibited goods manufactured or produced wholly or in part by prison labour, or which have been made with or in connection with any prison, jail or penitentiary. So that we have in that item what we call prison goods.

Mr. DONAGHY: What is the number of the item, Mr. Henderson?

Mr. HENDERSON, K.C.: 1206, Schedule "C." Then I understand the Committee has on file, Appraisers' Bulletin 2990, dated the 20th of December, 1924, on which goods manufactured by the Reliance Manufacturing Company of Chicago, the Sterling Manufacturing Company, the Borden Shirt Company, the Litewear Manufacturing Company, the Worthy Manufacturing Company, are all expressly mentioned as coming under the head of Prison Goods. A similar bulletin, No. 3016 of the 24th February, 1925, which contains the names of several other concerns, of which I would like to particularly mention the Keegan Grace Company of Baltimore, manufacturers of shirts, paints and overalls; also Bulletin No. 3013, of the 14th February, 1925, with three other names.

The CHAIRMAN: These names are in the report?

Mr. HENDERSON, K.C.: I mention these names because they are in the report. So there we have it that the law was general, and had been for years past, prohibiting the importation of prison made goods into Canada, and it being rather obvious that the ordinary appraiser might have some difficulty in locating prison made goods, these instructions go out that goods of these particular concerns are to be treated as prison-made goods.

The CHAIRMAN: That is the whole point, I take it.

Mr. HENDERSON, K.C.: Yes, Mr. Chairman, that is the whole point.

The CHAIRMAN: A shipment of silk or shirts comes in, you look at it, you must know absolutely where it comes from. That is the point?

Mr. HENDERSON, K.C.: Precisely.

The CHAIRMAN: Some must be accepted, and some refused.

Mr. HENDERSON, K.C.: That is right.

Mr. DONAGHY: Did you read the notice to the Appraisers, No. 2990, Mr. Henderson?

Mr. HENDERSON, K.C.: I will read it now. (Reading):

(EXHIBIT No. 124, IN PART)

"Appraisers' Bulletin No. 2990

Index Subject—
Prison labour goods,
Shirts,
House dresses and aprons,
Underwear.

CONFIDENTIAL.—For the guidance of Customs and Excise officers, provided however, that goods shall not be entered at less than their true invoice value.

R. R. FARROW,
Deputy Minister of Customs and Excise

Department of Customs and Excise,
File No. 108082.

OTTAWA, 20th December, 1924.

Prison Labour Goods

Reliance Mfg. Co., Chicago: Shirts.
Sterling Mfg. Co., Chicago: House dresses and aprons.
Gordon Shirt Co., Chicago: Shirts.
Litewear Mfg. Co., Chicago: Underwear.
Worthy Mfg. Co., Chicago: Shirts.

All importations from the above exporters are held to be prohibited importations under the provisions of Item 1206, Schedule "C" of the Customs Tariff."

That is the important thing.

Mr. DONAGHY: Giving the names of the persons?

Mr. HENDERSON, K.C.: It gives the names of the persons. These Appraisers' Bulletins, I take them to be this, that as the Department identifies individuals in issuing bulletins, these were sent out. That is the position, and I think it covers your question, Mr. Donaghy.

Mr. DONAGHY: I think you are wrong in saying that we have those filed, and I would like to know about that.

Mr. HENDERSON, K.C.: I understand a return has been made.

Mr. DONAGHY: There may have been a return brought down. But it has never been filed with us, and I think it should be.

Mr. HENDERSON, K.C.: Mr. Sparks tells me that these are copies he made from the ones that were produced.

Mr. DONAGHY: Produced, but not filed.

Mr. HENDERSON, K.C.: I am rather dull, Mr. Donaghy. There is a distinction between production and filing. I would ask then that these be filed; they are bulletins Nos. 2990, 3016 and 3013.

The CHAIRMAN: Issued by the Department?

Mr. HENDERSON, K.C.: Issued by the Department; I understand they are returns.

The CHAIRMAN: Even if they have not been filed or produced, you can go to the Department to see them. We are entitled to go and see them.

Mr. DONAGHY: These will be exhibit No. 124, I suppose. I think we should have these produced anyway.

Mr. HENDERSON, K.C.: I want to just follow up and give a little more evidence concerning the shirt that was produced as a prison-made shirt. I will ask Mr. Sparks about that.

R. P. SPARKS recalled.

By the Chairman:

Q. Mr. Sparks, you are already sworn?—A. Yes, sir.

By Mr. Henderson, K.C.:

Q. I have only this one question to ask, Mr. Sparks. You remember producing a black shirt before this Committee?—A. Yes.

Q. From whom did you get that shirt?—A. Mr. Tom. MacKenzie purchased it for me.

Q. You got it from Mr. Thomas MacKenzie?—A. From Mr. Thomas MacKenzie.

Q. Mr. Thomas MacKenzie was the man you purchased it from?—A. Yes.

The witness retired.

THOMAS MACKENZIE called and sworn.

By Mr. Henderson, K.C.:

Q. What is your name?—A. Thomas MacKenzie.

Q. Your place of residence?—A. Ottawa.

Q. What is your occupation?—A. Salesman.

Q. I understand you were for some years the travelling representative of the firm the Peerless—what is the proper name of the Company?—A. The Peerless Overall Company.

Q. You were for some years the travelling representative of the Peerless Overall Company, with its head office where?—A. Rock Island, Que.

Q. Until what time did you represent that company?—A. Until May, 1924.

Q. Do you remember some short time ago, during the progress of this Committee's work, being asked by Mr. Sparks, or saying something to Mr. Sparks about Reliance Goods being on sale at Ottawa?—A. Yes.

Q. Do you recollect a black shirt which you handed to Mr. Sparks?—A. Yes.

Mr. HENDERSON, K.C.: I do not think we need bring it out.

The CHAIRMAN: No, he has a good idea of it.

By Mr. Henderson, K.C.:

Q. Do you remember the label that was on that shirt?

Q. What was it?—A. The Milton Goodman Reliance Shirt Manufacturing Company, of Chicago.

Q. Is this the shirt you gave Mr. Sparks? (Exhibiting shirt to witness, Exhibit No. 43).—A. I suppose so.

Q. Is there any difference between the one you gave him and this one? —A. This is a replica of it.

Q. Where did you get it?—A. I purchased it from Mr. Davis of Wellington street.

By the Chairman:

Q. In Montreal?—A. No sir, Ottawa.

By Mr. Henderson, K.C.:

Q. You purchased it from Mr. Davis of Wellington street, Ottawa?—A. Yes.

Q. Did you purchase it in the store of Mr. Davis, on Wellington street, Ottawa?—A. Yes.

Q. Is Mr. Davis an old customer of yours?—A. Yes.

Q. When you were representing the Peerless Company—down to what time did you represent that company?—A. Down to May, 1924.

Q. And for how long prior to that?—A. Probably a year.

Q. During that period of time, did you handle Reliance goods?—A. Oh, yes.

Q. To an extensive extent?—A. Not to any great extent. Of course, I had the samples.

Q. Did you take orders from them?—A. Oh, yes.

Q. Was Mr. Davis one of your customers, by the way?—A. I cannot say that Mr. Davis ever purchased that shirt from me.

Q. But had you sold Reliance shirts in Canada?—A. Oh, yes.

Q. I mean with a label on?—A. Yes.

Q. That label we see here?—A. Yes.

The CHAIRMAN: I understand, Mr. Henderson, that your contention is that by reading that this shirt has on it The Milton Goodman Shirt Reliance Manufacturing Company of Chicago, it is prison-made goods, but only by the name of the firm?

Mr. HENDERSON, K.C.: For the moment it is prison-made goods, by Appraisers' Bulletin 2990. That is the position we take for the moment.

MR. HENDERSON, K.C.: That is all Mr. MacKenzie.

By the Chairman:

Q. Did you know, when you were a salesman for the Peerless Company, that you were selling prison-made goods?—A. Certainly not.

Q. You could not tell it yourself, by the label?—A. No, sir.

Q. Or by the making of the shirt?—A. No sir.

By Mr. Henderson, K.C.:

Q. Prison-made goods as a rule, are well made, are they not?—A. I do not know that I have ever seen prison-made goods.

Mr. HENDERSON, K.C.: I am only emphasizing what the Chairman says, that he could not tell, unless he knew that the manufacturer was a prison-made contractor.

Mr. DONAGHY: Will you ask him whether he knew they were entered through the Customs or not?

Mr. HENDERSON, K.C.: His answer would be that he knew nothing about it, he only had samples. He is an Ottawa man, working in this district, and would not know. Of course, he never dreamt that they were prison-made, and neither would Mr. Davis buying them know that they were prison-made.

Witness discharged.

[Mr. Thomas MacKenzie.]

R. P. SPARKS recalled.

By Mr. Henderson, K.C.:

Q. Mr. Sparks, you are already sworn?—A. Yes, sir.

Q. Since your last evidence, you have been making further investigations into the question of prison-made goods in the United States?—A. Yes.

Q. May I ask you, Mr. Sparks, if this question of prison-made goods is one to which you have devoted some previous study?—A. Yes, I have been familiar with it for a number of years.

Q. Extending over what period of time?—A. Apart from smuggling, I had studied it as a social and economic problem.

Q. For how long?—A. I have studied it for about four years.

Q. You have already told the Committee something about your activities, in connection with Canadian and American organizations?—A. Yes.

Q. I presume this question of prison-made goods affects a large number of people?—A. Yes, there is no doubt about that. They represent the largest volume of production at American prisons, according to a bulletin of the United States Department of Labour.

Q. Just a moment. May I say this to the Committee, Mr. Chairman, that it is quite obvious that Mr. Sparks' information is gained from sources which people engaged in the business would take as authoritative. I do not want the lawyers on the Committee to think that I do not realize and distinguish the difference between evidence admissible in court and this class of evidence. I am treating this as a business-man's proposition, and if any member of the Committee thinks that this is carrying it too far, I would be glad if he would say so.

The CHAIRMAN: He will be asked to file any figures he takes, or if he can do so, to file the official figures.

Mr. HENDERSON, K.C.: Exactly.

By Mr. Henderson, K.C.:

Q. Will you tell the Committee, in the first place, the source of your information, Mr. Sparks, the source of what you speak about?—A. A report of the Bureau of Labour Statistics, by an official of the United States Department of Labour, No. 372, dated January, 1925, printed by the Washington Government printing office.

Q. Bearing the imprint of the Government Printing Office at Washington? —A. Yes. (*Filed as Exhibit No. 125.*)

Q. At what page?—A. At page seven.

Q. What will you find at page seven?—A. A list of the articles produced in State institutions, which amongst others indicate the productions of work shirts alone, 13,871,326; overalls 3,037,715, and other garments of a similar character, such as flannel shirts, chambray shirts, etc., about five million pieces, showing approximately 20,000,000 garments produced in prisons in the United States, in State institutions only.

Q. Have you the year?—A. During the year 1924, sir. They point out that all of these State institutions do not report for the same year, but the totals show one year's productions, some to the end of March, some at April and some at May; the total value amounting to $76,000,000.

Q. For pants and shirts?—A. Those are the total figures, including boots, shoes, furniture and other items. $47,000,000 worth, or 62 per cent, were sold in direct competition, in the open market. The Committee might be interested —I do not know whether they will be or not—in the methods. I recall that Mr. Donaghy asked me something about how this prison business was carried on.

Mr. HENDERSON, K.C.: I think the committee would go into this point; it is not very lengthy; the methods by which this is carried on.

By Mr. Henderson, K.C.:

Q. There are five, of which I think you said two are important to know? —A. Yes. Under the contract system—

Q. From what page are you reading?—A. From page three, of Exhibit 125. (Reading):

> "Under the contract system the State feeds, clothes, and houses and guards the convicts. To do this the State maintains an institution and a force of guards and other employees. The contractor engages with the State for the labour of the convicts which is to be performed within or near the institution. The contractor pays the State a stipulated amount per capita for the services of the convicts and supplies his own raw material and superintends the work."

That is the contract system. The other system under which these goods are produced largely, is the "piece price system." This system differs from the contract system largely in the method of payment for the labour of convicts. Reading: (*Exhibit 125, page 13.*)

> "The State maintains the institution and feeds, clothes and guards the convicts. The contractors supply the raw material and pay the State an agreed amount for the work done on each piece or article manufactured by the convicts. The supervision of the work is generally performed by a prison official, although sometimes by the contractors. The officials of the prison not only maintain discipline but also dictate the daily quantity of work required."

Then there is the public account system, the State use account, and public works and waste system; also the lease system which is entirely used in connection with mining.

All of these garments are produced under either of the two systems I have mentioned.

Q. And when you come to the question of those concerns which you have named, under which system do they operate?—A. Under either one of these—the contract system or the piece price system.

The CHAIRMAN: This book is produced?

The WITNESS: Yes.

Mr. HENDERSON, K.C.: Are you through with that book?

The WITNESS: Unless the committee might have some questions—

Mr. HENDERSON, K.C.: Oh no, but it is here for the moment, and I want to produce it.

The CHAIRMAN: Only so far as there was reference made to it?

Mr. HENDERSON, K. C.: Precisely.

By Mr. Henderson, K.C.:

Q. Now, Mr. Sparks, you have made some reference already to the Reliance Manufacturing Company, as manufacturers of prison-made goods. Have you come across any further information in that regard?—A. Well, I have a good deal, but there was a poster produced which has been used very extensively throughout the United States, which purports to show that goods manufactured in a certain number of factories, pictures of which are shown, are manufactured in the Reliance Company's own factories. In this connection the committee might be interested in the quadrennial report of the Board of Control and

Economy, Convict Department, 1922, bearing the great seal of the State of Alabama. (*Filed as Exhibit No. 126.*)

Q. At what page?—A. At page 19. The report is as follows—and I refer to this because Alabama is not the only State in which this method of operation is carried on.

By Hon. Mr. Bennett:

Q. Would it be practical to bring goods from Alabama to this country? —A. Oh yes. These goods from Alabama are coming here; there is no doubt about that. Manufacturers from the cotton mills, and also the clothing factories. So far as the clothing factories are concerned this quadrennial report states:

> "The output of the mill under construction at Kilby prison is to be consumed by the Reliance Manufacturing Company in a plant to be equipped by them within the prison enclosure. This plant is to furnish profitable employment to not less than three hundred nor more than six hundred prisoners, and will be operated under the supervision and instruction of the second party with light, heat and power furnished by the State, which will receive a stipulated price per garment and in addition a fixed return for transporting and handling the raw material from mill to warehouse. There is an option in this contract whereby the capacity of the Kilby mill may be increased from 10,000 to 25,000 spindles, and the second party take the increased output. This contract makes further provision for the sale of the output of the Speigner mill at its present capacity to the party of the second part, should the State elect to manufacture a product of certain specifications. Payment under this contract as well as under the one with the Litewear Manufacturing Company is to be made to the State by the 10th of the succeeding month."

I merely mention that. I have others, but this is merely to indicate a general practice of prison contractors to build plants within prison enclosures. I might say, after a fairly extensive knowledge—I do not know how important this is as evidence—that there is perhaps nothing in the United States which has so affected politics as this prison contract system. Some of these contractors have corrupted whole legislatures. I have a record here of the impeachment of one governor for dickering with the Reliance Manufacturing Company. I mention that because one would wonder how this thing goes on, with 50,000 people contracted for at less than a dollar a day, when, according to authentic information which I have, they are earning on the average six dollars a day. I might say, with some technical knowledge, that no garments of this character enter Canada duty-paid, except prison goods. I have been 17 years in the business, and practically all ready-to-wear that comes into Canada is prison-made.

By the Chairman:

Q. Smuggled in?—A. Smuggled in; it must be smuggled in.

Q. Because, when the Reliance Manufacturing Company say they never sell goods in Canada, perhaps they are right?—A. Yes, they ship to Derby Line.

Hon. Mr. BENNETT: They may not ship them themselves even to Derby Line.

The CHAIRMAN: They may get some contractor to do it for them.

The WITNESS: They have now a new arrangement, and they have a name which it is too bad the auditors did not have. Their new arrangement is with the merchandise available—I might say that this (indicating) is a statement personally prepared by Doctor Stagg Whitten, Secretary of the National Com-

mittee of Prisons and Prison Labour, which was given to me personally. Doctor Whitten is a man who has made a study of this for forty years. He says:

> "The Reliance Manufacturing Company of Indiana, a distinct individual corporation, will manufacture and sell merchandise covered by and sold under the twelve Reliance Manufacturing brands, all of this merchandise being made in independent factories in Indiana.
>
> The merchandise available under existing prison contract arrangements will be handled and sold in the East by the East Coast Manufacturing Company, in the central states by the Gordon Shirt Company and in the western states by the Far West Manufacturing Company.
>
> Each of these companies is a separate company. Each has its own exclusive selling staff—its own individual management, and a separate executive organization. Each company will handle its own affairs exclusively though being subject, of course, in the matter of financial resources to the holding company, the Reliance Manufacturing Company of Illinois, which company owns the stock of the Reliance Manufacturing Company of Indiana."

I might say that it is a fact that the interlocking of all these Reliance Companies—about fifteen of them—has made it absolutely impossible to identify which are made in prisons and which are not.

The CHAIRMAN: That is the point; that is the whole point of your story. I believe you. In general, your thesis is very good, but try to specify and show this committee how to make a recommendation to stop smuggling, and to know of what is smuggled, what is prison-made, and what is not.

The WITNESS: I might take credit for this, Mr. Chairman; that the law has been in effect for twenty years to prevent the smuggling in of prison goods, and I have reason to believe that nothing was done until I stirred up the Department with a letter and gave them the names which they have acted upon now.

The CHAIRMAN: There is a very interesting point I would like to discuss with you in a friendly manner, Mr. Sparks.

By the Chairman:

Q. You say you have seen this salesman, Mr.—what is his name?—A. McKenzie.

Q. McKenzie, yes. He came here as the agent for the Peerless Overall Company. He was asked that question, and he said "No". He was then asked "Do you know if it is prison-made by the sample which you have?" and he said "No", and he was an experienced salesman. What would you suggest to us to do to show whether these are prison-made or not, when you say yourself that they are labelled in such a way that you cannot discern whether they are or are not prison-made.

Mr. BELL: That schedule to which Mr. Henderson has referred bears a specific—

Mr. HENDERSON, K.C.: This is the way they do it. I think the answer to your question, Mr. Chairman, is this: understanding as we do that this circular of the 20th of December, 1924, *(Exhibit 124.)* is the first instructions to appraisers, we realize that down to that period of time the law was ineffective because the officials at the ports could not tell which were and which were not prison-made goods. Now, names having been given, and I presume investigation made by the Department, the Department decided that goods from these particular concerns should be barred as prison-made goods. If that had been acted upon since that date, this particular shirt would not have come in. That is the way it works out. That is the only suggestion that was made and apparently is being acted upon now by the Department.

The WITNESS: There is this point, Mr. Chairman, and I think it is important. A tremendous campaign is being conducted in the United States against prison-made goods. In my enquiries conducted within the past month, I could get very little help from either American labour or American employers. They were all delighted, only they would not say so, to know that these goods were coming to Canada.

Mr. BELL: Why not?

The WITNESS: They would be entirely satisfied if the total product of these prisons went to Canada and Mexico, and it is difficult to get information helpful to this committee, in the United States, because both labour and capital are glad to know that a large amount of these goods is being exported out of the United States. And the feature of that is this; that our Department must take every possible step to guard against these goods, and there is a tremendous pressure to get these goods out of the United States, because they interfere with their market there, and they are glad to see them coming up here.

By Mr. Donaghy:

Q. Mr. Sparks, I think you told me one time that some States in the Union bar these prison-made goods from going on to their own markets?—A. Yes. I have here a copy of the New York State Law. New York absolutely bars them the same as we do, but New York is having a terrible time because they have no tariff barriers even. There is before the Congress of the United States two bills, one known as the Fess-Parker bill, which would compel all prison manufacturers to indicate on an article that they were of prison manufacture. There is another bill, the Cooper Bill, which puts the matter in the hands of the different States. The Cooper Bill was reported last year to the Senate. The Cooper Bill will not help us as much as the Fess-Parker Bill will help us.

By Mr. Donaghy:

Q. It will help New York State?—A. Yes, the labels will be on. They may take the labels off,—I do not know.

I do not want to be sensational in my remarks before this Committee, but to my mind the smuggling of these goods is perhaps the most detestable thing—

By Mr. Doucet:

Q. What is that?—A. In my mind, the smuggling of prison made goods is more detestable than the smuggling of narcotics, because of the conditions under which these goods are produced.

By the Chairman:

Q. You mean that health enters into it?—A. I think so, health on one side and money on the other side.

Mr. HENDERSON, K.C.: It is the health consideration which is in my mind.

WITNESS: I have a survey and report on the prison labour situation directed to the Joint Committee on Prison Labour of the Union Made Garment Manufacturers' Association of America and the United Garment Workers of America. That is one of the strongest unions in the United States, and the authenticity and reliability of this report I can guarantee, because I have a personal friend on the Committee, Mr. Stanley Sweet, President of the Sweet-Orr and Company. Mr. A. E. Larned was President of the corporation doing business under the name of the Larned, Carter and Company. We worked together for some considerable time in connection with the matters dealt with in this report. They issue a report and this feature has been very exhaustively referred to in the United States, and for this reason it seems to me that tremendous efforts should be made to stop this traffic.

(EXHIBIT No. 127)

I will quote one of the paragraphs on page 10:—

"Of far greater moment than the financial injustices involved is the matter of public health. Prisoners are so largely recruited from the lower strata of society that they are almost universally the victims of the communicable diseases bred in poverty, squalor, ignorance and vice. The percentage of venereal diseases runs abnormally high, trachoma is most common, particularly in the South and among Negro convicts, and the styles of architecture make prisons incubators for tuberculosis among the subnormal, underfed and overworked prisoners. In few, if any, of the prisons where garments are manufactured, is there any adequate system of physical examination, segregation and treatment of communicable diseases. Prisoners suffering from all sorts of filthy and dangerous ailments handle the garments, cough and spit on them, use them to wipe infected eyes and pus-exuding sores, and then they go into the market without disinfection to carry the germs of deadly diseases to the merchants' counters and the people's homes."

That is a general statement, and this is a joint report of very responsible people.

By the Chairman:

Q. What is the name?—A. It is a report submitted to the Joint Committee on Prison Labour of the Union Made Garment Manufacturers' Association of America and the United Garment Workers of America.

Mr. DONAGHY: Opposing the sale of prison-made goods?

Mr. ST. PÈRE: It is from these people that you had to get the information?

WITNESS: That is right. The difficulty of getting the information is very well illustrated in this. Even the United States Federal Government never disclose these institutions, and the Social Service workers of New York have gone into the matter, but they can not get the names of the directors of the contractors who contract for these goods.

By the Chairman:

Q. You referred to exhibit 125 at page 107?—A. Yes, "a rather peculiar thing in this connection is that certain prisons, contracting the labour of their convicts, neither state clearly nor frankly in their published reports the fact that there is a contract, nor show the number of convicts under contract, or the day rate or the piece rate."

It is impossible to get copies of these contracts. I have written to every state capital and the attorney generals and the government, and up to the present time I have had practically not reply. I applied to the Federated Prison people but have not received any report.

Hon. Mr. BENNETT: It is a large organization, the United Garment Workers of America?

WITNESS: Yes. I had hoped to have had the president here to-day, but he will be here to-morrow. He wanted to come and testify and ask Canada to help them to stop prison-made goods coming into Canada.

I do not know that there is anything else I had to say. I have studied this thing for four years.

By Hon. Mr. Bennett:

Q. Do they give prison contracts in the States by tender?—A. Yes, supposedly by tender. The strongest politicians get them, and it is a chief source of campaign funds in a number of the States. They have corrupted whole legislatures in order to get a contract for five years of the work of the prisoners at fifty cents a day.

Q. Have you in mind a number of penitentiaries?—A. No. I wrote to the State of Michigan yesterday, and expect to receive a report.

Q. As a matter of fact, prison made garments are not made in every State of the Union?—A. No, eighteen States.

Q. They wiped it out by legislation a few years ago, as you know, in some of the States. Do you know how many altogether are doing it now?—A. One hundred and one State institutions, and fifty-eight for the year ending September.

Q. Out of how many States?—A. I think eighteen.

Q. The names will be interesting. Have you got a list of the names?—A. I have them all here. In twenty-five States, they have State employment.

Q. Twenty-five?—A. Yes, and the products were disposed of entirely within the State, while in twenty-two States the same were sold outside of the State; Iowa and the District of Columbia sold no products. In some of the States, the sales were very small. Eighty to ninety-nine per cent of all products show eleven States' products were sold outside the States, fifty to seventy-nine per cent of all products sold in five States, and six to forty-two per cent of all products sold in six States. Rhode Island, Vermont, Wisconsin and Wyoming were sold outside the State—I do not think that is what we want.

Q. These States, New Hampshire, Vermont, did not do any business according to the report. Do you think smuggling at Rock Island would be attributable to these States, Rhode Island, New Hampshire and Vermont?—A. The Reliance Company control eighty per cent of all type of clothes and they control actually eighteen States, and under those circumstances there is difficulty in ascertaining from them the amount of their stuff coming into Canada.

Q. In Alabama there are fabric cotton mills and one penitentiary?—A. Yes.

Mr. HENDERSON, K.C.: The Reliance operates from Boston?

WITNESS: Yes. I think the head office is in Chicago.

By Mr. Henderson, K.C.:

Q. In the auditor's report a great many shipments are shown as coming from Boston?—A. The Keegan, Grace Company at Baltimore are the second largest contractors.

By Hon. Mr. Bennett:

Q. Baltimore, Maryland?—A. Yes.

Q. What sort of goods do they manufacture? Are they limited to overalls? —A. I have a short and rather brief list: bags, very small, baskets, very small, box shooks—

Q. Nothing of that kind comes to Canada?—A. No. They are large producers of brick.

Q. None of that comes to Canada?—A. No. Brooms, brushes—

Q. That does not come to Canada?—A. Some.

Q. A very few come to Canada?—A. I imagine so. Underclothing, overalls, pants, drawers—tailored.

Q. Where do they come from?—A. Alabama. I am told that furniture comes. They make a great deal of furniture. The made several million chairs, and I think binder twine comes too. They produce twenty-five per cent of all the binder twine used in the United States, and I am told by binder twine people that the present binder twine is being shipped to the Northwest, that is prison-made binder twine.

Q. It is not purchased in from the factories, but obtained through jobbers? —A. Yes.

By Mr. Donaghy:

Q. I am rather under the impression that there is very little binder twine imported from the United States to Canada?—A. There is some. I had rather an

extensive correspondence with a firm of jobbers on the question of prison labour, and I obtained certain information. Last year also, I had correspondence with the Department of Justice on this question, and I objected to certain phases of a bill which was presented by Miss MacPhail. The Minister of Justice did me the honour of mentioning my name in the debate. I objected to certain plans that were being discussed. One question in which I was interested was that of purchasing binder twine. In my investigation I found that there was a large importation of binder twine. We were not producing all the binder twine, and my correspondence was for the purpose of endeavouring to work out a solution. I suggested the possibility of producing binder twine in substantial quantities.

By Hon. Mr. Bennett:

Q. If any binder twine is manufactured in Western Canada, it would be by the International Harvester Company?—A. There are a lot of firms selling in the States. The whole binder twine situation is reported extensively in the reports, and it is shown to be prison-made. These reports are got up by the Labour Department. In view of the competition from this prison-made stuff, I have it marked in many places and the Committee will find some very interesting reading. It is published at the Washington Government Printing Bureau. I claim myself, I think it is the most detestable feature of the whole smuggling business from a health standpoint, and also that in fairness to free labour we should take this matter up. We have taken in a million dollars worth of prison-made goods that come into Rock Island. In August, 1924, I notified the government it was coming in, and that some action should be taken.

Q. Have you any evidence that prison-made goods have come through in other places along the line? What about the Pacific coast and Emerson?—A. No, I have no knowledge, but I believe they do come in.

Q. You have made no investigation and no report?—A. No, I work from Windsor to Quebec.

Q. What about Windsor?—A. It is being investigated, the whole way, all along the line, and I think the committee will be interested to get the report. Here is a report.

By the Chairman:

Q. Taken from where?—A. This is made by the same investigator that reported for this joint committee, and they point out that Milton F. Goodman, who is the president, is thoroughly corrupt;—I do not mind saying that in public—utterly irresponsible and unreliable.

Hon. Mr. BENNETT: There is no necessity for saying that.

WITNESS: In an interview he said:

> "When I interviewed Mr. Milton Goodman, and told him that I had made a vow to destroy the existing convict labour system, he laughed at me and said no individual was strong enough to accomplish that task, and that no one would ever be able to organize an effective campaign. He said in substance:
>
> > 'You think you will be able to secure the support and co-operation of social service groups, prison reform organizations and organized labour. I am telling you quite frankly that you won't. We prison-labour contractors, have a firm grip on the existing prison-reform organizations, and you will get neither help nor comfort from them. Through our generous donations, and our ability to "put over" the right people for the important jobs, we shape the policies of the social service organizations to a large extent, large

enough at least to prevent you getting any help from these sources. In the labour movement, and in the state governments, we have "key" men on our pay roll, and you will find yourself blocked and baffled at every turn.'"

That is in the "American Vanguard" produced by me for the use of the Committee on the 18th February, 1926, an article under the title "Choking the dog with Butter" by Kate Richards O'Hare.

I am under the impression that they have a "key" man at Rock Island.

By Mr. Henderson, K.C.:

Q. You say that your information is that prison-made goods are the chief cause of the difficulties of the clothing men in Canada at the present time?—A. Yes, it has put a lot of men out of business. It has had had a serious effect upon me, although I have been able to keep going, because I took up other lines. It has been very hard upon people who were dealing in these lines of goods, and I feel pretty keenly about it.

By Mr. St. Pere:

Q. Did you say you knew the names of these contractors who had subscribed money to buy up American legislatures?—A. Yes. There is the Reliance Company; there is no doubt about that.

Q. Can you give to the Committee the names of the legislatures which have been bought up?—A. It would be a little difficult to do that.

Mr. HENDERSON, K.C.: Governor Walton, of Oklahoma, was impeached, and a part of the evidence was that he was being bribed by the Reliance Manufacturing Company.

The CHAIRMAN: Let us stay within Canada.

By the Chairman:

Q. Mr. Sparks, when you say these men are the "key" men in Rock Island, you draw your conclusions by considering the facts yourself?—A. Yes. It is the big gateway; that is the gateway.

Q. That is your impression?—A. Yes. I hope to-morrow to have two witnesses here from Winnipeg, to speak as business men, they will tell you how it is up there.

Hon. Mr. BENNETT: We know how it is. There was a little garment manufacturer at Edmonton who was affected by it.

WITNESS: It has put many of them out of business. They have people at Rock Island who do nothing but take labels off goods. No goods of the same character are going through the ordinary channels.

By the Chairman:

Q. Mr. Sparks, a man of experience in the shirt and garment business, even if the label has been taken off a shirt, can he tell at first sight that it is prison-made goods?—A. In some cases he can tell.

Q. Take our own Customs officer, he seems to be very devoted; when they come and examine boxes before passing the goods, when they have no label on, how can a man say that that is prison-made goods, in regard to collecting duties due to the Government of Canada? You state your case very well, but can they tell that?—A. The auditors found in Keegan-Grace, Reliance, Worthy, all those people—they found 600 cases coming to Derby Line. Why could the Department not have found that out? In fact I offered the Department men at our own expense, but I was not allowed to go to Rock Island. I was allowed to work at Toronto, Windsor, Niagara, but not Rock Island.

By Hon. Mr. Bennett:

Q. Who forbade you?—A. The Department said we could not go to Rock Island.

Q. That does not mean anything; who?—A. W. F. Wilson, the Chief Preventive Officer.

By the Chairman:

Q. Do the Reliance Company only make working shirts, or do they make shirts of good quality?—A. Just work shirts. They made 14,000,000 work shirts.

By Mr. Bell:

Q. In the absence of labels, it would not be hard to decide that those which were offered for entry without labels should be viewed with suspicion and refused entry, unless it could be shown that they were from the proper people?

The CHAIRMAN: Nobody is obliged to put on a label; it is only a way to show the material.

WITNESS: In my letter to the Department, I suggested to the Department that importations of this class of goods should be traced up. Everybody knew it was going on, and it would not be hard to stop it at Rock Island, everybody knew it was going on.

By Mr. Donaghy:

Q. That order of the Chief Preventive officer, not to go to Rock Island, was it in writing, or verbal?—A. It was verbal.

Q. Was any reason given for saying to keep out of Rock Island?—A. Yes.

Q. What was it?—A. Because Mr. Bisaillon was in charge. We were very anxious to put men in there. We looked the ground over, and saw how to catch the whole crowd. I suggested to Mr. Wilson that we try everything at hand, and Mr. Wilson said "No," he could not allow us to go to Rock Island, that Mr. Bisaillon was in charge down there.

Mr. HENDERSON, K.C.: This is not intended, Mr. Chairman, as a reflection upon Mr. Wilson.

By Mr. Donaghy:

Q. When was that, Mr. Sparks?—A. At the end of 1924, or the beginning of 1925.

By Mr. Henderson, K.C.:

Q. You do not mean that as any reflection upon Mr. Wilson, do you?—A. No, I cast no reflection upon Mr. Wilson, not at all.

Hon. Mr. BENNETT: He explained that.

WITNESS: I have no complaint to make about Mr. Wilson, about anything, but we knew that several millions worth of dollars of prison-made goods were coming through Rock Island, with from $3,000,000 to $5,000,000 worth of cotton goods; we offered to give the Government every assistance, but our offer was not accepted, and I do not know why.

By the Chairman:

Q. Had you any suspicion that these prison-made goods would go through some other port than Rock Island?—A. I heard of them being offered to Toronto firms, but I have never followed it up. I have heard of them being offered to the wholesale trade by a man in Chicago, and I advised the firms to let us know if the man came back again, and I never heard anything more of it.

Q. Rock Island is the home of prison-made goods?—A. Yes, sir.

Q. There is only one spot through which they come in?—A. They mostly come in at the one spot.

Mr. HENDERSON, K.C.: As the auditors' report will show, these people have focussed themselves at Rock Island. They established this fictitious consignee there. Apparently these goods do not go through the Customs, they are smuggled across the boarder.

WITNESS: A first-class investigation is not made by watching the goods coming across the border. This thing will never be solved without getting the goods at their source. I had no difficulty at all in finding this thing out. I had personal knowledge early in 1925, of one purchase by Jenkins of Rock Island of $116,000 worth of prison-made goods from Keegan-Grace. I knew the goods were bought, who bought them, and that they would be along at various dates. I appraised the Department about it, but nothing was done.

By Mr. Henderson, K.C.:

Q. Mr. St. Pere has asked me to put this to you; do you think that these goods arriving at Rock Island are brought into Canada in a proper way, or are they smuggled in?—A. They are all smuggled in, smuggled in in truck loads.

By the Chairman:

Q. You would have to watch all the roads and passes?—A. That is the easiest problem in Canada to solve. The goods, if they do not come in to-day, may come in in two or three days. They will be taken to a certain door in a certain factory, a business establishment. You can catch them any night, if you watch the door. We put a man there, lying outside, and he saw them coming in. Rock Island is the simplest place to clean up in all Canada. You know to whom the goods are coming, and know when they are coming, and the thing can be stopped any time.

The CHAIRMAN: I do not think we will recommend that Jenkins' or Bissonnette's door be closed, because they will look for something else.

By Mr. Bell:

Q. I gather from what you say, Mr. Sparks, that the buildings that may be used in that way in that vicinity are limited in number?—A. Yes, one of them has his door right at the line, and the truck stands in the United States and dumps the goods in.

By the Chairman:

Q. That is a large concern?—A. Yes, sir.

Q. An international factory?—A. Yes.

Hon. Mr. BENNETT: I do not know what the United States officers have been doing since the Treaty. We have a treaty by which we help them, and they help us. Clearly, this thing could be stopped in the United States over night.

WITNESS: Whenever we asked for co-operation in the United States we got it at the border; they were splendid, there was never any trouble with the American Customs people.

By Hon. Mr. Boivin:

Q. Can you give us the name of that factory at Rock Island that is located so near the line that a truck standing on American territory can dump its goods into the Canadian factory?—A. Yes. One of them is the B. B. Glove Company, or one of the Suspender companies.

Q. But what is the name?—A. I can find out which one it is; I have forgotten the name myself.

Q. So that you do not know the name of the one you have just referred to? —A. I do not know just which one that is. My men reported that condition.

Q. You did not see the factory, yourself?—A. No, sir. It is a good while since I have been down there.

Q. Have you any idea of the quantity of those prison-made goods smuggled through the port of Rock Island? You said something about an order given by Jenkins for $116,000 worth, did you not?—A. Yes.

Q. When was that order given?—A. That order was given some time in January, 1925.

Q. Did you report it to the Department?—A. I do not think that specific matter was reported. I reported prison-made goods to the Department, and discussed it with them.

Q. I understood you to say that you had reported the matter to the Department, and that the Department had refused to do anything with it. When you became aware that this man Jenkins had ordered $116,000 worth of goods from a specific place, mentioning the firm— —A. The Keegan-Grace Company.

Q. Did you advise the Department that they had ordered those goods, and that there was a liability of them coming in?—A. They were at Derby Line. The row I had with Mr. Bureau was about this very place; there were five of them; he caught them and let them go. There were hot words on both sides.

Q. There were five of them, you say?—A. Yes, and no prosecutions.

Q. Did not Jenkins, if I remember correctly, pay $5,000?—A. $5,000.

Q. To have his factory released from seizure?—A. That is right.

Q. I do not remember what the others paid, but they all paid a certain amount, certain fines, what we call "penalties"?—A. Yes.

Mr. BELL: What did you say the Jenkins one was?

Hon. Mr. BOIVIN: $5,000 I understand.

By Hon. Mr. Boivin:

Q. If I understand it rightly, Mr. Sparks, your difficulty or difference of opinion with Mr. Bureau was that he refused to prosecute?—A. That is right.

Q. Before the criminal courts?—A. That is the whole complaint.

Q. At that time the law had not been amended as it is now?—A. No, but the law was ample.

Q. They could have been prosecuted?—A. Yes.

Q. But not jailed?—A. Yes, certainly. Jail was not obligatory, but they could have been jailed.

Q. There was an option?—A. Yes.

Q. If he had desired to exercise it?—A. Yes.

Q. Have you any idea, Mr. Sparks, exactly how much goods was brought in?—A. This auditor's report gives about 700 or 800 cases.

Q. I have not been attending the Committee right along, and was not aware an auditor's report had been filed.

Mr. HENDERSON, K.C.: It was filed just at the last moment, Mr. Boivin.

By Hon. Mr. Boivin:

Q. You say 700 or 800 cases?—A. Yes.

Q. Have you any idea of how much these would be worth, Mr. Sparks? —A. No; I looked for value in the auditors' report, and there is no value.

Q. Does the auditors' report show that these goods were smuggled?— A. No; it shows they came to a fence at Derby Line and Newport, and it shows they were never shipped out of Derby Line or Newport.

Mr. HENDERSON, K.C.: It does not say "Newport."

The WITNESS: Yes, it says Newport.

Mr. HENDERSON, K.C.: It does not show they were not shipped out of Newport. We do not want to refer to anything where the report is not complete. The auditors have not covered Newport.

The WITNESS: They came to New England and we know there was a manipulated company for the Rock Island concerns. The auditors show, we will say, 400 cases coming to Derby Line, consigned, in some cases, to Canadian firms at Derby Line, and sometimes to this concern who acted as a clearing house for the whole lot. The auditors' report shows that these goods did not go out by rail, and I think it is a fair inference that they came across the line.

By Hon. Mr. Boivin:

Q. They were probably brought into Canada at that point?—A. Yes.

Q. Have you any idea by whom they were brought in?—A. You have two truckers who will be heard in evidence, and I think they brought them in—Seguin and another man.

Q. Have you anything so far to prove what firms are responsible?—A. Yes.

Q. That would be Jenkins— —A. Jenkins and the Peerless are the two biggest distributors; they all had some.

Q. Do you know whether or not since this appraiser's bulletin was issued on the 20th of December, 1924, which I think was issued at your request, as you stated a moment ago— —A. Yes.

Q. After you had given the information to the Department?—A. Yes.

Q. Do you know whether any Reliance goods were brought into Canada after that date which were not smuggled in? What I want to get at is this, Mr. Sparks; from your knowledge and experience do you know of any Customs officials who have disregarded these appraisers' bulletins issued by the Department in 1924 and 1925?—A. No, I do not know of any.

Q. This shirt we have before us is what is called a "Milton F. Goodman" shirt?—A. It is a Reliance Company shirt.

Q. But the Milton F. Goodman is a subsidiary of the Reliance?—A. No. Milton F. Goodman is President of the Reliance, and they use his name as a brand.

Q. Have you any knowledge which would indicate whether or not that shirt was brought in before or after this appraiser's bulletin was issued?—A. I know that after this appraiser's bulletin was issued, they were sold freely in this city—I am told so.

Q. Do you know whether they were imported before or after?—A. No, I cannot tell you.

Hon. Mr. BENNETT: None of them were imported; they must have all been smuggled.

Hon. Mr. BOIVIN: I would not say that.

The WITNESS: They have to be. (To Hon. Mr. Boivin.) Your own Department forbid anything with the Reliance name on it.

By Hon. Mr. Boivin:

Q. The appraisers' bulletin was issued December 20th, 1924?—A. Yes.

Hon. Mr. BENNETT: But the prohibition was there earlier than that.

Hon. Mr. BOIVIN: The prohibition was earlier if the Customs officer had known that the Reliance Company were dealing in prison-made goods.

Mr. BELL: There was no definite information at that time?

Hon. Mr. BOIVIN: No, there was no definite information given by the Department to the appraisers or the Customs officers, and I am grateful to Mr. Sparks for having had these appraiser bulletins issued. I am trying to establish

whether or not there is any responsibility we can trace back on the part of any of our officers in connection with admitting them before that date, but I do think it possible that unknowingly some officer might have admitted these shirts prior to the issuance of this bulletin.

The WITNESS: Even then they would have been, by law, smuggled.

Hon. Mr. BOIVIN: I understand that.

By the Chairman:

Q. Mr. Sparks, you stated a moment ago that these goods were consigned to the Jenkins Overall and Peerless Overall Companies?—A. Yes.

The CHAIRMAN: May I draw your attention to a few lines of this report, on page two of the interim report: "We have found no trace of any of these alleged prison-made goods going direct to any Canadian company either in Rock Island or Derby Line." This does not mention the Peerless Overall Company here at all.

Hon. Mr. BENNETT: It says "direct."

Mr. BELL: They make mention of an intermediary company, you will notice.

Hon. Mr. BENNETT: The New England Apparel Company at Derby Line, Vermont.

Hon. Mr. BOIVIN: So far, it does not appear they have definitely proven the firms responsible—Canadian firms—for the importation of the prison-made goods, and I would like very much to get at that.

The WITNESS: We know who sold them; we know who sold that Milton F. Goodman shirt; it was Peerless.

By Hon. Mr. Boivin:

Q. I understand that shirt came from the Peerless, but there are some very conflicting statements. I made a statement here the other day that I did not want to attach any importance to a letter received from the Reliance Manufacturing Company. If they did not want to take the trouble to come here and make their proof, I think their statement by letter from Chicago should be entirely disregarded.—A. Absolutely.

Hon. Mr. BOIVIN: I maintain that stand. The statement was contained in their letter that their goods were not prison-made. I think you have given sufficient evidence to prove that they were linked up in such a way with prison-made goods that all of their goods should be prohibited.

Mr. HENDERSON, K.C.: Mr. Boivin, in one of the documents Mr. Sparks had, attention is called to the fact that the language in its is equivocal, and you will find the language in the letter is very similar to that in the circular, which was very equivocal.

Hon. Mr. BOIVIN: I want to make sure. That bulletin was issued on December 20th, 1924, by the Department of Customs, and, therefore, anything bearing their label after that date did not come in with the knowledge and connivance of the Customs officials.

Mr. HENDERSON, K.C.: I think Mr. Sparks' understanding is that these goods were smuggled.

Hon. Mr. BENNETT: I think a fairer way would be to say "goods for which no entry could have been made."

Mr. HENDERSON, K.C.: That rather puts the Customs officers off the scene. We do not suggest blame to them now, since this bulletin was issued.

Hon. Mr. BOIVIN: In other words, these goods were smuggled in?

Mr. HENDERSON, K.C.: Precisely.

Hon. Mr. BOIVIN: They were not regularly entered by any Customs officer?

Mr. HENDERSON, K.C.: Precisely, and quite obviously the whole scheme led to that; the setting up of the apparel company was for that purpose.

Hon. Mr. BOIVIN: We have no information as to how much of these goods was brought in.

The WITNESS: The auditors' report—

Hon. Mr. BOIVIN: There may have been more than that.

Mr. HENDERSON, K.C.: The apparel company was receiving large amounts of goods. They came to the New England Company from the parent company and then disappeared—were not shipped out anywhere by the apparel company. Obviously they came across the line.

Hon. Mr. BOIVIN: The difficulty is, we cannot summon the American concern to find out what became of them. If we could do that, we might be in a better position.

By Mr. Donaghy:

Q. Is that also true with this firm?—A. Yes, that would be the operation of Keegan Grace Company. The Keegan Grace Company shipped in alone 200 cases, which would be more than $100,000. That would be roughly a million dollars worth there.

By Mr. Kennedy:

Q. When you said the Department did nothing, do you suggest the Department should do something?—A. Yes, the government knew of the Rock Island situation five years ago.

Q. You found you could not get into Rock Island yourself?—A. No.

By Hon. Mr. Boivin:

Q. You say this particular shipment or item of $116,000 was not mentioned to the Department specifically?—A. No sir, because it would come for investigation under Mr. Bisaillon.

Q. You did not have any confidence in Mr. Bisaillon?—A. None at all.

Q. Insofar as binder twine is concerned, there is no duty on binder twine?—A. No, but it is prohibited goods.

Q. The only binder twine that is prohibited is binder twine made in prisons?—A. Yes.

Q. That comes under the provision of all prison-made goods being excluded?—A. Yes.

Q. Have you got any solution to give us as to how we could identify prison-made binder twine from binder twine that is made legally, in order to prohibit the importation of prison-made binder twine?—A. I think you should have a list of all shippers of prison-made twine.

Q. I do not think that would go as far as we would like. These people would not ship directly into Canada; they would sell to the jobber, and the jobber might buy binder twine from prison contractors, and legitimate factories and they could easily change the box or the tags.—A. It is not easy; it is possible.

Q. I would like to get your opinion and your views concerning the possibility of preventing these goods from coming into Canada.—A. I am preparing and have spent a lot of time on the preparation of certain suggestions I would be glad to put before the committee. I have technical, legal, and Customs technical advisers. I am submitting these suggestions to a meeting of business

men tomorrow morning in room 268, and tomorrow evening in the same room, and I hope, if we are permitted to make some suggestions, these suggestions will be the considered judgment of the whole business community. We are considering close co-ordination, and these gentlemen have practical suggestions to offer. They are technical people and know the whole situation. We hope to come before the committee with practical suggestions based upon our experience and the experience of men in the business community.

Hon. Mr. BOIVIN: I have no control over the committee, but I know I will welcome suggestions, and would consider these suggestions to be the most important part of the proceedings of the committee.

Mr. HENDERSON, K.C.: I suggest, that room 268 having been given to these men, they would welcome anyone from the Department.

Hon. Mr. BOIVIN: Even the Minister?

Mr. HENDERSON, K.C.: Yes.

The CHAIRMAN: You have referred to a statement made by Doctor Stagg Whitten. Will you please file it as exhibit 128?

The committee adjourned until 10.30 A.M., Tuesday, April 13, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 29—TUESDAY, APRIL 13, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Edward Blake Robertson, Canadian Manufacturers' Association, Ottawa, Ont.
Mr. George Wilson, President, Toronto Board of Trade, Toronto, Ont.
Mr. John Joseph Fitzgerald, Manager, Merchants' Association of Montreal, Que.
Mr. E. A. Robertson, Sales Manager, Montreal Cottons Limited, Montreal, Que.
Mr. Henry Sydney Bourke, Sales Manager, Imperial Tobacco Company of Canada, Montreal, Que.
Mr. Freeman Pitney, President, United Cigar Stores, Limited, Toronto, Ont.
Mr. Harry B. Hyman, President, S. Hyman Limited, Tobacconists, Montreal, Que.
Mr. Robert Stalke, President, Montreal Board of Trade, Montreal, Que.
Mr. James M. MacDonell, Trust Company Manager, Montreal, Que.
Mr. Giffard Lafolley, Mark Fisher, Sons and Company, Montreal, Que.
Mr. Alfred J. Doherty, President, Doherty Manufacturing Company, Toronto, Ont.
Mr. Herbert S. T. Piper, J. O. Bourcier Limited, Montreal, Que.
Mr. Jason A. Haugh, J. A. Haugh Manufacturing Company Limited, Toronto, Ont.
Mr. James Love, Overall Manufacturer, Winnipeg, Man.
Mr. Max Jacobs, Union Overall Manufacturing Company of Canada, Montreal, Que.
Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.

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

EXHIBIT FILED

No. 129—Comparison of per capita consumption of cigarettes in Canada and United States—1913 to 1925 inclusive.

MINUTES OF PROCEEDINGS

TUESDAY, 13th April, 1926.

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

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

Committee counsel present: Messrs. Calder and Tighe.

Files were produced by the Department of Customs and Excise as follows:—

Preventive Service, File No. 15472, Reports from Customs-Excise Enforcement Officer C. B. Alexander regarding conditions in the Windsor-Walkerville district.

Customs File 124493. Seizure of radio and electric supplies from Wesley Electric and Radio Supply Co., Windsor.

Seizure No. 36402-5878.
Seizure No. 36577-5964.

Customs File 124211. Customs seizure of automobile, silk and linings from A. Vacca, Buffalo, U.S.A.

Seizure No. 36147-5752.

File B. 3484-41-21. Correspondence in connection with a car of gin seized at Winnipeg, Manitoba, and consigned to the Manitoba Refinery Company Limited in Sept., 1925.

File 124211 and 124493. Having reference to Anthony Vacca, and Wesley Electric Store.

Mr. Edward Blake Robertson, Canadian Manufacturers' Association, Ottawa, Ont., was called and sworn. He made a general statement regarding the prevalence of smuggling, and was examined thereon.

Witness retired.

Mr. George Wilson, President, Toronto Board of Trade, Toronto, Ontario, was called and sworn, and read a statement from said Board, requesting that an effective secret or preventive service, entirely free from political influence, should be organized forthwith to combat smuggling. Statement filed.

Witness retired.

Mr. John Joseph Fitzgerald, Manager, Merchants' Association of Montreal, Que., was called and sworn, and read a statement from that association of declarations and recommendations respecting smuggling, which he filed with the Committee.

Witness retired.

Mr. E. A. Robertson, Sales Manager, Montreal Cottons Limited, Montreal, Que., was called and sworn, and made a general statement respecting smuggling, with particular reference to the investigation carried on by him as manager of the Montreal branch of the Commercial Protective Association.

Witness retired.

Mr. Henry Sydney Bourke, Sales Manager, Imperial Tobacco Company of Canada, Montreal, Que., was called and sworn, and was examined regarding the prevalence of smuggling of cigarettes. Mr. Bourke produced, for the use

of the Committee, a file containing copies of reports of investigations made by the Imperial Tobacco Company respecting smuggling of cigarettes from across the border. Mr. Bourke also filed,—

Exhibit No. 129—Comparison of per capita consumption of cigarettes in Canada and United States—1913 to 1925 inclusive.

Witness retired.

Mr. Freeman Pitney, President, United Cigar Stores Limited, Toronto, Ont., was called and sworn and examined as to smuggling of cigarettes.

Witness retired.

Mr. Harry B. Hyman, President, S. Hyman Limited, Tobacconists, Montreal, Que., was called and sworn and examined respecting smuggling of cigarettes.

Witness discharged.

Mr. Robert Stalke, President, Montreal Board of Trade, Montreal, Que., was called and sworn, and read a statement of recommendations from that board, which he filed.

Witness discharged.

Mr. James M. MacDonell, Trust Company Manager, Montreal, Que., was called and sworn, and made a general statement regarding smuggling.

Witness discharged.

Mr. Giffard Lafolley, Mark Fisher, Sons and Company, Montreal, Que., was called and sworn, and examined respecting smuggling of woollen goods.

Witness discharged.

Mr. Alfred J. Doherty, President, Doherty Manufacturing Company, Toronto, Ont., was called and sworn, and heard respecting smuggling of silk goods, on which he was examined.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Moved by Hon. Mr. Stevens,—That the auditors be authorized to inspect the books, papers, bank books, etc., of the Montreal Departmental Store, 1 Mount Royal, Montreal.

Motion agreed to.

Mr. Herbert S. T. Piper, J. O. Bourcier Limited, Montreal, Que., was called and sworn, and examined with respect to smuggling of silk goods.

Witness retired.

Mr. Jason A. Haugh, J. A. Haugh Manufacturing Company Limited, Toronto, Ont., was called and sworn, and examined respecting smuggling at Rock Island of cotton goods.

Witness retired.

Mr. A. J. Doherty was recalled and further examined respecting smuggling of silk goods.

Witness retired.

Mr. James Love, Overall Manufacturer, Winnipeg, Man., was called and sworn, and examined respecting smuggling of cotton goods.

Witness retired.

Mr. Max Jacobs, Union Overall Manufacturing Company of Canada, Montreal, Que., was called and sworn, and examined regarding smuggling of cotton and woollen goods.

Witness retired.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont., was recalled. He read to the Committee several letters he had received regarding smuggling, which he produced for the use of the Committee.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, April 13, 1926.

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

Mr. HENDERSON, K.C.: Mr. Chairman, I have present this morning a large number of business men from different parts of Canada, and I expect that number to be largely supplemented at noon by others. These gentlemen, I trust you will understand, Mr. Chairman, are business men who sit in their offices and cannot give evidence which would be technically acceptable in Court, but they desire to make representations to you, and I will try to make these as concise as possible. The first one I will call is Mr. E. Blake Robertson, representing the Canadian Manufacturers Association.

EDWARD BLAKE ROBERTSON called and sworn.

By the Chairman:

Q. What is your occupation?—A. I represent the Canadian Manufacturers Association at Ottawa.

By Mr. Henderson, K.C.:

Q. And you have occupied that position for how long?—A. Seven years.

Q. Prior to that time, what was your position?—A. An employee of the Canadian Government.

Q. In what Department?—A. Immigration Department.

Q. And in that capacity it was your official duty to cover a great deal of Canada?—A. Yes, I travelled from coast to coast two or three times every year.

Q. So that you know Canada pretty thoroughly?—A. Yes, very well.

Q. Now, Mr. Robertson, on behalf of the Canadian Manufacturers Association, I understand you have a statement to make with respect to smuggling. Will you proceed in your own way?—A. I have a general statement; not down to concrete cases. Perhaps I might say first that the Canadian Manufacturers Association is a national organization, having at the present time about 4,150 members scattered from coast to coast, all of which membership are actively engaged in manufacturing operations. The Association maintains offices at Victoria, Vancouver, Edmonton, Winnipeg, Hamilton, Toronto, Ottawa, Montreal, Quebec, and Amherst. In the ordinary discharge of their duties the officials at these offices noted in the early part of 1922, complaints regarding smuggling began to be much more frequent than they theretofore had been, and the members naturally were anxious for something to be done to decrease smuggling, as every dollar's worth of goods smuggled meant that much less to make at home. The complainants had three grounds for complaint: first, that the smuggling decreased work at home; second, that smuggling meant a loss of revenue to the national Treasury; and third, that the loss of revenue to the national Treasury necessitated other methods of taxation, which constituted a burden on Canadian industry.

Hon. Mr. BENNETT: And you might add a fourth, loss of profits.

The WITNESS: Yes, loss of profits. Loss of work meant loss of profits, when there were profits, which were not very conspicuous at that time. These complaints were so pressing and so frequent that the Association felt bound to give particular attention to it. In an organization such as the Canadian Manu-

facturers Association, large matters of policy and matters of pressing moment are dealt with primarily at the annual meetings; that is, at the annual meeting large subjects are considered, and so important did this question of smuggling appear that at the annual meeting of 1923 the Tariff Committee of the C.M.A. reported to the membership as a whole in these words:

"Smuggling of manufactured goods, particularly of silk fabric and silk garments, into Canada has reached alarming proportions. The Association, at the suggestion of your Committee, has made strong representations on the subject to the Government with the result that the staff of officers engaged in the suppression of smuggling has been increased. However, in spite of the efforts of the Government, only a few of the offenders have been convicted and these generally speaking, received very light punishment. A great smuggling organization with heavy financial backing is in existence and its operations are creating a national scandal. These goods, some of them obviously stolen, and paying no duty, are driving similar Canadian goods out of the market, thereby crippling Canadian industries and depriving Canadian workmen of employment. The Association is still pressing this matter with the Government and individual members are earnestly requested to co-operate in their own localities in the endeavour to suppress this traffic.

Another important matter which has been receiving the attention of your Committee during the recent years is that of smuggling.

It has been estimated by the Minister of Customs that fifty million dollars worth of goods are smuggled into Canada annually. What does this mean to Canada?

To the Government it means a loss of revenue of millions annually.

To Canadian Manufacturers it means a loss of business because the greater part of smuggled goods could have been made in Canada.

To Canadian workmen and their families it means unemployment.

Smuggling has driven legitimate concerns out of business and is threatening the existence of certain industries.

The Association, in co-operation with other organizations, is doing everything in its power to put a stop to this menace. It has been urging the Government to put forth greater efforts to suppress smuggling, and to deal drastically with offenders against our revenue laws. During the past few months the Association has made further representations to the Government, asking for the employment of additional capable investigators, whose time shall be entirely devoted to the prevention of smuggling."

A year went by and our next annual meeting was held.

By Hon. Mr. Stevens:

Q. What was the date of that?—A. That was in June, 1923. I might just say that the reports of the different committees at the annual meeting, and any resolutions which may be brought forward, and adopted, as a result of this, were published at the time in the daily press and also published in Industrial Canada, the official organ of the Association, and were also transmitted to the different members of the Cabinet, who we thought might give us assistance in the work. (Reads):

"During the past few months the Association has made further representations to the Government, asking for the employment of additional capable investigators, whose time shall be entirely devoted to the prevention of smuggling and to the detection of other frauds on the revenue, and the Association has further recommended that the appointments should be made upon the recommendation of the Minister of Cus-

toms and Excise, instead of through the Civil Service Commission. If the appointments were made by the Civil Service Commission, they would be public property, and the identity of the officers employed would become known to the smugglers, whereas, if appointed by the Minister, there would be no such publicity."

As a result of the report made and forwarded by the Committee, a considerable amount of discussion took place, taken part in by members at the annual meeting, drawn from coast to coast, and they thought it would be wise to place their views before the Government, and that resulted in our passing a resolution as follows:—

"RESOLUTION ADOPTED AT THE ANNUAL GENERAL MEETING OF THE C.M.A. MONTREAL, June 3, 4, 5, 1925.

Whereas smuggling from neighbouring countries has been increasing enormously for several years, and

Whereas it is apparent that this smuggling is being carried on by highly organized gangs, possessing large financial resources, and

Whereas there are good grounds for believing that large quantities of these smuggled goods are stolen goods, and,

Whereas the Government is losing large sums in revenue;

Therefore be it resolved that the Canadian Manufacturers Association, in annual general meeting assembled in Montreal, June 5th, 1924, strongly urge the Dominion Government to reorganize and increase the Canadian Preventive force, to take more vigorous steps to secure the arrest and imprisonment of convicted smugglers and to destroy smuggled goods that are seized."

At the annual meeting, in June, 1925, another year having gone by, the tariff committee reported in these words:

"EXTRACT FROM THE REPORT OF THE TARIFF COMMITTEE TO THE ANNUAL GENERAL MEETING OF THE C.M.A., MONTREAL, JUNE 3, 4, AND 5, 1924.

Smuggling of manufactured goods from the United States into Canada has been increasingly steady throughout the year, in spite of the protests made by this Association and many other organizations to the Government. Although the Preventive staff of the Customs Department has been increased along the international border it does not appear to have been able to cope with the flood of smuggled goods which are carried into Canada, chiefly by automobile. The gangs of smugglers who are conducting this traffic appear to be well organized and well equipped financially. There is little doubt that a considerable proportion of the goods smuggled into Canada have been stolen, and these are sold in Canada at prices with which Canadian factories, conducting a legitimate business, cannot compete.

Your committee feels that the Government should revise its whole campaign in dealing with these smugglers and should provide a course adequate to deal with the situation, which has got out of hand."

The Association also recommended that the Customs Act should be strengthened. As the Government recently announced its intention of introducing legislation into the Act, the Association drafted amendments. To do this it was necessary to make a most careful study of the Act and of certain portions of the Criminal Code. The recommendations put forward by the Association have been placed in the hands of the government, and it is hoped that the government, before the close of the present session, will enact legislation along the lines suggested. Among other things it was recommended that smuggling

carried on for profit on a commercial scale, and the deliberate attempts to defraud the revenue by other means, be made indictable offences, punishable with imprisonment, without the option of a fine.

"RESOLUTION ADOPTED BY THE ANNUAL GENERAL MEETING OF THE C.M.A., HAMILTON, June 1, 2, 3 and 4, 1925.

Whereas smuggling from neighbouring countries has been increasing enormously for several years; and

Whereas it is apparent that this smuggling is being carried on by highly organized gangs possessing large financial resources; and

Whereas there are good grounds for believing that large quantities of these smuggled goods are stolen goods; and

Whereas the Government is losing large sums in revenue;

Therefore be it resolved that the Canadian Manufacturers Association, in Annual General Meeting assembled at Hamilton, on June 4th, 1925, strongly urge the Dominion Government to follow a more vigorous policy in regard to securing the arrest and trial of smugglers, and also to take the necessary steps to prevent the under-valuation of imported goods."

The different reports and resolutions that I have just read to you all took place at annual meetings. In addition to consideration at the annual meetings of the association, the subject was treated at provincial and district meetings at different points. The Montreal branch received a complaint from the Artists' Guild of Canada that works of art were being smuggled in from the United States, to the detriment of Canadian artists, and on April 2nd, 1924, they again considered the subject on a complaint from the Montreal Automobile Trade Association, Limited, relative to the smuggling of automobiles. At a meeting of the St. Hyacinthe, Drummondville Branch of the C.M.A., on October 24th, 1924, special consideration was given to the smuggling of ladies' wear, the meetings in each case promising assistance towards obtaining the necessary action to lessen the smuggling operations.

By Mr. Henderson, K.C.:

Q. I presume these resolutions were handed in in due course?—A. As I said at the beginning, each resolution was reported in the daily press, and at the time the meeting was held it was published in Industrial Canada and was sent to each member of the Dominion Cabinet. At the executive council meeting at Hamilton, on January 15th, 1925, the following resolution was passed:—

"Following the resolution passed at the annual meeting the association has been doing everything possible to secure more effective measures to lessen the tremendous volume of smuggled goods which have been pouring into Canada to the great injury of Canadian industries and Canadian revenue. Members have no doubt read the vigorous articles calling for the suppression of smuggling which have appeared in many newspapers throughout Canada. Representations have been made to the Government by the association and also by many individual members who have given the Government proof of the extent to which they have suffered. It is most desirable that the Preventive Service of the Department of Customs and Excise should be strengthened by the appointment of capable investigators and to facilitate matters your committee recommends that council ask the Government to make these appointments to the Preventive Service on the Minister's responsibility instead of through the Civil Service Commission."

Discussion at annual meetings regarding smuggling were fully reported at the time in the daily press and in Industrial Canada, the association's official

organ, in addition to which copies of all resolutions adopted on the subject were sent to each Cabinet Minister of the Dominion Government.

That recommendation, on our behalf, was sent to the Prime Minister and to the Councils directly affected.

Q. Would you say that about that time your Association got in touch with the Customs Preventive Service, to work together?—A. I was present representing the Canadian Manufacturers Association at the meeting at which it was decided to form the Commercial Protective Association. At a meeting consisting of possibly half of the Government and about twenty-five business men the whole question of smuggling was discussed at length. I think we spent about two or three hours with the Government.

By Hon. Mr. Stevens:

Q. About what date?—A. That would be August sixth.

Q. 1924?—A. Yes, 1924, and the members of the Cabinet present at that meeting were: Hon. Mr. Graham, Hon. Mr. Bureau, Hon. Mr. Lapointe, Hon. Mr. Macdonald and Hon. Dr. King. We spent with them the better part of two hours and we went fully over the ground. As a matter of fact, my recollection is, that the suggestion for the organizing of a clearing house, as it was called during that time, came from the Government. It received the approval of the Government.

Q. And your organization and the other organization have worked together since that date?—A. A very large proportion. It is a separate organization but a pretty large percentage of the members consist of people, who are likewise members of the Canadian Manufacturers Association.

Q. There was no conflict. It was quite the other way about; harmonious working?—A. Harmonious working, though not always seeing eye to eye. I remember personally having quite a heated discussion with the General Manager of the Canadian Protective Association regarding the possibility of recommending to the Government that appointments to the Preventive Service should be made independent of the Civil Service Commission. We did not see eye to eye on it. We do not see eye to eye on it yet possibly. It was made as a recommendation that the appointments should be made on the Minister's responsibility. I think it is a different phase of work from the ordinary Civil Service employment.

The CHAIRMAN: We will take your recommendation.

The WITNESS: There is just one other phase of what is a near approach to smuggling, which I might mention. That is the undervaluation of goods. Undervaluation of goods is closely akin to smuggling in its effect. Parliament, in 1922, enacted legislation providing a method for the valuation, for duty purposes, of goods coming from countries, the currency of which was substantially depreciated. While this legislation was at once enforced in the case of some countries, it was not enforced in connection with goods coming from France, Belgium or Italy. Repeated representations were made by the Association to the Government on this subject without success, although since Mr. Boivin has charge of the Department, I think, on the first occasion that the subject was put up to him, he recognized the fairness of our complaint and he applied to those countries the same as the others.

I think, sir, that this gives briefly the general attitude of the Canadian Manufacturers' Association, upon the question of smuggling. If there are any questions you would like to ask of me, I would be pleased to answer them as best I can. I think that is all I wish to say just now.

By the Chairman:

Q. Have you a resolution to offer, or do you wish to make any recommendations?—A. No sir, not just now. Any recommendations we might care to make, we prefer to make at a later date, after conferring jointly with the other business interests here.

By Mr. Kennedy:

Q. What year did you say it was that smuggling became so bad?—A. I said it was in 1922 when complaints began to come in to us much more frequently than had been coming before.

Q. You stated also that at that time there was general organization, with large financial backing?—A. We said it was our belief that the smugglers were organized to an extent that they had behind them the necessary financial backing for carrying out any operations they saw fit to engage in.

Q. That would not spring up over night, it had been going on for some time? —A. Well, it has been steady since then. I think they are more strongly organized than in 1922.

Q. Do you know any particular factor which has contributed to that?—A. I think the Volstead Act has had something to do with it.

Q. What would the Volstead Act have to do with the smuggling of goods into Canada?—A. They want a cargo both ways.

By Mr. Doucet:

Q. They do not want to come back with empty bottoms?—A. No. Economically, that is unsound.

The CHAIRMAN: And unbelievable. That is all, I think.

Witness retired.

Mr. HENDERSON, K.C.: I will call now Mr. Wilson, the President of the Toronto Board of Trade.

GEORGE WILSON called and sworn.

By the Chairman:

Q. What is your name?—A. George Wilson.

Q. And your present address?—A. Toronto.

By Mr. Henderson, K.C.:

Q. Mr. Wilson, I understand you are the President of the Toronto Board of Trade?—A. Yes, sir.

Q. And that you have a statement to make regarding smuggling?—A. Yes.

Q. Will you be good enough to give it to the Committee in your own way? —A. For the sake of brevity, sir, we have prepared this statement in the form of a memorandum, which with your permission I will read. It is addressed formally to Mr. Mercier as Chairman, and to the members of this Special Committee, and reads as follows: (Reads):

" TORONTO, April 12, 1926.

P. MERCIER, Esq., M.P. Chairman, and Members of the Special Committee of the House of Commons investigating the administration of the Department of Customs and Excise,
Ottawa, Ont,

SIRS:—For several years the business interests of the Dominion have shown growing concern because of the ever-increasing inroads which were being made into legitimate business by the sale of goods at such low prices as to give rise to suspicion that they had been brought into the country unlawfully.

In 1923 the situation became so alarming to certain business interests in Toronto that a Committee of the Board of Trade of the city of Toronto conferred with the Chief and General Inspector of Customs and Excise, and at that time, as well as on later occasions, this Board individually and in association with other bodies, co-operated with the Department of Customs and its officials in endeavouring to curtail this illegitimate traffic.

That there was knowledge that smuggling and importation of undervalued goods existed to a serious extent is attested by

(*a*) The debates in the House of Commons in June last, especially the remarks of the Right Hon. the Prime Minister, and the Leader of the Conservative party, as reported in Hansard of June 1, 1925.

(*b*) The fact that Parliament at its last session enacted legislation imposing increased penalties for the offences of smuggling and undervaluation.

(*c*) That Parliament made a large appropriation of funds for the administration of the law, and gave the Government much more freedom in the appointment of Customs officials.

(*d*) That Parliament at the present session appointed a Special Committee to investigate the administration of the Department of Customs and Excise.

(*e*) That the following resolution was unanimously adopted by the recent Conference of Boards of Trade and Chambers of Commerce of Canada at Winnipeg, at which 150 outstanding business-men from every province of the Dominion were in attendance.

RESOLVED that in the opinion of this Conference of Dominion Boards of Trade and Chambers of Commerce, an effective secret or preventive service entirely free from political influence should be organized forthwith in the hands of capable, experienced officers, to combat the smuggling evil, and that the Customs regulations now on the Statute books directed against this evil be rigidly enforced."

"The matter is now in the hands of the Special Committee of Parliament, and the eyes of the commercial community and of the *smuggling fraternity* throughout Canada, as well as in a number of places along the border in the United States, are directed towards this Committee.

The Board of Trade of the city of Toronto, therefore, strongly urges that the recommendations of your Committee to Parliament, will emphatically urge:

(*a*) That the Department of Customs and Excise be so manned and equipped as to deal most effectively and speedily with all offenders.

(*b*) That the law will be strictly enforced in all respects without fear or favour.

(*c*) That no compromise with offenders will be tolerated, and that the full penalty prescribed by law will be imposed for all offenders.

The nature of the Report of your Committee, the recommendations contained therein, and the action taken thereon by Parliament and by the Government, will in our opinion, have a very important bearing upon the future of various lines of business, as well as upon the future

activities of those law-breakers engaged in this illicit traffic. We, therefore, desire to emphasize the great importance which will be placed by the business interests throughout Canada upon the Findings of your Committee.

Signed on behalf of the Board of Trade of the City of Toronto.

GEO. WILSON,
President."

By the Chairman:

Q. Have you any objection to producing that memorandum, Mr. Wilson?—A. No sir, not at all. I think this summarizes what I have to say, Mr. Chairman.

By Hon. Mr. Bennett:

Q. What was your former occupation, Mr. Wilson, just to get it on the record?—A. I was assistant general manager of the Union Bank of Canada.

By the Chairman:

Q. Have you retired now?—A. I have retired from banking now.

Q. You devote your time to the public interest?—A. I devote it to Board of Trade work.

Witness retired.

Mr. HENDERSON, K.C.: I am calling a few witnesses, Mr. Chairman, to speak in a broad, general way upon this question. I am now going to call Mr. Fitzgerald, of the Merchants Association of Montreal.

JOHN JOSEPH FITZGERALD Called and sworn.

By the Chairman:

Q. What is your full name, Mr. Fitzgerald?—A. John Joseph Fitzgerald.

By Mr. Henderson, K.C.:

Q. Where is your place of residence?—A. Montreal.

Q. What is your occupation?—A. I am manager of the Merchants Association of Montreal.

Q. Will you be good enough to tell us the nature of that organization?—A. The Association is composed of manufacturers, wholesalers, retailers, and representatives of the transportation interests.

Q. Numbering how many?—A. Six hundred.

Q. Six hundred of the business men of Montreal?—A. Yes.

Q. You speak on their behalf?—A. I speak on their behalf.

Q. I understand you have prepared a memorandum?—A. Yes.

Q. Will you give it to us in your own way?—A. I may say that the organization has been in existence for eight years in Montreal. During the past six years or since 1920, at practically every meeting of the Board of Directors, either formal or informal, some reference has been made to the menace presented by the increasing volume of smuggling, and the Board of Directors have authorized me to submit in as brief a form as possible, their recommendations. (Reads the following memorandum):—

"Memorandum of the Merchants Association of Montreal to be presented to the Parliamentary Committee of the Customs Inquiry as the official declarations and recommendations of the Board of Directors of the Merchants Association of Montreal.

The following declarations and recommendations are respectfully submitted:

1. That manufacturers, wholesalers and retailers, members of the Merchants Association of Montreal, have suffered very serious losses as the result of unfair competition occasioned by the smuggling of merchandise into Canada; that this unfair competition has been felt most keenly by legitimate manufacturers and dealers in silks, canton crepes, cottons, silk dresses, jewelry, tobacco, cigarettes and automobiles.

2. That the Parliamentary Committee should be impressed with the fact that smuggling in the lines referred to was carried on on a very extensive scale and the complaint of the merchants is not aroused as the result of any petty or spasmodic smuggling but because of unhampered and unchecked wholesale smuggling.

3. That legitimate dealers have suffered very unfair competition resulting from the importation of goods at a valuation fixed much lower than the real value and at figures ridiculously low.

4. That legitimate manufacturers and packers of Canadian tobacco are daily suffering heavy losses in business because of the fact that there is very little effective check on unscrupulous dealers and manufacturers who undertake to distribute Canadian tobacco in packages without affixing thereto the required excise stamps.

5. That there is opportunity for a closer supervision and more complete investigation into representations made in sworn declarations by United States exporters to the effect that no drawback is being collected on merchandise which originated in overseas countries, finds its way into the United States and is then exported to Canada. This applies most particularly to seasonable goods, such as trimmings for hats and dresses and made up hats and dresses. The moment that styles change in New York the value of these goods drops to a very low point on the New York market and there exists an organized system of merchandising whereby the drawback is collected from the United States Government but sworn declaration is made to the Canadian authorities that no such drawback has been collected.

This procedure absolutely ruins the trade opportunity for legitimate Canadian dealers who happen to be affected by the particular style change in New York although the season for style change in Montreal is much later and these Canadian dealers are denied an opportunity to reap the benefit of their legitimate style season.

6. That the facilities of the Customs House in Montreal should be increased especially in the matter of providing an adequate number of examiners and duly qualified appraisers.

7. That there is an imperative need for an independent efficiently organized preventive service which will undertake to cope with the tendency for smuggling which has been fostered by the taking of contraband liquor into the United States.

8. That the Board of Directors of the Merchants Association of Montreal urges all those officials connected with the Customs Inquiry to realize that the members of the Association, irrespective of party, are most desirous that the Inquiry should be effectively continued in a businesslike way and that the members of the Association further realize that if all those officially connected with the

Inquiry co-operate in the proper spirit that great benefit can be realized which will redound to the prosperity of Canadian business and to increased revenue for the Government Treasury.

Respectfully submitted,

JOHN FITZGERALD,
Manager."

By the Chairman:

Q. Will you produce that report or memorandum, Mr. Fitzgerald?—A. Certainly.

Q. Is that all you have to say?—A. Yes, sir.

By Hon. Mr. Bennett:

Q. Has your Association considered, in the light of one of the last paragraphs of your memorandum, as an independent preventive service, the value of the Mounted Police in that regard?—A. I am not in a position to make an official statement, but I know that individually they are very much impressed with the efficiency of the Mounted Police.

Witness retired.

E. A. ROBERTSON called and sworn.

By Mr. Henderson, K.C.:

Q. Where do you live?—A. Montreal.

Q. Occupation?—A. Sales Manager, Montreal Cottons Limited.

Q. You have also been active in connection with the Commercial Protective Association?—A. Yes, sir.

Q. In what capacity?—A. Chairman, Montreal Branch.

Q. Now then, will you tell us, Mr. Robertson, what has been the result of your investigations in that connection?—A. In the conduct of my activities in the Commercial Protective Association, as well as in my official capacity with the firm with whom I am engaged, there has been a flood of evidence which has come to my notice from the Atlantic to the Pacific, with regard to the extent to which smuggling is being carried on.

This has been brought to our attention, and it has not been confined to any one particular section of the country, but the complaints have come from the Atlantic to the Pacific.

At one time, some time ago, this question was not reflected quite so seriously as it has been of recent years, particularly on account of the increased taxation on legitimate businesses which was not so heavy a few years ago as it is to-day.

The effect of the higher taxation, together with the difficulties which are being experienced in connection with smuggling, has added much to the losses of the various businesses.

Goods through illegitimate channels, smuggled goods, has added additional burdens to legitimate dealers throughout the country.

It is a strange fact, and I think an exceptional fact, that the expression is very generally heard from business people, not so much where smuggling exists, and whether it exists or not, but what means can be employed to stop it.

Merchants in the far West engaged in business complain very bitterly of the smuggled goods making their business absolutely impossible. This is being felt to such an extent that people are being so seriously injured that they are finding it practically impossible to attempt to conduct business, and keep their business from being stopped completely.

Sometimes we hear reference to the fact that smuggling is engaged in elsewhere outside of Canada. That may be the case, but it does not concern

us particularly for the simple reason that the burden locally is perhaps heavier due to a series of circumstances of various kinds, to the extent that business people are looking to this Committee, full of confidence, feeling that the deliberations of the Committee, and the findings of the Committee, will result in a measure of relief which business people feel that they are entitled to.

I may say for your satisfaction, Mr. Chairman, and those associated with you that I have heard a good deal of very favourable comment from business men regarding the very arduous duties you have assumed and the manner in which you are carrying on, and have carried on so far, and these business interests are confident that when your findings are reported, there will be a solution to the great difficulties from which they are suffering.

By Hon. Mr. Bennett:

Q. Have you formed any estimate of the effect of smuggling on your own business?—A. I have purposely avoided any reference to the business of our concern for the simple reason that Mr. Dawson, of the Canadian Cottons, will appear to-morrow to make a report on the cotton case.

Witness discharged.

Mr. HENDERSON, K.C.: I propose to call three witnesses with reference to the tobacco trade in particular. The first is Mr. H. S. Bourke, representing the Imperial Tobacco Company.

H. S. BOURKE called and sworn.

By the Chairman:

Q. Your full name?—A. Henry Sydney Bourke.

Q. Occupation?—A. Sales Manager, Imperial Tobacco Company of Canada.

Q. From Montreal?—A. Yes.

By Mr. Henderson, K.C.:

Q. As Sales Manager of the Imperial Tobacco Company, do you stay in Montreal or do you cover other territory?—A. I go all over Canada, from Yarmouth to Victoria.

Q. More or less an inspection trip and selling?—A. Yes.

Q. But your office is in Montreal?—A. Yes.

Q. Will you be good enough to tell the Committee how you find the tobacco business affected by smuggling?—A. Yes.

Q. And of course, there will be some incidental references to the excise? —A. Yes. Of course the Committee will understand that I can not give any positive evidence of having seen any actual smuggling, but I can only tell you what I believe to be the truth.

By the Chairman:

Q. You will endeavour to make recommendations to stop smuggling?— A. I will tell you first what I think about smuggling.

Q. Take your time and give us point by point.—A. In the first place, for some years past, we have received serious complaints through our travellers and through my own visits to the trade that business has been seriously affected by the smuggling of cigarettes, particularly from the States. Conditions are getting worse and worse, and practically every store in the border towns is out of business, because of the smuggling operations which are being carried on. Not only are the Ontario border towns, and other border towns being effected, but operations also extend from the border into interior towns all along the way.

We tried to get evidence to submit to the department. We do get an occasional case of a man here and there, who was bringing in so many cigarettes and was selling them. We gave the information to the department at the time. These were not cigar storekeepers, but were other people. I am glad to say, and when we made these complaints, the department co-operated with us and made some seizures and imposed fines. The fines were very, very small, however, and a man would laugh at the fines as they were so small. There were other cases in which the department were not so successful.

We tried to get more information, and we engaged the services of the Thiel Detective Agency. We asked them to try and get information at a few points on the border of Ontario and Quebec. They made reports which I have here, and it will be seen from their reports—even making very big allowance for some of the statements that they make, if you take them in conjunction with other information that we have received—that the smuggling amounts to something enormous. It shows the extent of the cigarette smuggling carried on in Canada. The smuggling is carried on on railroad trains, ferries, automobiles and boats; small boats and ocean boats are specified. We believe that the information we have received is conclusive that the quantity of cigarettes smuggled into Canada exceeds one billion a year.

By Hon. Mr. Bennett:

Q. What about the value, the wholesale value, roughly?—A. Roughly speaking, the wholesale value itself—the cigarettes would be about twelve cents a package of twenty in the States.

By the Chairman:

Q. $1.19 for a carton?—A. Yes.

By Hon. Mr. Bennett:

Q. $6.00 a thousand?—A. In thinking of the value of cigarettes, one should also consider the value of the cigarettes that they replace in this country, Canadian cigarettes that should have been sold.

By Mr. Bell:

Q. Are the smuggled cigarettes of a similar kind to those made in this country?—A. No, there are some. Take the Player cigarettes, they are made in the States and are sold in competition with Player cigarettes here, and you cannot tell the difference in the package. Then the Sweet Caporal cigarette is made in the States, but I do not hear of the Sweet Caporal being smuggled. There are a few lines, and I could mention the brands, particularly the type they are bringing in. The duty is so great on the cigarettes, and the price in the States is so much lower than in Canada, that the temptation is there, and the result is that petty smuggling is enormous. When I say "petty smuggling," I want to have it understood that we have no objection to the average individual or anybody in this room, going over and bringing back two or three packages, as that is done by a large number of respectable men, not only factory workers, but all classes of men, from professional men down, and possibly Members of Parliament too.

I know of gentlemen who go over frequently in automobiles and bring back enough cigarettes to last until the next trip. I know that is going on. I know it amongst my own acquaintances in Montreal. I go down to a restaurant for lunch with a few friends, and if I am sitting around the table where there are six or eight of us, and it is in the summer time, I can guarantee that at least three will bring out a small package of cigarettes and offer me

one, and say, "You old robber, if you did not charge so much, we would buy yours." They say, "We get Sunday trips over, and we pay for the price of the trip, for the price of the gasoline in the cigarettes we buy."

When you find that this is going on all over Canada every day, and are being bought on the train—we have caught newsboys and stewards on steamboats selling smuggled cigarettes—you can understand what we have to contend with. Domestic steamers carry them, and the stewards are dealing in them The big ocean liner import is another thing.

Peddlers make it a business in office buildings in large cities, and also in the factories.

We get complaints in Ottawa here; they come to Ottawa offices, and buildings, and the merchants are complaining of loss of business through smuggled cigarettes. They will not give you any information. One of them told me about a year ago that there is a certain party in connection with the civil service—that is absolutely true—that there is a man there that does nothing else but gets orders one week and supplies the cigarettes a day or two later.

By Hon. Mr. Bennett:

Q. What is the export duty on a package?—A. $3.00.

Q. Per package of twenty?—A. Three dollars per thousand. That amounts to about $7.80, of which a considerable amount is excise, and there is a duty of $1.20 on leaf tobacco. There is also a sales tax, and there are other things that I did not take into consideration. That is where the big duty comes in.

Q. The great difficulty in connection with smuggling is in connection with the duty?—A. Yes, ordinarily you can buy in the United States a package of good cigarettes for fourteen cents. There is a cut price war on now and you can buy them for twelve and one-half cents a package, and our duty on a package is nearly eighteen cents. You can figure out what difference is in the cost of a package of cigarettes.

I do not know if it will interest the Committee, Mr. Chairman, if I file these detective reports. There is some valuable information as to how smuggling is done. I would like to read one of them; it will be a sample of the reports. (Reads):

"IMPERIAL TOBACCO COMPANY OF CANADA LTD.

Re—Smuggling of Cigarettes

AUGUST, 22nd, 1923.

On the morning of this date Operatives B-3 and W-22 again went to Detroit. While crossing the ferry, they entered into conversation with a man who told them that a certain drug store in Detroit was doing a big business in cigarettes with persons coming into Canada.

Operatives proceeded to this drug store, which is located at the corner of Griswold street and Michigan avenue, and is operated by a man named Kinsel. This store is only a few blocks away from the ferry, and they are selling cigarettes at 20 per cent below the regular retail prices. There are five men handling the tobacco business at this store, one at the cash register, three serving, and another replacing the stock which is sold. Operatives were in this store for about fifteen minutes between 9.30 and 10 a.m., and during this time the store was doing a rushing business. Three men and two ladies came into the store together the men purchasing two cartons of Camel cigarettes each and a box of cigars each. The ladies bought some perfume and toilet goods at the drug counter, then all left the store and entered a car bearing an Ontario license.

Several times during the day, Operatives returned to this store with the object of getting into conversation with one of the clerks, but on each occasion they were very busy attending to customers, so that it was impossible to approach them.

At 11.30 p.m., Operatives again returned to this place. There was only a few customers in the store at this time and Operatives were able to have a chat with one of the clerks. This man said they were selling about 175,000 cigarettes a week to Canadians, most of whom were tourists, who stopped there on the way to the ferry. He also stated that they were selling about 125 pound of pipe tobacco and between 10,000 and 15,000 cigars, and that they could sell about three times that amount if they were nearer to the ferry. He added that they sold cigarettes cheap in order to get business for the drug counter, as quite a number of the tourists who came in for cigarettes, etc., bought something at the drug counter also.

Just before midnight Operatives entered Segal's cut rate cigar store where they had a talk with the manager. He stated he was selling about $150,000 worth of cigars, cigarettes, and tobacco a week. On being questioned, the manager said he could not say how much of this was Canadian business as people came there from all over on account of him selling his cigarettes so cheap. Operatives asked if he could say if 10 per cent of his business was with Canadians, and the manager replied that he was certain it was much more than that. Several visits have been paid to this place a day, but so far this is the first opportunity Operatives have had opportunity of talking to anyone there.

Respectfully submitted."

There are others, but there is no use to read them all.

Mr. HENDERSON, K.C.: Just put them in.

The CHAIRMAN: Produce them, and if any members of the committee would like to refer to them, they may do so.

The WITNESS: I can leave them all here.

The CHAIRMAN: They can be used for the information of the committee.

Mr. HENDERSON, K.C.: Just hand them in.

The WITNESS: You will find in this report a very important thing. There is one cigar store at the ferry in Detroit, which makes the boast—and I do not doubt but what it is true—that they sell more cigarettes than any five stores in New York.

By Mr. Henderson, K.C.:

Q. Right at the ferry?—A. Yes, almost on the ferry. All of these boats come in to Canada. That is what the store is there for.

By Hon. Mr. Bennett:

Q. More than any five stores in New York?—A. More than any five stores in New York. That is what they claim. It is recognized in the trade that that statement is true. That is the Sulphe store on the dock.

Q. That would mean a business of a couple of hundred thousand dollars a week?—A. Yes. Mr. Pitney of the United Cigar Stores is here, and he can tell you that is true.

By the Chairman:

Q. They come across the ferry into Canada?—A. Yes. These ferries are running every two or three minutes or so. It is a pretty difficult thing to stop every man. The trouble is that the smuggling of cigarettes is so easy that any

man can bring in from 400 to 600 cigarettes, and if he has an overcoat on he can bring in twice that many. I have been in this room quite a while this morning, and nobody would suspect I had any on me, but here they are (producing a carton of cigarettes from each hip pocket).

By the Chairman:

Q. Did you bring those in for the committee?—A. Yes, but they are duty paid.

By Hon. Mr. Bennett:

Q. How many cigarettes are there in these two packages?—A. 200 in each. This (indicating) is the style in which all cigarettes are packed. You would think they were made especially for the Canadian hip pockets.

By the Chairman:

Q. How much would a carton like that cost in the United States?—A. About $1.40, $1.30, $1.25, according to the cut price store rates.

By Hon. Mr. Bennett:

Q. What would they cost in Canada?—A. These sell around twenty-five cents a package, because they are an imported cigarette, and pay a tremendously high duty.

The CHAIRMAN: They sell for forty-five cents up here.

By the Chairman:

Q. Supposing you had cigarettes of your own in that package, what would be the cost of the carton?—A. The cheapest cigarette you can buy in Canada, which is any good at all, and which is simply a fighting brand—made to fight this thing; the manufacturers do not make any money on it—are 20 for 25 cents.

Q. Ten packages for $2.50?—A. Yes.

By Mr. Kennedy:

Q. What did you say the price was of those in Detroit?—A. $1.40; $1.30; there is a lot of cutting prices going on.

By Hon. Mr. Bennett:

Q. Your company pays something like $15,000,000 a year for excise, I think I saw from your annual report?—A. I think that is very likely, sir, but I am not quite sure of the figures. I would not like to say. It is probably more than that. We are one of the largest taxpayers in the Dominion of Canada, and are one of the greatest sufferers from smuggled cigarettes.

By Mr. Henderson, K.C.:

Q. Have you anything further?—A. Yes; I would like to mention one or two more points. I spoke just now about the smuggling on trains, the canvassing of factories, and the selling of cigarettes to students of universities, and all that sort of thing. I want to say that I am making no guess or wild statement, because if it were necessary—and I do not think it is; the Department knows—I could give you definite information along all these lines. On trains, and I am sorry to say especially by train crews, mail clerks—the Department knows something about it—there is hardly a branch of the train service which is not interested in some way or other in the smuggling of cigarettes. We have found newsboys selling them, and have succeeded in getting them fired, but it is the multitide of ways which brings up the quantity. Take the port of Lacolle, where we go into the States, to New York. Every Sunday

night there are thousands of Canadian cars containing people who have been in the States over the weekend, and I do not believe it is any exaggeration to say that these cars will contain on an average of a thousand cigarettes apiece. With four or five men in the car, what I had in my pocket just now, 400 apiece, totals a lot of cigarettes.

By the Chairman:

Q. I don't think you can estimate them all as high as that, Mr. Bourke. Lots of times there is a family in a car with ladies. You cannot make me believe the ladies have a thousand cigarettes with them. I would think one carton per car would be a good average.—A. I will not say the ladies do not have cigarettes, but they do not have as many.

Mr. BELL: With the present style in women's clothing, they couldn't bring very many.

The WITNESS: When I say "a thousand" I know there are many cars which have none. I do not say every car has cigarettes, but some have large quantities. As I said a moment ago, reputable business men bring them in, and we have known of that—of their bringing in from 400 to 600 cigarettes apiece.

The CHAIRMAN: Sometimes those who are supposed to set a good example are the biggest sinners.

By Mr. Kennedy:

Q. Do you think any of these business men who smuggle cigarettes would object to the smuggling of silk?—A. Very likely. I suppose smuggling is a human failing, but I think it can be prevented a good deal more than it is. Now, here is another thing which I think is good evidence, although perhaps you will not agree with me. It is the fact that statistics will show—and the Civil Service here can get the statistics—that in every country in the world the consumption of cigarettes in the last ten or fifteen years has increased enormously. Whether that is good or bad, I cannot say, but that is a fact. The only places we have been able to get definite figures from are Canada and the United States, which are very similar as regards per capita consumption. These figures show that in 1913-14 the per capita consumption of cigarettes was almost equal—

By the Chairman:

Q. Where did you get those figures?—A. (Handing statement to committee). You will find my authority for these figures at the bottom of this statement. In fact, I have some copies here for each member of the committee. The authorities are all there. The per capita consumption in these two years was about the same. To-day the per capita consumption in the States is about two and a half times ours, and it shows a steady and big increase year by year. In the Canadian figures you will see that in some years we even went back a little. Of course, I do not attribute all that difference to smuggling, but it does show the possibilities of what might have been if things had been normal. You will see that in 1925 our per capita consumption was the same as in 1922, and look at the big jump the United States made during that same period. Why should we not have had a considerable increase? Not as large, perhaps, I will admit, but why should there not have been an increase? The only answer is that a big proportion of our consumption is smuggled cigarettes. In the Argentine Republic, where the population is about the same as in Canada, the per capita consumption of cigarettes is about six billion, as against our two and a half billion.

By Hon. Mr. Bennett:

Q. You say, Mr. Bourke, that you thought the smuggled cigarettes into Canada would be about one billion? Estimating our population at ten million,

that would mean one hundred per capita, and if you add that to 2.74, you will get 3.74, as against the United States 6.41. Apparently there are other reasons than smuggling for the difference between the United States per capita consumption and ours.—A. I do not doubt it. I think one thing is the price. I would not attribute it all to smuggling, but I know very well that a large part of it is due to smuggling. The only reason why I am showing you these figures, giving you these reports, and telling you what I am telling you, is that I do not think our estimate of one billion cigarettes a year is over-estimated. Now, unfortunately, it is impossible to get the particular sufferers from this business, outside of the manufacturers, to give evidence. Some of the most bitter complaints we have had come from merchants in different parts of the country, especially from ocean ports and large cities, but they are all afraid to have their names mentioned and say "Don't you dare mention my name; I will 'get in wrong with so-and-so and so-and-so' "; but we have a pretty good idea of the facts just the same.

Now, you might ask me how I think some of this smuggling could be prevented. I think that is rather important. There are several ways in which it might be prevented; one is to remedy the extreme difference in price. Of course, I do not want to use this committee in another direction, but the two things are so closely involved—

The CHAIRMAN: Make your recommendations, and we can deal with them. If we can carry them out we will have pleasure in doing it, and if we can not, we will say so. Bring forward your suggestions, and we will do our best.

The WITNESS: I would like to file one of these statements of comparative consumptions.

EXHIBIT No. 129.

COMPARISON OF PER CAPITA CONSUMPTION OF CIGARETTES IN CANADA AND UNITED STATES—1913 TO 1925 INCLUSIVE

Year Ending March 31st	Canada							U.S.A.				
	Population	Stamp Tax Per M	Leaf Duty	Sales Tax	Total Tax	Production	Per Capita Consumption	Year Ending June 30th	Population	Total Tax Per M	Production	Per Capita Consumption
1913	7,527,208	2.40	.84		3.24	977,743,301	129·89	1913	96,093,771	1.08	14,294,895,471	148·76
1914	7,692,832	2.40	.84		3.24	1,166,707,610	151·60	1914	97,467,606	1.08	16,427,086,016	164·27
		May 22 1914										
1915	7,862,078	3.00	.84		3.84	1,090,125,936	138·65	1915	98,841,441	1.08	16,756,179,973	169·53
1916	8,035,584	3.00	.84		3.84	1,082,324,710	134·69	1916	100,215,276	1·08	21,087,677,077	210·42
1917	8,180,160	3.00	.84		3.84	1,307,276,750	159·81	1917	101,589,111	1.08	30,539,193,538	300·61
1918	8,328,382	3.00	.84		3.84	1,664,709,933	199·88	1918	102,962,946	1.08	36,959,334,804	358·95
		May 1 1918	May 24 1918									
1919	8,478,546	6.00	1.20		7.20	1,553,468,890	183·22	1919	104,336,781	2.05	38,104,738,310	365·21
1920	8,631,475	6.00	1.20		7.20	2,440,982,912	282·80	1920	105,710,620	3.00	50,450,793,231	477·25
				May 19 1920								
1921	8,788,483	6.00	1.20	.24	7.44	2,439,832,678	277.61	1921	107,968,496	3.00	45,064,777,796	417·39
				May 10 1921								
1922	8,940,150	6.00	1.20	.36	7.36	2,450,397,154	274·09	1922	110,226,372	3.00	50,058,250,357	454·14
		ay 24 1922		May 24 1922								
1923	9,082,840	7.50	1.20	.61	9.31	1,917,773,908	211·14	1923	112,484,248	3.00	60,878,295,907	541·22
		May 11 1923		Jan. 1 1924								
1924	9,226,740	6.00	1.20	.72	7.92	2,420,052,731	226·28	1924	114,742,124	3.00	70,023,538,012	610·27
				April 11 1924								
1925	9,226,740	6.00	1.20	.60	7.80	2,531,693,150	274·38	1925	117,534,000	3.00	75,026,112,265	641·25

Canada's population was obtained from the Canada Year Book.
Canada's production was obtained from the Government Blue Book.
U.S. population was obtained from the American Consul in Montreal.
U.S. production was obtained from the United States Tobacco Journal.

These figures will show that we have gone back in production. I might say that I believe our consumption is very nearly as large as the States, although not quite, but these, (indicating) are production figures. Our production went back as the tax went up, and in one year the tax was raised so high that the government actually lost revenue on it, and the following year they reduced it, but the harm had been done. The smugglers had got started. They started in 1919, and will be hard to eliminate. I do not think the reduction in the price even, would reduce smuggling immediately, but as the months roll by it would have a good effect. That is one of the particular reasons; to reduce the temptation to the ordinary man to bring over 400 or 600 cigarettes in his pocket.

Another good thing, I think, would be to increase the number of officers in the different Custom houses, and insist on a more rigid examination. Every time I go into the States they search me pretty thoroughly, and search my bag, put their hands up and down on me like this (indicating) to see what I have got. I understand the Canadian officers are not allowed to do that. I suggest they should be. I have been told—I do not know whether I am right in that—that that constitutes searching; it is technical searching, and the Canadian government officers have not the right to search.

The CHAIRMAN: Many people would resent it.

The WITNESS: They would resent it, but in the States they have to stand for it, and Canadians going into the States have to put up with it. As I said before, we have no objection to American tourists bringing in a few cigarettes, or a carton, if they want to. I think they are allowed 100. I have no objection to that, and I have no objection to a Canadian citizen returning and bringing back a few, but when it comes to their doing what they are doing now, I do object, and we think the government is losing a lot of revenue, and the Canadian workmen where the Canadian factories are situated, are losing lots of employment.

By Mr. Bell:

Q. You say that on entering the United States, as an agent, you have to submit to a body search?—A. I have done it.

Q. And you suggest that perhaps the body search should be extended to people entering Canada, whether they are agents or not? The reason I ask that is that the searching of persons entering the United States—undergoing a body search—is not much done.—A. No, but they have the right to do it.

Q. But they do not exercise it in general. I may say it is something I have never seen, and I have crossed a great many times.—A. I have seen it. I saw it last week. They did not search us all over, but I saw a man take my overcoat off the hook and look in all the pockets.

Q. I want your idea. Do you think the body search should be extended to all persons entering at border points?—A. No, I do not think so, but I think the Customs officers should have the right to do it, if they have reasonable grounds for suspicion.

By the Chairman:

Q. They have it at Montreal sometimes?—A. I understand that they could get the right.

Q. They have to use their brains?—A. Anyway, the right to search would not help much, but a more thorough search; we all know that with two or three officers they cannot examine the ferry. Take the Windsor and the Detroit ferry as an example; that is about the worst one there is. If the present staff of officers tried to examine every one of these ferries, where they run two or three ferries every minute, it could not be done, but if they had more officers and made

a point of taking, by chance, every tenth or fifteenth man or woman—and they could have more women officers to search the ladies—I think they could find something remarkable there.

By Mr. Henderson, K.C.:

Q. I think Mr. Pitney has some figures on it.—A. Yes. Another suggestion, Mr. Chairman, is that for smugglers who are caught, the punishment should be more severe than it has been. The judges seem rather lenient with a smuggler. They seem to think that his crime is in being caught. I can give you an instance where the punishment, even in Montreal, in dozens and dozens and dozens of instances was not very severe. There was a fellow, with ninety-five thousand cigarettes on his shelves, with the prices and everything else, doing a land office business. It was the second offence and he was let off on the plea that he would never do it again, and he had ninety-five thousand cigarettes, the duty of which would be twenty-five or thirty thousand dollars. I do not know, but the value of the Canadian goods—the Excise duty would be about eight thousand dollars, and there was a fine imposed of two hundred dollars.

Q. On cigarettes, you say?—A. On cigarettes.

By the Chairman:

Q. That happened recently?—A. Yes.

By Hon. Mr. Bennett:

Q. The only way in which that could be changed would be by increasing the minimum fine in the Statute?—A. The Statute to-day says that that man should have gone to jail, and that was ignored. I did not want to have the man go to jail, but I think he should have been fined thousands of dollars.

By the Chairman:

Q. Where did you get that information?—A. In the Montreal courts.

Q. By the papers? Taking it from the papers?—A. No, I got it from—

Q. Who was the man who told you? Are you willing to give his name?—A. Yes.

Q. Do you believe a man who made such a statement but does not want to give his name, to see whether it is subject to verification?—A. When I heard of that I spoke about it to one of our clerks, when the case appeared in court, and he said the case was put off from week to week, from Tuesday to Tuesday, and the following Tuesday it was called again and he was eventually fined two hundred dollars. He also told me yesterday that he understood a wire had come from the Department to the Officers of the Crown to appeal that judgment. They said it was not fair enough.

Q. The Department appealed from the judgment?

By Mr. Henderson, K.C.:

Q. You are not criticizing the Officers of the Department?—A. Not at all, because I believe they are going to appeal that judgment, but I do say that the punishments are not severe enough.

Q. What has been your experience with the officers of the Department at Ottawa, as to their being satisfactory?—A. Splendid.

Q. You have no complaint to make against them?—A. No. Mr. Taylor told me, about six months ago—and I have seem them both, Mr. Farrow and Mr. Taylor—he said, "Mr. Bourke we are always glad to see you because you always give us something concrete," and they know they have something, even on our information and got a lot of seizures and had people fined.

Q. what I would like to emphasize is, you are not smuggling anything against the officers of the Department?—A. No, the other way about; there are not enough Customs Officers and not enough supervision.

By the Chairman:

Q. You are recommending the appointment of more Customs officers?—A. Yes.

Q. They are undermanned?—A. Undermanned; very much so. I do not know that I have anything else to say. If you want to ask me anything I will be glad to tell you. I would suggest that one of these (indicating document) be handed to the clerk.

The CHAIRMAN: Yes, we have copies here.

By Hon. Mr. Boivin:

Q. Have you any idea, Mr. Bourke, how low we would have to reduce the Excise duty, on cigarettes, to prevent smuggling?—A. You cannot prevent it.

Q. There always will be a duty on imported tobacco?—A. Leaf.

Q. The United States does not have to pay that duty?—A. They have no leaf duty.

Q. They pay a straight excise tax of three dollars a thousand?—A. Yes.

Q. And in Canada it is six? We have to pay a Customs duty on tobacco, a sales tax?—A. Yes, it comes to $7.80 a thousand on cigarettes.

Q. What effect on the selling price of cigarettes, would a $2.00 reduction have on smuggling with a $6.00 tax?—A. Six dollars to the thousand. The reduction would mean that some cigarettes would be sold, ten for ten cents. The reduction to the consumer would be greater than the two dollars. Take some of those superior brands of cigarettes like "Players," which to-day sell at eighteen cents, they would sell for fifteen cents. A three dollar reduction would make it absolutely certain. I am not a manufacturer, but I do not believe the two dollar reduction would be enough to put $2.50 or $3.00—

Q. If I understand it, this six dollar rate is the same on all quality of cigarettes?—A. Yes.

Q. There is a higher rate on a heavier cigarette?—A. Yes.

Q. That is the standard size that you refer to, where you mention the six dollars?—A. Yes.

Q. Are there very many American imported cigarettes imported into Canada?—A. A very small proportion in proportion to the consumption of cigarettes, but there are a number. We are the agents of several lines ourselves.

Q. They are very expensive in Canada, I suppose?—A. They are.

Q. The Customs duty is very much higher than the Excise duty?—A. Very much higher, yes.

Q. There would be no advantage in reducing the Customs duty, to prevent smuggling, of course?—A. No.

By Mr. Kennedy:

Q. Where do you get your leaf tobacco?—A. Mostly in Virginia and Carolina.

Q. Do you get it cheaper than using the Canadian leaf?—A. The Canadian leaf is used extensively in Canada for a great many tobacco products. As regards the manufacture of a good Canadian cigarette, the Canadian leaf is not suitable, except in small quantities. It is a different type of leaf.

By Hon. Mr. Boivin:

Q. One other question, if the committee will allow me. You said something with reference to stores in Detroit?—A. Yes.

Q. About the quantity of tobacco, cigars and cigarettes?—A. Yes.

Q. Do you know if there are very many American cigars smuggled into Canada?—A. I understand there is considerable tobacco but not many cigars. We operate a cigar factory and we have had complaints about smuggling cigars, but they have not been very numerous. There are two prominent tobacconists here who can tell you more about that than I can.

Q. I understand your firm makes the Robert Burns cigars?—A. Yes.

Q. The same cigar is made in the United States?—A. Yes.

Q. What is the difference in the retail price of those cigars?—A. I could not tell you now because they are the same.

Q. There is less incentive to smuggle cigars than there is to smuggle cigarettes?—A. Yes. In fact there would be no reason at all to smuggle those particular cigars of that particular line in there.

Witness discharged.

FREEMAN PITNEY called and sworn.

By Mr. Henderson, K.C.:

Q. Where do you live?—A. In Toronto.

Q. And your occupation?—A. President of the United Cigar Stores Limited.

Q. Your company carries on business over what portion of Canada?—A. Practically all over Canada, with the exception of the Maritime Provinces.

Q. And you have a number of stores in the larger places?—A. Yes.

Q. How many stores have you got all together?—A. About three hundred.

Q. In Canada?—A. Yes.

Q. Would you be good enough to let the committee have your understanding of the smuggling situation, with the experience of the effect of smuggling on business?—A. I have just have a few figures on retail sale.

The CHAIRMAN: Speak loud.

The WITNESS: I just have a few figures on the retail sales. The percentage of cigarettes as compared with our total business in Canada is 33½ per cent, that is, including Windsor, and other border towns; in Windsor, the cigarette business is 16 per cent. It produces 16 per cent, or a little less than one-half. At the other border cities, such as Chatham, London and St. Thomas, it runs about 18½ per cent. We believe that all that decrease is on account of the smuggling of cigarettes. In Windsor, about the only time we sell any Canadian cigarettes, is after the ferries stop at night, and it happens that somebody wants a package after half past eleven. Our sales of cigarettes in Windsor, at frequent times in the month will double and sometimes treble, and in endeavouring to find out what causes that, we found that instructions had been issued to the Customs officers there to tighten up on cigarettes.

Q. It is well known that orders were given to tighten up on cigarettes?—A. Yes.

Q. And do things tighten up?—A. Yes.

Q. That is reflected in what way?—A. By a doubling or a trebling of our cigarette sales at once. At our Montreal branch our cigarette sales decrease about 10 per cent in the summer, on account of the fact that the automobile roads are open, and a lot of people go down to the United States on holidays and so on. To give an idea of the extent of that, there is one cigar store in Detroit, right at the station, right at the ferry station, which last year did a retail business of $650,000.

By Hon. Mr. Bennett:

Q. How much, did you say?—A. $650,000.

By Mr. Henderson, K.C.:

Q. You mean it did a retail business of $650,000?—A. Yes. These figures are authentic. They make no bones about saying that at least 90 per cent of

their business is done with Canadians. As a matter of fact, that is the only reason they have for having that store. All the clerks are very much interested in explaining to Canadians as to how they can smuggle cigarettes across. They run at extreme cut prices, so that a man is almost forced to buy two, three or four cartons of cigarettes to bring across for himself and his friends. There is another store about half a square from this particular one, which last year did a business of $165,000. In addition to these stores in Detroit, there are perhaps four or five other stores within one block of the ferry station, and I have no doubt that these did a million and a quarter's worth of business last year, of which at the very least, 90 per cent was with Canadians. In Rouse's Point there is one store which last year did a business of $75,000.

By Hon. Mr. Bennett:

Q. What is the population of the town?—A. Probably 2,500; I do not know how large it is. Seventy-five per cent of their business is done on Sunday. Canadians are lined up waiting to get into the store all day Sunday; with the automobiles, you can hardly get by on the street there. In Plattsburg, N.Y., there is one store that did a business of $125,000 last year, of which 75 per cent was Canadian business. The great majority of the sales in these particular stores are to consumers themselves; they bring them in for their own smoking, and for their friends. My friends particularly take great delight in letting me know how many cigarettes they bring in from time to time. Then of course, there is a lot of wholesale smuggling done by these little fellows. We have an awful lot of complaints of trainmen bringing in cigarettes for friends. They also bring them in for sale. We have also on several occasions found that there was an office to office canvass by men and women, both in Montreal and Toronto, selling American cigarettes without the stamp. I agree with Mr. Bourke's statement that there is at least one billion cigarettes per year brought in. In Windsor, as near as we can figure it out, there are about 6,000 Windsor citizens employed in Detroit; ninety per cent of them probably smoke, both men and women, and there is never a retail cigar store in the town that sees one of these people. They buy their cigarettes and tobaccos in Detroit.

By the Chairman:

Q. Ninety-five per cent?—A. Ninety-five per cent probably smoke. They bring them in in dinner pails. With the labouring men, the popular place seems to be a dinner pail. They carry dinner pails purposely to bring cigarettes in; they do not carry their lunch over there. That seems to be the general rule.

By Hon. Mr. Stevens:

Q. I suppose that most of them would bring less than the prohibited number?—A. In an ordinary sized dinner pail, they can probably bring 200, ten packages.

By Mr. Calder, K.C.:

Q. Do they bring anything to the United States, in their dinner pails?—A. Not their lunches.

Q. I am not talking about lunches?—A. They do not carry liquor.

By Hon. Mr. Bennett:

Q. Do you think a reduction of the Excise duty would have a marked effect upon it?—A. I do not think so. Our cigarettes are far superior in quality to those made in the United States. Our cheapest cigarettes here sell for twenty or twenty-five cents, while similar cigarettes in the States sell as cheap as eleven cents. One dollar fifteen cents per carton of 200 cigarettes is the regular price.

By the Chairman:

Q. They save their fare between Windsor and Detroit?—A. Yes. It only costs ten cents to go there and back.

By Hon. Mr. Bennett:

Q. You are not manufacturers in Canada?—A. No sir, we are purely retailers.

By the Chairman:

Q. Do you not make your own cigars?—A. No sir, we manufacture nothing.

By Hon. Mr. Bennett:

Q. Is there a similarly striking difference between cigars and cigarettes at the points you have mentioned?—A. The smuggling of cigars, to my mind, does not amount to anything at all, for various reasons. Our goods are far superior to those made in the United States, and the prices are practically the same. Our tobacco is far superior also, so that there is very little in that.

By Mr. Kennedy:

Q. How do you account for the difference in the smuggling of cigars and cigarettes?—A. If we had the same tax in Canada as in the United States, the smuggling would be the other way, probably.

Q. That is the only reason?—A. Yes.

By Mr. Calder, K.C.:

Q. Is the Excise on cigars and cigarettes different? Here is it the same Excise on cigars and cigarettes?—A. No, cigars are far higher. There is a special Excise on cigars.

By Mr. Henderson, K.C.:

Q. Do you say the quality runs about the same, in cigars and cigarettes?—A. Better.

Q. You claim a better quality?—A. Yes.

By Mr. Kennedy:

Q. I understood you to say you did not know what the Excise was on cigars in the United States?—A. No.

Q. For that reason you can hardly say that the reason for the difference between Canada and the United States was the similarity between cigars and cigarettes in Canada, that that was the reason, that the price was about the same?—A. I presume that that is so.

By the Chairman:

Q. Do you think the reason they complain about cigarettes and cigars so much at Windsor is that they are undermanned at the Customs?—A. Yes, sir. I have come across when there was a ferry-load of people, when there was only one Customs man on duty.

Q. Would that be during the day?—A. Yes. It was impossible for him to check up. It is the same at Rouse's Point, Niagara Falls, or any of those points. I have never come across at any of those points when there were enough men on duty.

By Hon. Mr. Bennett:

Q. How long have you been engaged in this business?—A. Ever since the organization of the company three years ago.

Q. Before that, did you observe anything?—A. Before that I cannot say anything, I do not know.

Witness retired.

H. B. HYMAN called and sworn.

By Mr. Henderson, K.C.:

Q. Mr. Hyman, what is your full name?—A. Harry B. Hyman.

Q. Your place of residence?—A. Montreal.

Q. What is your occupation?—A. I am president of S. Hyman, Limited.

Q. Tobacconists?—A. Tobacconists.

Q. Have you been in the business for some years?—A. The firm has been in existence about fifty years.

Q. And you yourself?—A. About twenty-six years.

Q. You have been engaged about twenty-six years in connection with that business.?—A. Yes.

Q. Will you add something to what the two previous witnesses have said, as to the effect of smuggling upon the tobacco business in Montreal, as you see it?—A. Between Mr. Bourke and Mr. Pitney, I think they have pretty well covered the ground.

Q. There was not very much to tell about wholesale smuggling. You will deal with that and we will not duplicate?—A. Up until last year, when we got tired of appealing to the smugglers—I mean the smugglers are now giving up the idea of appealing to us. In 1923 and 1924 we had a great many specific instances where they would come in to our place and attempt to sell cigarettes, never less than 80,000 and up to 100,000, prepared to deliver them in about ten minutes. Whether they had them outside on a truck or not, I do not know. They never repeated; it would be always a different gang the second time. When we said we were not interested, they immediately made themselves very scarce.

By Hon. Mr. Bennett:

Q. At what price?—A. A very close price. Very low.

Q. Very much less than the Canadian market price?—A. Very much less than our Canadian price, ridiculously low.

Q. Fifty per cent, seventy-five per cent?—A. On the whole I do not think the wholesale smuggling is anything like what the consumer smuggling is, when you take it in bulk.

Q. A very limited number in one case, and a very large number in the other?—A. Yes. Another thing we are very much troubled with is the ocean traffic. There is hardly a steward or a sailor on a ship that does not bring in a quantity. Not long ago I was in the house of one of my friends, who took delight in showing me that he had at least 1,900 Three Castle cigarettes, and they considered that a joke on us retailers. But we could not see the joke.

By Mr. Kennedy:

Q. You did not recommend the prosecution?—A. No. What was the use. We are not detectives. We are tobacconists. I had the opportunity of motoring in 1923 and 1924 through Windsor and Detroit, and I think Mr. Bourke and Mr. Pitney covered that, but speaking of the individual firms on the Canadian border, it is practically impossible for them to sell a Canadian made cigarette.

Q. Generally speaking, your experience tallies with theirs?—A. Absolutely; it is most evident, and I do not think that there is any question.

Q. You corroborate Mr. Pitney?—A. Yes, absolutely. I think also that the question of reduction of duties arises, but I realize that this is not a tariff board.

Q. We would like to know about that.—A. I think that it would be necessary that a sufficient reduction in the import and excise tax should be made, in order to allow competition under the present circumstances, and also to encourage consumption, as you must give cigarettes to the consumer at a less price. But if you come along with a reduction of two or two and one-half cents, you are not going to accomplish anything.

By Mr. Kennedy:

Q. You want a cut in the customs and exise?—A. Yes.

By the Chairman:

Q. You want to be on the same level as the American cigarettes?—A. I would not say the same level, but substantially so. There will not be such an opportunity for smuggling if we are given that consideration. I know that there are lots of friends of mine who are poisoning themselves smoking these cigarettes.

By Mr. Kennedy:

Q. Are the manufacturers with you?—A. Yes, I think if you went into it, that they would agree with us in connection with the tax, that they consider it is all wrong.

By Hon. Mr. Bennett:

Q. The leaf duty is only $1.20?—A. When you consider the various taxes, it comes to quite a lot.

By Mr. Kennedy:

Q. You think that a reduction should be made on both the leaf and the finished tobacco?—A. Yes, you can not take it off the cost; I think that it has to come off all around.

By Mr. Henderson, K.C.:

Q. If there is anything that you wish to add—

By the Chairman:

Q. Have you any suggestions to offer to stop smuggling?—A. About the only recommendation I could make, if I had anything to do with it, would be efficiency and honesty in the Customs Department. I am not in the department, and I do not know. If there was efficiency and honesty, it would assist a great deal.

You asked about the importation and smuggling of cigars; that actually exists in importing Havana cigars. The duty on Havana cigars is from $6.00 to $8.00 a hundred. In the summer time when the American comes in here, we do not get his cigar business as they bring their cigars with them.

By the Chairman:

Q. They are an expensive cigar? Do they bring in a thousand of them? —A. No, not that much; they bring in sufficient to take care of themselves while here.

By Mr. Henderson, K.C.:

Q. In a sporting party, it would be quite a number?—A. In 1914, there were about ten million came into Canada, and in 1925, there was only one million. The low tariff produced the revenue, and the high tariff kills the goose that lays the golden egg.

By Hon. Mr. Bennett:

Q. They put up the excise a couple of years ago?—A. Yes, that is what my struggle was.

Witness discharged.

Mr. HENDERSON, K.C.: I have some representatives from the Montreal Board of Trade, and I will call Colonel Stalke.

ROBERT STALKE called and sworn.

By Mr. Henderson, K.C.:

Q. What is your place of residence?—A. Montreal.

Q. And you are President of the Montreal Board of Trade?—A. Yes.

Q. I understand that you have a statement to make with reference to smuggling?—A. Yes, this contains six important recommendations from the Montreal Board of Trade, who represent the merchants of Montreal.

"The Council of the Montreal Board of Trade, representing over eighteen hundred business men of the City and district of Montreal, desires to make the following representations to the Special Committee investigating the administration of the Department of Customs and Excise.

(1) It is the opinion of the council from its own knowledge of general business conditions, that there has been wholesale smuggling into Canada. The members of council are not here to give evidence as to any particular instance as, after a perusal of the evidence already given before the Committee, it appears to them that the Committee already has abundant evidence on which to act.

(2) The fact that there was wholesale smuggling going on was apparently accepted by the Prime Minister on 1st June, 1925, as he is reported in Hansard (page 3778) to have said: 'The government in this legislation is seriously endeavouring to overcome a very grave evil that has developed on a vast scale within the last few years . . . . . , but some of those who believe themselves to be well informed estimate that anywhere from $50,000,000 to $100,000,000 a year is being lost through smuggling operations.'

With reference to the legislation, the enactment of which the Prime Minister was urging in the speech above referred to, and which was subsequently passed, it is only necessary to say that in our opinion the results up to the present time have been negligible.

(3) The conditions above referred to have seriously injured legitimate business and some of our members will appear before this Committee to state what they believe has been the effect of the smuggling on their own business.

(4) The Council believes that the main cause of this smuggling has been gross incompetence and connivance on the part of certain Customs officials.

(5) The Council further believes that the prevention of the chief inspector from exercising his authority in Montreal, and the creation of special control in the Montreal District, has had very serious effects. There should be one inspector with universal control, who will see that the system is adequately and uniformly administered through the whole of Canada.

(6) The Council is of the opinion that the most effective method of insuring a strict and adequate enforcement of the Act would be to place the whole Customs Preventive Service in the hands of the Royal Canadian Mounted Police, a force which is in a position to enforce the Act without fear or favour.

On behalf of the Council of the Montreal Board of Trade.

(Signed) ROBERT STALKE,
President."

Q. Have you anything to add?—A. I have nothing to add.

Witness discharged.

JAMES M. MACDONELL called and sworn.

By Mr. Henderson, K.C.:

Q. Your residence?—A. Montreal.

Q. And occupation?—A. Trust Company manager.

Q. You are here as a member of the Council of the Montreal Board of Trade?—A. Yes.

Q. You have some remarks to make on the question of smuggling?—A. Yes.

Q. Will you proceed in your own way?—A. I have been asked to make a few remarks following remarks of the President. And I should say to begin with, as the President has already stated, that the members of the Council of the Board of Trade of Montreal represent nearly two thousand business men in Montreal. There is not a single kind of business carried on in Montreal that we do not represent. We are non-political; we represent both Liberals and Conservatives, and even Progressives, if there are any in Montreal since Colonel Calder left.

We are here to-day as members of our association, after reading the evidence which discloses such an alarming state of affairs in connection with the smuggling which is being carried on. This, of course, is no new thing; it has been a matter of common knowledge for a considerable time. I may say that it was brought to the attention of the then Minister of Customs in October, 1924, as to this state of affairs, and it is nothing less than the truth. It is a state of affairs which is being commented upon wherever business men congregate.

By Hon. Mr. Bennett:

Q. In writing, were your representations to the Department of Customs in writing?—A. Yes, the secretary of the Board has a copy of them. It is because of the conditions which are existing, and the alarming evidence which has been given, that we are here to-day. Colonel Stalke has stated that we are not here to give evidence on particular points. We consider more than enough evidence has been given here to you gentlemen, more than sufficient to convince you of three things. In the first place, the business men all over the country, are being subjected to a wicked form of competition that stabs them in the back. These people will not come out in the open, but work underground, and there is no honesty of action in the minds of any one of them.

In the second place, the public treasury is being defrauded of huge amounts. Whether the amount referred to by the Prime Minister in the speech referred to by Mr. Stalke is correct or not, we are not able to say, but it is an enormous sum. We hope that the citizens of Canada will take into consideration the figures involved, which amount to nearly half of the amount which is collected through the income tax. He stated: "It is, I suppose, impossible to give accurate figures of how much is being lost to the country in revenue, but some of those who believe themselves to be well informed estimate that anywhere from $50,000,000 to $100,000,000 a year is being lost through smuggling operations." We suggest that the evidence which has come out would shock any decent-minded man. We are here as members of an association, and would like to impress you gentlemen with these things, and suggest strongly that some remedy must be found to enable the business man to carry on his business honestly, without this dishonest competition, and that some action be taken to eliminate this competition, and save the government from being defrauded out of these huge sums.

We might mention what the Prime Minister stated on June 1st, 1925, and with your permission, I will read one or two quotations: "I regret to say smuggling has reached the point where our Customs officials find themselves quite incapable of coping with it effectively." I think that, gentlemen, would cause anybody to blush to hear it. He further states: "Smuggling, if it has not become a profession, has become a trade with large numbers of men and women, and a disreputable trade to be sure, but sufficient of an occupation to many for them to be engaged continuously in it."

Now, as a result of this situation in the House of Commons, at the time certain legislation was passed, and I suppose hopes were held out that it might be effective, but we were grievously disappointed with the results, and so far as you can learn, it has resulted in nothing.

We are told by responsible persons that it is a matter of fact that the Preventive force has been increased by sixty-seven, who have been added, and we also know that more than half have been discharged. If that is true, it is a disgraceful state of affairs for us to contemplate.

Notwithstanding that, we are confident that there is enough honesty and ability to remedy this state of affairs, and as I have stated, we are looking to you gentlemen to provide a remedy. We, ourselves, have certain suggestions, which have been put before you, and we believe the suggestions, if loyally carried out, would remedy conditions. We are not egotistical enough to think that those are enough. We recognize that you gentlemen have before you the evidence upon which you can act, and are men of experience and ability, which will enable you to devise a remedy. If you are able to arrive at some solution, and provide a remedy, no one will be better pleased than ourselves. And we wish, gentlemen, to impress you, with all the earnestness of which we are capable, that we believe the business community is thoroughly aroused on this question. That is the reason that we are here to-day, at some inconvenience to ourselves. They are looking to you to make this committee a real thing, and not like some other committees which have existed in this country, and they will hold you responsible that you will go forward boldly and courageously to remedy these conditions.

By the Chairman:

Q. In other words, this is a business committee, not a political committee? —A. Yes, sir.

Hon. Mr. BENNETT: But you must remember, Mr. McDonnell, that the members of this committee can only recommend; the enforcement of its recommendations rests with the administrative side of the government.

[Mr. J. M. MacDonell.]

The WITNESS: Yes, but we have some confidence that if this committee recommends, its recommendations will not be overlooked.

The CHAIRMAN: We hope to make a business report and trust that it will be followed.

By Hon. Mr. Bennett:

Q. Do you think the regulations of 1925, if enforced by the Mounted Police, would be sufficient?—A. I believe the legislation is not at fault; it is the administration. I believe there is force enough, if the matter were righteously done, to enforce that legislation.

Q. I am asking you if you think the Mounted Police should be the enforcing body, and would be a sufficiently strong arm to carry out the enforcement?—A. Yes, sir. I have been a soldier, and I believe a soldier carries out his orders, and that is what we want.

Q. You think that would be sufficient?—A. Yes.

Q. Your report recommends that?—A. Yes.

Q. And you have made some personal observations, and that is your personal feeling?—A. Yes, sir.

Witness discharged.

GIFFARD LAFOLLEY called and sworn.

By Mr. Henderson, K.C.:

Q. Mr. Lafolley, your residence is Montreal?—A. Montreal, sir.

Q. And what is your occupation?—A. Senior Canadian partner, Mark Fisher Sons and Company.

Q. And you are here representing the council of the Montreal Board of Trade?—A. And also in my capacity as a merchant.

Q. Will you be good enough to state to the committee your views of the effect of smuggling on trade in Canada? Your particular trade is the wholesale woollen trade?—A. Our particular trade is wholesale woollens, tailors' trimmings, silks and linen.

Q. How do you find business affected?—A. Business is being affected very adversely by the quantity of goods brought into Canada. If I may make a statement, this committee is investigating smuggling. The whole attention has been drawn to the word "smuggling"; I want to couple with that another word, "undervaluation", as well as smuggling. May I be permitted to make a statement? For the past four years the market has been flooded with enormous quantities of goods, notably silks, unmanufactured and manufactured garments, woollens, tailors' trimmings, and other goods. The situation created by this is very serious. These goods have been sold at such very low prices that they do not show any profit upon the bare warehouse expenses, and the continuity of this class of merchandise being unloaded on to the trade, leads one to infer that by some process of smuggling, and undervaluation, the Customs authorities of Canada are not getting their just dues, and the business community engaged in the selling of similar lines, is suffering. Let me add right here that all the goods are not sold on this low basis, but a sufficient quantity is sold to depress the value of all similar goods. As a result, when the Customs do not get their right dues, the business community suffers, and our country suffers. Our country suffers in two ways; in the loss of the duty which they should have collected, and again in the loss of the income tax which would have been paid had firms doing an honest business handled the same line of goods with a profit. That is, perhaps, as concise a statement as I can make of the evil as it affects our own business. Growing out of these abuses, the business mind naturally turns to something which might be done to counteract this. Am I permitted, as an ordinary, plain business man, to make a statement?

Mr. BELL: Yes, certainly.

The WITNESS: To counteract this evil, I might make one or two suggestions. That the patrolling of the boundary line between the United States and Canada should be placed under the Royal Canadian Mounted Police, who would be directly responsible to the Minister of Justice. In addition to, and working in conjunction with the Royal Canadian Mounted Police, there should be created a first class secret service, entirely free from any political influence. This service, to be efficient, must be in the hands of capable, honest, experienced officers, and a branch of this service to be established in England, preferably in the north—Manchester having been mentioned—where they could watch all English and Continental shipments to this country; another branch of this service to be established in New York. Your Customs Act could be so changed that all invoices of every shipment coming to this country could reach your secret service without any trouble. A list of all shippers to this country, both from England and foreign countries, could be furnished to your secret service, and they could easily verify and check all goods coming here. Further than that, as a business proposition, I would advocate the creation or appointment of one or two judges. You might call it forming a separate court of Justice, the present administration of the law as regards punishment to offenders, being entirely unsatisfactory. All cases should be tried in open court, and no one should be allowed to effect a private settlement, even at the demand of the highest officer in the land. Should any individual, firm or corporation be found guilty of deliberate misrepresentation, or deliberately conspiring to defraud the Customs—because there is a lot done with due deliberation—then after making restitution to the court and government, in addition there should be served a jail sentence by the individual or partner, and he should be debarred from doing business in Canada, directly or indirectly, for a period of twelve months after conviction, and they should also lose their citizenship for a period of five years.

Another evil which is apparent and which can be rectified is that manufacturing establishments now in existence along the boundary line separating the United States from Canada, should be subjected to a careful and regular inspection, and no firm should be permitted to manufacture except at a certain distance from the boundary line. These would rectify the evils which cause a tremendous loss to Canada at the present time.

Gentlemen, as a plain, ordinary, business man, I have said all I can say. Our business has been affected adversely since 1922. We were quite prepared to allow and grant you that a certain amount of distress goods comes to this market, but there is an end to distress goods, and any continuance to-day has a very bad effect. May I add that in our silk department for the last two years. I do not think we have met even warehouse expenses.

By Hon. Mr. Bennett:

Q. Just a moment, before you leave. Will you explain to this Committee what you mean by woollens being "undervalued"? How would that come about? —A. How they would come to be undervalued?

Q. Yes.—A. I am not very well posted as to the undervaluation of woollens or how it can be done; but we have a glaring example in Toronto of how it can be done. There is a case in Toronto, where a certain party was mulcted and fined. That man was in opposition to us for twenty years; sold goods at prices which we could not meet in honest competition. That is the way it was done.

By Hon. Mr. Bennett:

Q. By undervaluation?—A. By undervaluation, connivance on this side and on the other side.

Q. That would be connivance by the consignor and the consignee?—A. Yes.

Q. There are appraisers, under the existing law, who can overcome that trouble?—A. You are putting a very big load on your appraisers. I believe, in Montreal, we have some appraisers, who are doing their duty as well as they can do it, but if pieces of goods are undervalued we cannot cope with it.

Q. The United States have dealt with it and made a success of it latterly? —A. The United States only imports from two and three quarters to three per cent, and the rest is manufactured.

Q. In the port of New York they had this matter for many years subject to discussion, and they deal with it now adequately. What I cannot understand is how undervaluation can happen with respect to tailors' goods and trimmings —I do understand with woollens—how that can happen in this country?—A. When you meet competition, which is practically at your own cost and it continues from the beginning till the end of the year, not on old fashioned goods, you begin to ask the question how this thing can exist.

Q. I cannot see how it can, unless they were smuggled?—A. I think, perhaps, the smuggling of goods from Great Britain would be a rather hard thing to do, but undervaluation is comparatively easy.

Q. Would that, in your opinion, refer to sales that take place periodically among the woollen trade?—A. I might say that goods can be bought and paid for in cash and reshipped by somebody else, that invoices can be so altered thereafter, that they are not recognizable when they get into the—

By Hon. Mr. Stevens:

Q. The woollen mills or the manufacturers sell to the exporting agencies and illegally and fraudulently make the invoices out at a lower price than is actually right. Then, in checking back, for instance, the Canadian Customs Inspector over there would find the entries all right?—A. That is correct. You have all the tallies with the lengths on the tickets and the prices to supposedly represent the values of the goods, but the values would be wrong and the tickets would be wrong.

Q. In order to check that, it would be necessary for the Customs Inspector to check back from that agency to the mill?—A. Practically, yes.

Q. The manufacturer sells the goods?—A. Yes.

By Mr. Kennedy:

Q. Have you made any investigation that would enable you to say just how much of those goods is smuggled into Canada in any one year?—A. No, I have practically no means of knowing the quantity, but it is enormous.

Q. When you make the statement that there is a lot of these goods smuggled in, on what do you base your statement?—A. In the fact that we can purchase goods in Montreal cheaper than we can import at retail.

Q. As to the other statement that you made, that only part of these goods were sold at a low price, not enough to demoralize the market—have you any idea that there is a system whereby the people sell a certain portion of them at the regular price and allow some to go at a lower price?—A. I think that all goods that are smuggled are sold on a basis which prevents any one else making a profit but the firms that are engaged in the trade of smuggling goods.

Q. How do you arrive at that conclusion?—A. By following certain prices, following merchandise, how it is sold in different stores.

Q. With regard to the Mounted Police and keeping political influence out of the Preventive Service, you recommend that it be handed over to the Mounted Police, under the control of the Minister of Justice. Of course, previous investigation has shown that the Mounted Police has a splendid record in that regard, but do you think that the Minister of Justice is more likely to remain free or be free of political influence than any other Minister of the Government?—A. If he is the Minister of Justice, he should be.

Q. I do not know why any other Minister should not be as free as the Minister of Justice? It is very easy for any one to come along and say, "have this Preventive Service outside of political appointments", but the difficult matter is to know how it would be done.—A. I quite agree with you that if the situation was easy, we would not be here; neither would this Committee exist.

Q. I understand that the Civil Service Commission was appointed with the idea of taking the Service out of politics?—A. I am simply an ordinary business man. I should like to see the law so administered that everybody would have an equal chance with his neighbor. It is not so at the present time. In their wisdom the Committee might be able to make recommendations which I am not au fait to do. What we are striving for is honest, efficient service. Canada is going through a very hard time—and there are those who can tell you how hard a time we are going through—and it should not be made harder by imposing more difficult conditions.

By Mr. Bell:

Q. In regard to what you said, in regard to judges hearing certain cases, have you in mind the creation of a certain court to deal with certain matters only?—A. I think certain judges should be set aside to hear those Customs cases.

Q. Did you contemplate that that might result in relieving the congestion that is responsible, at times, for the vast number of adjournments we get in these cases?—A. I certainly do.

Q. There is a rather general practice, of having certain goods entered under a misdescription which would indicate they were goods on which there was a very low duty, and as a result of that the loss has been very severe for a number of merchants and manufacturers. You are aware of that?—A. Yes.

Q. Do you know whether that is very widespread?—A. I have no means of knowing how widespread it is.

Q. You know it exists?—A. We know it exists, because in our warehouse we have goods so exactly alike that, except a very strict examination, a man so inclined could pass those goods at a lower figure than they actually cost.

ALFRED J. DOHERTY called and sworn.

By Mr. Henderson, K.C.:

Q. Where do you live?—A. Toronto.

Q. What is your occupation?—A. President of the Doherty Manufacturing Company.

Q. What line?—A. The manufacture of silk dresses.

Q. How long have you been in business?—A. I have been in business twenty years this year.

Q. You, I think, represent an association here also?—A. Yes. I am a member of the Canadian Manufacturers' Association, and have been one of the initial members of the Commercial Protective Association; in fact, four years ago, I was the instigator of the trouble that has started in this room right now. I made the first recommendation four years ago to the Canadian Manufacturers' Association, in Toronto, stating that I was sure that smuggling existed to a great extent, especially in the manufacture of silk dresses, silk underwear, and silk fabrics.

Q. Will you tell the Committee some of the reasons why you reached that conclusion?—A. I was sitting in my office one day when I got a telephone message stating that there was a man named Corman, selling dresses and offering them for $13.50, that were greatly undervalued. I got in touch with the Royal Canadian Mounted Police, and on Sunday morning, I took my car, with two

officers of the Mounted Police, who went to a house on Robert street, in Toronto, and knocked at the door. I was waiting outside. The two officers presented themselves, and asked for Mr. Corman. The lady said he was sick. They said "How sick is he?" She said "Well, he is too sick to see you." Then they said "Well, we have a warrant to open and examine this house." We got that warrant through the Toronto police, because the Royal Canadian Mounted Police then did not have the right to search. They went into that man's house and found one trunk full of dresses, 133 silk dresses that he had smuggled in. We took him up before the Toronto police, and he was sentenced to a year's imprisonment. They confiscated the 133 dresses, and I am well within the right when I say that they were worth probably $20.00 a piece. We tried to get that man to let us know how he smuggled those dresses in, and he told me that he would rather serve a year in jail than expose the officer who passed the goods.

Later on we followed up different cases, then we ran across a case in Toronto, the Goodman's who ran two stores. We put the Royal Canadian Mounted Police on one store, and he investigated the store, and while he was investigating it we had another man on the other store, which was on Queen street, near Roncesvalles avenue for fear they might take anything out while we were investigating the one store. Our plans matured when they ordered their little boy to take a carton full of silk underwear to a certain house in Toronto, and this man followed in a car. We spotted the house, got a warrant to search the house, and found a carton of silk underwear, all American, which an expert declared was American. That woman was fined $50, and one month; she appealed the case before one of our judges in Toronto, and he said that there was not sufficient evidence to prove that they had smuggled the goods.

By Mr. Bell:

Q. Can you give us the date of that, approximately?—A. I could not say how long ago that is; it is probably a little over a year ago.

By Hon. Mr. Boivin:

Q. How long ago was the first case?—A. The first case was probably two years ago. I have not got the record of that. We have in the last four years experienced a state of affairs in the manufacturing of silk garments in Canada that is dwindling down farther every year; we cannot compete with the underground methods of selling merchandise in Canada, and, if the Chairman of the Committee will allow me, I will try and give a few cases that have come under our surveillance. They are selling merchandise in cities all over Canada, out of trunks; they will leave a trunk in a store, and say to the merchant, "Here is a trunk-full of dresses, sell all you can out of it, and I will be back Tuesday morning." This will be Saturday. The merchant will sell ten, fifteen or twenty dresses out of the trunk, and on Monday or Tuesday, the man will return and will ask "How many dresses did you sell?" The merchant will reply "Twenty". The man will say, "All right, you owe me $400." The merchant will reply, "all right, I will give you a cheque." The man will say, "I do not want a cheque, I want the cash, that is what you promised, give me the cash." This is a specific case that I know of personally from one of my best customers, but I do not want to divulge his name. It was in the north country, up around the mining district. Now, Mr. Chairman, the country got no revenue from those dresses, it got no sales tax, it got no tax of any kind, not even personal, like I pay. I pay every tax on the board, and I want to say to this Committee right now that my Vice-president said to me yesterday "Mr. President, you tell the Committee in Ottawa that we would be tickled to death to have the sales tax for our profit on our business for this year." We cannot make five per cent on our turn-over, and we have a building that cost us over $200,000 that we built ourselves. We worked as boys twenty years ago, and until we built that

building, ten years ago, it cost us nearly $200,000, and if it had not been for that building, our business could not have stood, because the rental of our building saved our lives. The competition is all in one direction in this country, gentlemen, and I am telling you that the men that are conducting this business are not the men who fought in the war, as my brothers did, and went to the front to fight; they are not the men who did that; these men come from all the countries in the world, and they are not Canadians or they would not do it. We are fighting for Canada, as we did in the war. Our merchants to-day are coming to this Committee, and they want you to bring forth some legislation, and enforcement of the law that will put that man in jail and keep him in jail, and I think one of the remedies for this is to form a Federal Court, or any court that you men may know of that are lawyers, and the first man you get, put him in the Federal Court, do not put him into an ordinary police court—put him in a Federal court and enforce the law, and if you put one of those men in for two years, and keep him there, it will have more effect in stopping smuggling in this country, than any other thing. If this Committee will allow me to make a few suggestions, I will tell them what to do, because I have travelled between Toronto and New York, both by motor and by train for twenty years, and have run my business as the President of it. There was one thing I noticed; I was down to Atlantic City ten days ago; I had my wife and boy with me, and my car was examined twenty miles outside of Erie, Pennsylvania, by an officer in uniform, who was looking for liquor or anything else that was contraband; he examined our car thoroughly, and when I got to Atlantic City, south of Lakewood, twenty miles south of Lakewood another officer stopped me and did the same thing. If we did that in Canada, we would stop smuggling too. You should examine a man twenty miles from the border after he has passed a small burg and come on to the highway. Smuggling happens, I presume on all these roads in Quebec or Ontario—I am not speaking particularly of Quebec or Ontario—but I think smuggling is bad everywhere. It is bad at the bridge; it is bad at Windsor and at Montreal. Around Montreal, I do not know very much about it.

I would put an officer on the road in uniform and on a motorcycle, and would have him examine every man and car that came along the road. If a man was caught, I would have him arrested and give him two years. In that way, you would stop smuggling coming into the country.

There is one other thing that I have run across in my travels, and that is this: When we go to New York, we are examined by an American officer as to our identity, as to whether we are Canadian, how long we are going to stay, and so on. I would suggest that the Canadian authorities should have something on the paper which is carried to the effect: "This is to certify that I, a Canadian, have nothing dutiable on my person, in my trunks or about me".

By the Chairman:

Q. It exists now, I think?—A. No, it is not on the immigration forms. Another thing I would do would be to have every man sign that he has no contraband or dutiable goods on his person or in his trunks, and if you caught him with anything, I would put that man in for two years. He is not only smuggling, but he is perjuring himself. If you, or anybody else, sign your name to a certificate, they are very particular about doing it, but they will smuggle and take a chance.

I do not know whether these suggestions will meet with your approval, but it is something that I have had in my mind for a long time.

A year and a half ago in Montreal, I was offered, myself, personally, two hundred pieces of Canton crepe manufactured by the Eagle Silk mills of New York for $1.50 a yard, and the silk was worth in New York then $1.83, and $2.50 laid down duty paid. We had lots of it in our factory. That was offered to me through a "crow." You understand what a "crow" is, an outsider. I can

get that silk if you want it. I said that I would not take it at seventy-five cents a yard; I was not doing business that way.

By Mr. Kennedy:

Q. What was the proper value?—A. $2.50 a yard laid down in Canada. That silk, no doubt, was stolen in New York, and dumped into Canada by smugglers.

Undervaluation. A Royal Canadian Mounted Police officer, only four or five weeks ago in Toronto, found a certain manufactured braid selling at $72 a gross. One of the wholesale houses suspected that the braid was smuggled, but it was not. It passed the Customs, and they sent to New York, and got the braid, got the number, and it was $72 a gross in New York, and it was put through a "crow," and was brought into Canada and laid down at $24 a gross. The "crow" had a blank invoice filled in and that brought it into Canada at that price, and he only paid duty on the $24.

The last thing that I want to say is this, that if a merchant or a smuggler goes into New York and buys silk, say at $2 a yard, and he pays cash for it, there are certain men in New York on the avenues that will take the silk on a blank Canadian invoice and ship it in for $1 a yard, and they are doing it. They have blank Canadian invoices with a certificate on the back printed. I think the Customs authorities would be well advised not to allow anyone to ship goods into this country on blank invoices. If we held these people rigidly to the law, they would ship goods to us on their own printed invoices, and then you have something to go by. These blank invoices can be printed by a stationer with a certificate on the back, sworn to, and a reduced price can be put in.

Witness discharged.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

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

HERBERT S. T. PIPER called and sworn.

By Mr. Henderson, K.C.:

Q. Where do you live?—A. Montreal.
Q. What is your occupation?—A. Vice-President, J. O. Bourcier, Limited.
Q. And in what business is your company?—A. Silks and velvets exclusively.

By Hon. Mr. Bennett:

Q. Wholesale?—A. Wholesale.

By Mr. Henderson, K.C.:

Q. Will you be good enough to tell the committee what your experience has been, and the effect of smuggling on your business, giving such details as you think proper?—A. Mr. Chairman; I suppose there has been no branch of the textile industry so vitally affected as that of silks, and there are perhaps three facts bearing on that situation, one of which is the close proximity to the United States; secondly, the fact that there is much value in small bulk in our silks, and the third, perhaps, is the facility with which smuggled goods, consisting of silks, can be disposed of. The traffic between Canada and the United State, of course, is well known; the necessity of a return cargo is perhaps the

reason why silks are so extensively dealt with by the smugglers after taking down liquor. The question of the disposal of merchandise is very easily understood when you realize the large number of garment manufacturers in the city of Montreal alone, who have been and are still, I imagine, or have at least until recently, been very eager and willing to buy up the cheap smuggled silks.

By Hon. Mr. Bennett:

Q. How many factories are there in Montreal making garments—roughly? —A. I have no idea, but there are a great number of them.

The CHAIRMAN: Hundreds.

The WITNESS: Quite.

By the Chairman:

Q. And they are located in new buildings every week—four and five storey buildings?—A. Some buildings are almost exclusively used by garment manufacturers. There are quite a number of old buildings, and even private houses, where men, and sometimes their wives, are busy making garments, and these places have been great outlets for smuggled goods.

Q. The Sohmer Building is full of garment manufacturers?—A. Yes, but I would not say they are all smugglers.

By Hon. Mr. Bennett:

Q. The smugglers are not particularly located?—A. No. There are a number of private houses used for manufacture of garments. There are a number of concerns on our main streets where in the rear they manufacture garments for sale in the front. There is no difficulty whatever as regards the disposal of smuggled merchandise. There have been two phases of smuggled goods, of course, with which we have been confronted; one of which is the direct smuggling by highway, and the other is by undervaluation. I suppose of the two processes, the smuggling by undervaluation is the most vicious, and one which has given us the most trouble, because, after all, the men who smuggle by highway are taking great chances, whereas the men who smuggle by processes of undervaluation, do so with the assistance of officials of the government.

By the Chairman:

Q. They are confederates?—A. Exactly. And it is a very difficult matter for any appraiser who is not a technical expert to know what the value of silk is as it comes into this country. Any representations I make to smuggled silks refer exclusively to silk brought in from the United States.

By Hon. Mr. Bennett:

Q. How about velvets and velveteens?—A. No; there are very little velvets and velveteens imported from the United States; it is purely silk. I propose, Mr. Chairman, with your indulgence, to give you some figures showing the effects of smuggling on our own business, and I suppose what pertains to our business would pertain to similar businesses throughout the country as to the result on silk importers. Smuggling, as you know, has been going extensively on for a number of years past, notably in 1922, 1923, 1924 and 1925. A great many people, speaking about it, say it started in '22 and '23. I might say, that some of the merchants dealing in silk say that that was the year it commenced, 1922 and 1923.

Q. More than any other year?—A. That might be due to the fact that to obtain businesses it became more difficult in those years, and that the competition began to make itself known.

Q. Amongst legitimate businesses?—A. Amongst legitimate businesses. Prior to that, business had been comparatively easy to obtain but after that,

after the slump, then we got down to a real competitive fighting basis and we immediately began to feel the effects of smuggling in our business.

By Mr. Donaghy:

Q. In order to help the buyer buy as cheaply as he could and buy goods in a smuggled market?—A. Yes. In the spring of 1923, our business dropped ten per cent from the spring of 1922. In the spring of 1924, we dropped twelve per cent from a similar period of 1923. Now, 1924 was the year in which smuggling was at its height and during the whole year our sales decreased to an extent of twenty-one per cent approximately, and we attribute that decrease to the fact that smuggling was carried on on such an elaborate and extensive scale. More particularly canton crepes, which were then in vogue, were being smuggled into this country in very large quantities, and I might also mention that, although we, as an individual company, took up the question with the authorities in Montreal, it seemed to have no result.

By Hon. Mr. Stevens:

Q. What authorities?—A. The Preventive Service apparently was not functioning, at least we could see no evidence of it.

By Hon. Mr. Bennett:

Q. Did you write letters?—A. I do not know that we wrote letters, but we did have interviews; both Mr. Bourcier, our President, and I interviewed Mr. Weldon whom we believed to be the authority, the Collector of Customs in Montreal, and put before him the evidence of smuggling, and that smuggling was still being carried on, notwithstanding our representations. We ultimately gave up.

By Mr. Henderson, K.C.:

Q. What did you find as to Mr. Weldon's real authority?—A. As to Mr. Weldon's real authority?

Q. As to Mr. Weldon's real authority?—A. From my own observation, Mr. Weldon's authority was practically nil.

Q. Explain that.—A. I had occasion to visit Mr. Weldon, on various matters, at different times, and, in giving the information, or seeking certain information, I met and accompanied him through the examining warehouse on McGill street, and what struck my attention was the evident lack of authority, because employees there, who would be loafing, reading the papers, etc., would look up and see the Collector, and go on reading as if no one were around. I cannot conceive of that—

By the Chairman:

Q. At what hour of the day did you go there?—A. This would be in the morning, sometime around ten or eleven o'clock, and in an ordinary business institution that would not last, as you know.

By Mr. Donaghy:

Q. Did you call to his attention the great vice of undervaluation, which you say was the most prominent feature of this smuggling, not smuggling, but as affecting the trade?—A. I have no distinct recollection of having done so, but I imagine I would have done so, both Mr. Bourcier and myself, because that was a most important phase of the situation, and we were constantly up against it.

Q. Have you noted the competency of the appraisers in the silk department at the Montreal examining warehouse?—A. Yes, I have.

Q. Are they expert appraisers?—A. They are not. And I put it to you that we cannot expect technical experts who are so miserably paid as our Custom House employees.

The CHAIRMAN: We agree with you.

The WITNESS: If the Government is to save any money, and it must be saved, they can only do so by employing proper technical assistants.

By the Chairman:

Q. And give them a proper salary?—A. And give them a proper salary.

By Mr. Henderson, K.C.:

Q. You and I had a talk about the desirability of having expert appraisers at a port like Montreal, in connection with outside ports in the vicinity?—A. That was the point I was coming to a little later on, and I will submit as a practical suggestion—

The CHAIRMAN: Follow your own idea. You have prepared your case. If anybody wants to put questions to you they will do it afterwards.

Mr. HENDERSON, K.C.: I did not want to interrupt.

The CHAIRMAN: Let him finish his statement and we can cross examine after.

The WITNESS: I have made reference already to the extensive importation of canton crepes, particularly in the years 1923 and 1924. Our travellers constantly reported to us that they were getting prices which we could not begin to compete with. Silks, which would cost in New York—canton crepes, I am referring to—one dollar and ninety-five cents, were being sold in Canada at $1.85, $1.95 and $2.10; stuff which we could not supply, with our overhead and legitimate profit, under $2.75, so much so, that our Mr. Bourcier gave instructions to the travellers that wherever they met the crepes and goods of that description they were to close their samples immediately, because we did not want to compete with people who brought goods of that nature. As late as the fall of last year, we were brought into competition with georgettes, which cost us, landed here, $1.75, but which were sold to a manufacturer in Montreal, at $1.40.

By Hon. Mr. Bennett:

Q. Have you any idea of the quantity, not interrupting your story?—A. I have no idea as to the quantity or who the customer or the individual was, but I know an invoice was sent bearing on it the price of $1.40, whereas we could not land it here, excluding overhead and profit at $1.75, which indicates that they are goods, not only brought and smuggled here, but stolen here, at ridiculous prices. I would also like to point out that, Mr. Chairman, customers came to us and reported that they had been approached in these years by the smuggler, offering them goods at ridiculous prices, and telling them how they could import goods and evade the Customs duties. Well, that could only be done by collusion with Customs officers. We, ourselves, were approached.

By the Chairman:

Q. Also by highway sometimes?—A. Of course, but in this particular case the customers—one customer in particular—was told how he could bring silks in from the United States by rail. We, ourselves, were approached through one of our salesmen on that occasion, whereby we could import silks in trunks through regular channels, with the exception, of course, of going to the Customs House, but by rail, in trunks, without the payment of duty; the inference being, of course, that certain Customs Officers were acting in collusion with the conspirators, which goes to show too, Mr. Chairman, to what extent the smugglers became encouraged and emboldened, to the point even of the indiscretion of

approaching reputable houses and merchants, which simply emphasizes the further fact that the Preventive Service was not operating, was not functioning. I deal more particularly with silks, imported, directly affecting ourselves, but there, perhaps, is another form of smuggling which has affected us very materially and indirectly. I refer to the smuggling of French dresses. These, we have been told by our own customers, have come into this country in such large quantities that their own business has been so restricted that they have had to discharge employees. At the time that these French dresses were coming in they were mostly beaded dresses.

By the Chairman:

Q. From New York?—A. From New York, or from France. Anyway, whether they came through New York, it is hard to tell. Anyhow, the garment manufacturers, the dress manufacturers, in this country, discharged their help, the help of the concern beading these dresses, and these girls were out of employment and a concern lost considerable business on account of not being able to supply the manufacturers on account of the competition of the French dresses. I am not familiar, Mr. Chairman, with the process of the importation of the French dresses, but the fact remains that they were brought in at prices which the Canadian manufacturer could not hope to compete with. Now, Mr. Chairman, I would also like to give the Committee some information as to how smuggling has affected us as regards one of our accounts: One of our customers bought, in the year 1922, $13,310; in the year 1923, $27,395. In the year 1924, it dropped to $7,517. In the beginning of 1925, the Commercial Protective Association, or their agents, caused the Department to take disciplinary measures, with the result that in 1925, the sales were back to $11,981, but the marked fact is that during 1924, when that concern smuggled very extensively, our sales dropped from $27,300 to $7,517 on that account.

By the Chairman:

Q. Did you verify yourself whether that concern was still in business, with the same number of employees?—A. Still in business.

Q. With the same number of employees?—A. With the same number of employees? I do not know.

Q. It may be that he suffered some depression?—A. I do not know as to that, but I do know that the case is well known to the Department and to your Committee, and we have good reason to believe that the drop on that particular account was due to nothing more than to his importing merchandise by the process of undervaluation and smuggling of some form.

By Hon. Mr. Bennett:

Q. There is no evidence of the concern finishing business or diminishing its business?—A. I have no other evidence than what appears on our books.

Now, Mr. Chairman, I feel that perhaps one or two suggestions might be in order at this time, particularly upon the question of appraisal. As already pointed out, I think the members of the staff of appraisers in Montreal, are generally conscientious and competent men; they have always given us good service, as far as we are concerned, and have at all times been extremely obliging. I happened to be in that Department on Saturday morning last, and found one appraiser with one packer surrounded by it must have been one hundred cases. I do not see how a staff so hopelessly small can attempt to cope with the business there.

By Hon. Mr. Bennett:

Q. You are speaking of the textile branch?—A. The drygoods branch—let alone give the question of values any proper attention.

By Mr. Kennedy:

Q. Have you any idea how long the one hundred cases had been there?—A. Well, sir, I understand they keep the floor as clean as possible, and I would imagine that those one hundred cases had gone in during the two or three days prior to that. I wrote Mr. Weldon about that particular matter, and he advised me that some of the men were away owing to sickness. However, at the best of times, we never got any very expeditious service from that Department, due to that cause.

Q. Understaffed?—A. To their being understaffed. We also feel, Mr. Chairman, that as far as measures of prevention are concerned, the Royal Canadian Mounted Police, in which body I believe every section of Canada has the most implicit confidence, should have full authority as to arrests and the bringing to trial of any persons found or caught smuggling on the public highways of Canada.

By the Chairman:

Q. Is that one of your recommendations?—A. Yes, sir. There has been in the past, from the evidence adduced here, too much authority exercised from Ottawa, and from the Department in particular, and it seems to me that the Royal Canadian Mounted Police ought to have more authority in cases of smuggling than the ordinary village policeman has, and that there should be no higher authority; that the courts should decide.

Now, Mr. Chairman, as regards the question of under-valuation, I have dealt with the lack of technical knowledge on the part of the appraisers. I think there should be also further precautionary measures taken by the Department or the Preventive staff in ascertaining values as unjust in New York or in whatever country the smuggled goods come from. Very often we have reason to believe that goods have been smuggled into Canada on blank invoices, which, if investigated, must reveal the fact that the shippers are practically unknown persons, or persons existing for no other purpose than to act as mediums of supply. In other words, that the smuggler would go say to New York, buy his goods for cash, have them shipped to a third party who would re-invoice them at low values, and then would be passed through the Customs in the ordinary manner.

Now, Mr. Chairman, there is another phase of under-valuation which perhaps has not been brought to your attention, that is, the question of measurements. I cannot conceive, with the staff they have, in the Montreal warehouse, how even in the one case out of a lot of perhaps four or five, an appraiser could measure any of those pieces; it is next to impossible. There should be some means whereby that phase of it could be checked up. We have pieces measuring anywhere from 35 to 55 yards of silk, and different grades of silk have different thicknesses, and it is almost impossible to tell by the bulk as to the yardage. It strikes me that tests should be made in at least the case that is examined. In pleasing contrast, Mr. Chairman, to the figures I have given as to the effects of smuggling, during the years of 1923, 1924, and 1925, I ought to state that in the first three months of 1926, our sales have increased, on an average, thirty per cent, and this we attribute to the effect of this Committee and the changes made by the new Minister, the Honourable Mr. Boivin. It is also interesting to note the number of customers coming to our place to buy merchandise, whom we have not seen for a number of years, old friends revived, so to speak. Then

again, there are new customers coming in, who have been in business for some years, but whom we have not seen before.

By the Chairman:

Q. On the other hand, people complain; you see, you cannot please everybody?—A. We feel that their source of supply has been somewhat cut off, and that they are now forced to deal in a legitimate manner.

We have been informed, Mr. Chairman, that fairly substantial quantities of silks, and other materials for that matter, have been imported through the Customs at outlying ports. We presume that that has been done for the purpose of getting the goods in under-value, and without attracting the attention of more or less competent appraisers. That is one recommendation which I think should be made, that is, that in any case of that kind, the appraising staff in Montreal should send a man to those points to examine the goods rather than that they should be left to the local men.

By Mr. Henderson, K.C.:

Q. You mean in cases where there are substantial quantities?—A. Only in cases of substantial quantities.

By the Chairman:

Q. Or issue an order that they should go to Montreal?—A. Or at less expense, by the order of the examining officer, to go to those outlying ports. Generally speaking, there are no great consumers along the border, in our province at least, and we feel that where goods are landed at one of those places, it is done for a certain reason.

Q. They should have to explain their conduct?—A. Quite so.

By Hon. Mr. Bennett:

Q. It must presuppose a dishonest invoice?—A. Exactly. Where the circumstances could be investigated, we feel that if that were carried out, those substantial shipments would not be made through country ports.

By Hon. Mr. Bennett:

Q. Goods like canton crepe is sold at a standard price, is it not?—A. Quite.

Q. Anybody would know that if the price was $1.40 or below that, it must be a dishonest invoice?—A. Any intelligent merchant would know that.

Of course, as to the general effects, they are well known. The fact that our manufacturers have to compete with a traffic of this kind reduces their sales to the point where in a great number of cases they have had to go into bankruptcy.

Q. You have actually known of such cases?—A. I have acted on estates, where manufacturers had declared that they attributed their failure in a great measure to the effect of illegal entry of goods into Canada. In those cases of course, it reacts on the creditors in general; we have to lose money, and the Government loses the sales tax. Altogether apart from the question of the income tax, the greater the losses we make, the less profit we have.

I do not think, Mr. Chairman, that I have anything further to add.

The CHAIRMAN: Perhaps Mr. Henderson would like to put a few questions to you.

Mr. HENDERSON, K.C.: I think he has covered all the points, Mr. Chairman.

Witness retired.

[Mr. Herbert S. T. Piper.]

JASON A. HAUGH called and sworn.

By Mr. Henderson, K.C.:

Q. What is your full name?—A. Jason A. Haugh.

Q. Your place of residence?—A. Toronto.

Q. What is your occupation?—A. I am a manufacturer.

Q. You are connected with the J. A. Haugh Manufacturing Company, Limited?—A. Yes, sir.

Q. What is your office?—A. President and general manager.

Q. Your company manufactures what?—A. Work clothing, and kiddie garments.

Q. We are now coming into overalls and that kind of thing?—A. Yes.

Q. Work clothing and children's garments?—A. Yes, sir.

Q. What has been your practical experience as to the result of smuggling on business?—A. Well, our experience has been that in the last few years we have been continually facing a competition that was impossible..

Q. Will you explain that?—A. Our travellers would come in week after week with a garment that they had picked up some place, asking "why cannot we meet this; what is the matter with our factory. Don't we buy our goods right?" or something like that, and we would ultimately find out that it was something illegitimate that we were trying to meet.

Q. Did you locate the competition?—A. Almost generally we traced it to one spot.

Q. Where was that?—A. In the border manufacturing towns.

Q. Such as?—A. Particularly Rock Island.

Q. What has been your experience with Rock Island competition?—A. Well, the situation there seems to us to be an impossible one, sir. In Canada we have forty-four overall factories, manufacturing shirts, overalls, and that kind of garment. Of those forty-four, eleven of them are located in Rock Island and adjacent towns.

By Hon. Mr. Bennett:

Q. You say forty-four in all?—A. Yes, in Canada.

Q. And eleven of them are down there?—A. Yes, sir. In other words, there are more in those towns than there are in the whole of the province of Ontario. That town has a population of from 1,200 to 1,500 people, I believe.

Q. What is the relative output of the factories, or do you happen to know that? We have not had anybody at all to tell us what is there; is there a great difference?—A. I think there is a difference between their possible output, and the garments they actually turn out.

By Mr. Henderson, K.C.:

Q. They turn out large quantities, I suppose?—A. Yes, sir. Their product seems to run into very large figures. As far as we are able to find out, they are taking in some very large trade.

Q. At what prices?—A. I may say regarding our business that the work clothing trade is very staple; it does not change in styles, like the trade of our friends the silk dress manufacturers. The material in the garment is from 60 to 70 per cent of the total cost of the garment, so that you can readily see that if you can operate favourably on the 70 per cent end of your garment, the other part is not so serious.

Q. Will you proceed with that?—A. It has come to this point, that we have realized for some time that if we are able to make our product gratis, without any labour charges, we would possibly be just able to compete with the competition we have to meet in the market.

Q. Is that competition possible, is there any flaw in your process of manufacture or that of the other legitimate manufacturers in Canada?—A. We are quite ready to concede that we cannot manufacture as cheaply as they can in the province of Quebec; the conditions there are more favourable for cheap manufacture than in Ontario, but we do know that the same competition is felt by those who can manufacture even cheaper than we can, in Quebec. We have had experience in which we have been up against a line of merchandise where we have been fairly well able to meet the competition until we got to the point where American cottons were introduced, when we found ourselves hopelessly beaten, in fact, to such an extent that we have almost ceased now to try to meet that kind of competition.

Q. Just go on in your way.

By the Chairman:

Q. State your grievance and suggestions and recommendations.—A. I want to make a little confession; it was whispered to me before I came here that it did not make very much difference if I came, as it was, "A hell of a political washday". I might say that I am very favourably impressed, and am going back with a different idea. Like the historical kitten, I have had my eyes opened.

We feel, in coming here, sir, like all other manufacturers, that we have the one thought, that we are not here politically and have no graves to dig, or eyes to black. We do believe that the commercial foundations of our business is being threatened, and that instability of the condition, if it continues very much longer, will shortly—well, it will have a tendency to cause dishonesty, and a condition which we must avoid, and which would not be desirable in Canada.

The situation is not one that we can argue about or discuss politically, but we do know, so far as business is concerned, that we are dealing with a very important question.

In 1922, when the needle groups were being organized, this is part of one of the clauses of organization. I will read it to you:—

> "No industry is more embarrassed than the needle trades by the evasion of the Customs tariff and through the dumping of undervalued goods of foreign manufacture in the Canadian market. If we were writing this clause to-day, we would add to this:—'the marketing of prison-made goods brought in without duty'. Possibly there is no particular line of manufacturing that lends itself to the smuggling temptation than the needles industry, and particularly the work clothing end of it."

This brings me to the question of the condition of the kiddie clothing trade, the little suits that the children wear. Five years ago, we did a business of possibly $25,000 or $30,000 a year, and from year to year it has diminihsed until last year it was at the low figure of $7,000.

By the Chairman:

Q. And there are still children?—A. Yes, in our country. We began to make some investigation regarding this particular garment, and we found great quantities coming into the country and were not being manufactured here, and were being sold at a price, which could lead us to only one conclusion, and that is, that they were prison made.

By Hon. Mr. Bennett:

Q. If we found the goods of the type you describe, why could not we bring two or three of the people who are selling and find out where they bought them? —A. I think that it could be done and I think that it will be done before your investigation is through.

In connection with this, there is another side. I know, as a father, with children, that it is diabolical to me, and would be, to think that my child should be asked to wear a garment that has been fabricated in a prison, that has been made by people whose condition we know nothing about. Surely, it seems to me, that a man must be pretty low when he gets to the level of bringing in this class of stuff, and put it over our people, and this is a phase of the business that strikes me. It sickens us to think of it, that it would be possible for a person to do this for profit, firms of our fellow-citizens and manufacturers.

By Hon. Mr. Stevens:

Q. May I ask you a question; in dealing with some of your regular customers, buyers, representatives, or regular customers, do you find any who, when you come to discuss this particular class of goods, advise you that they can not give you an order because they can buy these goods at a certain place very much cheaper?—A. We had one definite case, just a short time ago, of a customer who had been purchasing goods from us for a number of years, one of our regular customers. His order was usually a couple of thousand dollars, and we received an order which was a very small amount, and we made enquiries and he told us that he had been offered garments at $6 a dozen cheaper than we could sell them. We questioned this, and it was gone into, and he sent us a garment. We saw the garment, and it was six times heavier than we could use. We sent it to the Canadian mill, and they told us that it was not their cloth. We have the sample and the garment, and know that it must have come in illegitimately.

That is one of many instances that we have of customers who have backed up on the question of price. I believe that this is serious, and these conditions create a serious situation, so far as we are concerned.

We believe that it is a great loss of revenue to the government; secondly, it is a great loss of employment to our people, and I want to say that this needle industry takes care of the girl labour, which is something which must be looked after.

By the Chairman:

Q. That is important?—A. Yes. Then there is the other thought of the impression and the idea which is created in the minds of our retailer or customer. We go to a customer and quote him a price that is much lower than has been quoted. It takes a long time to eradicate that situation, and sometimes we have great difficulty in convincing the customers that our price is reasonable, and that there is a reason for these low prices. It is hard for us to make them understand how these goods can be sold so cheaply, how they can be handled and sold. It is difficult for him to understand how we can promote honesty with such conditions existing as we have at Rock Island, where a man has his factory in Canada and warehouse in the United States; and there is through that means a very great profit. It would be a tremendous strain on a man's integrity to realize that his goods are there and his factory here, and it is such a little distance. Where this can be overcome, I do not know.

By Hon. Mr. Bennett:

Q. Where is your factory?—A. Toronto.

Q. How many people work in it?—A. About one hundred and fifteeen.

Q. What is the name of the factory?—A. J. A. Hall Manufacturing Company. We were discussing this question in our board a short time ago, when certain of our directors thought that I was pressing an alibi when the report was produced. I told them the circumstances and I was asked, if that is the case, why not move to Rock Island? I said, "It would be worth considering if this did not change."

By the Chairman:

Q. You will have to buy a new piece of land?—A. Yes.

Hon. Mr. STEVENS: There will be lots of land for sale shortly there.

WITNESS: I think that pretty well covers what I have to say, sir.

Witness discharged.

A. J. DOHERTY recalled.

By the Chairman:

Q. About French dresses?—A. Mr. Chairman, I do not know why I should be asked to come back on the stand after making my report this morning to you. My great impression always has been that I would first of all be a Canadian, I would be first of all loyal to my country, to pay every tax, to meet every legitimate tax that the government imposed upon me, and to play the game.

By Mr. Henderson, K.C.:

Q. We want to ask about the importation of French dresses?—A. The importation of French dresses coming into Canada has been a great menace to the factories of Canada. As I see it, the depreciated franc has allowed the French dress to come into Canada at a very low rate.

By Hon. Mr. Bennett:

Q. Although they pay the full duty?—A. Although they pay the full duty. I can make a beaded dress as good as any French house that ever existed. I can work my beaders for thirty-five cents an hour, as low a rate as you would wish any young woman to work at; I can buy my Canadian crepe and my georgette, and can put it on the market. Believe me gentlemen, when I tell you that we can not compete with these French dresses.

Hon. Mr. BENNETT: The explanation is, the depreciated franc?

WITNESS: I wish to enlighten the committee on the American law. They are simply dresses bought by the big American manufacturers and imported into the United States. Some of you may not know the law, but I would like to tell you what it is in a few minutes, if you will give me the time.

The American designer, or the American manufacturer, can buy a dress in Paris for so many francs, say one hundred francs at four cents a franc, that is forty dollars.

By Hon. Mr. Bennett:

Q. A thousand francs?—A. Yes, at four cents a franc is forty dollars. They import the dress into the United States and put seventy and eighty per cent on to the forty dollars, which amounts to thirty-two dollars, and that makes the dress seventy-two dollars laid down in the United States. That dress had to pass the Customs, and after passing the Customs, was laid into their factories at seventy-two dollars net. Do you follow me? They sold it in the United States. Under the old law, if they sold it to a foreign country they could get ninety-nine per cent of the duty back and sell it in any country in the world and get their duty back, and all they were losing was the value of the dress at forty dollars.

Now, they could sell the dress in Canada for seventy-five dollars and would be very glad to get seventy-five dollars and let the dress go, as they were not dumping it in their own country. In the wisdom of the representatives of the manufacturers, it was decided that it would be a good thing to stop them from doing that; so the representatives decided that they would change the law and would not allow them to put things into our country unless they invoiced them at the French price plus American duty. That was done by the English representatives. That was a good law, and I commend the government of Canada for doing that.

Then, what happened? They are shipping to Australia, and Australia will waken up the same as we have, waken up and they will put the same law through, and they will not be able to ship to Australia. They will have to consume the same in their own country. I hope that I have made that plain.

Now, there is one theory, gentlemen, you can not accept, and that is, that I do not expect that you will ever have an appraiser in a Customs house appraise a yard of silk like I will. You cannot expect an appraiser to appraise a yard of silk, and I think my silk friends will stand by me to the letter. You can not expect the appraiser to appraise a yard of silk like I can. I guess everybody in touch with silk for twenty years, and who have been selling on the market dealing in silk, will agree that if you get out of touch with the silk market for three years you will lose their identity. You cannot expect it to be otherwise. I have been called into the Toronto Customs office quite often to appraise a shipment of silk. I have never yet refused any appraiser to go down and appraise a piece of silk that he had the least suspicion of. I shall always do that with the greatest of pleasure for the protection of the government, but mostly for the protection of myself.

The CHAIRMAN: I hope it will be continued.

Mr. HENDERSON, K.C.: I think that covers the ground, Mr. Doherty.

The WITNESS: I want to put the words on record of the greatest fighter the United States ever saw, our friend Theodore Roosevelt, who said: "Aggressive fighting for the right is the greatest port the world affords."

By Mr. Donaghy:

Q. Mr. Doherty, you heard Mr. Hall's evidence regarding the importing of French dresses. I gathered from what he said, they were being smuggled in trunks into Canada from France?—A. Smuggled from France?

Q. That is what I thought he meant.—A. I don't think so.

Q. That would not be right?—A. No; I think they are coming in on invoices absolutely honestly, but they are making garments so cheap in that country, with the depreciated franc and with their help at such a low grade, that they can undersell us. We cannot condemn that from France. If they can manufacture goods in France and undersell us, we have to take our hats off to them. It is legitimate, do you follow me?

Q. Yes, I follow you.—A. But I think that a great many of the dresses that came in from France were imported through mediums through which I would not import.

Q. Do you think they were sent in in under-valuation?—A. There is no doubt about it, gentlemen—and this is my last word before the committee—that we have an element in this country that cares not for law or order in bringing garments into this country, from any country, as long as they can make that almighty dollar. I believe that thoroughly, in my heart, that there is an element in this country, and I am not going to state the element—

Q. I think we suspect it.—A. —but they are no friends of mine, who are importing goods in this country that no good, clean cut Canadian would import, because it is the dollar they are after, and nothing else.

By Mr. Kennedy:

Q. Mr. Doherty, I understood you this morning to recommend that any one smuggling goods into Canada, personally or otherwise, should be sent down for two years?—A. I would do it from the bottom to the top. I do not think that any woman—

Q. You are aware— —A. Listen. I do not think that any woman—

The CHAIRMAN: He is answering your question.

The WITNESS: I am answering your question. I do not think any woman has any more right to smuggle a pair of shoes into this country, or a dress into

this country for her own use, or her children's use, when you won't allow a woman to steal a loaf of bread in the departmental store. You would put her in for three months for stealing a loaf of bread. I would not let any person smuggle anything into this country. If a man brings in two or three packages of cigarettes for his day's use, I would not worry about that, but I would not let anybody smuggle anything. I know of cases in Toronto where women boast that they do not buy any dresses in Canada. They go to Buffalo or New York and get their dresses, and smuggle them in, and their husbands are lawyers and doctors, but yet they smuggle them in.

By Mr. Kennedy:

Q. It is a fact, is it not, that the United States allows them to bring in from Canada $100 worth, if they declare it?—A. Sir, if I bring in $100 of silk from the United States, don't you make me pay duty on it? Don't you?

Mr. DONAGHY: Yes, we do—

The WITNESS: Wait a minute.

Mr. HENDERSON, K.C.: Mr. Doherty, don't argue with the committee.

The WITNESS: I am not arguing. If I bring in $100 worth of merchandise from New York, I have to pay my 35 per cent duty. I do not think anybody should be exempt to bring $100 worth of merchandise into this country from New York, at any time, or at any place.

The CHAIRMAN: Sometimes they do that for tourists.

By Mr. Kennedy:

Q. You do not think it would be a good thing for the public of the country in general to grant an exemption to enable them to bring personal goods into this country, up to a certain amount?—A. I do not think any person should bring in personal goods for any purpose.

By Mr. Donaghy:

Q. The Customs officers try to check up on the ladies who are bringing these things in?—A. I think so. I came across the border just the other day, and I said to the man as I came in; "Check me up; Check my tires; check my car; check up the whole shooting-match, and if you find anything dutiable, you can have it."

Q. In fact, at most border Customs points, they have a woman to examine women—to give them a personal overhauling?—A. Years ago they had a woman on the bridge who was very exacting, and she got herself "in wrong" at the bridge, and they took her off the bridge. Why? Why did they take her off the bridge. Because she ran across a few stubs that hurt somebody's feelings, and they took her off, and she was the most effective Customs officer they ever had on the bridge.

Q. Is there no woman on the bridge now?—A. Not that I know of.

By Mr. Kennedy:

Q. What bridge is that?—A. One of the Niagara Falls bridges. She was effective; she examined everybody; she worked her best, and she did it right, but they took her off; I don't know what the reason was. I wish we had a few more women.

The CHAIRMAN: Is that the one who had the alarm clock, and the clock started to ring?

The WITNESS: I cannot say.

Witness discharged.

[Mr. Alfred J. Doherty.]

JAMES LOVE called and sworn.

By Mr. Henderson, K.C.:

Q. Where do you live, Mr. Love?—A. Winnipeg, Manitoba.

Q. And your occupation?—A. Overall manufacturer.

Q. Now, Mr. Love, will you be good enough to tell us how you find business—and your business in particular—in your district, affected by smuggling? Tell the story in your own way.—A. None of the plants are working to their capacity.

By Hon. Mr. Bennett:

Q. How many are there?—A. There are eight plants in Winipeg, and they are all struggling. If this smuggling goes on for a few years more there will be none of us left.

By Mr. Henderson, K.C.:

Q. What actual evidence of smuggling have you?—A. We have no actual evidence, excepting the prices of the garments.

Q. And do you know by whom they are being sold?—A. There are different agencies of sale. Some goods are shipped to Winnipeg on a consignment basis to their representatives, and they retail them and wholesale them.

Q. Do you know where these goods come from in Canada?—A. They come from Rock Island.

Q. You find Rock Island competition in your district?—A. Very much.

Q. Tell us to what extent.—A. Well, in 1925, a certain merchant in the west told me that he had purchased $94,000 worth of one line.

Q. From Rock Island?—A. Yes.

Q. Of overalls?—A. Yes.

By Mr. Goodison:

Q. For one shipment, or during the year?—A. During the year.

By the Chairman:

Q. Do you know that fact personally?—A. No sir.

By Hon. Mr. Stevens:

Q. Did he give you the prices, Mr. Love?—A. Yes, he gave us the prices at that time.

Q. Were they prices which you could meet at all?—A. He mentioned the fact that he carried a Canadian sample—that is, one made from Canadian denim, and one from American denim, and was offering to the country merchants the American article at $2.00 less than the Canadian.

Hon. Mr. BENNETT: The result was that the American was sold and the Canadian was not.

By Mr. Henderson, K.C.:

Q. Naturally the American would get the sale.—A. The American was the only one which was sold.

Q. Have you any other illustrations?—A. Just three weeks ago on Monday, the manufacturers held a meeting in Winnipeg, and it was brought out there about this prison-made shirt. The wholesalers price, I believe, was $16.80.

By Hon. Mr. Stevens:

Q. A dozen?—A. A dozen. And the selling price retail was $21 and some odd cents. The retailers have invoices from some of the local agents where they sell it all the way from $12.50 to $15.00.

By Mr. Henderson, K.C.:

Q. What shirt are you talking about?—A. This Milton Goodman shirt.

Q. The Reliance Manufacturing Company?—A. The Reliance Manufacturing Company.

Q. And it is selling at this price in Winnipeg?—A. Yes, and further west.

By Hon. Mr. Stevens:

Q. Carrying the Reliance and the Milton Goodman brand?—A. The Milton Goodman brand, yes.

By Mr. Henderson, K.C.:

Q. And is that to any extent?—A. I have no kowledge of any great quantities of it, or what the real quantities are that are imported. There are several wholesale dealers in the west who import that shirt.

Q. When you say "import"— —A. I mean they bring them from Rock Island.

Q. That is the source of supply for Canada?—A. That is the source of supply.

Q. You say you had a meeting of your associate manufacturers?—A. Yes, sir.

Q. A short time ago?—A. Three weeks ago on Monday.

Q. Am I right in understanding that you have come here on that account? —A. On that account, yes, sir.

Q. You have made this trip for the purpose of stating this fact?—A. Of stating this fact—that it is impossible to continue unless this smuggling is stopped, or this unfair competition.

Q. You do not happen to be here; you are here for a purpose?—A. Yes, here for that purpose—just for that purpose.

By Hon. Mr. Bennett:

Q. There are how many factories in Winnipeg?—A. Eight factories.

Q. About how many men would be employed? Men and women?—A. Principally women.

Q. Men and women. How many factories?—A. Eight factories.

Q. How many would they average to a factory?—A. Well, they run from forty to three hundred.

Q. And they have been in business, some of them, for a period of seventeen or eighteen years?—A. Some of them for twenty-five years.

Q. And you say you had a meeting the other day and as a result of the competition which you conclude is illegitimate and illegal, you cannot continue to carry on business, to meet these prices?—A. It is impossible.

Q. You have been at it yourself for quite a while?—A. I have been manufacturing in Winnipeg for twenty-five years.

Q. Are you the oldest factory?—A. I believe there is another running that would be older than I am.

Q. That is your own conclusion and the view of your associates in that business?—A. Yes.

Q. You trace this, in your mind, to smuggling at Rock Island?—A. We know the goods are coming from Rock Island. We know that they are made from American vamps, and we know that there is a difference of about six cents a yard in the duty.

Q. Now, if the duty were paid, it would be impossible to sell at that price? —A. Yes.

Witness discharged.

[Mr. James Love.]

MAX JACOBS called and sworn.

By Mr. Henderson, K.C.:

Q. Your full name?—A. Max Jacobs.

Q. Where do you live?—A. Montreal.

Q. Your business?—A. Overall manufacturing and trousers.

Q. What is the name of your company?—A. Union Overall Manufacturing Company of Canada.

Q. How long have you been in that business?—A. Forty-four years.

Q. If you were running at normal capacity, what number of hands would you employ?—A. About four hundred and fifty.

Q. Are you able to run at normal capacity?—A. No, sir, we are not able to run at normal capacity. We are employing about two hundred now.

Q. You are running at half capacity?—A. Yes.

Q. Why?—A. We have very unfair competition to contend with. It is along the American border, between Quebec and Vermont.

Q. Just explain that.—A. In the vicinity—there are eleven manufacturers on the border, located in Quebec, bordering on Vermont.

Q. At what points?—A. In prominent points; Stanstead; Beebe Junction, Beebe.

By Hon. Mr. Bennett:

Q. Derby Line?—A. No. That is the American line. Rock Island and all in through there. I am well acquainted with the territory. I know it very well, just as though I was there.

By Mr. Henderson, K.C.:

Q. You are personally acquainted with this territory?—A. Personally acquainted.

Q. What is the character of some of the factories that you speak of?—A. I did not quite get you.

Q. How they are equipped to turn out things? Take in Rock Island, for instance, I understand there are a lot of machines there. There are in the vicinity of Rock Island, seven hundred sewing machines?—A. Yes, in Rock Island, on the border, there are close to four hundred sewing machines.

Q. How about the population to handle the machines?—A. There are not enough there to handle them.

Q. Speaking as a manufacturer, of many years experience, what do you say represents the conditions.. Go ahead and tell the story your own way.—A. I have had experience with these people, because I was in the United States for twenty-years odd and we used to sell them goods and I know the way they get them in. I made a survey when I went to Rock Island and to Derby Line and accumulated information on all these points when I was there, down to St. Johnsbury, Vermont. All these concerns down there carry a joint account in the St. Johnsbury Trust Company. They send their trucks down there from the New England States, load up their cotton goods and pay for them at the door. The truck driver goes down and pays for them at the door. He gets his money at St. Johnsbury, goes down and immediately loads up, and off he goes.

By Hon. Mr. Bennett:

Q. Paying for them in cash?—A. He pays for them by cheque on an American bank, and this is almost impossible to trace.

Q. Loads up with cotton?—A. Yes.

Q. Then what?—A. I cannot tell where the cotton goes to.

Q. He is lost there?—A. Yes. What I think is more to blame down there is that they should have a Customs House there. They are doing a business of a million dollars a year, with nobody to check them up, so they have a pretty free hand. Nobody could run a business like that.

Q. You would recommend a detachment of the Mounted Police there?—A. I think there should be a proper Customs House there, to go through business as we do in Montreal.

Q. At what point?—A. Close to the border. It is almost impossible for a man to guide them all. It cannot be done.

By Mr. Calder, K.C.:

Q. You would not depend on that style of importer to bring his goods to that Customs House?—A. All those factories should be further inland. Some of those are only about twenty feet from the border.

Q. We heard something this morning about these factories. What kind of signs do they bear?—A. There are no signs, with the exception of one, that is the Gilmore factory.

Q. That is the only one that has a sign on it?—A. The only one.

Q. Is there any thing else you can tell the Committee?—A. I should judge that about twenty-five per cent of the goods sold here in Canada are brought in from that particular point.

By Hon. Mr. Stevens:

Q. What was the class of goods brought in from that point?—A. They are work shirts, play suits, khaki trousers. Overalls are brought from Beebe Line at $10.50 a dozen. It cannot be done.

By the Chairman:

What are the prices of these in the States?—A. Around that price.

Q. Do they take their profit?—A. They do not take their profit. They have been living on nothing. I have been in business for forty four years. When I first went in the business they were ten years at it. This is no new thing. It has been going on for the last thirty years. It is a profitable business and it is growing. It is going right along. Where you had only two factories you have now eleven, and I daresay you will have twenty-five down there, if you let it go. It is a growing business, a profitable business. There is no question that the goods are coming in, smuggled in, and they are sold under value and they cover the whole Dominion of Canada.

By Hon. Mr. Bennett:

Q. From your observation, are the goods manufactured before they cross the boundary?—A. I believe so, because they have not got the help down there to finish them.

Q. They come in as finished products?—A. Yes.

Q. There would be some unfinished material?—A. Yes.

Q. Would they be cut, ready to be sold before they crossed the boundary?—A. No, it would be on this side. I remember, some six years ago, I wrote to the Minister at that time—I think the letters are here; I sent them on here; anyway, they must be here somewhere.

Q. That is Mr. Wigmore, the Minister of Customs at that time?

The CHAIRMAN: Mr. Reid.

The WITNESS: I think Mr. Bureau was the Minister of Customs at that time.

By Hon. Mr. Bennett:

Q. That would be five years ago.—A. There was a whole complete plant of machinery laid down there and it was bought in Haverhill, Massachusetts. I followed the thing out. I got all the prices.

Q. There was an investigation which took place on that machinery at that time?—A. Some of it was Vermont. This was a complete plant, bought in Haverhill and brought here, and they started to manufacture here.

By Mr. Kennedy:

Q. At Rock Island?—A. Yes.

By Hon. Mr. Bennett:

Q. I think that was the same case where they were made to pay the duty on it later. One of them was fined five thousand dollars too?—A. I do not know anything about that, but I was the one who investigated that thing and brought it to a head. I had interviews, some three years ago, with Mr. Farrow and Mr. Wilson. In the interview with Mr. Wilson he promised to send one of his prominent detectives to investigate the conditions down there, which he did. He sent me down a gentleman by the name of Wiggs. I think he came from Windsor, Ontario. He came down to my factory and I had a long talk with him and I introduced him to Mr. Johnson of the Canadian Cotton Company. I went to Windsor and stayed with him a long time and gave him all the instructions I could. He went down there with the intention of putting all those fellows in jail, but he did not come back, and I have never seen him since.

Q. They did not put him in jail?—A. I do not think he would take a chance. They were liable to put him somewhere else.

Q. Are these machines run continuously?—A. All of them do.

Q. Can you tell us what power is required to run a machine for a certain number of hours?—A. It takes one horse-power for ten machines.

Q. That is about 120 kilowatts a day?—A. The question comes in as to how they get the power down there. I think the power is furnished, either from Sherbrooke, if they get it on the Canadian side, or from Newport, if they get it on the American side. I doubt if half of these people are Canadian citizens; I believe half of them are Vermonters, manufacturing for profit on the Canadian side. Of all people in Canada, I think we are the only factory in the Dominion that is fighting the border crowd, and we can keep pretty close to them. We keep very close after. We sell the jobbing trade, throughout the Dominion, because our capacity for manufacturing is very large, and we buy very reasonably; our overhead is right down to a fine thing, but we find it very difficult to keep it up.

Q. How long have you been in that business?—A. Forty-four years.

Q. How long have you been in this country?—A. Twenty-five years.

Q. How many people are there in your factory?—A. Two hundred out of four hundred and fifty. I think we could operate easily, if this thing was stopped, and let them come out in the open and fight with the rest of us. I think we could increase our business from twenty-five to forty per cent.

Q. Out of this capacity of four hundred and fifty you are employing about two hundred at the present time?—A. Yes. During the war we employed the full crowd.

Q. You can increase your output thirty-five per cent?—A. I think so, very easily; no trouble at all.

By Mr. Bell:

Q. Are you employing now the largest number of people you have ever employed?—A. No, we have employed as high as four fifty and four eighty.

Q. You had your capacity?—A. Yes.

Q. How long ago was that?—A. During the war, and prior to the war, when this trade was good, when this crowd took up the surplus.

By Hon. Mr. Stevens:

Q. Do you know the New England Apparel Company, in Derby Line?—A. There is no such thing there.

Q. Here is a statement of goods shipped by these prison manufacturers. You see the class of goods?—A. Yes.

Q. Is that a class of goods that you are brought into competition with?—A. Not exactly.

Hon Mr. STEVENS: Just so that we might get this clear, Mr. Chairman, this is the auditor's interim report in which they produce a statement showing a list of shipments received at Derby Line, Vermont, with a long list of manufacturing concerns, with the particulars from the Customs manifests from the 1st of April, 1924 to the 31st December, 1925, and showing a long list of cotton shirts, clothing, cotton pants and such like. I asked Mr. Jacobs if that was the class of goods he found himself faced with in competition.

WITNESS: A portion of them, not all of them. We do not manufacture shirts; we manufacture overalls of all sorts and descriptions, from the lowest to the highest. Then we manufacture trousers, both men's and boys', starting in at seventy-five cents a pair, and finishing up at two dollars and twenty-five cents; not any high grade goods, just the medium priced goods.

On the woollen end of it, I might say a few words. I have here a lot of goods brought in under-value. It is very simple, as simple as can be. Take the port of Montreal; you bring in merchandise costing you two shillings on the other side, and you get in five bales. One half of those people in Montreal have shipping stations of their own, at Manchester, Liverpool, or as the case may be. They buy from the Canadian, or the middle man, and have their own goods shipped out.

By Hon. Mr. Stevens:

Q. Do they bale them in England?—A. They bale them in England.

Q. And send them out here?—A. And send them out here by their own representatives.

Q. And that agency will invoice them to the Canadian concern?—A. Exactly. Which is practically the same concern, under two different names.

Q. And as to the baling?—A. They can easily put in whatever they like, and nobody is any the wiser. Out of ten bales, one is taken to the Customs house, ripped open, but never examined. They look at the ticket marked 56 yards say, and that is the end of it. We have often as high as 1,500 pieces of one-price cloth in different pattern with an English concern. That is, at one time, not now, because we can buy it cheaper in Montreal than in England. There must be something back of it, but what it is I do not know. We are not importing one yard of that particular material at all.

By Hon. Mr. Bennett:

Q. Is it made in Canada?—A. No sir, in England. We can buy it in Montreal cheaper than from the mills direct. One might think that a piece might be 50 yards short and that we would lose in that way, but nothing like that occurs, it is always full length.

That might be on account of the quality?—A. We can import larger in the lower lines.

By Mr. Henderson, K.C.:

Q. Is that all?—A. I think that is all I have to say.

Witness retired.

[Mr. Max Jacobs.]

Mr. HENDERSON, K.C.: Mr. Chairman, Mr. Sparks has some letters which he has been asked to read to the Committee, one from Fredericton. It is almost impossible for the people down there to come up here. Will you listen to these letters? It will only take a few minutes.

The CHAIRMAN: Yes certainly

R. P. SPARKS recalled.

By Mr. Henderson, K.C.:

Q. You have some letters you wish to read, Mr. Sparks?—A. Yes. I was asked by the boot and shoe trade to put before this Committee two letters, one from the National Shoe Retailers' Association of Canada as follows: (Reads):

"FREDERICTON, N.B., April 1, 1926.

Mr. R. P. SPARKS,
Box No. 645, Ottawa, Ont.

DEAR SIR,—At a meeting of the executive of the National Shoe Retailers' Association held at the Windsor Hotel, Montreal, on Tuesday, March 16, a resolution endorsing your action and that of your committee in connection with the smuggling investigation was unanimously passed, and I was instructed to assure you of the willingness of our Association to co-operate with you in every way possible.

Yours sincerely,

H. S. CAMPBELL,
Secretary, Natonal Shoe Retailers' Association."

The other is from the Shoe Manufacturers' Association of Canada, dated at Montreal, April 12th, 1926, and reads as follows: (Reads):

"MONTREAL, April 12, 1926.

Mr. R. P. SPARKS,
Commercial Protective Association,
209 Hope Building, 63 Sparks St., Ottawa.

"DEAR SIR,—We have very little first hand information regarding the smuggling of boots and shoes into Canada, but complaints which have been not infrequent indicate that considerable smuggling has been done in a wholesale way. Some time ago retailers in Winnipeg made representations to the Government urging the necessity of action, and we were informed that when the new Customs Preventive Service was organised, special attention would be given to the Winnipeg situation.

We have always found Mr. Farrow willing to do anything in his power in the way of investigating complaints.

While it is important that smuggling be stopped, it is equally important to ensure against under-valuation of imports for duty purposes. In many cases the appraisers know little or nothing of shoe costs and values, and it is very difficult to check up the alleged fair market value in the country of origin. In this connection, we would call your attention to the enclosed copy of a resolution which was adopted at the annual meeting of this association last December.

Yours truly,

THE SHOE MANUFACTURERS' ASSOCIATION OF CANADA,
S. R. ROY WEAVER,
Manager."

Accompanying that letter, there was a copy of a resolution adopted at the meeting of the Shoe Manufacturers' Association of Canada held at Montreal, December 1st, 1925, reading as follows: (Reads):

Whereas there is indisputable evidence that boots and shoes manufactured abroad have been imported into Canada under valuations for duty which in many cases have been lower than the actual cost of production in the country of manufacture; and

Whereas there is evidence also that footwear has been imported in some instances by fraudulent invoices or under other conditions which involve unfair competition with Canadian-made footwear; and

Whereas it is difficult to obtain reliable information as to the fair market value in the countries from whence such footwear is imported;

Therefore be it resolved that this Association request the Dominion Government to amend the Customs Act, 1906, by adding a new section 46-A as follows:—

"When goods of a class or kind produced extensively in Canada and sold under conditions of free competition which safeguard the interests of the buying public, are sold or offered for sale to importers in Canada at prices which, in the opinion of the Minister, are below the cost of production in the country of origin or under any other conditions which involve unfair competition with similar Canadian products, the Minister of Customs and Excise may order that the value for duty of goods of such class or kind shall not be less in any case than the fair market value at the port of customs entry of like goods of Canadian production."

I may say, for the benefit of the Committee, that last year we had very serious complaints in regard to the smuggling of boots and shoes at Winnipeg. As the Commercial Protective Association had no organization there, the information was passed on to the Customs Department, who, I understand, conducted an investigation and, tentatively at least, this traffic was stopped.

By the Chairman:

Q. Will you read the other letters, if you have any?—A. The smuggling of radio supplies has become quite a traffic, and the Northern Electric Company asked me to read this letter, which is addressed from Montreal.

Q. They do not come here?—A. No, sir.

Q. A big firm like that?—A. This letter reads as follows: It is from the Northern Electric Company. (Reads):

"MONTREAL, April 8, 1926.

CANADIAN PROTECTIVE ASSOCIATION,
BOX 645,
Ottawa, Ont.

GENTLEMEN,—We understand that among other classes of merchandise which it is being shown before the Customs investigating Committee as having been smuggled into Canada, the question of radio equipment has been mentioned, and in connection with this equipment, while we have no specific instances to report, we know there have been a great many instances in which radio equipment has been smuggled into Canada during the past two years. There have been a great many more instances in which radio equipment has been brought into Canada at a valuation far beyond the fair market value in the United States.

We regret that we are not in a position to make anything more than a general statement to this effect, but this may be of some interest to you.

Yours truly,

M. K. PIKE,
General Sales' Manager."

The next is from the Fredericton Board of Trade, reading as follows: (Reads):

"FREDERICTON, N.B. 17th March, 1926.

Mr. SPARKS,
Chairman, Executive Committee,
Commercial Protective Association,
Box 645,
Ottawa, Ont.

DEAR SIR,—"Yours of the 11th instant to hand, regarding the administration of Customs and Excise Department.

We regret to have to advise our inability to send a representative of our Board to give evidence, as our finances have been suddenly curtailed by the City council discontinuing the grant to our Board, after being in receipt of same since 1913.

Our merchants, however, have been feeling the effect of smuggling for two years, at least. The condition has been steadily growing worse, particularly with regard to ladies' apparel.

Some two years ago, our Board was instrumental in obtaining the services of a special officer at St. Stephen, N.B. This had some effect, but it is well known that the practice continues.

Of course we are not subject to the wholesale smuggling that is shown by the evidence to be in full swing along the Quebec boundary.

It is to be hoped that all the evidence will be brought out before the Committee of Parliament. The disease is serious. The remedy must be applied regardless of politics. Nothing is settled until it is settled right.

Yours truly,

R. H. SIMONDS,
Secretary."

The secretary of the Retail Merchants' Association of Canada asked that this letter be read and filed. (Reads):

OTTAWA, April 10, 1926.

R. P. SPARKS, Esq.,
Commercial Protective Association,
Hope Chambers,
Ottawa, Ont.

DEAR SIR,—Following our telephone conversation, would advise that the resolution passed by our Association at the annual convention held in Vancouver last summer was as follows:

Moved by Mayor W. G. DeWolfe, New Brunswick, Seconded by W. C. Miller, Ontario.

"Resolved that we strongly urge upon the Dominion Executive Council to continue to keep before the Government the fact that the smuggling evil is still prevalent. 'Carried.'

Retail merchants throughout Canada are opposed to smuggling, not only by reason of the fact that the law is being evaded, but the Customs duty is not being collected, with the result that the legitimate merchant who pays the duty finds it very difficult to compete with the man who is selling goods which have been smuggled into the country, and on which no duty has been paid.

Yours truly,
The Retail Merchants' Association of Canada,

Per N. B. DOUGLAS,
Secretary-Manager."

I think that is all, Mr. Chairman.

Mr. HENDERSON, K.C.: Shall we file these letters?

The CHAIRMAN: They are produced only.

Mr. HENDERSON, K.C.: This is all the evidence I have for this afternoon, Mr. Chairman.

Witness retired.

The Committee adjourned until Wednesday, April 14th, 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. 30—WEDNESDAY, APRL 14, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Arthur Osborne Dawson, Canadian Cottons, Limited, Montreal, Que.
Mr. Charles K. Parkus, of Caulfield, Burns and Gibson, Ltd., Toronto, Ont.
Mr. Richard E. Oakes, Manager, Manufacturers' Credit Bureau, Toronto, Ont.
Mr. Pierce Repman Watson, Managing Director of Grouts Limited, St. Catharines, Ont.
Mr. John Cowling, Louis Roessel & Co. Ltd., Drummondville, Quebec.
Mr. Walter John Barr, President, Goldsmith Company, Toronto, Ont.
Mr. Joseph Arthur Caron, Caron Brothers, Inc., Montreal, Que.
Mr. Walter Frederick Bush, United Garment Workers of America.

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

MINUTES OF PROCEEDINGS

WEDNESDAY, 14th April, 1926.

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

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

Committee Counsel present: Messrs. Calder and Tighe.

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

Mr. Farrow submitted nine parcels of returns in respect to liquors released from bonded warehouses, in response to Mr. Bell's motion of 9th February last, covering all ports where there are bonded liquor warehouses, except Toronto. Toronto returns to be submitted as soon as received by Mr. Farrow.

Mr. Farrow submitted,—

File 123111, investigation *re* certain monies collected by Captain J. D. Zinch at Lunenburg, and subsequent refund by him of an amount approximating $1,600.

Files 123200 and 121184, seizures from Rachel Goodman of Toronto.

Customs file 112571 and Preventive Service file 8740, seizure of liquor from Frank Rice, Halifax, No. 31763-4150.

A letter was received from Mr. Taylor, Assistant Deputy Minister of Customs and Excise, supplementing the evidence he gave on 26th March last respecting the Murray Chemical Company and the Noel bonded warehouse at Montreal.

Mr. Wilson submitted,—

Customs file 112571 and Preventive Service file 8740, seizure of liquor from Frank Rice, Halifax, No. 31763-4150.

Preventive Service file 14324, seizure of whiskey from Sam Walfield, Outer La Have, N.S.

Preventive Service file 13807, Customs patrol boat No. 5.

Preventive Service file 11987, complaint against C. E. Enforcement Officer Elisha Wentzer, Liverpool, N.S.

The name of Mr. George Hearn of Montreal Que. having been called, Mr. Hearn did not respond.

The name of Mr. W. M. Egan of Windsor Ont. having been called, Mr. Egan did not respond.

Mr. Arthur Osborne Dawson, Canadian Cottons, Limited, Montreal Que. was called and sworn. He read a statement outlining conditions amongst garment manufacturers and suggested remedies to curtail smuggling.

Witness discharged.

Mr. Charles K. Purkus, of Caulfield, Burns and Gibson, Limited, Toronto Ont. was called and sworn, and was heard respecting smuggling in connection with dry goods. Witness read a resolution from the Canadian Wholesale Dry Goods Association, Toronto, respecting smuggling, and filed same with the Committee.

Witness discharged.

Mr. Richard E. Oakes, Manager, Manufacturers' Credit Bureau, Toronto, Ont. was called and sworn, and heard in regard to smuggling of women's clothing.

Witness discharged.

Mr. Pierce Repman Watson, Manager Director of Grouts Limited, St. Catharines Ont. was called and sworn, and heard respecting the smuggling of silk goods.

Witness discharged.

Mr. John Cowling, of Louis Roessel & Co. Ltd., Drummondville Que. was called and sworn, and heard respecting smuggling of silk goods. Witness read a resolution of the silk manufacturers of Canada in regard to this.

Witness discharged.

Mr. Walter John Barr, President, Goldsmith Company, Toronto Ont. was called and sworn, and heard respecting smuggling as it affects the Canadian Jeweller's Association. Witness filed his statement.

Witness discharged.

Mr. Joseph Arthur Caron, Caron Brothers, Incorporated, Montreal Que. was called and sworn, and heard respecting smuggling as it affects jewellers.

Witness discharged.

Mr. Walter Frederick Bush, United Garment Workers of America, was called and sworn and heard in reference to smuggling of prison-made goods. He read into the record a list of names of prisons in the United States and the named of the contracting firms, and filed with the Committee a printed sheet showing facsimile labels used on prison-made garments.

Witness discharged.

Moved by Hon. Mr. Stevens,—That a summons be issued for the appearance before this Committee of W. J. Ryan, Inspector of Gold-Marks Act, Toronto, and that he bring with him all his books and records for the past ten years. To appear on instructions of Mr. Calder.

Motion agreed to.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

Wednesday, April 14th, 1926.

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

Mr. HENDERSON, K.C.: My first witness this morning is Mr. A. O. Dawson of Canadian Cottons, Limited, representing the cotton mills of Canada.

ARTHUR OSBORNE DAWSON called and sworn.

By Mr. Henderson, K.C.:

Q. Your residence is Montreal?—A. Yes.

Q. Occupation?—A. Cotton manufacturer.

Q. Mr. Dawson, I understand that you have prepared a statement. Would you be good enough to read it to the Committee, or state it in your own way?—A. Mr. Chairman, and gentlemen, I have perhaps nothing new to say to you, only perhaps to confirm the evidence that has been given before you over a number of days or weeks.

I want to say that I appreciate this opportunity of expressing my views before you, and expressing at the same time the hope that early action may be taken to stop the evil of smuggling goods into Canada, that has been steadily growing in recent years. My conviction is that the Premier was well within the mark when he made the remarks which he did in his speech, that the country lost annually from fifty to one hundred million dollars through smuggling operations.

I stated that I happened to be the chief executive of Canadian Cottons, Limited, which have in its group of mills, some five mills and five units, two at St. John, New Brunswick, one at Cornwall, and two at Hamilton. These five mills are engaged particularly in the manufacture of a type of goods, class of goods, similar to those goods that are supposed to be largely smuggled into Canada. That includes men's goods, such as denim for men's overalls and workshirts.

After a careful estimate based on information given me by the makers of such garments, who buy their raw material from us, I feel certain that were it not for the goods that have been smuggled into Canada during the last three years, these five mills would have been running to capacity instead of being compelled to run, during that period, at seventy-one per cent of the possible. We were only able to produce seventy-one per cent of the average production. I am referring particularly to the year 1924-25.

I would like you to know, in that year, which was our last fiscal year, that our company showed a loss in operations running into $250,000 short of our ordinary depreciation. We believe that if we had been able to run our mills to capacity, that loss would not have been occasioned, and while it would not have been a profitable year, we would, at least, have been able to take care of the depreciation, which we were not able to do.

Perhaps that is not a serious loss, as the shareholders can stand a loss once in a while, but it is a very serious thing for the operators.

During the three years referred to, there were more than three million dollars lost by our operatives in wages. That means that our people were not getting the work which they had been getting. If the money had been obtainable, a great many of our best operatives would have been available, but they went to the United States where they could get a continuous wage. This money, if it

had come into the possession of our operatives, would have been expended by them to assist other industries of the country.

I have made this note: Then, too, to the loss of the shareholders and the operatives of these mills must be added the loss suffered by the Canadian garment manufacturers and their operatives, for I am satisfied that a great many garments are smuggled into the country in completed form, though undoubtedly there is much cloth smuggled in also, and is later made in certain factories operating on the American border. Our customers tell us that some of these garments smuggled show all the earmarks of having been manufactured in the prisons of the United States.

These smuggling operations have become so extended in recent months that certain manufacturers, not being longer able to stand this unfair competition, have been compelled to close their factories, and instead of buying goods made in Canadian mills are buying goods from firms supposed to be smugglers, and goods which are supposed to be prison-made.

I had hoped to have Mr. Sures, of Sures Brothers, Winnipeg, with me to-day to confirm this evidence. He told me that it was impossible for them to meet the competition of certain manufacturers or merchants. It was impossible for him to operate his factory because of this competition.

Confirming what is being told us by all garment manufacturers as to the utter impossibility of any legitimate company competing with these concerns, and to prove to the Commission that every cotton mill in Canada is suffering from these smuggling operations, I wish to quote, first, a letter received from the General Manager of the Dominion Textile Co., Limited, and second, from a letter received from the head of the selling department of Montreal Cottons, Limited. The Textile letter reads as follows:—

> "We do know that the number of machines in the Rock Island district are capable of manufacturing a very large quantity of overalls and shirts—that every manufacturer of this class of goods, attempting to compete with them, have complained most bitterly of the loss in their business due to Rock Island 'ruinous competition'—and that they, in turn, have been idle for this cause, and, undoubtedly some of the failures amongst overall and workshirt manufacturers have been due to selling below cost in an endeavour to meet competition created through unfair means."

The Montreal Cottons letter reads as follows:—

> "In 1925, we did approximately one hundred thousand yards with Rock Island manufacture, which at a conservative estimate, I figure should have been at least one million, two hundred and fifty thousand yards.
>
> Apart entirely from our own experience of the difficulty in securing a satisfactory volume or share of business from the Rock Island factories, we have had, as no doubt you have, complaints from all parts of the country from manufacturers of similar lines on the impossibility of quoting competitive prices to those offering to the trade by Rock Island factories. In addition to this we have had frequent advice of Rock Island salesmen using it as a selling argument that customers could not be without their goods, for the simple reason that, not having paid any duty on their raw material, their prices could not be touched by other manufacturers, and of course it has been a patent fact for years amongst jobbers—who in some cases operate their own factories—that Rock Island prices would be impossible if the goods from which their garments were made, were entered regularly for Customs, and these same jobbers, in spite of the fact that they are in the manufacturing business themselves, buy Rock Island products regularly."

That is confirmed by a letter received from one of our customers in Vancouver, who was a generous buyer of our goods in former years. He operated a factory, and that is Mr. James B. Thomson. In his place he found that he could not compete with goods sold to his customers by firms operating in Rock Island, and he closed his factory, and of late he has himself been buying the garments he needs from a Rock Island concern.

Mr. Thomson recently sent me a pair of khaki pants received from the Rock Island firm in question, and he writes as follows. He was in Montreal a short time before he wrote.

> "I am sending you under separate cover, a sample pair of lot 1330 khaki pant which we buy from the Jenkins Overall Limited, of Rock Island, Quebec. The price on the last order, which was during the present month, was $17.10 per dozen, which does not, of course, include sales tax, as you are aware, we operate under a license.
>
> I did not check the cost of this material during my visit to New York on this occasion, but I did during last September, and it was absolutely impossible for us to purchase that line in New York, and manufacture the garments in our own plant, as a matter of fact, the cost of the material plus the duty and freight came very close to being the price we are paying Jenkins for the overall.
>
> There is no question in my mind but that there is something seriously wrong somewhere in the question of distribution of both manufactured garments and certain textiles entering Canada of American origin."

As Mr. Thomson is a practical manufacturer, he would not allow his machines to stand idle even he could only get cost out of the goods. This is conclusive evidence to me that these goods that Mr. Thomson is buying from his former competitor have been smuggled into the country. Further than this, because there are no marks whatever on the garments; even the buttons being absolutely plain, would seem to point to the fact that they have been prison-made.

A suggestion or two. If you ask me how in my opinion this traffic can best be stopped, I would without hesitation say that if those who are found guilty of smuggling should immediately be subjected to a jail sentence, together with the closing of their plant, accompanied with a confiscation of all the smuggled goods discovered in their possession, and the imposition of a heavy fine, a death blow would be struck to this traffic.

To make the stoppage complete, I would suggest that a copy of every bill-of-lading covering goods shipped from certain suspected sections of the country, and immediately after shipment be put in the possession of trustworthy and efficient Customs agents. It should be the duty of these Customs agents to call on all suspected firms, and have them produce invoices and Customs entries representing these goods thus shipped from Canadian railroad stations.

These firms suspected of being engaged in this traffic would thus be kept in continuous fear of being called on to produce at any moment documentary proof showing the origin of the shipments made, and it seems to me that they would therefore hesitate to make themselves subject to a fine, confiscation and imprisonment.

By the Chairman:

Q. And oblige them to keep their invoices on file?—A. Yes. It is also my opinion that the law would be more speedily and justly administered if, in certain suspected districts, a special judge should be appointed before whom all cases of smuggling or undervaluation would be brought for prompt trial.

That is all I have to say. I wish to thank the Commission for the patient hearing that I have been given, and through you, I would like to assure the

government that the business men of Canada, from one end of the country to the other, would deeply appreciate any early action that may be taken to stop a practice that has been a growing menace to legitimate industry for several years back, and that has been exceedingly discouraging to honest manufacturers and traders.

I shall be very glad to answer any questions.

The CHAIRMAN: I think you have covered the ground very well.

By Hon. Mr. Bennett:

Q. How many people do you estimate are out of employment by reason of your plants not being able to operate continuously?—A. We have, in these five factories referred to—we have other factories—these factories that we operate are specially for the making of these goods. On an average these five mills would employ five hundred operatives each.

Q. Two thousand five hundred people?—A. Yes. As I have said, many of our best operatives have gone to the United States. That is the difficulty with enterprising and ambitious operatives. You can not help that. Give him steady employment and he will stay, but they move across to the States. We have to keep experienced operatives and we are not able to get hold of them on that account. We get inefficient ones and that means increased costs. Smaller product, increased overhead, means in this case that we have to make our price so low in order to meet the competition of illegitimate people, and there is no profits for the company.

I think that I may say that in the last two years in all these denims, our costs showed a loss of over a cent a yard on every yard of stuff we made. We would be out of business if it were not for the fact that we are making a certain line of fine goods.

Q. You attribute that altogether, wholly to smuggling?—A. Largely, there are other factors.

Q. Would it mean a thousand people out of employment?—A. Not continuously. These people hang around, they have their homes, or we supply them with homes, and you can understand the difficulty arising out of such a situation. These men have to support families with three or four children. It is not a living, but it is only existence.

Q. What is the name of your company?—A. Canadian Cottons, Limited.

By Mr. Kennedy:

Q. I understood you to say that travellers who had gone around, say that they could beat any price—these travellers represent Jenkins?—A. Yes.

Q. Because the goods were smuggled?—A. We have no doubt whatever that these goods come through the garment manufacturers.

Q. Would it not be possible to give the names of some of these people so we could have them here as witnesses?—A. We could give the names of the garment manufacturers.

By Mr. Calder, K.C.:

Q. Could you secure from them the names of the commercial travellers? —A. I do not know just how far they would be willing to go. That is a general statement. No doubt these garment manufacturers would be quite willing to supply the information.

By Mr. Kennedy:

Q. They ought to be willing to give us the information?—A. Yes.

Q. Will you quote into the record the names of those who can give information?—A. I do not know that I could specify—

Mr. HENDERSON, K.C.: That information might be given to Mr. Calder. I can assure Mr. Calder that he will be supplied with names instead of having them read into the record.

By Mr. St. Pere:

Q. In your memorandum, you spoke of smuggling; how long, or over what period could you trace it back?—A. I am afraid that it has existed from time immemorial. It has been more serious the last three or four years, and it seems to have been growing. I do not know the occasion for it, unless they are let off too easily and become bolder, which is a tendency of wrongdoers. I think that it has been going on as long as I have been in business. There have been more or less complaints of smuggling on the border, but it seems to have been worse the last few years.

Witness discharged.

CHARLES K. PURKUS called and sworn.

By Mr. Henderson, K.C.:

Q. Your place of residence?—A. Toronto.

Q. Occupation?—A. Vice-President and Manager of Caulfield, Burns and Gibson, Limited.

Q. Which is what line?—A. Wholesale and manufacturing men's furnishings.

Q. I understand that you represent the Wholesale Dry Goods Association in Canada?—A. Yes.

Q. Will you be good enough to tell the Committee, Mr. Purkus, in what way smuggling affects the business with which you are concerned?—A. Mr. Chairman, among other things that we manufacture in our factory in Toronto, are men's khaki pants, men's bathrobes and dressing-gowns. I would like to speak a little about robes and dressing-gowns, because business in connection with khaki pants has become so small within the last few years, we are practically out of them. We could not compete with the Quebec price anyway, I mean the Rock Island price.

Hon. Mr. STEVENS: That may be the most important part of your evidence.

Mr. HENDERSON, K.C.: I think perhaps you can emphasize that.

By Mr. Henderson, K.C.:

Q. I think you had better emphasize that?—A. The only way I can emphasize it is by saying that our travellers go around with their samples, and they come back week after week and say that they cannot sell this line of goods, or cannot sell that line of goods, that our prices are $2.00, $3.00 or $4.00 higher than these Rock Island prices. We have never made any inquiries regarding the smuggling of the materials that have gone into the khaki pants, but we have always believed that the goods must have been smuggled, because we have found out that if it only costs one-half or rather that it would cost them twice as much as it costs to make them in Toronto, even then we could not compete.

By Hon. Mr. Stevens:

Q. Your point is that they could not possibly put these goods out at the prices they do, if it was honest competition?—A. Not and pay duty on the goods.

Q. You say they could not do it and pay duty on the goods?—A. That is correct. About two months ago—I would like to say first that I am not connected with our factory; I am the manager of the wholesale department—about two months ago I went to New York and called upon two of the largest manufacturers of eiderdowns, the goods we put into men's bathrobes and dressing gowns. Some are sold by yards and others by blankets. Previous to going there, one of their salesmen called upon me and told me that for some time they had been shipping their goods to people who bought them in Rock Island, who had them shipped to Derby Line, Vermont. Another man in the United States told me the same thing, so you can draw your own conclusions.

By Hon. Mr. Bennett:

Q. Did they give you the names of the consignees at Derby Line?—A. No, sir.

Hon. Mr. STEVENS: Mr. Chairman, I would like to ask this witness to give Mr. Sparks the details of that, so that it may be passed on to our auditors, who are now working on this very situation. While I would not like to ask the witness to give the names of the New York people, I would be glad if he would give Mr. Sparks the details.

WITNESS: I will be pleased to give those names. Both those firms would be very glad to assist, because I know that for some time at least, they have both refused to do any more of that business.

By Hon. Mr. Stevens:

Q. Will you give that to Mr. Sparks, so that he may pass it on to our auditors?—A. I will do that.

Q. We know that that occurs in other lines, but I have not heard of it in this line before?—A. As far as dressing gowns and bathrobes are concerned, we have estimated that we are only making 25 per cent of what we should normally be making, through this competition at Rock Island, and I presume from other towns down there.

Q. Is this competition becoming greater in volume from year to year?—A. It has been growing worse all the time. It is an easy way of making money, and it will be bound to grow.

By Mr. Henderson, K.C.:

Q. You say you are only making 25 per cent of what you should be making? Were you doing 50 per cent last year?—A. I could not give you those figures, Mr. Henderson. Possibly, if I had gone more into the factory figures, I could, but I have not done that.

By Hon. Mr. Stevens:

Q. When did it become acute?—A. About ten or twelve years ago. As I said before, it has been a sore spot, for our travellers to come in week after week and say that they could not sell our goods, that our prices were too high. They think there is something the matter with us, that we are getting too large a profit upon our goods.

By Mr. Henderson, K.C.:

Q. Have you some other items about which you wish to speak?—A. I was going to mention that smuggling, as it affects our business, started long before the smuggling in liquor became so difficult to handle. I have with me a

resolution that was passed by the Canadian Wholesale Dry Goods Association, at a meeting held in Toronto only last week. I would like to read it, together with the names of the firms who are in that Association. (Reads).

"At a meeting of the Wholesale Dry Goods Association, Limited, held in Toronto on the 6th instant it was resolved—

That in the opinion of this Association the domestic trade of the Dominion is seriously menaced by the wholesale smuggling which is going on.

That the revenues of the country are being depleted by the evasion of duty on these smuggled goods to an extent which has necessitated additional taxes now becoming more than burdensome upon all classes of the community.

That the Customs regulations now existing be rigidly enforced.

That a Special Preventive Service, entirely free from political influence and in charge of capable officers, conduct a rigorous campaign to suppress this evil.

Certified true and exact copy.

E. C. B. FETHERSTONHAUGH,
President,
THE CANADIAN WHOLESALE DRY GOODS ASSOCIATION."

I have here a list of the members of that Association:

J. & M. Murphy, Ltd., Halifax.
Brock and Paterson, Ltd., St. John, N.B.
Vassie & Co., Limited, St. John, N.B.
Manchester Robertson & Allison, Ltd., St. John, N.B.
Garneau, Ltd., Quebec.
Gauvreau Beaudry Company, Ltd., Quebec.
McCall Sheyn & Co., Ltd., Quebec.
W. McLimont & Sons, Ltd., Quebec.
Thibaudeau, Frere & Co., Quebec.
Greenshields, Ltd., Montreal.
Alp. Racine & Co., Ltd., Montreal.
P. P. Martin & Co. Ltd., Montreal.
Hodgson, Sumner & Co., Ltd., Montreal.
Mark Fisher Sons & Co., Montreal.
John M. Garland, Sons & Co., Ottawa.
W. R. Brock Co., Ltd., Toronto.
John MacDonald & Co. Ltd., Toronto.
Gordon MacKay & Co. Ltd., Toronto.
Caufield, Burns & Gibson, Ltd., Toronto.
Denton, Mitchell & Duncan, Ltd., Toronto.
Gaults, Limited, Winnipeg.
W. R. Brock Co. Ltd., Calgary.
Revillon Wholesale, Ltd., Edmonton.
Gault Bros. Ltd., Vancouver.
James Thomson & Sons, Ltd., Vancouver.
Ross & Durno, Ltd., Vancouver.
Hudson Burns & Ray, Ltd., Vancouver.
McKay, Smith, Blair & Co., Vancouver.
Turner Beeton & Co., Ltd., Victoria.

Q. Is there anything further you can add?—A. No, sir, I think not.

By the Chairman:

Q. Did you state your case about dresses?—A. We do not manufacture dresses, sir, only men's goods. There is nothing further I have to say, Mr. Chairman.

By Mr. Kennedy:

Q. You are a member of the Canadian Manufacturers' Association?—A. We are.

Q. Do you know whether the Rock Island people have been, or are members? —A. I do not know.

Mr. HENDERSON, K.C.: If you want to know that, Mr. Kennedy, I can furnish the information I think. I understand some of them joined last year, but I think we can find that out.

Hon. Mr. STEVENS: I heard that several of them came to the penitent bench last year.

Witness retired.

RICHARD E. OAKES called and sworn.

By Mr. Henderson, K.C.:

Q. What is your full name?—A. Richard E. Oakes.

Q. Your place of residence?—A. Toronto.

Q. What is your occupation?—A. I am manager of the Manufacturers' Credit Bureau.

Q. That is a Limited organization, is it not?—A. Yes.

Q. What is that organization composed of?—A. It is an organization of manufacturers of women's clothing. That is, cloaks, suits and dresses.

Q. Do you speak for that organization?—A. Yes, sir.

Q. Will you be good enough to give the Committee any information you have that bears upon the question of smuggling?—A. Mr. Chairman and gentlemen, the organization which I represent is composed of about 90 per cent of the manufacturers of women's cloaks, suits and dresses in Toronto.

Q. Speak out so that we can hear you?—A. We have known for some considerable time that smuggling has been carried on in this industry, and we have known of its effects. The executive of the organization are fully aware of the fact that quite a few of our own members are guilty of smuggling, but unfortunately not being a judicial body, they have no means of cutting it out. At the same time we do endeavour to point out to those members that they are not acting in fairness to their fellow-manufacturers.

The articles that are smuggled are mostly piece goods, latterly, silks. Up to about three years ago, woollens were also smuggled, but except in the higher priced woollens, there is no object to-day in evading the Customs in that line. Garments are also smuggled to a very great extent. The garments which are brought in are mostly for model purposes, so that they really have not a tremendous effect upon the industry at large, except insofar as they affect the price of an article.

The main trouble which we encounter is the fact that there is no price to any article manufactured. A legitimate manufacturer will, at the commencement of his season, figure out his costs and his percentage or profit. He will spend usually a great deal of his capital in getting out his sample lines, and sending his travellers out on the road. Those travellers will come in at the end of a trip and tell him that he is far too high. But they must do business, they have the organizations to keep going, they refigure, they cut off their profits and send out their travellers again, who come back with the same story,

that the prices are still too high. The consequence is that for the last three or four years the ordinary women's ready-to-wear business, as far as the manufacturers are concerned, has become almost bankrupt. Their capital is being gradually wiped out.

There is no value whatever, as I said before, to a garment; the manufacturers must work in the dark. Instead of looking for legitimate business and figuring on what profit they can make, they have to figure how much profit they can do without, and even then they find that they are still at the mercy of some individuals who are bringing in merchandise without paying the duty. The methods usually used are under-valuation, so far as price is concerned, false invoices showing a shortage of yardage; in the case of silks, two pieces rolled in one, and false classification. This is done by means of clearing houses in New York. A man makes his purchases from a manufacturer of piece goods and has them sent to a central part for packing purposes; the goods are assembled, and false invoices are made out. A piece of goods, for example coming from the loom would measure probably 60 yards, and its market price would be $3 a yard. An invoice is made out for a piece of goods of 30 yards, only, and the invoice price $1.50. I had a very good example of that given to me the other day by a cloak manufacturer, who told me that he had been supplied with a certain high-priced line of cloth by another manufacturer, for $1.50 a yard cheaper than he could have imported that cloth himself. This other manufacturer had supplied him with all the cloth of that nature he required for the season, and in addition had filled his own requirements. Both of these manufacturers have quite a large turn-over. It is not a small item by any means; the cloth is expensive cloth, costing in New York about $5 a yard.

The silk situation affects the dress manufacturers more than the cloak manufacturers. The point I think is of the greatest importance to us. We really would not care an awful lot what smuggling was going on if the men who smuggled retained the profit; but he uses the saving in the duty to cut the price for his competitors, and the consequence is that the retailer gets his merchandise from this man at a price of say $15 for a garment. The illegitimate manufacturer comes along, and offers the same garment for $10. The ultimate consumer of that garment also does not know the value she should pay, or the money she should pay, and the consequence is that the whole industry is in such a state of uncertainty, that there is no foundation so far as prices are concerned.

This is not the worst feature, Mr. Chairman; the evasion of Customs duties has led to a general breaking down of the morale of the industry, so that we find, in addition to the evasion of the Customs duty the evasion of the Sales Tax. I can safely say that 25 per cent of the sales in our industry are not shown, and the sales tax is not paid o nthem. I put that down absolutely to the fact that the honest manufacturer, the otherwise honest manufacturer, the man who would be honest, is forced in some way to try and overcome the effects of this illegal importation; his morale is completely destroyed, and he must seek new channels to assist him to overcome this competition.

It appears to us, and I speak now for the organization that these evils could be overcome to a very great extent first by employing honest officials. One of our executives at our meeting the other day told me to say to you gentlemen, that he believed you should pay a man to be honest. They have the impression that the salaries in the Government service are not sufficient to keep a man honest. Their impression is that it would pay you to pay a salary of $10,000, $15,000 or $20,000 a year to a man who is now getting $2,000 a year, and to see that you get the right man. Efficiency in the appraisal department should not be hard to obtain, so far as this particular industry is concerned. Looms which make woollen and silk cloths are made to run certain lengths. A loom cannot make a cloth with a difference in yardage of more than two or

three yards. If the cloth is supposed to come out at 60 to the end, it will come out 59¾, 59, or 59⅛; it will vary, but it will never vary more than two or three yards at the outside. Each cloth has a weight, and the weight is figured by the square inch. Each cloth has a number, and each cloth has a value. If all import invoices were forced to bear the cloth number, the name of the manufacturer and the weight, there should be no difficulty for the appraisal department to determine the duty on every package. A piece of woollen cloth, 8-ounce cloth, would measure approximately 60 yards, and it must have a definite weight to within a pound or so; so there should be no difficulty whatever in checking footage upon that point.

By Hon. Mr. Stevens:

Q. That would not apply to all woollen cloth, would it?—A. In our line of industry, silks and woollens, it would apply. There is no mill that cannot give you the details, and it is our belief that the appraiser should be in touch with the production of the mills, and if they are efficient men that should not be difficult. The mills will, undoubtedly, I am sure, give them any information they may require.

So far as punishment is concerned, we believe that there is an Act already on the Statute Books which would efficiently meet the bill, if it were only put into operation. We had hoped when the amendments to the Customs Act went through last year, that there would be a stop, and I think there was for a time, to excessive smuggling, but we feel to-day that it is just as bad as ever; in fact, I have written some letters to the Department in which I mentioned a certain case which is common knowledge in the industry, and the Department is a laughing stock, in that case. It is openly said that nothing will be done, that those people will go Scot-free.

By Mr. Calder, K.C.:

Q. Is it a case in court?—A. No, sir, it is not a case in court, but it is a case which we maintain should be in court.

By Mr. Kennedy:

Q. Can you give us the information?—A. I will give it.

Q. Will you give it to Mr. Calder?—A. Yes. It is a case in which a seizure was already made.

By Mr. Calder, K.C.:

Q. Will you give me the particulars of the case?—A. Yes, certainly.

Q. I thought you were giving the particulars of the Lenitsky case?—A. No, sir.

Mr. CALDER, K.C.: There was one case where a man got a reduction in the sentence because he was shocked with the process of arrest.

WITNESS: We also believe, sir, that Government officials who abuse their trust in the Customs Department, should be treated in exactly the same way as the Government officials in the Post Office Department. The sentence should be made extremely severe. That is all I have to say, sir.

The CHAIRMAN: That is all; thank you.

Witness discharged.

[Mr. Richard E. Oakes.]

PIERCE REPMAN WATSON called and sworn.

By the Chairman:

Q. What is your full name?—A. Pierce Repman Watson.

By Mr. Henderson, K.C.:

Q. What is your place of residence?—A. St. Catharines,Ontario.

Q. And your occupation?—A. Managing director of Grouts Limited, silk manufacturers.

Q. I believe you are a member of the Silk Association?—A. Yes. Our firm is one of the Canadian Silk Manufacturers, and I am here as one of two delegates.

Q. From that Association?—A. From that Association. As you gentlemen already know, I believe, we are perhaps the infant industry in Canada, that is, the broad silk manufacturers, being rather small and not in great volume at the moment. As you also know, silk bulks are small for the value which they represent, and it makes it a very highly prized smuggling article. I got some figures from the Silk Association of America, of which we are also a member. I asked the Secretary to wire me the amount of reported stolen goods in the United States, as reported to the Silk Association in 1925. It is our contention that at least 90 per cent of the goods stolen in the United States comes into Canada by the smuggling route. The Silk Association of America within the last two or three years have organized a rather elaborate detective association for the tracing down of stolen goods, and they are doing a very good work. They have tightened up so much, I think, that it does not pay to try to dispose of the goods in the United States, when it is so easy to get them into Canada, so it is our contention that 90 per cent of it comes up here. I asked the Secretary to give me the figures for 1925. He replied saying that over $500,000 were reported last year as stolen. Now, there are a great many silk manufacturers and a great many dealers in silk in the United States who do not belong to the Association, and who have, I think, had just as much stolen. There is the undervaluation that goes on, and on top of that there is a certain amount of goods legitimately bought; that is, there is some price paid for it; it is not smuggled in. Then there is the undervaluation on dresses, which affects us vitally, because we cannot go out and meet their trade which is largely among the dress manufacturers of Canada. At the moment they are complaining very bitterly about the amount of goods coming in, not only smuggled, but undervalued. I would say as a conservative estimate that the amount of goods that comes into Canada by the smuggled route, or undervalued route, or the various phases I have tried to mention, amounts to between $3,000,000 and $4,000,000—a very conservative estimate. This $3,000,000 or $4,000,000 in our infant industry, would represent a 100 per cent increase in money invested, in operatives—and when I say that, I speak of the broad silk end of it more than the knitted end of it. The knitters have been established quite a considerable time, and have suffered to some extent from unemployment due to smuggling and undervaluation. I speak mostly from the broad silk end of it. We employ about 3,750 employees, and if we could do away with the smuggling and the other phases of it, I am sure we could increase that by 100 per cent to-day. Not only could we do that, but we are willing to do it. The prices at which some of these small silk stores, as it were, were selling their goods, became so noticeable a year or eighteen months ago that another gentleman, a Mr. McGee, of the Quality Silk Dyeing Company, and myself, informally talked over the matter of trying to buy goods in different stores, dissect them, and endeavour to present a case to the government to see if we could not get something done. About this

time the Commercial Protective Association approached us, and we felt we could show a greater weight as a body. I think you will find the silk people have donated very freely, because they are hit as badly as anybody.

There is another point which may not illustrate it quite so well. When our President, Mr. Farrell, was out in Canada some three or four years ago, looking over the field relative to establishing here, he made a survey of the consumption per capita in the United States and Canada. Of course, his figures were obtained through the Silk Association of America in the United States, and the importations as given by the Customs authorities. At that time there was practically no domestic manufacturing, and he figured that at that time a proportion—and when I say "proportion" I will not give you any figures, but if the consumption in Canada was 100 per cent, we will say, the consumption per capita in the United States was 175 per cent over that. According to the figures taken from the Department of Trade and Commerce, Dominion Bureau of Statistics, External Trade Branch (the Blue Book, as I call it) for the ten months ended January, 1926, plus a domestic production, I arrived at a per capita figure, and I got the Secretary of the Silk Association of America to give me a per capita consumption figure in the United States to-day, which works out at a certain figure, and this figure, comparing the same way, is three times what the Canadian figure is at the present time. We will allow for the United States having better business, more money, more population and all like that, but the comparison is so far out of line—where it was one and three-quarters times, it is now three times—that it looks to me as if there was "a nigger in the woodpile" somewhere; plus the fact that even an infant industry, the broad silk manufacturers themselves, who have not the production at the moment to take care of anything like the needs of the country—

By Hon. Mr. Bennett:

Q. How long have they been in operation?—A. We in St. Catharines have been in operation about a year and six or seven months. There is another firm which has been in operation close on to three years.

Q. What is the duty?—A. We have thirty-five per cent protection against the United States, and twelve and a half per cent against England. It varies according to the country, favoured nations, and so forth. We found that the price at which the stuff was offered for sale in the smaller stores was so flagrantly impossible for them to make, even though it did not affect us so much from an employment standpoint, and it struck us in the face so forcibly that we felt we could not allow it to continue, and then Mr. Sparks and his Protective Association came along, and we felt we could do a great deal better with them.

The point I wish to impress upon the committee is the fact that if we could say, even with a conservative estimate, what the smuggling amounts to—and it is pretty hard to arrive at just what it is—we could increase today 100 per cent, and give employment to practically 3,750 more people. That is one point that makes it so vital to our employees. On top of that is the fact that the smuggling of silks will become more prevalent. As far a the check-up of stolen goods is concerned in the United States, they are doing things in an elaborate way. The Silk Association of America in the United States is endeavouring to make a very close check-up. I guess that is all I have to say.

By Mr. Kennedy:

Q. Is your business a branch of a United States business?—A. No, our business is a branch of an English business.

Q. You are pretty familiar with the conditions of the broad silk business in the United States?—A. I come from the United States; I was employed in the United States.

By Hon. Mr. Bennett:

Q. What percentage of our entire consumption is home-made—domestic manufacture?

Hon. Mr. STEVENS: Leaving out the smuggling?

Hon. Mr. BENNETT: Yes, the figure he was mentioning a moment ago.

The WITNESS: Of course, in a small country like this, we could never hope to do all the business; we could never hope to make some of the fancies. I would say, conservatively speaking, we could increase another twice.

By Mr. Henderson, K.C.:

Q. I believe Mr. Bennett asked you what percentage today of the silk consumed in Canada is made in Canada?—A. About 25 per cent.

By Hon. Mr. Stevens:

Q. Exclusive of smuggling?—A. Exclusive of smuggling.

By Hon. Mr. Bennett:

Q. 75 per cent comes in and pays duty, or is smuggled in?—A. No, duty paid; exclusive of smuggling.

By Mr. Doucet:

Q. You do not know what quantity is smuggled in?—A. We have no way of finding that out.

By Hon. Mr. Stevens:

Q. They do not report to the Silk Association?—A. Hardly.

By Hon. Mr. Bennett:

Q. Unless these figures of per capita consumption would give you some idea?—A. It would give us an idea, that there is something wrong.

By Mr. Kennedy:

Q. Is smuggling your worst competitor?—A. No, we have some very strong competition from the foreign countries. We are having a very nice time of it, all told.

By the Chairman:

Q. Were you in the silk business before you came to Canada?—A. Yes; I have spent my entire life in it, since I was seventeen.

Q. At Patterson?—A. No, I am not from Patterson, thank you. I come from a district in New Jersey and Pennsylvania—a newer district.

Q. You are an American?—A. Yes sir. Thank you, gentlemen.

The CHAIRMAN: That is all.

Witness discharged.

JOHN COWLING called and sworn.

By Mr. Henderson, K.C.:

Q. What is your place of residence?—A. Montreal.

Q. What is your occupation?—A. Vice President, Louis Roessel & Company Limited.

Q. It has its factory where?—A. Drummondville, Quebec.

Q. You also represent the Canadian Silk Association?—A. I do, in conjunction with Mr. Watson.

Q. Will you be good enough to make a statement as regards the effect of smuggling on the silk business?—A. Well, Mr. Chairman and gentlemen of the committee: It is my first duty to read a resolution of the silk manufacturers, which was unanimously adopted at a meeting of silk manufacturers of Canada at the Queen's Hotel, Toronto, on April 6. It is only a short resolution:

> "Whereas we, the undersigned silk manufacturers of Canada are suffering severely from the effects of the extensive smuggling of silk goods into Canada and the undervaluing of silk goods for Custom's purposes;
>
> And whereas our capital investment is in danger, and our means of livelihood and that of our employees is seriously threatened thereby:
>
> Be it resolved that we do all in our power to assist the Government of Canada and the officials of the Customs Department to eradicate this practice of smuggling and undervaluing.
>
> Be it further resolved that we appoint two of our manufacturers, John Cowling, of Montreal, and P. R. Watson, of St. Catharines, Ont., to represent us before the special committee investigating the administration of the department of Customs and Excise at Ottawa, on April 12th, 1926, and that the representatives be instructed to bring to the attention of the Committee the seriousness of the situation in which the silk industry of Canada is placed by the unfair competition of smuggled and undervalued goods."

This is signed by nearly one hundred per cent of the silk manufacturers of Canada. I think there are only about three left out, and they would have signed had they been at the meeting.

By Hon. Mr. Bennett:

Q. How many are there?—A. I will read them out. (Reading):

Riverside Silk Mills Limited, per C. A. McCormick, Pres.
E. S. Currie Ltd., per Geo. E. Farmer.
Louis Roessel & Co., Limited, John Gowling, Vice. Pres.
Dominion Silk Mills Ltd., P. F. Fitch, Pres.
Ontario Silknit Limited, M. H. Epstein, Treas.
E. and J. Silknit Co. Ltd., M. H. Epstein, Pres.
Summit Dyeing Co. Ltd., M. H. Epstein, Treas.
Grout's Limited, P. R. Watson, Director.
J. Henry Peters Co. Limited, P. E. Peters, Vice Pres.
A. T. Reid Co. Limited, F. A. Reid, Vice. Pres.
Bruck Silk Mills Ltd., Sol Bruck.
Belding Corticelli Ltd., Geo. G. Reynolds, Mgr., Toronto.

That represents approximately a capital investment of about $8,000,000.

By Mr. Henderson, K.C.:

Q. Now, proceed in your own way, Mr. Cowling.—A. It seems to me, gentlemen, from reading the newspapers yesterday, that you have almost sufficient evidence before you to justify the fact that the honest business man is certainly having a rought road to travel, and I really and honestly dread to think what would have happened to the silk trade during the years 1922, 23, and 24 if our cause had not been championed the way it has been by the Commercial Protective Association. I say "1922, 23 and 24" because I can give fairly good reasons why those were three of the worst years in which smuggling took place. A great many men got into the silk business during the good times, and after the break in the prices in the textile world, these concerns

were naturally doing all they possibly could to stay in business. When I tell you that even barbers were buying silk in those days, and did not know a thing about silk, and butchers, and all kinds of tradespeople were dealing in silk articles at that time, you will understand the conditions. They found for the time being it was a very remunerative article to handle. Naturally they did not want to give up their chances of continuing the business. When things came back to a more normal basis, and they were in competition with people who knew the trade, a great many of them resorted to the practice of smuggling in order to try and stay in the silk business. That, of course, started it. That was about 1922, when these people were struggling to keep the position which they had been in. The thing went on in 1923 and grew worse in 1924. I recommended to our concern that they either get out of business, because we could not make it go—it was impossible to import goods and sell them at a profit—either get out of business altogether, or put up their own factories and make goods of a higher class, a thing which we were obliged to do on account of the pressure of the smuggling. As a consequence, we did that.

In order to demonstrate the effect of smuggling, our figures tell that we lost money in 1922 and more in 1923. We got to a point in 1924 where I advised them to get out of business, as it was impossible to make the thing pay.

By Hon. Mr. Bennett:

Q. You were merchandising up to that point?—A. Importing.

Q. You were not manufacturing?—A. No. I think perhaps I might serve a useful purpose in giving you a short case of what I considered to be stolen goods, and I took the matter up, myself personally, after a lot of trouble with the Customs authorities, and this is exactly what happened. A wholesale concern. to whom we were selling exclusively, telephoned us to say that we were selling goods on St. Lawrence main street that were being sold by the merchants, and which could be easily recognized. He complained that they were very much cheaper than we sold them to them. Of course, I told him that it was misguided information which he had, but thinking perhaps some smuggled goods had come in from the States, I asked him to come down with me with one of his employees. I took him in my car, and gave this employee the money to purchase a yard of this stuff in this retail store. The employee purchased the yard of goods and they would not give him his bill. They took his cash and rang it up in the cash register, and questioned him as to why he only wanted a yard. I am of the opinion that they must have been suspicious of what we were after. I kept the yard and compared it with my own goods, and I think I know enough about silk goods to know that it was the same; it was the same design, and the same pattern, and probably cut off the same piece of goods. I took the matter up with one of the Customs authorities and gave him the name of the retailer, and asked him to make an investigation, and that is all that I have heard of it.

By Mr. Henderson, K.C.:

Q. Was that in Montreal?—A. Yes.

By Mr. Calder, K.C.:

Q. Who was the Customs official?—A. I prefer not to say who it was.

Q. We are investigating the Customs?—A. It was at the Customs office.

Hon. Mr. STEVENS: Give the information to Mr. Calder. That is the class of information that we require in order to ferret some of these things out.

The CHAIRMAN: That is what we are here for.

WITNESS: I quite agree with you.

By Hon. Mr. Bennett:

Q. I suppose you did first complain to the Collector of Customs?—A. I have the greatest regard for the present Collector of Customs, and I think that he did possibly all that he could do in the matter. I took the matter up at that time, and thought that I had enough evidence to justify the Inspector going around and finding out where the goods were coming from. I went to a lot of personal trouble after hearing this particular case spoken of.

By Hon. Mr. Stevens:

Q. Would you mind telling me this; do you advance this as something which supports your view that the Customs, where this smuggling is done, is done with the connivance of Customs officers?—A. No, I was only relating the instance in order to try and prove, generally speaking, that the stolen goods came from the States. I might say that we had certain trouble in our own office with our employees who were caught stealing goods; they were goods from our New York office.

By Mr. Bell:

Q. Did you retain the sample purchase?—A. I did not; I gave that to the Customs officer.

By Mr. Kennedy:

Q. Do you not think that it is rather difficult for the Committee to carry on unless somebody is willing to give a little information concerning some of these facts?—A. This is all verbal information, and I am sorry in a way that I did not write a letter containing the information to the Customs, and I could have kept a copy.

Q. If everybody was to take that view, it would be very difficult for the Committee to work?—A. I think it is up to the Committee—I would not say that it is up to the Committee—but I presume the Committee will make sufficient enquiries.

By Mr. Calder, K.C.:

Q. That means a search of the records of the shipments. If you were to tell us to whom the goods were sent, so we may trace them in some way—?

By Mr. Henderson, K.C.:

Q. You can probably give it to Mr. Calder?—A. I prefer not to give it publicly; I will give it to any member of the Committee.

By Mr. Bell:

Q. I thought, Mr. Cowling, you stated that there were no records?—A. There was no record from me, but there would be from the Customs authorities, no doubt a record of the matter. It was only verbal information as far as I was concerned.

Q. The date was when, approximately?—A. That I would have to look up; I cannot exactly tell you when it was; I think it was in 1924.

Q. You could give it to Mr. Calder?—A. Approximately, I could; no doubt I could.

By Mr. Henderson, K.C.:

Q. Anything further, Mr. Cowling?—A. Only the other day, outside of my house on Victoria Avenue, there was a commotion going on, and I went out to see what was going on; and there were a number of policemen around there, and I went to see what the trouble was. It was an automobile which had

just come in from the States. When I opened the saloon doors—it was an enormous car, the finest car I had ever seen—out dropped a lot of silk. Evidently this man had deserted the car and left it outside of my house. I do not know why it was outside of my house.

By the Chairman:

Q. Probably he was trying to compensate you for the loss that you had occasioned through the smuggling of silk.

By Hon. Mr. Bennett:

Q. They seem to be at it, notwithstanding this Committee?—A. Yes. I honestly think that the Commercial Protective Association, with private funds, has done a tremendous lot towards stopping this smuggling business, and we, ourselves, have gone ahead in our returns since 1924 more than fifty per cent.

Q. Since this organization came into being?—A. Yes.

By Hon. Mr. Stevens:

Q. You think that it can be largely controlled with an efficient administration or honest officers?—A. I think, to a very large extent. I should also recommend that a clever detective agency should act with the Minister of Customs. It requires a great deal of brains to follow these things up to their very source.

By Hon. Mr. Bennett:

Q. The raw material, I suppose, is imported for your business?—A. Yes, it comes in free of duty.

Q. Where does it come from?—A. Japan and Italy.

Q. The same as the United States, which comes from the same source? —A. Yes.

Q. No raw material grown in America?—A. No, not in silks.

Q. Your factory was started when?—A. It has been running now for about two years, I think.

Q. Since there has been an effort made by your organization to control smuggling, your business has gradually increased?—A. Yes, it certainly has, especially in the low class of goods. It has not affected our factory goods, as we manufacture from the finest materials and that is not affected so much as the middle to lower grade goods.

Q. Canton crepes?—A. Canton crepes, crepe-de-chine, and crepe weaves.

Q. Have you formed any estimate as to the extent of the smuggling—I suppose you have not?—A. Mr. Bennett, that is a very difficult thing to say.

Q. I did not know but what you might have had occasion to check it up? —A. I think it must run into a high figure. Judging from the prices at which the retailers were selling goods in Montreal, they must certainly, possibly knowingly, have been buying smuggled goods; they could never have paid duty.

Q. Can you tell easily the class of goods being manufactured in Canada? —A. I have been acquainted with the silk trade a number of years, and only such a person would be able to judge within a comparatively few cents a yard what class of goods it is, and that can only be done by looking at it or feeling it, without going into any details.

Mr. HENDERSON, K.C.: I am now calling a representative of the Goldsmith Company of Canada along a totally different line.

Witness discharged.

[Mr. John Cowling.]

WALTER JOHN BARR called and sworn.

By Mr. Henderson, K.C.:

Q. Place of residence?—A. Toronto.

Q. Occupation?—A. President of Goldsmith Company, who are wholesale jewellers and importers.

Q. Head Office, Toronto?—A. Yes.

Q. You are also connected with some association?—A. Yes, I am connected with the Jewellers' Association; I am one of their representatives. Mr. Caron of Montreal is another who is here.

Q. Mr. Barr, will you be good enough in your own way to tell the Committee what you can about the effect of smuggling on your business. You might first, generally, describe your business so that we may have it on the record? —A. The business I am engaged in—carrying on?

Q. Yes.—A. We are wholesale merchants, dealers in watches, clocks, jewellery, silverware—not materials—that is our business.

Q. Proceed.—A. I have here a brief statement if you would allow me to read, which might probably epitomize what I have in mind to bring before you gentlemen. This contains suggestions of our association in regard to certain matters, and Mr. Caron may deal more technically with the different questions.

"To the Parliamentary Committee investigating the Administration of the Department of Customs and Excise,
Ottawa.

GENTLEMEN:—On behalf of the Canadian Jewellers' Association, we respectfully desire to submit the following statement with reference to smuggling in the jewellery trade, and some recommendations that we feel would tend to better the service of the Department of Customs and Excise.

In presenting this statement, the Association is desirous only of being of some assistance to the department in dealing with the wide-spread evil of smuggling for gain, and not in any sense of seeking to criticize or embarrass the government. It may be added in this connection that the interests of this association in the question of smuggling is not of recent growth, as we have been discussing the matter for several years, with the officers of the department, and two years ago this month, a deputation from our executive had a lengthy interview with the Honourable, the Minister of Customs and Excise, when representations were made with reference to the seriousness of the situation, along the same line as presented herein.

The extent to which the jewellery trade of Canada has suffered from the illicit importation of goods is very difficult to estimate, but that it has suffered severely has been brought home very clearly to our Canadian manufacturers. It has been their common experience to find the market flooded with merchandise offered at a price with which they have been utterly unable to compete, while the few cases that have been brought to light indicate that the smuggling of jewellery and allied lines has been a large and lucrative business. It is also a sad commentary on the reputation of our business men abroad, that it is a common experience for Canadian buyers of jewellery in United States, to be asked if they desire their purchases sent to their hotels or shipped in the ordinary way."

A buyer in the United States is acquainted with the question, "How long are you going to be in New York, a week, or two weeks; may I send your goods to the hotel?" The suggestion carries its own interpretation.

"We would point out that our business is peculiarly susceptible to the inroads of smugglers, owing to the ease with which merchandise of

condensed value can be brought into the country without paying duty. What we desire is that offenders shall be treated in a manner that would give full publicity to their actions, and that private or secret settlements would not be permitted. We are furthermore of the opinion that no proportion of the fine should be paid as a reward or fee to the official detecting the crime. We consider that it is not in the public interests that this should be done, but that it is in every way detrimental to the proper enforcement of the law. We venture to suggest that the punishment should have a deterring influence towards preventing crime.

While the general depression in business and changes in modern styles of dress have been credited with being chiefly responsible for the dwindling of the jewellery industry of recent years, it is undoubtedly true that the operations of smugglers have also exerted a considerable influence in bringing the trade to a condition in which it ranks as only a shadow of its former importance, and we may quote one illustration to emphasize this point.

On the 11th of January, 1924, a man named S. Gitnick, representing the 14 Karat Findings Company, of New York, was found in the King Edward Hotel, Toronto, with some fifty dozen white gold ring mounts, 14 K. and 18 K. quality in his possession. The goods were seized at instance of the inspector under the Gold and Silver Marking Act and Gitnick disclosed where he had disposed of the balance out of one hundred dozen that he had brought over the line in a brief case that was not examined by the Customs officials. He also admitted having made three similar trips in the previous fall, bringing in one hundred dozen of rings on each occasion, or a total of forty-eight hundred rings. If made in Canada, these rings would sell at from $44 to $70 per dozen, giving a total of about $20,000 as the amount of business of which the Canadian industry was deprived in a few months through the activity of one man alone.

Gitnick was not prosecuted "—

This is for me to criticize a little.

" Gitnick was not prosecuted but allowed to leave the country, and none of the Canadian dealers to whom he had disposed of the merchandise was prosecuted. The seized rings were afterwards sold by tender "—

We criticize this.

—"much below the cost of manfacture in Canada, in spite of protests from our Association which asked that the goods be sent to the mint and melted up.

We have had reports of similar cases, but it is difficult, of course, for us to secure names,, dates and amounts. A Swiss watch importer, for instance, was caught at Bridgeburg with a pocketful of white gold watch cases. The goods were seized and he was notified that he had been fined. He disregarded the notice, allowed the department to keep the goods, and no action was ever taken against him."—

although the man was in Toronto.

"The particulars of these cases are, of course, available from the files of the department. We believe that there is also considerable information with respect to the activities of smugglers in the jewellery trade, in the possession of the Department of Trade and Commerce"—

The Customs has the files on record.

—" through the reports of the Inspector under the Gold and Silver Marking Act, an official with a complete knowledge of the prevailing conditions."

I might suggest that Mr. W. J. Ryan might be a very good witness for you to summons if you would like to do so.

By Hon. Mr. Bennett:

Q. Is he an inspector?—A. Yes, he is Inspector of the Gold and Silver Marking Act, and he is very familiar with the matter.

"We have recommended that Mr. W. J. Ryan, who is inspector under the Gold and Silver Marking Act, and an expert in all matters in connection with the jewelry and kindred trades, should be made a Preventive Officer of the Customs Department. His intimate knowledge would be of the highest value, and we are quite satisfied that if he were given the opportunity, his efforts would result in a very greatly diminished amount of jewelry smuggling.

There has been much correspondence in regard to this suggestion, but the Government has not seen its way clear to adopt it. It is rarely possible to have available in any department such expert knowledge as Mr. Ryan is possessed of. He is technically familiar with details as to the source of production, both Canadian and foreign, of practically all the goods that enter into jewelry and kindred lines. Combined with this he has tact and good business training, and we again strongly recommend that his services be utilized to the fullest extent in a way that would be most valuable to our business and to the Government.

We have also protested against the present method of disposing of merchandise composed of precious metals that have been seized for smuggling or undervaluation. It is the practice to sell such goods to the highest tenderer, and while the department realizes an amount sufficient to cover the double duty exacted, it is invariably the case that the merchandise is placed on the market in competition with the product of Canadian factories at a price which the latter are entirely unable to meet. The result is just as disastrous to the local manufacturer, as if the goods had been disposed of by the smuggler, and it has been the experience of Toronto jewelry firms to have their product refused because of the fact that their regular customers have been stocked up with similar goods at a ridiculously low price.

We have further asked that the Customs Act be amended to provide that all merchandise which is marked in contravention of the Gold and Silver Marking Act be not allowed to pass through the Customs. Under the present system, it frequently happens that goods illegally marked are admitted to the country, and the inspector under the Act is charged with the duty of tracing them after they have been more or less widely distributed throughout the country, a task that is almost impossible.

This association would further recommend that a regulation be adopted that would compel every tourist returning from Europe to sign a declaration showing all purchases made abroad, and subject to duty. In the jewelry trade there are constantly instances coming to light of pearl strings, diamond ornaments and other high class goods having been imported from abroad, without the slightest consideration of the Customs law, and in the opinion of our association, a sworn declaration would have the effect of greatly reducing such purchases and of materially augmenting the revenues of the country."

By Hon. Mr. Bennett:

Q. You mean similar to the one used in the United States?—A. Yes, only they allow $100 there.

Q. Are you in favour of allowing $100?—A. No, sir, not in this country. I have a letter here bearing upon that point, in which amongst other things, it is stated that a lady added $1,000 worth of pearls to her pearl necklace, business which would otherwise have come to Canadian jewelers.

"We further believe that there should be enforced a regulation of the department that all merchandise shipped into Canada should be forwarded in a distinctive package or marked in a distinctive way, to indicate that it should receive the attention of Customs officials. Only recently the retail jewelry trade has been in receipt of packages of watch materials sent as mail matter, which were delivered without any question of duty. These goods were shipped by the Correct Measurement Staff Company, of Springfield, Illinois, and apparently every retail jeweler in Canada received an envelope containing two dozen balance staffs for which he was invited to remit $2.50. The envelopes were well padded with literature inviting further orders for other material at tempting prices. It is our opinion that if it were made obligatory to have all merchandise shipped in containers of a minimum size, or to have the containers marked with an indication of the contents, or in such a way as to attract the attention of the postal officials, and cause them to divert the shipment to the Customs branch, the result would be to check a good deal of illicit traffic and add substantially to the public revenue.

We would also ask that the Customs regulations be changed so as to provide that all samples brought into the country by travellers must be accompanied by properly certified invoices, and that the samples should be forwarded by the officials at the port of entry under bond to the Collector at the point where the traveller first expects to do business, for proper examination."

That is my suggestion, Mr. Chairman. A traveller coming from Europe or from the United States with jewelry may have as high as $10,000 or $15,000 worth with him; he gives an invoice that is more or less informal, and we have known cases where they should have been checked up.

By Hon. Mr. Stevens:

Q. Just called travellers' samples, I suppose?—A. Exactly. In other words, that a man should not say, at Bridgeburg "here is a little invoice of my goods," if they are to be shown in Toronto. They should be sent to Toronto and exhibited there as we have to do.

"At the present time, jewelry lines of great value are brought into the country with only the most perfunctory examination, and in a great many cases are sold without regard to the matter of duty.

The Association very strongly recommends that all manufacturers who assist in smuggling their wares into Canada be blacklisted and their goods prohibited of entry, and that such manufacturers be so advised, the period of prohibition to be determined by the Minister of Customs.

We submit that the adoption of the foregoing would prove of great value to the jewelry industry, and materially augment the revenue of the Department of Customs, and respectfully ask that our recommendations be given due consideration.

On behalf of the Association,

WALTER J. BARR,
Chairman, Wholesalers Section of Executive Committee."

[Mr. W. J. Barr.]

By the Chairman:

Q. Have you any objection to producing that memorandum, Mr. Barr?—A. No sir, not at all. I will leave it with the reporter.

By Mr. Henderson, K.C.:

Q. Have you anything to add to it, Mr. Barr?—A. No. I have amplified pretty nearly what I have had in my mind.

By the Chairman:

Q. Is there much smuggling in pearls or necklaces?—A. Anything of the value of pearls or diamonds, that cannot be identified, it goes without saying that they do come into the country. I remember some time ago speaking to Mr. Birks of Montreal on this question, and he said "My competitors are the merchants of Bond street, London, Paxton in Paris and Tiffany." I do not care for anything else, if you will only make the people who go to the Customs pay the duty, the problem would be solved.

Q. What is the duty on pearls?—A. I think it is 12½ per cent, but I am not sure.

By Mr. Donaghy:

Q. And the Excise on diamonds?—A. Five per cent, I think. Of course, Mr. Ryrie had only made-up goods in mind.

By Mr. Bell:

Q. You think they should be sent to the place where they are to be exhibited?—A. That would be one way of doing it, and by having this declaration going through the Customs. If you are asked if you have anything dutiable, you open the case, but if you are told to sign on the dotted line, saying that you have not anything dutiable, it might be a little more unpleasant to put you name down. I know a relative of mine came through Quebec and Montreal not long ago; that relative had been travelling in Europe quite a little, and what he brought in of value was quite important.

Witness discharged.

JOSEPH ARTHUR CARON called and sworn.

By Mr. Henderson, K.C.:

Q. Mr. Caron, what is your full name?—A. Joseph Arthur Caron.

Q. And your place of residence?—A. Montreal.

Q. What is your occupation?—A. Vice-president and general manager of Caron Bros., Incorporated.

Q. Which is in what line of business?—A. The manufacture of jewelry and other lines.

Q. You are in other lines too?—A. Yes.

Q. You are here along with Mr. Barr representing the Canadian Jewelers' Association?—A. Yes.

Q. Have you been listening to Mr. Barr's statement?—A. Yes.

Q. Will you be good enough to tell this Committee what you can as to the effects of smuggling on business, as you find it, and speak out, if you will?—A. Mr. Chairman and gentlemen: The report prepared by the Jewelers' Association covers pretty well the general lines showing the effect of smuggling on the jewelry trade, in a general way. More particularly I would speak now of its effect on the manufacturing end of it. We are a strictly manufacturing concern. We import practically no goods, but manufacture all we sell. We

have found in the last few years that the competition we have met has been almost unsurmountable. Our travellers continually report cases where they offer our goods, and the buyer states that he can buy them for very much less, 25 or 50 per cent at times. We had an instance of this nature that was so outstanding that we reported it to an officer of the Customs Department in Montreal, and asked him if they would look into it. They did, and they reported that the concern we had named was a very small concern, and they did not find anything on their books that would show that they had been smuggling. They stated that they had only one man working.

If they had only one man working, they could not supply the goods our traveller was told they had sold, so we concluded that they had some means of getting them in that they were able to secrete.

By the Chairman:

Q. In what line?—A. More particularly ring mounts, that is, in setting rings that are manufactured in large quantities in the United States, and that, owing to their small bulk, are very easy to secrete and be smuggled into the country. There is other jewelry of this nature produced, and a lot of goods that come in unset, that are sold to the retail trade, and that we charge for setting them, or send them to manufacturers to have them set.

The extent to which the business has been affected naturally is very hard to say definitely, but our estimate is that the jewelry business has been affected in the last three or four years to the extent of one-third.

Q. Covering the manufacturing end only?—A. The change of styles may have been the cause of some of the decrease, but we believe that smuggling has been the principal cause of it. There is commercial smuggling, and there is personal smuggling, that affects our trade. Commercial smuggling is the big end of it, that is, personal smuggling is carried on largely by tourists in the summer time, who travel abroad, and who bring back valuable items of jewelry, items of considerable cost, that would be considered very highly by the retailer if he were able to make such sales. This end of smuggling of course has always been here, and it may not be greater now than it was formerly. We consider that the commercial end of smuggling has increased very greatly in recent years. The effect on smugglers of being able to get out of their difficulty by paying a fine really is the cause of so many being in the business. We would suggest a penalty, greater and more effective than a fine, imprisonment when proven guilty, and publicity. We think publicity would have a greater effect than anything else.

By Hon. Mr. Bennett:

Q. You knew the law was amended, in 1925, to provide for imprisonment for amounts over $200?—A. We have no instances that we know of in which it has been enforced. A law is good only in so far as it is enforced. A man by the name of S. Weiss, St. Lawrence Boulevard, Montreal, had a partner who became dissatisfied; he reported to the Customs Department that the concern had been smuggling. The Customs Department investigated, found it was so, and they taxed them double duty, and that was the end of it.

Q. How long ago was that?—A. Two or three months ago.

Q. Do you know what the amount involved was?—A. I could not say.

By Hon. Mr. Stevens:

Q. Was it comparatively large?—A. I understand it was an amount worth while.

Q. You gave the name of Weiss; is that the name of the firm, or the name of the partner who was complaining?—A. The name of the partner who complained I have not got.

Q. What was the name of the firm?—A. The name of the firm was S. Weiss. It may be S. Weiss & Company. It is undoubtedly on record in the Department's files.

A man by the name of Shapiro, about a year ago was caught with a considerable amount of goods, diamond jewelry, I understand, and it was published in the papers of Montreal at that time. We tried to find out something about it, but that was the end of it.

Q. How do you spell his name?—A. S-h-a-p-i-r-o. There was case last summer, a man by the name of Beck, of Fortsine, Germany; he was the head of the house, and I believe came into the country with a large line of samples; he declared that they had a small value, and they were sold mostly at the Toronto end.

By Hon. Mr. Stevens:

Q. He sold them?—A. Yes.

Q. And mounted them here?—A. Yes. An officer of the Government, not in the Customs Department, discovered it and informed the Department at Ottawa of it, and he was told to mind his business.

Q. In that case no seizure was made, and there would be no record, would there?—A. Unless it is in the Department.

By Mr. Calder, K.C.:

Q. Do you know the gold and silver inspector who made that seizure?—A. I do not know that.

By the Chairman:

Q. Do you know of this personally?—A. No sir, only by hearsay, but it is injurious to the trade.

By Mr. Bell:

Q. Do you know who is said to have made the report?—A. Yes.

Q. I suppose you can give his name to Mr. Calder?—A. I can, yes.

Q. You will do that?—A. Yes. The bad effect of the Department of Customs seizing goods and peddling them around to retailers and others is very well known. It is just as bad as if the smuggler was allowed to keep them without paying the duty and selling them himself. It disorganizes the trade. We go out to sell our wares, and they say they have plenty of them because they just got a big consignment from the Customs Department.

By Hon. Mr. Stevens:

Q. The Department cannot sell goods except at a price which covers the duty; is that not the law?—A. I do not know about that.

Mr. CALDER, K.C.: That is the situation for releasing the goods.

Hon. Mr. STEVENS: I was under the impression that under the Customs law the Department could not sell them except at the duty-paid value.

Mr. HENDERSON, K.C.: If they realize the amount of the duty; that is it.

By Mr. Kennedy:

Q. What do you recommend should be done with those goods?—A. I recommend, as well as the Association, that these goods should be destroyed, melted up, and the gold content handed over to the Customs Department.

By Hon. Mr. Bennett:

Q. They should not be put in competition with products manufactured from the raw material?—A. No sir. The effect is just as bad as if sold by the smugglers themselves.

Q. How do they sell them, by number, or by weight—A. They offer them to different houses.

Hon. Mr. STEVENS: I am informed that on unclaimed goods, they must sell at the duty value, but on seized goods, they must sell to the highest bidder.

WITNESS: Yes, that is correct.

By Hon. Mr. Stevens:

Q. Your point is that that is equally as bad a practice as smuggling itself? —A. It is even worse. In the first instance, buying from the smuggler, the buyer takes a chance, he runs a risk, while in the other instance he runs no risk, but gets the same benefit.

By Mr. Donaghy:

Q. Does not competition work at all, at this bidding?—A. No.

Q. Why not?—A. Because they only offer them to those people that are locally situated.

Q. Do not they ask them to compete?—A. Why, as far as I know they go to two or three houses and take the highest bid.

Q. Would that not establish a market value?—A. Not necessarily.

By Mr. Bell:

Q. You say your experience has been it does not?—A. I said that, yes sir. That, gentlemen, covers what I have to say. If there are any questions I will be pleased to answer them.

The CHAIRMAN: That is all.

Witness discharged.

WALTER FREDERICK BUSH called and sworn.

By Mr. Henderson, K.C.:

Q. What is your full name?—A. Walter Frederick Bush.

Q. What is your occupation?—A. General executive board member of the United Garment Workers of America.

Q. That is an international organization?—A. Yes sir.

Q. A labour organization?—A. Yes sir.

Q. Mr. Bush, you are aware, I think, that Mr. Sparks has given the committee a considerable amount of evidence as to prison-made goods and their importation into Canada?—A. Yes sir.

Q. Are you familiar with the prison labour conditions in the United States?—A. Only from reports I get from my international headquarters. My activities are almost entirely devoted to Canada.

Q. You get this information from your headquarters, which is where?—A. In New York City.

Mr. HENDERSON, K.C.: Perhaps I can shorten the matter very much if I may be allowed to ask a direct question of the witness.

The CHAIRMAN: Proceed.

By Mr. Henderson, K.C.:

Q. Have you been in touch with Mr. Sparks?—A. Yes, in conversations and a couple of communications—two, I think.

Q. And are you aware of the evidence which he has given here?—A. Yes sir.

Q. To what extent do you corroborate his evidence, or differ from it, if at all, as he has given it?—A. I have these circulars from which Mr. Sparks quoted in his evidence, and I can entirely corroborate the statement he has made, which is contained therein. I understand he described the evils under which this clothing was made, and we have compiled a report at our international union in conjunction with the Unionmade Garments Association—which is also international in scope—and this has been very carefully compiled and sent all over the country. It is available, and I think Mr. Sparks quoted from this report. I believe you have a copy on file here, so it is not necessary for me to file this again. There is, however, one thing which I do not think is on file, and that is the names of the prisons in the United States, and the names of the contracting firms. I have that information.

By the Chairman:

Q. Will you produce it?—A. If you wish, I will read it. It is very short.

Alabama—Reliance Mfg. Co., Chicago, Big Six shirts, 600 prisoners.
Arkansas—Dixie Mfg. Co., 150 prisoners.
Connecticut—Reliance Mfg. Co., Chicago, formerly made Big Yank Shirts, 350 prisoners.
Delaware—Oppenheim & Co., New York, 190 prisoners.
Florida—Salant & Salant, 250 prisoners.
Fort Madison—Salant & Salant, 450 prisoners.
Idaho—Reliance Mfg. Co., Chicago, 250 prisoners.
Iowa—Sterling Mfg. Co., Anamosa, 350 prisoners.
Iowa—(Known to have contract, but state officials have failed to answer inquiries), 400 prisoners.
Indiana—Worthy Mfg. Co., Pendleton, 150 boys, half time.
Kentucky—Reliance Mfg. Co., Frankfort, 400 prisoners.
Kentucky—Worthy Mfg. Co., Chicago, Eddyville, 400 prisoners.
Kentucky—Reliance Mfg. Co. (500,000 dozen work shirts on contract at 75 cents per dozen.)

I might explain that all they pay is seventy-five cents. The County or State furnishes the light, power, heat, rent, all overhead, the foremen, the foreladies, and the superintendents and so forth. (Continuing reading):

Maryland—Monarch Mfg. Co., 105 prisoners.
Maryland—Standard Overall Co., 241 prisoners.
Maryland—Baltimore Shirt Co., 102 prisoners.
Maryland—Hercules Clothing Co., 121 prisoners.
Missouri—(State operates plant; sells product), 1,032 prisoners.
Nebraska—D. M. Oberman Co., Jefferson City, Mo., 300 prisoners, 600 men.
Oklahoma—Reliance Mfg. Co., Chicago, (Cancelled recently), 400 prisoners, 650 men.
Rhode Island—Salant & Salant, New York, 250 prisoners.
Tennessee—Sterling Mfg. Co., Chicago, 250 prisoners.
Utah—Pioneer Garment Mfg. Co., 150 prisoners.
Virginia—Kegan-Grace Co., Baltimore, 375 prisoners.
West Virginia—Gordon Shirt Co., Chicago, 400 prisoners.
West Virginia—Kleeson Co., New York, 400 prisoners.
West Virginia—Reliance Mfg. Co. (under name of Gordon Shirt Co., Mondsville, W. Va.), 700 men.
Wisconsin—(Known to have contract, but state officials have failed to answer inquiries), 167 out.
Wyoming—Reliance Mfg. Co., Chicago, 186 prisoners, 225 men.

By Mr. Henderson, K.C.:

Q. Mr. Bush, in regard to these reports of which you spoke, can you say whether they have been transmitted to the authorities in the United States—to Congress, or other authority?—A. I cannot say.

Q. But they have been made generally public?—A. Yes, they have been published and no doubt the Labour Department of the United States has them.

Q. Are you familiar with the activities of different bodies in the United States with respect to prison-made garments?—A. In what way do you mean?

Q. As to what has been done in the way of suppressing the sale of them?—A. We have been very strenuously fighting them, in conjunction with the American Manufacturers Association. The American Federation of Labour, with which we are affiliated, have been co-operating with us in every way, and we have forced the Reliance Manufacturing Company, to issue a circular offering $1,000 reward if we can prove that any of these twelve named brands are made in the prisons, but they are putting the onus of proof on us; it is not like the O. T. A. We have to prove them guilty, while under the O. T. A. we have to prove ourselves innocent.

By Hon. Mr. Bennett:

Q. Has anybody won the thousand?—A. I don't think they have as yet, but you must understand—and I think any garment manufacturer will agree with me—that it is very easy to sew on these paper tickets. In the prisons, they merely put on the size tickets, and they go out to the warehouse where they are shipped, and it is very easy to put any brand of ticket on them. I do not think that goods made by any firm connected with a prison should be allowed into Canada. I have a list here, but I do not think it would be interesting to this body, but I intend to furnish it to the Customs Department, showing many hundreds of facsimile labels used on prison-made garments.

Hon. Mr. Stevens: That is just what we want; that would be more interesting.

By Mr. Henderson, K.C.:

Q. Can you hand it in?—A. Yes, I can. There is only one corner I had better cut off. It has to do with the Canadian firms and they are trying to get out a mark—

The CHAIRMAN: That can go in all right.

By Mr. Henderson, K.C.:

Q. Now, what do you know about the Rock Island situation?—A. I do not know anything definitely. We have believed for many years that they have been smuggling goods over at Rock Island, at the port there. I have had a number of operators who worked there come and tell me right out that they know the stuff was brought over. They say that at night when they left the factory there would be no lengths to cut and in the morning, when they went back, there would be plenty of denim for them to cut.

Q. You are dealing with the matter from the standpoint of labour?—A. Yes.

Q. You are representing labour?—A. Yes.

Q. You have made enquiries?—A. No.

Q. Have you sent people in there?—A. No. Men have worked down there and have come to Toronto and Winnipeg, and have got positions.

Q. You got information from the operators?—A. Yes.

Q. What is the conclusion you have reached as to the good faith of the business?—A. I do not want to say. I have not any faith in them whatever. I think they are all in it. That is my personal opinion.

Q. All in it?—A. Yes, my personal opinion is that some of our important manufacturers are buying these goods, the raw material.

Every time I go to negotiate a new agreement with them I meet the same conditions. The first thing that is thrown up is competition with these manufacturers. These operators are working on a piece work basis, and they show me these garments and say that we can not sell them to so-and-so, as they are being sold for $6.00 a dozen less, even on a cheaper class of overalls. They say, "What are you going to do? You will have to reduce wages." I say, "We will do it for nothing, can you compete?" They answer, "No." That is taking the labour cost off the manufacture. Then they can not compete against the prices that are being charged, and they know that it is not a question of wages. We have heard of a number of manufacturers in certain parts of Quebec, where, of course, they have this minimum wage law for women workers, and were able to turn out their goods a little cheaper than the manufacturers in Ontario and Quebec, and that is a situation which will have to be faced. They can go and buy a certain cotton and manufacture it at a cheaper price.

Q. From the point of view of a man interested in labour, this situation is very serious?—A. Yes, to both our members and to employers.

Q. They know it?—A. Yes. I think some of our manufacturers are here, or have been here, and they can tell you that for the last five or six years they have been working their factories for one to four days a week.

Q. I want you to speak of the workers' position?—A. I am speaking of the working people, but I have agreements with these manufacturers and work with these people.

Thank you, unless there is anything else you want to say?—A. No, I don't think there is anything else.

By Mr. Kennedy:

Q. What has your organization done towards fighting this?—A. In Canada?

Q. Yes.—A. Very little. Since this investigation came up, I have been away. Mr. Sparks was trying to get in touch with me, and I have told Mr. Sparks, and I will repeat here, that anything my organization can do, we are willing to do at our own expense. We will co-operate with the manufacturers and with this Committee, with the government or any person else.

Q. You have been away?—A. Yes, I have returned from a long trip to the Coast, but I am willing to work on this matter.

By Mr. St. Pere:

Q. When did you first obtain information from Rock Island employees that goods were smuggled in?—A. Many years ago.

Q. How many years ago?—A. Eight or nine. It was not so bad then, but we knew that it was being done, but I do not think it was general. I do not think that other manufacturers were mixed up in it, only certain ones on the border, and if you knew where some of the factories were, part in the Province of Quebec and part in Maine, you could understand.

By Mr. Kennedy:

Q. Are the Rock Island industries union or non-union?—A. Non-union. If they were union, we would look after them.

By the Chairman:

Q. Have you any factory there?—A. No.

Q. In the garment business?—A. None, they only employ non-union workers.

By Mr. Doucet:

Q. Do you know how many operatives work in Rock Island?—A. I could not tell you, but I think very few. I have had operatives come from there.

By Hon. Mr. Stevens:

Q. Have you ever checked up this, Mr. Bush, as to the number of operatives in the Rock Island district, as compared with the quantity of material that is sold there and distributed from there through the country?—A. No, I have not done that, but I think some of our manufacturers have.

Mr. HENDERSON, K.C.: That is all the evidence we have to offer, and thanks to the courtesy of the Committee we have been able to get through much more quickly than I expected.

I have been asked by the gentlemen whom you heard yesterday and to-day, to make a suggestion to the Committee, or to express the hope that the Committee might see its way clear to make a progress report to Parliament, dealing upon the broad situation for this reason.

I think you will all be convinced that business conditions now are in an unfortunate condition and it is thought that a progress report would have a restorative affect on business at the present time. I do not mean to-day or to-morrow. I would think that the Committee would want further information from the auditors, before the Committee can see its way clear to make a full report. If the Committee can see its way clear to make a progress report indicating what has been done up to the present, it would be very much appreciated by the business men, and they feel that it will have a very marked effect upon business conditions in Canada.

Mr. CALDER, K.C.: Mr. Chairman, these witnesses have taken less time than we anticipated. I was expecting that it would take at least three days. As it is, I am unable to go on this afternoon.

The Committee adjourned until 10.30 a.m., April 15th.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 31—THURSDAY, APRIL 15, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

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

OTTAWA
F. A. ACLAND
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1926

MINUTES OF PROCEEDINGS

THURSDAY, 15th April, 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.

Committee Counsel present: Messrs. Calder and Tighe.

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

Mr. Farrow submitted,—

File No. 125803, respecting seizures of cigarettes from Zoel Pigeon of Missisquoi Bay, P.Q.

Mr. Wilson submitted,—

1. Customs File No. 113550, and Preventive Service file No. 9566, both respecting seizure of clothing from Miss Denise Lavde, at Quebec.

2. Statement showing the new appointments to the Customs Preventive Service during the years 1923, 1924 and 1925.

At the request of Mr. Calder,—

Ordered: That Mr. C. B. Alexander, Customs Preventive Officer at Toronto, Ont., be permitted to look over the following files, viz:—

1. Rachel Goodman, seizure at Toronto, May, 1924.
2. Rachel Goodman, seizure at Toronto, January, 1925.
3. B. Zinkin, seizure at Toronto, April, 1925.
4. A. Sacca, seizure at Bridgeburg, April, 1925.
5. Wesley Electric Store, seizure at Windsor, August, 1925.
6. General Report on Windsor Wharf, made by Mr. C. B. Alexander.

At the request of Mr. Calder,—

Ordered: That Customs Departmental File No. 29851, 35321/5379 (Max Faber), be produced for the use of the Committee.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled. Mr. Calder handed to the witness Preventive Service File No. 8850 and Departmental File No. 112694, respecting seizure of the Schooner W. C. Kennedy and cargo, and he was examined thereon.

Witness retired.

Moved by the Hon. Mr. Stevens,—

That Alex Johnson Esq., Deputy Minister of Marine be summoned to appear before this Committee to give evidence in regard to reason why clearance papers to certain vessels violating the Customs Laws of Canada were not cancelled, and to bring with him all files and correspondence and orders in reference to:—

Schooners—W. C. Kennedy; Grace Brown; D. D. McKenzie; D. C. Mulhall.

Motion agreed to.

The Committee rose at 1 p.m.

The Committee resumed at 4.30 p.m.

19633—1½

Mr. Wilson submitted,—

Customs file 122932; Preventive Service file 12588, re seizure 35321-5379 (Max Faber).

Moved by Hon. Mr. Stevens,—That all files in the Department of Customs and all correspondence be produced having reference to the shipment of a quantity of alcohol (12 drums) from the Consolidated Distilleries, Belleville, Ont., and consigned to one, Nicholson, Newfoundland, shipment about October, 1924, also the report by the assistant Deputy Minister and all reports by other officers of the Department having reference to the said shipment of alcohol.

Motion agreed to.

Mr. W. F. Wilson was recalled and examined further in regard to the W. C. Kennedy seizure.

Witness retired.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise was recalled and examined briefly respecting the W. C. Kennedy seizure.

Witness retired.

The Committee decided to allow Messrs. Wilson, Farrow and Blair to have possession overnight of the files respecting the W. C. Kennedy seizure for perusal of same previous to continuation of examination respecting this matter.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, April 15th, 1926

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

W. F. WILSON recalled.

By the Chairman:

Q. You are under the oath you have already taken, Mr. Wilson?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Mr. Wilson, you now have before you the Customs-Excise Preventive Service file No. 8850, and Department file No. 112694, both of them referring to the seizure, or rather the first one referring to the seizure of the Schooner W. C. Kennedy, from the W. C. Kennedy Company, of Lunenburg, Nova Scotia, with 806 packages of liquor, and the Department file referring to the Customs seizure of the Schooner W. C. Kennedy from the Kennedy Company, Limited of Lunenburg, Nova Scotia?—A. Yes.

Q. I take it that the first notification to the Department was a telegram from Captain Lacouvee, dated June 26th, 1923?—A. Yes.

Q. Which reads as follows:—

"June 26th, 1923.

Fame Point, Q.,
C.G.S. Margaret,
Wilson, Customs,
Ottawa.

Proceeding Pictou with Schooner W. C. Kennedy in tow seized in Northumberland straits with clearance from St. Pierre to Nassau bearing Halifax Customs stamp. Stamp dated June sixteenth, has on board nine hundred and ninety-four packages liquor on board. Stop. Please telegraph me ex Pictou if procedure is in order. Stop. Considering nature of clearance.

LACOUVEE."

Which you answered by a telegram of the same date reading as follows. (Reads):

"Ottawa, June 26th, 1923.

Cruiser Margaret,
Radio, via Fame Point, P.Q.

What infraction has Kennedy committed. Stop. Search thoroughly for evidence of ownership of cargo and to whom consigned. Stop. Appears no doubt of intention but we must have some Section in Act that has been violated. Stop. Telegraph fully and hold vessel for orders. Stop. Does Section two hundred and ten apply. Stop. Was she hovering. Stop. If liable under this Section point out to Master his liability regarding questions.

W. F. WILSON."

The next day you sent a telegram to Captain Lacouvee, which reads as follows. (Reads):

"Ottawa, June, 27th, 1923.

Captain ALFRED LACOUVEE,
Customs Cruiser Margaret,
Pictou, N.S.

What was location Kennedy when you seized her. Stop."

Then there is a code message, which decoded reads as follows. (Reads):

"Frank Mills and Betts both of Halifax may be interested in cargo. Inquire of Master."

Is that the decoding?—A. Yes.

Q. "No answer yet my wireless yesterday. W. F. Wilson." May I ask you, Mr. Wilson, from whom you got this information? I see on the file immediately after that telegram a note, is that your note, your handwriting?—A. Yes.

Q. It is dated June 27th, 1923, and reads as follows. (Reads):

"Mr. Duff, phoned three thirty p.m. saying he wired Captain Rafuse who has answered saying vessel seized seven or eight miles east of Pictou Island."

Does that recall it to you?—A. Yes, the information that Frank Mills and Betts were interested in the cargo.

Q. May I suggest to you, Mr. Wilson, that it was not from Captain Lacouvee?—A. No.

Q. Since it was transmitted to him?—A. No.

Q. At that time you had no other communication except what you may have got at Ottawa here?—A. Yes.

Q. Does that recall to you who may have given you this information?—A. (After a pause.) The only thing that makes me hesitate to say that that information was received from Mr. Duff is this: that my memorandum says he telephoned at 3.30 p.m. and my telegram was sent to Captain Lacouvee at twelve o'clock. I am not prepared to say.

Q. There may have been previous messages?—A. There may have been some previous messages, but I have no record of them here, and I must have got it from somebody else who was interested.

Q. Do you know of anybody who was interested up here?—A. Except Mr. Duff, so far as I recollect.

Q. Mr. Duff was the only one?—A. Yes.

Q. Then on June 27th you received a telegram dated at Father Point, as follows:

"June 27th, 1923.

Per Radio via Father Point,
From Radio Station Grindstone,
Canadian Government Service, Margaret.
WILSON, Customs, Ottawa.

If the entire Northumberland Straits considered as British water then Schooner Kennedy was apparently violating Section two hundred by hovering. Stop. Percy Rafuse Captain evidence shows Charles Mee of Dartmouth, and Ronald Betts of Wallace to be owners of liquor on board and vessel ordered here by them. Stop. One hundred and eighty-eight packages liquor delivered by Mee and Betts to gasoline boats off Halifax when presumably outside the limit. Stop. The Kennedy was cited seven miles east of Pictou Island and in Northumberland Straits awaiting opportunity to land cargo."

Hon. Mr. BENNETT: Would it not shorten the evidence up if it were made clear that that ship sailed for Father Point, and was discovered a few days later in the Northumberland Straits?

Mr. CALDER, K. C.: She was going to the Bahamas in the West Indies. We will get that established by evidence later. I have to take these things in order of time.

By Mr. Calder, K.C.:

Q. The point was raised as early as that in the proceedings, whether the Northumberland Straits were to be regarded as territorial waters or not? Is that correct, Mr. Wilson?—A. Yes, at this time, when this seizure took place.

Q. Have you, with a view to your future guidance, submitted that question to the Department of Justice, or asked to have it submitted?—A. Yes, there is a memorandum on file here showing that an inquiry was made from the Marine and Fisheries Department, on the 28th of June, 1923, and I was informed by Mr. Found who has charge there of the fisheries service and the patrol boats, that the Northumberland Straits were treated as territorial waters of Canada in treaty negotiations in 1873 or 1888, and that he would write me more particularly.

Q. Did you ever get further and detailed advice?—A. The matter was later handed over to the Department of Justice.

Q. The state of information that we have is that the schooner had cleared for Halifax from Nassau?—A. She originally cleared from St. Pierre.

Q. For Nassau?—A. Yes.

Q. She cleared for Halifax?—A. She called in to Halifax and came out and landed these one hundred odd packages, and she came through the Northumberland Strait where we seized her.

Q. At that time was there a moment of festivity in that part of Nova Scotia? I understand that it was the landing of the Hector.—A. There was a picnic going on.

Q. This was seized practically opposite that point, was it not?—A. About seven miles below Pictou.

By the Chairman:

Q. How far from the coast?—A. About seven miles below Pictou when she was seized.

By Mr. Doucet:

Q. Half way between Prince Edward Island and Nova Scotia?—A. I do not think she was that far out; she was closer to the Nova Scotia shore than to Prince Edward Island.

By Mr. Calder, K.C.:

Q. One of your telegrams directed Captain LaCouvee to question the Master and crew, or advise him?—A. Yes.

Q. You ordered the Captain to make a report of the seizure on K-9, and to make a report in connection with the charge against the vessel, against the owners of the vessel?—A. Yes.

By the Chairman:

Q. Give me the date of the seizure?

Mr. CALDER, K.C.: The seizure was the 26th of June.

The CHAIRMAN: 1923?

Mr. CALDER, K.C.: Yes

By Mr. Calder, K.C.:

Q. You gave orders to the Captain, and asked for K-9's?—A. Yes.

Q. You asked that they be forwarded to you?—A. Yes sir.

Q. This is dated Ottawa, 29th June, 1923, a telegram to Mr. Duff, M.P., Lunenburg, Nova Scotia, which reads:—

"Schooner Margaret instructed to remove cargo from Schooner W. C. Kennedy and to release on payment of four hundred dollars deposit pending Minister's decision."

—A. Yes.

Q. Was that decision taken by you or by somebody to whom you referred the matter?—A. Under the minister's instructions.

By Hon. Mr. Bennett:

Q. To you personally?—A. Yes sir.

Q. On the same date you gave instructions as to the disposal of the cargo, dated Ottawa, June 29th, 1923:—

"To Captain LaCouvee, Customs Cruiser Margaret, Remove cargo from W. C. Kennedy and check carefully. Take your clearance and send with report. Stop. Store cargo on Margaret, and report if you can keep it there until to-morrow in a port where it can be safely stored ashore. Stop. Forward seizure report on cargo in violation section 206 Customs Act and seizure report covering vessel in violation section 196. Release vessel on deposit $400 pending minister's decision?"

—A. Yes.

Q. In due course you received these K-9's?—A. Yes.

Q. And the K-9 on the vessel, in its essential recitals, reads as follows:—

"Department Number 31887, Preventive Service, P.S.C.S. 4173. On the 26th June, 1923, I, Alfred Lacouvee, special customs officer in His Majesty's Customs, duly appointed and sworn as such, did seize the following described vessel, to wit:—Term Schooner W. C. Kennedy, 112 tons net, registered Lunenburg, Nova Scotia, of a probable value of $20,000, for an infraction of the revenue laws of the Dominion of Canada, that is to say, for having been made use of in the importation of goods liable to forfeiture under the Customs Act.

Wherefore the said schooner, or value thereof, became liable to forfeiture under the provisions of the Customs Law, the said schooner being to the best of my knowledge and belief the property of the Kennedy Company, Limited, whose Post Office address is Lunenburg, Nova Scotia, and at the time of its seizure, in the custody of Percy D. Rafuse in the Northumberland Strait, whose Post Office address is Lunenburg, Nova Scotia.

The circumstances which led to the seizure, detention or charges, were as follows:—This schooner smuggled into Canada 806 packages of liquor that are covered by Preventive Service file 4172. The name of the informative withheld. Assistance was rendered in making the seizure by Hubert Coffin, chief officer, customs cruiser Margaret.

The said reputed or supposed owners are in such circumstances as to be able to pay the penalty fixed by law for the said contravention thereof and have not been heretofore guilty of an offence, so far as I know.

At the date hereof the said owners have claimed the said schooner and have a deposit of $400 for her release subject to the decision of the Honourable, the minister of Customs and Excise.

Delivery made of the said deposit to the Chief of the Customs and Excise Preventive Service on the 30th June, 1923.

Dated Pictou, 30th June, 1923.

(Signed) A. L. LACOUVEE,
Seizing Officer."

Q. Who fixed the deposit of $400? Is that a statutory deposit?—A. There is a section in the Act which provides a penalty of $400 against a vessel that makes a false report.

Q. In this case, what was the alleged false report?—A. Well, as a matter of fact she made no report after she left Halifax. I take it that probably is the section under which this $400 was fixed.

Q. Who did that?—A. It is the decision of the Minister.

Q. If the charge had been recorded as one of smuggling or importing illegally, or hovering, or breaking bulk would the deposit have been heavier?—A. Within the three mile limit, yes.

Q. What would the deposit have been in such a case?—A. The vessel would be liable to forfeiture.

Q. Therefore the fixing of the deposit, if any, would be sufficient to ensure the vessel being returned for disposition. Probably the vessel would not have been released at all?—A. That is more likely. If she were, it would be upon deposit of the full value of the vessel.

Q. Did you point out to the Minister at the time whether Northumberland Strait is regarded as territorial waters in respect to the seizure?—A. I maintained from the beginning that she was within the territorial waters of Canada, and I still think so.

Q. And even the question of whether she was without the territorial three mile limit was not absolutely certain from the correspondence in your hands? You had ascertained from the Captain of the Kennedy that it was outside the three mile limit, and you had no other evidence to that effect?—A. The report of the Captain of the Cruiser was that she was seven miles below Pictou, being presumably outside of what those interested in the vessel might maintain to be the three mile limit.

Q. Seven miles below means seven miles east?—A. Yes.

Q. That would not be the distance from the shore?—A. No.

Q. At that moment, you only had the report of the Master of the vessel, and you communicated with Mr. Duff?—A. Yes, that is all I had.

Q. That is all the Department had?—A. It is all that I have on file.

By the Chairman:

Q. Did you look in the record to see if there is anything else?

Mr. CALDER, K.C.: We have the record up to this point. That is all the information there is on the file.

The CHAIRMAN: Some time later on, you may find something.

Hon. Mr. STEVENS: I understand Mr. Wilson to say that whether she was within three miles, or outside three miles, she was then in Canadian waters?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. It was strengthened by the message that you had received from the Department of Fisheries?—A. Perhaps I will take a moment to explain—

By Hon. Mr. Bennett:

Q. I might suggest that you tell the story in your own way, starting with the Kennedy clearing for Nassau and putting into Halifax, and being in the Northumberland Strait opposite the Province of Quebec?—A. Yes.

Q. Tell the various points?—A. Regarding the Northumberland Strait, as you all know, there is the Province of Quebec in the far end, the Province of Prince Edward Island on the one side, Nova Scotia on the east.

By the Chairman:

Q. When you say the Province of Quebec, do you mean the Magdalen Islands?—A. No, the Gaspe coast. Across Bay Chaleur at one place on the Northumberland Strait, the distance between Prince Edward Island and New Brunswick is about seven miles. It does broaden out from that. I maintained, but I am told I do not know what I am talking about, and I am not a lawyer, that if the Northumberland Strait is not territorial waters of Canada, there are none; that is my opinion. Now with regard to Mr. Bennett's suggestion, this vessel left, cleared from St. Pierre Miquelon, Nova Scotia. She went into Halifax, and came out from there, and landed this one hundred odd packages on the high seas, and then, instead of proceeding on her voyage to Nassau, she went up the Atlantic coast, and went through the Gut of Canso.

Mr. DOUCET: Just about one mile wide.

Q. It is about one mile wide?—A. The Gut of Canso is about one mile wide.

Q. Between the Island of Cape Breton— —A. And Nova Scotia. She proceeded on her way where we found her, about a mile below Pictou Island. As you all know, that is not quite a direct way to Nassau. It would be a direct way by the north-east passage.

By Hon. Mr. Stevens:

Q. Your sarcasm will not find its way into the evidence. As a matter of fact, it is the opposite way to Nassau?—A. Oh, quite.

By Mr. Doucet:

Q. Up to that time, as far as you know, in the administration of the Department, and the Preventive Service, were not the waters of the Northumberland Strait considered as territorial waters?—A. Up to this time.

The CHAIRMAN: I must remark that this is a question of law. Each one of us may interpret this question as we like, but I would like, if there is an opinion given by the Department of Justice, to see it.

By Mr. Calder, K.C.:

Q. The entire file reveals no opinion, but the action was taken by the Customs Department, merely on the representations of the owners of the vessel, that that was the true legal position. Without referring to the Department of Justice, the decision was made.

By Mr. Kennedy:

Q. At first the vessel was seized seven miles off Pictou Island. It seems to be the limit.

Mr. CALDER, K.C.: It might be right in shore too, up at Pictou Island.

Mr. BELL: What appeals to me is that what we are concerned with now is not the determination of whether or not these were territorial waters, but whether or not they were so regarded at the time the seizure was made.

Hon. Mr. STEVENS: So regarded by whom?

Mr. BELL: Mr. Wilson himself.

The CHAIRMAN: I would like an expert on that.

By Mr. Calder, K.C.:

Q. I think we come back to the question that was raised. The question was whether the practice of the Department up to that moment was to regard the Northumberland Strait as territorial waters, and if so, what changed the decision.

The CHAIRMAN: Even if it is so, anybody can waive his own right. The question that would be determined by this question would be whether it would be valid or not.

Hon. Mr. STEVENS: We can shorten this simply—

By Hon. Mr. Bennet:

Q. In consequence of the information Mr. Wilson received, the ship was seized?—A. Yes.

Q. And the ship was then in Northumberland Strait?—A. Yes.

Q. And the ship would be arrested and tied up to the wharf?—A. It was.

Q. Then, the ship was released on $400 being put up in cash?—A. Deposited.

Q. Paying this cheque?—A. Yes.

Q. That is a fact?—A. Yes.

Q. And she went out to sea with the cargo?—A. No, I think the cargo remained in the cruiser, on the Margaret.

Q. What happened the cargo? Did it reach the Pictou celebration or not? —A. No, they did not have it for the picnic.

Q. Where is the cargo? What happened to it? It was a cargo of whiskey, substantially. What happened to it?—A. I am taken rather unfairly this morning. I have not had a chance to read this file. I am speaking from recollection. I might be wrong, but I think not, that the cargo was eventually landed.

Q. To whom?

The CHAIRMAN: If it is in the record, you had better look in the record. Take your time and state only what you are sure of.

The WITNESS: I am afraid this might take a little time.

Mr. CALDER, K.C.: It will shorten it at present.

The CHAIRMAN: To find the truth, time is always short.

The WITNESS: Here is a report I made to the Deputy on the 15th of August. It says, "this liquor was delivered to Messrs. Howards, Limited, Halifax, who produced a Power of Attorney from the owners of the liquor."

By Hon. Mr. Bennett:

Q. Who are the owners said to be?—A. I will continue to read that, "With my letter also submitted herewith is a letter written by the Collector of Customs at Halifax, on the 11th instant, with reference to this cargo. He has submitted power of attorney upon Howards, Limited, for R. Douglas Graham, who represents the owners. This power of attorney is attached herewith."

By Mr. Doucet:

Q. Have you stated in evidence that the cargo had been moved from the schooner Margaret and taken to Quebec?

The CHAIRMAN: I did not hear that yet.

The WITNESS: The cargo was taken out of the Margaret and eventually the cargo was taken on the Margaret to Quebec.

By Hon. Mr. Stevens:

Q. Was that before?—A. That is when arrangements had been made.

Q. There is a very important point there. It is rather unfortunate we are not getting this story in proper sequence. I have a recollection, which Mr.

Doucet reinforces. Was not this cargo removed from the Kennedy to the Margaret before the release came from the Department, which you have now referred to?—A. When the seizure was made the liquor was transferred from the Kennedy to the Margaret.

By the Chairman:

Q. Are you speaking from the file?—A. I know that without reference to the file.

By Hon. Mr. Stevens:

Q. I want to pursue this point. On whose order was it removed?—A. From the Kennedy to the Margaret, on my order. That is in evidence here this morning.

Q. On your order?—A. Yes.

Q. It was seized liquor, was it not?—A. Seized by the cruiser, yes.

Q. Why was it released to the owners and transferred to the Margaret?

Mr. CALDER, K.C.: It was not released to the owners when it was transferred to the Margaret.

By Hon. Mr. Stevens:

Q. Why was it transferred to the Margaret?—A. For safety. Instead of me ordering the master of the Margaret to land this stuff at Pictou, where I did not think it would be safe, I ordered him to keep it on the Margaret where it would be safe, until such time as he could land at some port, where I considered it would be safe.

By Mr. Bell:

Q. And it was taken to Quebec and subsequently released?—A. Yes.

By Hon. Mr. Stevens:

Q. Was it impounded?—A. You impounded it on the Margaret until it was released?—A. No, it was on the Margaret until it was landed from the Margaret at Quebec. Later it was turned back.

Q. We will try and shorten the case by a few questions to which you can answer by the file. I am harking back to get a letter in. You stated you asked an opinion from the Department of Justice about the Northumberland Strait. Did you write to the Department yourself?

Mr. CALDER, K.C.: I asked him whether he had and his reply was that he had applied to the Marine and Fisheries Department.

By Mr. Calder, K.C.:

Q. That is the point we had reached?—A. At that time.

Q. At that time.—A. The letter from the Department of Justice was filed by the Department.

Q. Not produced?—A. I asked the Department to obtain it. I asked the Department for the three mile limit and they said they were referring the matter to the Department of Justice.

Q. Did you receive any answer?—A. No.

The CHAIRMAN: It is very important, because we have three or four or five files to go through on the same principle.

By Mr. Bell:

Q. So what had been the practice, so far as you knew, had never been disturbed and had never been— — A. The practice up to this time, or about this time was for us to seize any vessels smuggling inside of the Cabot Straits, opposite Cape North, Cape Breton Island.

Q. There has been no official decision countermanding that—A. No, sir.

By the Chairman:

Q. There was never any test case made?—A. As far as I know the seizures were all maintained.

By Hon. Mr. Bennett:

Q. The ship was released. What happened to the $400?

Hon. Mr. STEVENS: He is speaking of seizures in territorial waters.

By Hon. Mr. Stevens:

Q. All your seizures were maintained prior to this?—A. So far as I recollect, for the last thirty odd years.

By Mr. Calder, K.C.:

Q. To sum up, Mr. Wilson, the Kennedy cleared originally at St. Pierre, Miquelon?—A. Yes.

Q. With a cargo of liquor?—A. Yes.

Q. Apparently obtained at that port?—A. Yes.

Q. And it put in to Halifax to clear?—A. Yes.

Q. And cleared from Halifax to Nassau, its original clearing point?—A. It cleared from St. Pierre to Nassau.

Q. Having put in to Halifax, she had to clear again for Nassau?—A. I think not. Her clearance was signed and stamped at Halifax.

By Hon. Mr. Bennett:

Q. So many hours to go up to the Customs House; like a vise on a passport? —A. Yes.

By Mr. Calder, K.C.:

Q. On leaving Halifax there is an admission by the Master that the liquor was transferred and presumably landed on the Nova Scotia coast?—A. The evidence shows there were one hundred odd packages discharged from the Kennedy, after she left Halifax, outside the three mile limit.

Q. Outside the three mile limit?—A. Yes.

Q. Is there any Custom enactment or regulation which makes that an offence? Would not the ship then have been used in smuggling into Canada?—A. No, that transfer took place on the high seas.

Q. That transfer took place on the high seas? Has the Department ever taken the ground that the three mile limit does not apply to Canadian vessels? —A. No, sir.

Q. So that a Canadian vessel which violates the Canadian law can do it safely outside the three mile limit?—A. Well, she cannot violate the Canadian law outside the three mile limit, inasmuch as they are international waters.

Q. Supposing a schooner loads up with liquor outside the three mile limit and transfers that liquor into motor boats that later on land into Canada, that would be violating the Canadian law?—A. No.

Hon. Mr. BENNETT: Not so far as the schooner is concerned. That is why the United States amended the Treaty to make it a twelve mile limit instead of three miles. If a ship lies outside the three mile limit and unloads into this yacht, it is not a violation of the law by the schooner, but when the other boat comes in and stops at the port, you can catch it.

Mr. CALDER, K.C.: And a Canadian ship can invoke that too?

Hon. Mr. BENNETT: Yes. They have been doing it right along.

Mr. CALDER, K.C.: Then I was barking up the wrong tree in this connection.

Mr. DOUCET: Mr. Chairman, just to clear this point up; I think you will find on the file that the Master of this schooner unloaded 188 cases of liquor off the Kennedy over the rail into an open motor boat, to two men coming from Dartmouth with that motor boat, knowing they were going back to Dartmouth. Would that not be a violation of the Canadian law?

The CHAIRMAN: No, not by the owner of the boat or the schooner; it is those who unload the boat at the wharf who take the chance.

Hon. Mr. STEVENS: That is not what you are basing this case on?

Mr. CALDER, K.C.: It was; it was the offence of hovering and breaking bulk.

By Mr. Calder, K.C.:

Q. Is there any enactment covering hovering along the coast or breaking bulk?—A. Yes; there is an enactment for hovering within three leagues; if they break bulk within three leagues she is liable.

By Hon. Mr. Bennett:

Q. That is nine miles?—A. Yes; nine nautical miles.

By Mr. Calder, K.C.:

Q. That offence would appear to have been committed? You have the space of time it takes this vessel to go from Halifax to Pictou, nearly ten days, so she must have been hovering along the coast, and she broke bulk. Have you any evidence on the file to show at what distance she was when she broke bulk?—A. My recollection is it was ten miles offshore.

Q. Upon whose statement was that evidence put in?—A. I think perhaps the file will show. There is a report from Captain LaCouvee—the Master's statement.

Q. In the detailed report of Captain LaCouvee, you have the statement that it was apparently hovering east of Pictou island. At that time she would have been within the nine mile limit, would she not—even by the admission of the Master himself?

The CHAIRMAN: I thought it was about ten and a half miles.

The WITNESS: She was seized in Longitude 62.21 west and Latitude 45.53 north.

By Hon. Mr. Bennett:

Q. In what we call Northumberland Strait?—A. Yes; that was her exact position when she was seized.

Q. As indicated by the Cutter?—A. As indicated by the seizing officer.

Mr. CALDER, K.C.: Then she would have been hovering within the distance.

By Mr. Calder, K.C.:

Q. Was the latitude and longitude position pricked off on the chart so as to ascertain exactly where she was?—A. (No audible answer.)

Mr. DOUCET: Mr. Chairman, if she was seven miles east of Pictou Island she was certainly hovering within the three league limit.

The CHAIRMAN: He said ten miles.

The WITNESS: She was ten miles outside of Halifax.

The CHAIRMAN: We will be obliged to appoint an expert to measure that.

Mr. CALDER, K.C.: Get a chart showing the longitude and latitude; that will show it exactly.

The WITNESS: The report of the Master does not set forth precisely just how far from shore she was.

By Mr. Calder, K.C.:

Q. Well, we will drop that for the moment, Mr. Wilson. The practice of the Department up to then, you say, had been to consider Northumberland Strait as territorial waters, and if that contention were true, both the schooner and the cargo could have been held. It was represented to you on the part of the vessel and the cargo that Northumberland Strait was territorial water, and upon that representation the cargo was released, and a $400 penalty was imposed upon the vessel. That is correct?—A. You said "territorial waters"; I think you are wrong there; are you not?

Q. Northumberland Strait had been considered as territorial waters?—A. Yes.

Q. And on that assumption the cargo of liquor and the vessel in which it was being borne could have been seized and kept?—A. That is the reason we did seize it.

Q. Then representations were made by counsel of the vessel and the owners of the liquor that this was in territorial waters, and it was in consequence of that representation that the vessel was released under a penalty of $400 for not reporting correctly, and the liquor cargo was released altogether?—A. The liquor cargo was released in view of that contention.

Q. And it also was in view of that contention that the vessel was released upon a penalty for a minor offence?—A. If that contention was correct, there would be no justification for keeping the $400.

Q. Was it not for making a false report that a minimum penalty applied? —A. Yes, but this vessel made no report after she left Halifax, and before she was seized, and I take it it was under that general section that this $400 was applied.

Q. If the contention of counsel for the vessel and cargo was correct, no penalty at all should have been imposed and kept?—A. A penalty of $400 was collected. I will have to see from the file here whether it was maintained by decision.

Mr. DOUCET: The $400 was refunded.

Mr. CALDER, K.C.: It was refunded?

Mr. DOUCET: Yes.

Mr. CALDER, K.C.: Then the principle was upheld.

By Mr. Calder, K.C.:

Q. Now, is it your statement that that contention having been raised by counsel for the owners, it was never referred to the Department of Justice for decision?—A. The Departmental file shows no correspondence with the Department of Justice on this subject.

By Mr. Calder, K.C.:

Q. So that, as far as the Department is concerned, it departed from the practice then obtaining, upon the representations of the persons interested, that the Northumberland Straits were not territorial waters?—A. Generally speaking, I would say yes.

By the Chairman:

Q. Will you read the decision of the Department; there was a form K-9 made then, and will you read me the decision? What is the number of the

file?—A. Departmental file No. 112693, seizure 31886/4172, covering 806 packages of liquor. The decision was that the goods be released.

By Mr. Calder, K.C.:

Q. Will you read Mr. Blair's letter?—A. The report made by the Commissioner of Customs and Excise is as follows. (Reads):

"This is a seizure of 806 packages of liquor believed to be the property of Charles Mee, of Darkmouth, and Ronald Betts, of Wallace, N.S., the charge being that the goods had been smuggled into Canada. The value thereof is reported to be $35,000, and the liquor has not been released. This is the liquor found on board the *W. C. Kennedy* when this vessel was placed under seizure in the Northumberland Straits on the 26th June, 1923. (See report of the seizure of the vessel No. 31887/4173 for particulars).

It is admitted that this seizure took place at a distance from the land, greater than one league, and while there is evidence of intention to land these goods in Canada without report at Customs, this offence had not been actually committed at the time of seizure.

I would recommend that the goods be released.

R. R. Farrow,
Commissioner of Customs and Excise."

That is dated the 2nd of May, 1924. Below that is the following. (Reads):

"Decision of Commissioner of Customs and Excise on the foregoing matter is in the terms of the above recommendations.

Jacques Bureau,
Minister of Customs and Excise.

Dated 13th June, 1924."

By Mr. Doucet:

Q. What about the decision on K-9, the report on the *W. C. Kennedy*?—A. On Department file No. 112694, seizure 31887/4173, the report of the Commissioner of Customs and Excise is as follows. (Reads):

"This is a seizure of the Schooner *W. C. Kennedy* owners the Kennedy Company, Limited, Lunenburg, N.S., Master Captain Percy D. Rafuse, the charge being that the vessel was used for the smuggling into Canada of certain goods, namely, 806 packages of liquor. The value of the vessel is reported to be $20,000, and it was released pending decision, upon deposit of $400.

This vessel had left St. Pierre Miquelon on the 4th June with a clearance to Nassau, with a cargo of 994 packages of liquor. She arrived at Halifax on or about the 8th June, ostensibly for repairs, stayed there eight days, and on the 16th June was granted a clearance from Halifax to Nassau with this cargo of liquor. On the 26th June she was seized in the Northumberland Straits, off Pictou Island, and at the time of seizure had only 806 packages of liquor on board. She had been hovering off the place where seized for about three days prior to the date of seizure.

The Master explains the deficiency between the quantity of liquor shown on the clearance and the quantity found on the vessel by stating that 188 packages were transferred from the vessel on the high seas off the Nova Scotia coast to another boat.

The explanation offered as to the vessel being in the locality where found while on a clearance from Halifax to Nassau, as given by the Master, is that while in the port of Halifax he received word from the consignees of the cargo to post-date the delivery of the cargo at least

ten days, and he then decided to take the ship around to Pictou for the purpose of picking up a new motor life-boat which had been built for him at the Cumberland Shipyards, Wallace Bridge, N.S., and which had been taken to Pictou for delivery to the vessel.

If this were the real reason for proceeding to Pictou, the vessel should have taken a clearance from Halifax to Pictou. There does not appear to be any doubt but that the object was to have the cargo of this vessel landed somewhere on the Nova Scotia coast.

It is admitted that the vessel at the time of seizure was not within one league of the land, and there is no substantiated charge that the vessel had broken bulk within three leagues of the coast.

The liquor which is said to be the property of Charles Mee, of Darkmouth, N.S., and Ronald Betts, of Wallace, N.S., is covered by seizure No. 31886/4172 and was taken to the city of Quebec for storage pending decision.

I would recommend that the deposit be returned.

R. R. FARROW,
Commissioner of Customs and Excise."

That is dated the 2nd of May, 1924. Below that is the following. (Reads):

"Decision of Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation.

JACQUES BUREAU,
Minister of Customs and Excise."

That is dated June 13th, 1924.

By Mr. Bell:

Q. Mr. Wilson, have you the affidavit which was filed by the Master of the *W. C. Kennedy*?

By Mr. Calder, K.C.:

Q. Will you turn up the affidavit?

Mr. DOUCET: The first affidavit you will find on the Preventive Service file; he made three, as you know.

Mr. CALDER, K.C.: He made three, and they varied slightly. I think he had better read the three of them.

Mr. DOUCET: The first one, before he had any communication with those on shore.

WITNESS: The first affidavit would appear to be made on the 28th day of June, 1923.

By Mr. Calder, K.C.:

Q. Was not there a questionnaire before that; I think there is a record there of the statements made by the Master on board the ship, when he was examined?—A. Yes, that is so. Which of these affidavits shall I read first?

Q. I imagine the questionnaire is the first thing chronologically, is it not? I take it, the questionnaire was taken on board?—A. Shall I read that first?

Q. Yes.—A. This is dated at Pictou, N.S., June 30, 1923, and is addressed to W. F. Wilson, Esq., Chief Preventive Service, Ottawa, Ont.

"SIR,—I beg to report as follows: On Tuesday, the 26th instant, we left Charlottetown, P.E.I., at five A.M., and cruised towards East Point, P.E.I., the weather being moderate with thick smoke. When East of East Point of Pictou Island, the Tern Schooner W. C. Kennedy was

sited, apparently becalmed, or hovering. Upon boarding her, and making search, etc., she was found to have a clearance from Halifax to Nassau, B.W.I., with 994 packages of liquor. The cargo was not checked then. The weather still moderate, with thick smoke at 1.23 P.M. no land being visible, I seized the W. C. Kennedy and steared a course for Pictou Island, and judging from the actual time under way, I would say that the position of the W. C. Kennedy when seized was longitude 62.21 West, Latitude 45.83 North, seven miles East of the nearest point of Pictou Island, in the Northumberland Straits.

We anchored in Pictou Harbour at 3.30 p.m., and after the local Customs officer had sealed the hatches, at my request, on the W. C. Kennedy I placed a guard on board from the Margaret, consisting of an officer and four men, so as to protect the vessel and cargo.

At the time of the actual seizure of the schooner in the Northumberland Straits the smoky condition made it impossible to take a true position. I am enclosing a duplicated statement made by the Captain, Percy D. Rafuse, of the Schooner W. C. Kennedy, which was given in the presence of my chief officer and radio operator. Upon checking up the cargo, it was found that 188 packages were short, according to the number on the clearance. This agrees with the Captain's statement that 188 packages had been disposed of off Halifax.

I am therefore submitting two duplicated sets of seizure reports, form K-9, one set applying on the 994 packages, and one set on the 806 packages, and I would respectfully suggest that you decide which one should be considered correct.

I trust that all my actions in connection with this seizure will meet with your aproval.

I have the honour to be, Sir,

Your obedient servant."

This is dated at Gaspe Harbour, P.Q. Attached to that is clearance number 204, reading as follows:—

"CUSTOMS, CANADA,

PORT OF HALIFAX, NOVA SCOTIA.

Clearance of the Schooner W. C. Kennedy, of Lunenburg, Nova Scotia, 112 tons, burthen official number 150410, with seven men.

Percy D. Rafuse, Master, from this port, to Port of Nassau with the undermentioned cargo, namely:—994 packages liquor from St. Pierre for Nassau, in for repairs and necessary sea stores for the voyage.

Given under my hand at the Custom House, Halifax.

(Signed) B. F. BOUREN."

The questionnaire reads:—

"Statement of Percy D. Rafuse, Captain Boat W. C. Kennedy.

Q. What is your name?—A. Percy D. Rafuse, Lunenburg, Nova Scotia.

Q. Are you a British subject?—A. Yes.

Q. Are you the Master of the Kennedy?—A. I am a certified master.

Q. Of what tonnage is the Kennedy?—A. 112 tons.

Q. Where is she registered?—A. Lunenburg, Nova Scotia.

Q. To whom does the Kennedy belong?—A. To Mr. William Duff, Lunenburg, that is as far as I know, but she is under charter to Ronald Betts and Charles Mee.

Q. Who pays you your wages?—A. Mr. Duff, also the crew, but I have a telegram from Mr. Duff instructing me to take my orders from Mr. Mee.

Q. Where are you from now?—A. Halifax, N.S.

Q. And where are you bound for?—A. I am under the orders of Mr. Betts and Mr. Mee.

Q. And what is your cargo?—A. Liquor, 806 packages.

Q. What is your present clearance?—A. From Halifax to Nassau.

Q. Where did you come from to Halifax?—A. From St. Pierre, left there June 4th and arrived Halifax June 8th for repairs.

Q. How long were you in Halifax?—A. Eight days.

Q. By whom are you employed?—A. By Mr. William Duff, Lunenburg, N.S.

Q. Who put the liquor on the ship at St. Pierre?—A. It was done by Mr. Betts and Mr. Mee.

Q. Was the liquor consigned to anyone?—A. No, to nobody in particular that I am aware of.

Q. Well, who had charge of it?—A. Mr. Betts and Mr. Mee. They were on board when we left St. Pierre.

Q. Who was to meet you, and where?—A. Nothing definite. Betts and Mee were both on board when we left St. Pierre, and Betts was on board when we left Halifax on the 16th instant, but he left the ship the next day by a gasoline boat.

Q. Did Betts give you any orders?—A. No, my orders all came from Mr. Mee.

Q. Did you expect to meet Betts at Pictou?—A. Yes, in a way I expected he would send out orders to me.

Q. Did you unload any of the liquor anywhere?—A. Yes, we unloaded 188 packages on the high seas off the Nova Scotia coast.

Q. Into what did you unload it?—A. Into boats outside the three-mile limit.

Q. Who were the parties?—A. I don't know them.

Q. Did you receive any money?—A. No, none at all.

Q. Did you deliver the liquor without receiving any money for it?—A. I gave it to them, and I suppose I will have to settle with the owners.

Q. Who gave you orders to unload it?—A. Nobody gave me any special orders.

Q. Was the liquor yours?—A. No.

Q. Had you the necessary nautical equipment to take you to Nassau?—A. Yes, I was properly equipped to go anywhere on the high seas.

Q. Did you intend to go to Nassau?—A. Yes, as far as I was concerned, but I was under orders of Betts and Mee.

Q. Who cancelled the Nassau trip?—A. Nobody informed me of it.

Q. Was the liquor to be disposed of here?—A. No.

Q. Did you speak any other boats when hovering where I found you? —A. No, I saw none at all.

Q. And you say nobody gave you any instructions to deliver 188 cases of liquor on the high seas?—A. No.

Q. What is Mee's business?—A. I don't know.

Q. Did you really believe that the liquor belonged to Betts and Mee? —A. No, I could not swear to that.

Q. Could you swear to that in a court of justice?—A. No, I could not.

Q. Were your orders coming from Mr. Mee and Mr. Betts verbal or in writing?—A. All my orders were verbal only and came from Mr. Mee?

Q. And you do not know who took off 188 cases?—A. Yes, I will correct my previous answer that I did not know. It was Mr. Betts and Mr. Mee in gasoline boats.

Q. How long were you hovering off the place I found you?—A. About three days or three and one-half days.

Q. How did you receive your orders after Betts left you off Halifax?— Mr. Mee gave me the final orders to proceed and hover off Pictou, by the 23rd instant (Saturday) where I expected to meet Mr. Betts.

By Mr. Bell:

Q. Will you please read the last answer?

"Q. How long were you hovering off the place I found you?—A. About three days or three and one-half days.

Q. How did you receive your orders after Betts left you off Halifax?—A. Mr. Mee gave me the final orders to proceed and hover off Pictou, by the 23rd instant (Saturday) where I expected to meet Mr. Betts."

Hon. Mr. BENNETT: This is certainly bad, when reading the evidence of this man. He was there three days hovering off the port, and hovering under orders. I move that Mr. Farrow be brought here.

Mr. DOUCET: Why can we not place in evidence communications from the owners or supercargo with the captain.

By Mr. Calder, K.C.:

Q. Will you please read that affidavit?—A. The first affidavit is dated 28th June, 1923, by Captain Rafuse. I take it that is the first one that was made. It was made before Robert E. MacKay, Barrister of Pictou.

Q. After he had been in communication with Betts?—A. I have not checked the dates.

Hon. Mr. BENNETT: He modifies his statement.

WITNESSS.

"Province of Nova Scotia,
County of Pictou.

To Wit:

I, Percy D. Rafuse, of Lunenburg, N.S., in the County of Lunenburg, Master Mariner, at present of Pictou in the County of Pictou, do solemnly declare:

(1) I am the Master of the Schooner W. C. Kennedy, registered at Lunenburg, N.S., 112 tons, registered net.

(2) I did on Sunday, 17th day of June, 1923, deliver 188 packages of liquor to one gasoline boat, between sundown and dark. I delivered the aforesaid packages to one Charles Mee of Dartmouth in the County of Halifax, who was on board the said gasoline boat.

(3) At the time I made the delivery mentioned in paragraph (2) of this declaration, my position was latitude forty-four degrees and twenty-one minutes north, longitude sixty-three degrees and twenty-three minutes west. My position at the time I made the said delivery was ten miles from the nearest land.

(4) The approximate position of the W. C. Kennedy when the vessel was seized by the Customs Cruiser Margaret was latitude forty-five degrees, fifty-three minutes north, longitude sixty-two degrees and twenty-one minutes west, the weather being smoky.

The said seizure was made in the Northumberland Straits.

And I make this solemn declaration conscientiously believing it to be true, and knowing it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

Declared at the Town of Pictou in the County of Pictou and Province of Nova Scotia, this 28th day of June, 1923, before me

(Signed) ROBERT MACKAY,

A Barrister of the Supreme Court of Nova Scotia and a Commissioner for taking oaths and affidavits."

By Mr. Calder, K.C.:

Q. You have another affidavit? Was it furnished later on after application for release of the seizure? Read it into the records, please.—A. This affidavit is dated Lunenburg, 25th July, 1923.

"On June 16th, 1923, the Schooner W. C. Kennedy left Halifax, N.S., with 994 packages of liquor, 188 packages were delivered on the high seas, ten miles from the nearest land. According to the orders I proceeded off Pictou and kept well outside the limit to await instructions. On June 26th, 1923, the cutter Margaret towed my vessel into Pictou Harbour. At the time the Margaret picked me up, I was eight miles east of Pictou Island and considered myself outside the three mile limit.

Sworn at Lunenburg,

(Signed) PERCY D. RAFUSE.

County of Lunenburg, N.S., this 25th day of July, 1923, before me.

(Signed) FRED W. SMITH,
Justice of the Peace,
County of Lunenburg."

By Mr. Calder, K.C.:

Q. That affidavit was not for the purpose of securing a release?—A. I could not say so.

Q. The other two affidavits were on file at the time?—A. Must have been.

Q. I understand that one of these affidavits admits by Rafuse that 188 cases were delivered?—A. They all admit that.

By Hon. Mr. Stevens:

Q. Here is an affidavit by Rafuse, dated Lunenburg, July 16th, 1923, reading as follows:—

"I, Percy D. Rafuse, Master of the Schooner W. C. Kennedy, make oath and sayeth:

In *re* seizure 31887-4173, the charges contained in said memo are not correct, as the said schooner or the crew of said schooner were not used in smuggling into Canada certain goods under said seizure number, and that said schooner when seized by the revenue cruiser Margaret was outside of Canadian territorial waters, and that none of said goods were delivered either outside of Canadian territorial waters or inside.

(Signed) PERCY D. RAFUSE.

Sworn before me this, 16th day of July, 1923.

(Signed) FRED W. SMITH, J.P.,
Commissioner."

Hon. Mr. BENNETT: The man has obviously committed perjury.

Mr. CALDER, K.C.: Yes, he swears goods were delivered.

Hon. Mr. STEVENS: He swears that they were not delivered outside or inside. He says, "None of the said goods."

Hon. Mr. BENNETT: "Of the said goods."

Hon. Mr. STEVENS: "None of the said goods." He refers to it in this way, "said schooner or the crew were not used in any smuggling into Canada of certain goods under said seizure number." And he says that none of the said goods were delivered. The point is that certain goods were delivered and he is now swearing that he delivered nothing.

Mr. CALDER, K.C.: It is a contradiction.

Mr. BELL: It was this sort of stuff that I had in mind when I asked Mr. Blair what steps were taken when affidavits were made, and as to why they did not follow them up and see whether they were true or false.

By Mr. Calder, K.C.:

Q. When the first questionnaire reached you, you had evidence enough to seize the liquor forming part of the cargo, the other part of which had been taken off?—A. Well, I thought I was justified in seizing in the first place before the questionnaire came.

Q. When the questionnaire came, that is what moved you to confirm the seizure?—A. No, I had ordered the seizure prior to the receipt of the questionnaire.

Q. That confirmed you that it had been properly done?—A. It did not confirm anything as far as I was concerned.

Q. You say that the $400 deposit was ultimately refunded?—A. Yes, sir.

Q. Did not the decision declare it to be forfeited?—A. To be returned.

Q. To be returned. It was my mistake. I think that is all on that point, Mr. Wilson.

By Hon. Mr. Stevens:

Q. I want to ask Mr. Wilson just a few questions. Mr. Wilson, you made the seizure. You have stated that you made the seizure and that you felt you were justified in making the seizure, or ordering the seizure made?—A. I ordered the seizure.

Q. Did anything occur to you, I mean officially in your own mind to warrant you in releasing this vessel or the cargo? I am not asking about who ordered you to release it. I am speaking about yourself, of your own volition as an officer of the Department.—A. Will you please make that a little plainer.

Q. I will put you another question first. This vessel and cargo were ordered released by whom?—A. Under departmental decision.

Q. Under departmental decision?—A. Yes.

Q. Communicated to you by whom?—A. Through the Deputy.

Q. Through the Deputy?—A. Yes.

Q. Did anything occur to you after the seizure and up to the time of the release, the official release by the Department, to cause you to change your mind as to the necessity for the seizure and for the holding of it? Is that question a little too embarrassing, Mr. Wilson?—A. No.

Q. There was nothing?—A. No, it is not too embarrassing.

Mr. CALDER, K.C.: It is not embarrassing.

The WITNESS: I am still of opinion that Northumberland Strait is territorial waters of Canada. That is my opinion.

By Hon. Mr. Stevens:

Q. Yes. Well now, give me another bit of information. I think you can give it to me. A vessel comes from a given port—never mind this vessel for the moment, from a Canadian port for a foreign port, and then is found, under suspicious circumstances, off her course in Canadian waters; what is the practice followed by the Customs Department in such cases?—A. Are you speaking of liquor laden vessels?

Q. No. I do not care what she has?—A. Take the liquor laden vessel.

Q. All right.—A. It may clear from St. Pierre, Miquelon to Nassau with a cargo of liquor; a vessel may clear from Demerara for Antwerp, with a cargo of rum. Both vessels may come, have come directly to waters outside the three mile limit of Canada, three leagues, I should say. The laws at present do not meet the conditions in liquor smuggling of to-day. It will take drastic action

to overcome present conditions. I will give you an instance of a schooner named "Una," which cleared from St. Pierre, Miquelon to Nassau, with a cargo of liquor. She came directly over to the waters of Cape Breton and for twelve days we had a cruiser alongside that boat, between Point Aconi and Cape Smoky; we starved her, and then she was able to come into the port of North Sydney, for provisions.

Q. In distress, I suppose?—A. For provisions and went outside again. We could not touch her.

Q. She came in under the law of distress?—A. They came in. Other vessels come in under the pretence of shelter, and other vessels will come in and say—"there is a screw loose in the engine or there is a broken jib." These are largely pretences, but they are able to come in legally to port and enter properly at Customs, liquor laden. We cannot touch them.

By Mr. Doucet:

Q. You have on the general liquor file— —A. And while we were watching the "Una" there were various other vessels along that coast, liquor laden, that landed their goods, loaded their goods into vessels.

Q. You have on your general liquor file reports from your officers down there, at North Sydney, of vessels coming in for repairs, remaining eight or ten days in port at Pictou for repairs, and clearing for Nassau again?—A. Yes, and they largely come into port, it is our belief, to complete arrangements for the landing of their liquor in Canada.

Q. They come in to make arrangements?—A. Yes, under these pretences, seeking shelter.

By Hon. Mr. Bennett:

Q. Unless the ship was intending to land her liquor cargo in Canada she would be quite right in coming into Canada, if she was bound for the West Indies, for instance? If a ship is bound to a foreign port she is quite within her right to call at a Canadian port for anything she likes. But if she wants to land her cargo into Canada, you say it is a breach of the law. You do not object to a ship coming into a Canadian port, bound, say, for South Africa?—A. No, I apply that only to those vessels that are smuggling liquor into Canada.

Q. They come from St. Pierre for Nassau; they cleared for ten days, hovering in Nova Scotia waters.

Mr. DOUCET: They cleared from St. Pierre to Nassau and should have been out of Nova Scotia waters in twenty-four hours. They could have entered North Sydney, if they wanted repairs. After being out in this short stretch of water for twelve days they come into North Sydney ostensibly for repairs. They remain there for eight or ten days trying to make arrangements to land their cargo.

The WITNESS: They come in for ten days' time and land the cargo and they are off again.

By Hon. Mr. Stevens:

Q. Perhaps we are getting into too many generalities. This vessel came to Halifax on June 8th and reported that she came in for repairs. Is that correct?—A. You are speaking now of the Kennedy?

Q. The Kennedy.—A. Yes.

Q. Was there any check made to see if she made any repairs?—A. I could not tell you that from memory, sir.

Q. Would your own file show it?—A. I think not.

Q. She then left after eight days and she went up around the coast and entered what we would term territorial waters?—A. Off Pictou Island, seven miles.

Q. Did you ascertain whether she passed through the Gut of Canso?—A. Yes, sir.

Q. She passed through there?—A. I am not in position to say at the moment whether she passed through. I presume she did, inasmuch as it is shorter. Otherwise she would have to go away up around Cape North.

Q. You are not sure whether she did or not?—A. I do not think it is clear.

Q. The Master reported to the Department as his excuse for going around there, that he was instructed to postpone delivery to Nassau for ten days?—A. Yes, he said he wanted to get a motor boat.

Q. Never mind the motor boat. He said he had instructions from Nassau to post-date the delivery of his goods, ten days?—A. Yes.

Q. Well, now, he left Halifax on the 16th of June? That is correct, isn't it?—A. If you have it there—

Q. It is from the file. The vessel was seized on 26th June off Pictou?—A. Yes.

Q. Which is eighteen days after he called in Halifax? He arrived in Halifax on the eighth?—A. Yes.

Q. That is eighteen days?—A. Yes.

Q. And the only answer he makes is the eighth of June, and he was seized on the 26th of June?—A. Yes, eighteen days.

Q. And the only excuse really, before the departmental seizure, was the Master's statement that he was ordered to post-date his delivery ten days at Nassau. I am just getting the facts.—A. The whole contention was that he was outside the three mile limit.

Q. He gave as a reason for his wandering off around the coast that he had been instructed to post-date delivery at Nassau, ten days?—A. Yes, and to obtain a boat, I think, which had been ordered.

Q. What I am trying to show is this, that here he was, eighteen days after he was seized?—A. Yes.

Q. So that that argument was already destroyed? At the time of the seizure it was already dissipated?—A. Yes.

Q. Then, when he left Halifax he had on board Mee, the owner of the goods?—A. Yes.

Q. And he acted under the orders of Mee, all the way around?—A. Yes.

Q. When he was seized he states that while he was hired by Mr. Duff, that is, the owner of the vessel, he was moving around the coast of Halifax, under the order of the owner of the goods?—A. Yes.

Q. That fact is disclosed in the file?—A. Yes.

Hon. Mr. STEVENS: There is a letter here, which I think ought to be brought in at this time, Mr. Chairman, because I am looking for some reason for the removal of the vessel.

Hon. Mr. BENNETT: There is not any.

Mr. BELL: I think there was very good reason, but it is not the one that is given.

Hon. Mr. STEVENS: Here is a letter. I suppose we can ask Mr. Farrow about it but I will put it in at this time. Here is a letter dated 3rd December, 1923. It is very much later on. It is addressed to E. M. Macdonald, Minister of National Defence.

"The Honourable Minister of Customs and Excise has sent me your letter—"

Mr. Macdonald's letter—

"dated 24th ultimo, relating to two above numbered seizures, schooner "Kennedy" and cargo. We do not appear to have on our files in this matter any letter from Inspector Tracey with regard thereto but I enclose to you copies of affidavits and statements by Percy D. Rafuse, Master of the schooner W. C. Kennedy, and by Captain Lacouvee, the Master of the Margaret". I learned from your office that it is too late now to send this information to you at Halifax as you will return to the Department to-day.

Yours faithfully,

Commissioner of Customs and Excise".

By Hon. Mr. Stevens:

Q. Can you tell me where the other letter is, referred to in this correspondence? We are looking here, for reasons for the release. There may be some letters not on the file, that you might explain the matter.—A. I find on this other departmental file, No.112693, what appears to be a copy of a letter dated November 24th, 1923.

Q. From?—A. From— signed by E. M. Macdonald.

Q. Read it, Mr. Wilson.—A. "Personal." Re seizure.

Q. To whom is it addressed?—A. The Hon. Jacques Bureau, P.C., M.P. (Reading):

Re Seizure No. 31886-4172, made 26th June, 1923

MY DEAR JACQUES: Would you be good enough to arrange to send me, to the Halifax Hotel, Halifax, the following information in regard to this matter:

(1) copy of letter or statement made by the Captain of the seized vessel;
(2) copy of statement made by the Captain of the Margaret;
(3) copy of any letter that may have been received from Inspector Tracey of Halifax in regard to the matter.

I would appreciate very much if you could arrange to send this on to me on Monday, as I am leaving for Halifax.

Yours faithfully,

(Sgd) E. M. MACDONALD.

Hon. Jacques Bureau, P.C., M.P.,
Minister of Customs and Excise,
Ottawa, Ontario."

By Hon. Mr. Stevens:

Q. Where is that Tracey letter? He is one of your officers, Mr. Wilson?—A. Tracey was one of our officers. I may have had a letter from him, but I do not find it.

Q. The file is incomplete. That is why I am asking this question. If we could complete the file we perhaps could get some more information. Could you dig up from the records that report of Mr. Tracey's?—A. I will do what I can. The files are supposed to be complete, and I believe them to be.

Q. You will see it is obvious they are not complete.—A. With this possible explanation, Mr. Stevens. I cannot conceive at the moment how Tracey would have anything to do with this matter. From an examination of the papers, I may find I am wrong. It may be that Mr. Macdonald has used Tracey's name under a misapprehension. However, that is only an impression, and I may be wrong.

By Mr. Doucet:

Q. Mr. Wilson, may I make a suggestion which may refresh your memory? There was, at that time, a seizure from Rice in Halifax?—A. Yes.

Q. Before the 188 cases were landed at Dartmouth? That letter of Mr. Tracey's might be on the Rice file, because Tracey made that seizure of the 188 cases from Rice which had been landed off the Kennedy into a motor boat.—A. Yes, Tracey made that seizure.

Hon. Mr. STEVENS: And that might indicate that this landing was within the nine mile area, because we only have the word of the Master that it was outside.

Mr. DOUCET: Any man who has a knowledge of the Nova Scotia coast knows that an open motor boat will not go ten miles away from shore on a dark night to unload anything.

Hon. Mr. STEVENS: If this vessel had 900 and some odd cases, and after hovering around within three leagues, and subsequently was short this 188 cases, would it not indicate that it had broken bulk within the three leagues—would it not technically be that?

Mr. BELL: If I remember rightly, what Mr. Wilson said was the Master said "Over one league" in the questionnaire, and then in the affidavit he said "three leagues".

The WITNESS: Three leagues for breaking bulk.

By Hon. Mr. Stevens:

Q. Do you find that letter?—A. I find on another file, Departmental file 112571, covering a seizure of liquor from Frank Rice, that there is correspondence from Mr. Tracey.

Q. Is there a letter of the corresponding date or that refers to this cargo—to the 188 cases from Mee?—A. I see a reference in one of Tracey's reports to the *Kennedy*. Shall I read this?

Q. Yes.—A. (Reading):

Re *Customs Seizure 4150, Frank Rice, Halifax, N.S.*

"HALIFAX, N.S., July 7, 1923.

W. F. WILSON, ESQ.,
Chief Customs and Excise Preventive Service,
Ottawa.

DEAR SIR,—Referring to yours of the 26th ultimo, file 8740, *re* the above case, I beg to inform you that it has been continued until August 3, as stipendiary Magistrate Archibald who signed the information, only sits on alternate days with stipendiary Magistrate Fielding, and the 4th of August would be Mr. Fielding's day.

I have been informed that application has been made to the Department of Customs for a refund of the seized liquor in this case, on payment of duty. I consider it my duty, as your Customs Excise Officer, to give you more particulars about this man Rice, who was formerly a bartender, and a bootlegger since prohibition, having been convicted once for that offence, and known throughout our city as one of the wholesalers and kings of the bootleggers, and is reputed to be worth $100,000. He has not worked for years, and only last year bought an expensive house, and owned two autos until a few days ago, when one caught fire and burned up. He is now connected with Howard's Limited, who has a bonded warehouse, which places them in an unfair competition with

other wholesale grocers, as they are sending out a liquor price list, a sample of which I am enclosing, to the shipping trade, as a leverage for other orders. Wentzeel has the reputation here of being a wholesale smuggler, but it is hard to connect him. Rice acts as selling agent to the ships, and the following connection of the seizure with Rice would indicate a connection; the eleven cases of whiskey were addressed Howard's Limited, St. Pierre, and the information I had was that the seized liquor had been landed from the schooner *W. C. Kennedy* which came into port about the same time, and Howard's Limited acted as their agent. Since then the said schooner has been seized at Pictou for landing liquor up there. On the night of the capture Rice admitted he had landed a quantity of liquor at Herring Cove, ten miles from Halifax, last fall. I hope and trust the Department will not interfere with the regular course of justice in this case as the public is up in arms against this man's nefarious business, which has meant a lot of sleepless nights for me in trying to capture him. When caught, he threw up his hands and exclaimed 'You have caught me at last'.

I have the honour to be, Sir,

Your obedient servant,

Customs and Excise Officer."

By Hon. Mr. Stevens:

Q. Was that report received before the release of the *Kennedy*?—A. This report was received by me on the 13th of July, 1923.

By Hon. Mr. Bennett:

Q. On the 13th of July?—A. Yes, sir.

Mr. DOUCET: And the decision on the K-9 report?

Mr. BELL: That was the next year. The decision was in the following year 2/5/24, and signed by Mr. Farrow on 13/6/24. Let us see when Mr. Duff got money. Mr. Duff got the money back or wrote in connection with the return of the cheque on June 14, 1924.

By Hon. Mr. Stevens:

Q. Here is a letter, Mr. Wilson, which may help you. It is dated at the House of Commons, Canada, Ottawa, Ont., June 14, 1924, and is addressed to Mr. R. R. Farrow, Commissioner of Customs and Excise, Ottawa, and reads as follows. (Reads):

"DEAR MR. FARROW,—I am receipt of your favour of the 13th instant, *re* seizure 31887/4173 and note that you say deposit made by the W. C. Kennedy Shipping Company, Limited, on account of the seizure of the schooner *W. C. Kennedy* is to be returned. Kindly send me a cheque made out in favour of E. C. Adams, who is the secretary of the Company, and I shall have it forwarded to you.

Yours very truly,

WILLIAM DUFF."

Q. That would indicate that the final settlement was in the following year? —A. Yes.

Q. My point, and what I am trying to establish is, that this additional report from an officer of the Department indicating to them that the liquor from the *Kennedy* was landed in Halifax and was before the Department before the release was authorized, was it not; prior to the release being over, I should say?—A. Yes.

Q. What I am going to ask you now, Mr. Wilson, is this; that in view of all the circumstances, why was the *Kennedy* and the cargo of the *Kennedy*

released? That is a pretty hard question, I will admit?—A. I cannot answer that question.

The CHAIRMAN: There is the decision.

WITNESS: I cannot answer that. I was not the Minister.

By Hon. Mr. Stevens:

Q. It was Mr. Farrow's decision?—A. I am not the Deputy.

By Mr. Doucet:

Q. Throughout the files it is explained that the *Kennedy* was the property of the Kennedy Shipping Company, Limited. You have no letter or application on the file, have you, in which it is proposed that the Company should make an application for the release of the vessel, or, if I might refresh your memory, the seizure of the vessel was made on the registered cover of the Shipping Company, at Lunenburg, and you have the original cover saying "Returned, no such name in Lunenburg," in the Preventive Service file?—A. No, that will be the Departmental file, I would think.

Q. Here (showing document) is the notification to the Department of the registered envelope coming back?—A. Yes, departmental file 112694. There is the original notice of seizure that was sent by registered mail, by the Department, addressed to the Kennedy Shipping Company, Limited, Lunenburg, N.S., together with a departmental envelope bearing date Ottawa, post date 11th July, 1923, which is the same date as the notice of seizure from the Department, in which that notice I should say was enclosed when mailed by the Department. On the left-hand margin is written "Not known here," and on the right-hand side of the envelope "Return to Department of Customs."

Q. Following that, have you on your file, or do you recollect having received any communication from the Kennedy Shipping Company, in connection with this schooner?—A. I have no such recollection, sir.

Q. You have, however, a communication from the Lunenburg Outfitting Company?—A. There is a communication here from R. Douglas Graham of New Glasgow.

Q. That is the Counsel. It does not matter very much, Mr. Wilson. What I wanted to point out was that the supposed ownership of the Kennedy Company was non-existent, so far as the post office authorities in Lunenburg were concerned?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Mr. Wilson, did you receive from the Master of the Customs cruiser *Margaret* the letter which I now show you, dated at Pictou, N.S., June 30th?—A. Yes, sir.

Q. This will explain the variation in the affidavits. (Reads):

"W. F. WILSON, Esq.,
Chief Customs-Excise Preventive Service,
Ottawa, Ont.

DEAR SIR,—I am attaching a letter from Ronald Betts, Wallace Port, charterer of the W. C. Kennedy to Captain Rafuse, and who was handed by Betts personally long side the vessel to my third officer, who was then on watch, who in turn handed it to the Captain of the W. C. Kennedy. But Betts did not board the vessel.

We seen the transaction from the *Margaret*, and on sending my chief officer on board the *Kennedy* for the letter, Captain Rafuse delivered me the letter in person on board the *Margaret*, and I think may be of some

importance. Betts has been at Pictou continually, in fact was here before we arrived with the *Kennedy*.

I have the honour to be, sir,
Your obedient servant,
ALFRED LACOUVEE,
Captain Customs Cruiser Margaret."

Q. And this was the letter that was enclosed, was it not? (Showing to witness.)—A. Yes.

Q. A letter consisting of five sheets of Western Union Telegraph Forms, which reads as follows. (Reads):

"DEAR CAPTAIN,—You will probably be asked to make a signed statement to-day or to-morrow. This is a catch. My lawyer tells me to tell you to make no statements of any kind whatever, and also be sure and tell the crew the same. They will try to bluff you into saying something, but just tell them that your lawyer has forbidden you to say anything unless he is with you. Anything you have already said has not done much harm, but be sure and even do not answer one question, and tell the crew not to. I cannot get on board, but I am working from here. Will be released very soon if no one says a word. Do not let them bluff you one bit, or it will make trouble for all.

Will let you know all developments. Sit tight and if they bluff too hard, demand your lawyer at once."

Then, in writing which is changed for emphasis are these words "But do not answer one single question. Best regards. R.B." Which will be Mr. Ronald Betts?—A. Yes.

Q. That will be Mr. Ronald Betts?—A. Yes. There were affidavits put in by the owners and the crew.

Hon. Mr. BENNETT: Would you mind fixing the date on which that came to him?

By Hon. Mr. Calder, K.C.:

Q. That came to you enclosed in the letter from the captain?—A. Yes.

By Hon. Mr. Stevens:

Q. Captain who?—A. Captain LaCouvee, Master of the "Margaret".

By Mr. Calder, K.C.:

Q. An affidavit was forwarded by Mr. Betts?—A. Yes.

Q. In his declaration he relates the breaking of the bulk as follows. I will show you the affidavit. I had better read it, I think. It reads as follows:—

"IN THE MATTER OF SEIZURE 31886—4172

Cargo of 806 cases of liquor, Schooner W. C. Kennedy.

I, Ronald M. Betts, Master Mariner, Wallace, Nova Scotia, do hereby make the following declaration:—

(1) A cargo of 806 cases of high-class liquors seized by the Customs Cruiser Margaret on the tern schooner W. C. Kennedy on the 26th June, 1923, was owned by Charles Mee of Dartmouth and myself.

(2) The said liquor was not intended to be landed in any part of Canada, nor have I ever intended or attempted to land liquor of any description in the Dominion of Canada, nor have I ever violated or never did violate any Canadian Customs regulation.

(3) I furthermore declare that the W. C. Kennedy cleared from St. Pierre for Nassau with a cargo of 994 packages of liquor. It was necessary to call at the Port of Halifax for the purpose of conducting some minor

repairs and taking on some additional supplies. While in that port, I received word from my consignees to post-date the delivery of the cargo at least ten days, and I then decided to send the ship around to Pictou for the purpose of picking up a new motor lifeboat which had been built at my shipyard, known as the Cumberland Shipyards, and situate at Wallacebridge, Nova Scotia, and I instructed my foreman to have said boat at Pictou, N. S.

I then ordered Captain Rafuse to sail to a position eight miles east, Magnetic, from the east end of Pictou Island.

Accordingly the Kennedy left Halifax Harbour for the position named.

The following day, 188 packages of liquor were transferred from the Kennedy to the schooner Gardner which was also bound from St. Pierre to Nassau. The said transfer took place in the Atlantic Ocean on the high seas at least ten miles from the Nova Scotia coast, after which the Kennedy continued on her voyage to pick up my new motorboat.

Some few days later the ship arrived off Pictou Island as per my instructions. I proceeded to Pictou, found my motorboat, but it was necessary to make some repairs necessitating a delay of two or three days.

While in Pictou I informed the Collector of Customs that the Kennedy was off the coast and the nature of her cargo. On June 26th, before I had an opportunity of putting the motorboat aboard, the Customs cruiser Margaret seized her and towed her into Pictou Harbour.

As soon as the Margaret came to anchor, I immediately went on board and interviewed the Captain of the Margaret for the purpose of determining why the schooner had been seized, and he admitted, on my interviewing him, which was somewhat lengthy, that the Kennedy had been seized on suspicion.

I furthermore declare that the cargo of the W. C. Kennedy was not broached within nine miles of the Canadian shore, and my information and belief is that the said schooner was at least eight miles from the nearest land at the time she was seized by the Margaret upon high seas.

I say further that the cargo consisted of highclass liquors and no part of the same was intended to be shipped to or landed in the Dominion of Canada.

And I make the above declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

(Signed) RONALD BETTS.

Declared and subscribed before me,
the undersigned, 21st November, 1923.
(Signed) A. G. CROCKETT.

By Mr. Calder, K.C.:

Q. Was any further investigation made into the truth of the respective and varying statements? I suggest to you, Mr. Wilson, you had a number of details there from which these statements could be verified.

Mr. BELL: Surely this gentleman could not have seen the questionnaire of the Captain of the Kennedy before he made that affidavit?

By Mr. Calder, K.C.:

Q. This is evidence that you received, and you submitted the whole file?—A. Yes.

Q. Affidavits from Betts and Mee and the Master of the vessel, these were all submitted?—A. Yes. This affidavit here is made by Mr. Betts and sworn by Mr. Betts, and I see one from Rafuse. They did not come to me at all.

Q. They came direct to the department?—A. Yes.

Q. You have just read the affidavits that the department received through Mr. R. Douglas Graham?—A. Yes.

Q. No requests came to you from the department, in view of the conflicting evidence before them, to investigate further and check up the statements which they contained?—A. I should say not.

Q. When you said Captain, did you mean the Captain of the Margaret?—A. Of the Kennedy.

Q. You said that you submitted a report of the Captain?—A. Captain of the Margaret.

Q. The Captain of the Margaret made a full report?—A. Yes.

Q. That was included in your memorandum?—A. Yes, I transferred to the department all the reports received.

By Mr. Bell:

Q. That had the questionnaire attached to it?—A. Yes.

The Committee adjourned until 4.30 p.m.

AFTERNOON SITTING

The Committee resumed at 4.30 p.m., the Chairman, Mr. Mercier, presiding.

W. F. WILSON recalled.

By Mr. Donaghy:

Q. Mr. Wilson, I think you said this morning that the $400 which was paid on the seizures of the Schooner *W. C. Kennedy* had been paid by Mr. William Duff?—A. Yes, some member of the Committee asked me—I have just forgotten for the moment who it was. Apparently he read from the file where it had been received, and I concurred in that.

Q. I am going to show you this letter, which is a letter from Mr. William Duff, enclosing a cheque, and a letter from the company asking for a refund of the money to the Company. Look at these, will you?

The CHAIRMAN: Read them into the record, giving the dates.

WITNESS: These are copies, Mr. Chairman; the originals are on the departmental file.

Mr. DOUCET: We had better have the originals if they are here.

By Mr. Donaghy:

Q. While they are getting the departmental files, you can refer to these and we can check them up.—A. I have here departmental file No. 112694.

Q. You are referring to a letter written by William Duff?—A. Yes, sir, dated at Lunenburg, N.S., July 11th, 1923.

The CHAIRMAN: This (referring to copy of file) is dated June 11th, and the other is dated July. This one is dated June instead of July, as it is in the original.

WITNESS: June is a typographical error; it should be July 11th.

By Mr. Calder, K.C.:

Q. It could not be June 11th, because the seizure was on the 26th. That is correct, is it not?—A. Yes. It is a typist's error. This letter is addressed to me, and is signed by Mr. Duff. It says:

"*Re* Seizure of Schooner, *W. C. Kennedy.*

I enclose herewith cheque for $400, in favour of the Minister of Customs and Excise, as a deposit until the Minister's decision is given regarding this matter. The delay in forwarding you this amount was due to the fact that the owners of the schooner were awaiting the arrival of the Captain so that they could get a statement from him."

By Mr. Donaghy:

Q. The letter relates to other things as well?—A. Yes.

Q. Turn now to the letter following that written by the charterers of this vessel, in which they make a demand for the money?

Mr. BELL: May I interrupt you a moment, Mr. Donaghy?

Mr. DONAGHY: You may interrupt me all you like, when I am through.

By Mr. Bell:

Q. Before you deal with that, Mr. Wilson, will you please compare the date of it with the letter read by Mr. Stevens from Mr. Duff this morning, personally asking for a return of the money?

The CHAIRMAN: This is an original letter, with some corrections in writing.

WITNESS: This is dated at Ottawa, June 14th, 1924, and is addressed to R. R. Farrow, Esq., Commissioner of Customs and reads as follows. (Reads):

"DEAR Mr. FARROW,—I am in receipt of your favour of the 13th inst. *re* seizures 31887/4173 and note that you say deposit made by the W. C. Kennedy Shipping Company, Limited, on account of the seizure of the Schooner *W. C. Kennedy* is to be returned. Kindly send me a cheque made out in favour of E. C. Adams, who is the secretary of the Company, and I shall have it forwarded you.

Yours very truly,

WILLIAM DUFIF.

By Mr. Donaghy:

Q. Now, turn to the company's letter?—A. This letter was the enclosure with Mr. Duff's letter to me of the 11th of July, the first paragraph of which I have just read.

By Hon. Mr. Stevens:

Q. Addressed to whom?—A. It is dated at Lunenburg, N.S., July 11, 1923, and is addressed to William Duff, Esq., Lunenburg, N.S.

By Mr. Doucet:

Q. Who is the letter from?—A. From the heading on the letter, it is the Lunenburg Outfitting Company, Limited, and is signed "The Kennedy Shipping Company, Limited, per E. C. Adams, Secretary."

Q. From Lunenburg?—A. From Lunenburg, N.S.

Mr. DONAGHY: Wait a moment until I get through.

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

"DEAR Mr. DUFF,—Regarding seizure of schooner *W. C. Kennedy,* which occurred nine miles East of Pictou Island, and about ten miles from Cape George, and Cape Beer—"

I think it should be Cape Bear, but it is "Cape Beer" here—

"we have interviewed our Captain and his statement is to the effect that he safeguarded the interests of the vessel by going around Cape North—"

Evidently she did not go through the Gut of Canso.

"and shaping his course so that at no time from the time he left Halifax until he was seized by the *Margaret* was he anywhere within nine miles of the coast line."

By Mr. Donaghy:

Q. One moment, Mr. Wilson. What I wanted you to read was the paragraph relating to the return of the money, which I think is the second-last paragraph?—A. (Reads):

"In view of these facts, we consider that we are entitled to the refund of the cheque which we handed you last week, and we are also entitled to freight on the cargo of the ship, which amounts to $5,642.00. The owners of the ship have no interest in the cargo, and they feel that in view of the fact that the said owners of the cargo influenced the Captain to proceed from Halifax to the position where he was seized, instead of going South, that the vessel is entitled to her freight, and whether the Department of Excise decides to sell the goods, or return them to their owners, the said Department should protect the owners of the schooner on the freight, and make them pay the above amount of freight before the goods are sold or released."

Q. Had you these matters called to your attention when you were asked this morning and when it was suggested that Mr. Duff paid $400?—A. No, sir.

Q. You had not had time to look over the file?—A. No.

Q. Having refreshed your memory, would you give an answer in the shortest possible manner?—A. Now, Mr. Chairman, allow me to say that I had no idea this matter was coming up. It is rather unfair to a witness, and it takes up the time of the Committee unnecessarily. If I could be given an intimation of what files I was going to be questioned upon, or allowed to take the file home —it would be perfectly safe—I would not occupy the time of the Committee. I would not look to be in such an awkward position.

Mr. CALDER, K.C.: I concur in what Mr. Wilson says. The only reason I called him was, because I was under the impression—but I found it to be incorrect—that Mr. Wilson had been over the file with Mr. Doucet. That was my belief. In consequence, in this file, is just what we want, and I do not wish to take Mr. Wilson over long portions of this file, and unduly examine him.

Mr. DONAGHY: It is well to allow the witness to have time to examine the files. It will save the time of the Committee, and it will also save the element of surprise.

WITNESS: I would like to know what files I am going to be examined on.

By Mr. Calder, K.C.:

Q. You were reading a letter about the Captain proceeding to the Northumberland Strait waters contrary to instructions. Would you mind reading that paragraph? That is contained in the letter of July 11th, 1923, of the Kennedy Shipping Company.

Mr. BELL: Could we have the whole of the paragraph.

Mr. CALDER, K.C.: Yes, this seems at variance with the statement of the Captain.

By Hon. Mr. Stevens:

Q. This is the Company's letter to William Duff, of July 11th, 1923, signed by Adams?—A. (Reads):

"Whilst the Captain had specific instructions to proceed from Halifax south, and had no right to have his vessel in waters in between Prince Edward Island and Nova Scotia, yet we claim that he was outside the three mile limit and was not entitled to seizure.

We have consulted a number of naval men, and also captains of the Fishery Protection Service boats, who have charge of the fishery protection service inside of the Straits of Canso, and we have examined their charts and instructions, and discussed the matter with them, and they all agree if the vessel's position was as is admitted by both the Captain of the Kennedy and the Captain of the Margaret, then she was definitely outside the three mile limit. Captain Milne, SS. Arleaux, who has patrolled the waters inside Cape North, and who has had, for a number of years, charge of the district, was kind enough to show us his chart on which was marked a line showing what was outside of the limit and what was inside, and Kennedy's position plainly shows she was not within Canadian jurisdiction. He intimated that American fishing vessels, French boats, and other steam and trolling vessels were at perfect liberty under the decision of the Hague tribunal to fish at or near the spot where the Kennedy was seized. We have also examined the North American Coast Fishing Agreement, which is an agreement between Great Britain and the United States, following a decision of the Hague tribunal, and which was agreed upon, on September 7th, 1910, which proves that the Kennedy's position was outside the three-mile limit and outside of Canadian territorial waters."

By Mr. Calder, K.C.:

Q. Have you anything on the file which will show the composition of the Kennedy Shipping Company?—A. Not from recollection.

Q. While Mr. Farrow is being examined, would you mind looking over the files and seeing if you could find any slip, memorandum, or information regarding the Kennedy Shipping Company?—A. Yes.

By Mr. Doucet:

Q. You read a statement from a letter there, the the *Kennedy* took a course via Cape North to get to the Northumberland Strait waters. You do not remember seeing that in any of the affidavits of the captains?—A. I have no remembrance.

Q. They were put in this morning, and it is a statement of fact. It was read from one of the affidavits that was filed, and yet there is another statement by which we are led to believe that she had gone through the Strait of Canso?—A. I qualified that, I think, I said that she might have gone around.

Witness retired.

R. R. FARROW *recalled.*

By Hon. Mr. Bennett:

Q. Mr. Farrow, we had evidence this morning in connection with the Kennedy seizure, and if you will look at the file you will observe that you recommended that the money be returned and the seizure discharged. The file indicates completely, and the evidence, that this ship was engaged in a breach of the laws of Canada beyond peradventure?—A. In what way?

Q. Take the file and look at it?—A. What is the charge?

Q. Charge, what?—A. Infraction of the law?

Q. The Captain was questioned, and he gave reports; he gave answers and those answers clearly indicate that this ship had cleared for the West Indies, came into Halifax, said that she needed repairs, and went outside and got rid of 188

cases. Cleared for Nassau, came around to Pictou, and stayed off shore for three days, waiting for the owners of the liquor who had left Halifax by rail, one man, and the other happened to be on the boat. In the face of all that, you make a recommendation that this seizure should be discharged and the money returned, why?

By Mr. Donaghy:

Mr. DONAGHY: We had practical illustrations of the—

By Hon. Mr. Bennett:

Q. Never mind illustrations. I want this man to answer the question?—A. Because there was no infraction of the law.

Q. That is the reason?—A. Yes.

By Mr. Donaghy:

Q. Have you familiarized yourself with the file?—A. No, I have not seen the papers for three years.

Hon. Mr. BENNETT: I want him to see this file—

Mr. DONAGHY: Quite.

By Hon. Mr. Bennett:

Q. There is your recommendation?—A. That statement is confirmed, and I asked what the charge was that was made against this—

Q. You read the files, look at your report, and read the answers in the questionnaire of the Captain, and the material that was before you when you sent the recommendation. Tell me why you did it. That is all you are asked to do. —A. I say she did not commit a breach of the law.

By Mr. Donaghy:

Q. You heard Mr. Wilson this afternoon?—A. Yes.

Q. You are an important officer of the department, and nobody is going to take an unfair advantage, so you take time and read the file. I understand that it is three years old. Mr. Bennett does not ask you to answer until you read through it. Take your time and look it over.—A. This vessel was seized, according to the report, on the charge of smuggling liquor into Canada. That charge, as I recollect it,—

By Hon. Mr. Bennett:

Q. Do not recollect; this is vital and I want you to have a chance.—A. There was no proof submitted that the liquor was actually being brought into Canada.

Q. Just read the questionnaire; I do not want you to be taken at a disadvantage.

The CHAIRMAN: I would suggest, and Mr. Bennett will agree, that you shall be allowed to take this file and examine it, and come back to-morrow morning.

Witness retired.

There is a wire the Committee has just received from Lunenburg, Nova Scotia:—

"Cheque for four hundred dollars sent Customs Department nineteen twenty-three for release of steamer *Kennedy* was signed by Mr. E. C. Adams."

The Committee adjourned until 10.30 A.M., Friday, April 16th.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 32—FRIDAY, APRIL 16, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

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

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

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1926

MINUTES OF PROCEEDINGS

FRIDAY, 16th April, 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.

Committee counsel present: Messrs. Calder and Tighe.

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

The files respecting the seizure of the schooner "W. C. Kennedy" which were loaned last evening to Messrs. Wilson, Farrow, and Blair, for perusal, were returned to the Committee.

Mr. Taylor, Assistant Deputy Minister of Customs and Excise, submitted the file respecting exportation in bond of 12 drums of spirits by Consolidated Distilleries, Limited, to J. W. Nicholson, St. Johns, Newfoundland; also copies of correspondence taken from the official file respecting cancellation of the Export Bond given by said Consolidated Distilleries, Limited, when making shipment of said consignment. Mr. Wilson produced the Preventive Service file respecting the same matter.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled and examined further in regard to the seizure of the schooner "W. C. Kennedy."
Witness retired.

Mr. R. R. Farrow, Deputy Minister of Customs and Excise, was recalled and examined further respecting the "W. C. Kennedy" seizure.
Witness retired.

Mr. C. P. Blair was recalled and examined in respect to the investigation *re* certain moneys collected by Customs Officer Captain J. D. Zinck, Lunenburg, N.S. (File No. 123111).
Witness retired.

Mr. William Foster Wilson, Chief of Prventive Service, Department of Customs and Excise, was recalled and examined regarding the collection of certain moneys by Customs Officer Zink, Lunenburg, N.S. (File No. 123111).
Witness retired.

Moved by Hon. Mr. Stevens,—That the following persons be summoned as witnesses for Tuesday, April 20th, 1926, at 10.30 a.m.

1. Sergt. Churchman, R.C.M.P., Montreal, P.Q.
2. Preventive Officer Kearney, Montreal, P.Q.
3. Staff-Sergt. E. C. P. Salt, R.C.M.P., Montreal, P.Q.
4. J. E. Bisaillon, Montreal, P.Q.
5. Hubert Gauthier, c/o Collector of Customs, Montreal, P.Q.
6. P. S. Hardy, c/o Collector of Customs, Montreal, P.Q.
7. Zoel Corbeil, c/o Collector of Customs, Montreal, P.Q.
8. Eugene Brassard, c/o Collector of Customs, Montreal, P.Q.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Wednesday, April 21st, 1926, at 10.30 a.m.

1. Customs Officer R. Moisan, Quebec, P.Q.

2. Customs Officer Bolger, Quebec, P.Q. (This officer was superannuated but may be traced to his address in Quebec).

3. Andre Taschereau, Advocate, Quebec, P.Q.

4. Sergt. Zaneth, R.C.M.P., Ottawa, Ont.

5. Miss Denise Lardé. (This witness to be served by R.C.M.P. in Quebec or Montreal).

Motion agreed to.

The Committee adjourned until Tuesday, April 20, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, April 16th, 1926.

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

Mr. CALDER, K.C.: Mr. Farrow was under examination when we adjourned, and I understand Mr. Bennett would like to call Mr. Blair.

CHAS. P. BLAIR recalled.

By Hon. Mr. Bennett:

Q. Mr. Blair, you have already been sworn?—A. Yes, sir.

Q. I think you said you were a lawyer by profession?—A. Yes.

Q. And you are the legal adviser of the Department of Customs and Excise? —A. I was the law clerk of the department, and I think you can regard it now as the legal adviser.

Q. And your present position is such, is it not?—A. Yes.

Q. And you have been such for some years?—A. Yes.

Q. As I understand it, cases are referred to you which involve questions of law, and you prepare a report, which reports are forwarded to the Deputy Minister, to be transmitted ultimately to the Minister; is that right?—A. Yes, sir.

Q. I don't expect you to answer this question at the moment. Will you give me the name of any ship, schooner, or vessel which was seized on the Atlantic coast, operating out of Liverpool or Lunenburg, that was fined a single dollar during the last five years? You can take time to look that up. I do not want you to answer it at once, unless you can answer there is none such. I want the name of every single vessel which was seized on the Atlantic seaboard of Nova Scotia, the fine for which was sustained, the penalty imposed maintained, or the seizure and confiscation maintained.—A. There is one I can think of. The "Annie B. M." I think that is before you.

Q. When was it confiscated?—A. I do not know the date of confiscation, but the owner gave notice of an appeal from the decision, and it is now before the Exchequer Court.

Q. Exactly, I know of that case?—A. That was a case in New Brunswick.

Q. I am coming to that presently. I would like you to look that up. You are an executive officer of the department; give me the names of any vessels in the last five years operating out of the ports on the Atlantic coast, which were seized; secondly, I should like you to give me any cargo of liquor found on any vessel that was confiscated. The next thing is this: Are you responsible for the recommendations that result in those who have been fined, or in default of the payment of the fine, imprisoned, having fines remitted or the imprisonment shortened?—A. It never comes to me. That would have to go to the Department of Justice.

Q. Do you recollect, in the Province of Prince Edward Island, during the last two years or three years, that there was a very active effort made to enforce the law by a preventive officer, who was subsequently relieved of his duties, because he was too efficient? I would not put that in the question, "efficient," relieved of his duties? Do you recall the number of prosecutions carried on for distilling spirits?—A. No, I would not have any information on that.

Q. I am going to give you the names on a slip of paper, that I would like you to look into; there are four things?—A. Excise prosecutions?

Q. One of them was smuggling. You think these would be excise, and that being the case, I will get Mr. Taylor.—A. I can get the information for you.

Q. Are you the executive officer that looks after the legal side of the department?—A. No, the departmental solicitor does that.

Q. Who is the departmental solicitor?—A. There is one in the department.

Q. Particularly I want you to look at the files that I suggested you should look at last night, and say whether or not the report releasing the "W. C. Kennedy" was prepared by you. I think it has your initials on?—A. It is mine, I do not need to look at it.

Q. You prepared the report?—A. Yes.

Q. You submitted it to Mr. Farrow for his signature? Did you discuss it with him, or do you remember?—A. Yes, I do. I discussed it not only with Mr. Farrow on many occasions between the date of the seizure and the date of the decision, but I discussed it with the Minister also. My prepared report, which you speak of, was merely a memorandum or precis of the leading facts which the form requires.

Q. Do you recall a vessel, a three-masted schooner, was seized in the Northumberland Strait in the month of June, 1923?—A. 26th June.

Q. Parliament was then in session?—A. I do not know; it would be.

Q. What is that? Do you realize further, no action was taken until the month of May, 1924; no final action was taken till the month of May, 1924?—A. The Minister's decision was not given till then.

Q. Your memorandum on file 31887/4173 is dated 2nd May, 1924, that is right?—A. Yes.

Q. I see it here, "Charles F. Blair"?—A. Yes.

Q. 25/24?—A. That is the date that I sent it to Mr. Farrow.

Q. Parliament was then in session?—A. I do not know of that. Did you ask a question?

Q. Parliament was then in session?—A. I do not know.

Hon. Mr. STEVENS: It adjourned in the middle of July, so it must have been.

By Hon. Mr. Bennett:

Q. In your memorandum you recite that this ship left St. Pierre, Miquelon, 4th June, with clearance to Nassau with a cargo of 994 packages of liquor. She arrived at Halifax, 8th June, ostensibly for repairs, and stayed eight days. On the 16th she was granted a clearance from Halifax to Nassau. On the 26th of June she was seized off Pictou Island, and at the time had 806 packages on board. I direct your attention to these words in your memorandum:—

> "She had been hovering off the place where she was seized, for three days prior to date of seizure?"

A. Yes.

Q. You heard how the Master explains the deficiency in the liquor in the clearance, that 188 packages were taken off by another vessel. You know what his explanation was, that is you say this, and I want you to carefully consider this explanation as to the vessel being in the port of Halifax, in the statement as given by the Master, which is to this effect: While in the port of Halifax, he received word from the owners of the cargo to post-date delivery of the cargo at least ten days, and he decided to take the ship around to Pictou for the purpose of picking up a new motor lifeboat, and which was taken to Pictou for delivery to the vessel. Then follows this sentence. (Reading):

> "If this were the real reason for proceeding to Pictou, the vessel should have taken clearance from Halifax to Pictou. There does not appear to be any doubt but that the object was to have the cargo landed

somewhere on the Nova Scotia coast. It is admitted that the vessel at the time of seizure was not within one league of the land, and there is no substantiated charge that it had broken bulk within three leagues of the coast."

You said that the liquor was supposed to be the property of Mee and Betts and covered by seizure, and you recommend that it be returned. When you made the recommendation, had you before you the answer given by the master of the ship to the Captain of the cruiser when the seizure was made?—A. Whatever it is, it is on the file.

Q. And had you before you an intercepted letter sent by Betts, to the Captain of the "Kennedy"?—A. Yes, I believe so.

Q. Well then, if you look—I direct your attention to the questionnaire and answers given by the Captain when he was free from any personal suggestions, and I would like you to say—you remember the questionnaire, you looked at it in the performance of your duties, and you looked at it last night?—A. Yes, I read this over last night.

Q. The answer to one of the questions is, that he says that he put the liquor on the ship at St. Pierre. He says that it was done by Betts and Mee. (Reads):

> "Was the liquor consigned to anyone?—A. No, to nobody in particular that I am aware of.
>
> Q. Well, who had charge of it?—A. Mr. Betts and Mr. Mee. They were on board when we left St. Pierre.
>
> Q. Who was to meet you, and where?—A. Nothing definite. Betts and Mee were both on board when we left St. Pierre, and Betts was on board when we left Halifax on the 16th instant but he left the ship the next day by a gasoline boat.
>
> Q. Did Betts give you any orders?—A. No, my orders all came from Mr. Mee.
>
> Q. Did you expect to meet Betts at Pictou?—A. Yes, in a way I expected that he would send out orders to me.
>
> Q. Did you unload any of the liquor anywhere?—A. Yes, we unloaded 188 packages on the high seas off the Nova Scotia coast."

That is the Captain's statement, and you, in your report, used these words—I want your exact words—?—A. You will see the same thing on the K-9.

Q. I want to get the one signed by you. Bear in mind what I have just said as to the Captain's answer. I should like to know why you wrote in the report to the department, "There is no substantiated charge that the vessel had broken bulk."—A. Yes.

Q. What do you say to that?—A. I might as well say that there is no substantiated charge that she had broken bulk.

Q. Notwithstanding what the Captain said?—A. The Captain said that he was ten miles.

Q. He did not say that at first to anybody. It should appear to you, as a lawyer, or anybody else preparing documents, that that fairly exudes perjury, and you should know that, being a lawyer. I ask you why it is that you wrote the report as a lawyer, and executive assistant, looking after the rights of the people of this country, a report of that character?—A. I think it is true.

Q. What do you base that on?—A. I base it on the absence of any evidence to the contrary.

Q. I will come back to it presently. Let me ask you this. (Reading):

> "It is admitted that the vessel at the time of the seizure was not within one league of the land, and there is no suggestion that the vessel had broken bulk?"

A. Breaking bulk is a charge made against a vessel coming from a foreign port to a Canadian port within three leagues. Here is a vessel going from Canada abroad, and breaking bulk does not apply.

Q. Now, what statute do you tell me is your authority with respect to breaking bulk within three miles of the coast?—A. The only statute we have is the Customs Act.

Q. What section of the Act do you refer to when you say, breaking bulk within three leagues of the coast?—A. There is no index on it at all; it is in the Statutes.

Q. Remember, you have in your report dated May, 1924, said: "There is no substantiated charge that the vessel broke bulk within three leagues of the coast?"—A. Yes.

Q. The Captain, in answer to the question, said, "The liquor was put into boats outside the three-mile limit?"—A. Ten miles is outside three leagues.

Q. He did not say "ten miles?"—A. It is on the files.

Q. You were there to advise on this, as a lawyer and not as a layman. Here is his answer, "Outside the three-mile limit," not three-league limit. What do you say to that? It says, "Betts and —?"—A. I told you what I said to-day, ten miles is more than the three-league limit, and the only evidence on the file is that it was more than ten miles.

Q. That is not so. I will come to another thing presently. Before we leave that, you look at the memorandum prepared and signed by somebody, "R.B.", which is said on the file to be "Ronald Betts." (Reads):

> "You will probably be asked to make a signed statement to-day or to-morrow. This is a catch. My lawyer tells me to tell you to make no statement of any kind whatever, and also be sure and tell the crew the same. They will try and bluff you into saying something, but just tell them that your lawyer has forbidden you to say anything unless he is with you. Anything you have already said has not done much harm, but be sure and even do not answer one question, and tell the crew not to. I cannot get on board, but I am working from here. Will be released from here very soon if no one says a word. Do not let them bluff you one bit, or it will make trouble for all. Will let you know all developments. Sit tight and if they bluff you too hard, demand your lawyer at once. Best regards, R.B."

Was that before you at the time?—A. Yes, it was before me at the time.

Q. Will you, as a lawyer, trained, say that you were warranted in making that report, with that letter and the Captain's letters before you?—A. The letter says nothing about the distance that the boat was from Halifax.

Q. It indicates a conspiracy to defraud this country; surely you can see that?—A. There is no such an offence as conspiracy to defraud this country under the Customs Act.

Q. That is your idea as a lawyer, and that is your advice and information to the department, that there is no such an offence under the Customs Act?—A. There is no such a thing provided by the Customs Act.

Q. That there is no offence of defrauding the country?—A. It is not provided by the Customs Act.

Q. You know that there is a Criminal Code?—A. I have drawn the attention of the Department of Justice to that. I have directed it to their attention, but I have had no reply.

Q. It is not on this file?—A. No.

Q. You are an experienced lawyer, and you have before you the Captain's answers to the questionnaire?—A. Yes.

Q. I want you to say why you made the report, and you can answer any way you like?—A. I have stated.

Q. What is the answer?—A. I think the report is correct.

Q. You think it is correct yet?—A. Yes.

Q. Notwithstanding this letter?—A. Yes.

Q. Did you examine to find out who Betts was? Did you enquire who Betts was?—A. Did I know who he was?

Q. Did you make any enquiries?—A. It is on the file.

Q. Who was he?—A. One of the owners of the liquor.

Q. A notorious bootlegger of Nova Scotia, you could have heard that from anybody. It appears by the records that are on file?—A. I judge that he was interested in liquor.

Q. He was the man who owned this shipment, which was seized on the Northumberland Strait, that is correct?—A. Yes, outside the three mile limit.

Q. Three miles from the Nova Scotia shore but within the Strait, and you took the stand that was not territorial water?—A. I do not know anything about territorial waters. It is a word that is not in the Act.

Q. You know where Northumberland Strait is, and speaking colloquially, though there is no legal decision upon it, it is regarded as part of the territorial waters of Canada?—A. I do not know.

Q. It is a matter, of course, of a conflict in the laws. Why, then, did you not refer the matter to the courts, which is the proper place?—A. What are you speaking about now, whether or not I was justified in saying that there was a violation by breaking bulk. If she had broken bulk within ten miles and then had landed the liquor into another boat to be taken away to Nassau, that would not be breaking bulk in my opinion, within the meaning of the Customs Act. I think breaking bulk is to ship to Canada from a foreign port and after she gets within three leagues of the shore. That is breaking bulk with the idea of repacking the goods so as to facilitate unlawful landing, or something of that sort.

Q. This would be an unlawful landing?—A. There is no charge that this liquor was landed in Canada; it was taken off the vessel outside the limits.

Q. But the only reason why the liquor was not landed in Canada was because the cruiser got her first; that is so, is it not, that the only reason it did not land the liquor was because the cruiser caught her first?—A. Are you speaking about the W. C. Kennedy?

Q. Yes, the W. C. Kennedy.—A. I am speaking about the liquors taken off the W. C. Kennedy off Halifax.

Q. You explained, a moment ago, that breaking bulk was that when the ship was within a certain distance, three leagues off the coast, they put it into packages for landing?—A. That would be breaking bulk; if it was within three leagues, it would be breaking bulk.

Q. You say that this ship was not breaking bulk. After clearing she took part of her cargo out and put it into a boat and sent it back to Dartmouth. Surely that was an offence against the Custom's law at that time?—A. I do not think so, when it is outside the three-mile limit.

Q. A ship clears from a Canadian port for a foreign port—keep that in mind—with a cargo; she goes away, sails out three miles, unloads into a boat and sends her cargo into Canada without reporting to the Customs; surely that is a violation of the law?—A. If she goes outside the three-mile limit, I do not think it affects the law.

Q. But outside the three-league limit?—A. Outside the three-league limit.

Q. And if this vessel with that item of 188 cases went to Dartmouth, N.S., where Mee wanted it, surely that would be a violation of the law?—A. I do not know that it went to Dartmouth.

Q. You know that the Criminal Code says, and the Customs Act is clear; a man may be an accessory before or after the fact, and is guilty, just as much as the principal offender. Here was this master on this ship, with Mee on board

that ship, to clear the vessel for Nassau, with no intention of ever going to Nassau, which is self-evident; she was sailing out of Halifax harbour and within a few hours loaded 188 cases of whiskey on another boat, to be sent back to Dartmouth; do you mean to say that that is not an infringement of the law?—A. It is no breach of the law for which we could seize the vessel.

Q. And therefore, when she got up to Dartmouth here, when she was bound for Nassau, which is in the West Indies, you think you were justified in releasing her?—A. She was many miles out, seven or eight miles out.

Q. She was east of the Island in the Northumberland Strait, when seized? —A. Within seven or eight miles of the shore.

Q. Your Preventive officer contended that that was territorial water?—A. I do not know that they were territorial waters.

Q. What is that?—A. I do not know what "territorial waters" mean, and I think a great many other lawyers are not sure of it either.

Q. You are a lawyer, and you can define "territorial waters?"—A. We are trying to get a definition.

Q. Why did you not refer this matter to the courts, where it ought to have gone?—A. The seizure of the vessel did not depend upon whether any liquor was landed from her off Halifax or not; the seizure was made because she was in the Strait of Northumberland with liquor on board.

Q. She was hovering, which is an offence?—A. I beg your pardon; she must be hovering within three miles of the coast to be an offence. The vessels in Rum Row hover for months at a time, without any offence.

Q. Let me read Section 210 of the Act (Reads):

> "210. If, upon examination by any officer of Customs of the cargo of any vessel, found hovering in British waters within one league of the coasts or shores of Canada, any goods the importation of which into Canada is prohibited are found on board, such vessel with her apparel, rigging, tackle, furniture, stores and cargo shall be seized and forfeited, and, if the master or person in charge refuses to comply with the lawful directions of such officer, or does not truly answer such questions as are put to him respecting such ship or vessel or her cargo, he shall incur a penalty of four hundred dollars."

A. That is hovering within three miles.

Q. You say that is not within three leagues, but within three miles?—A. Exactly.

Q. That liquor was not subject to legal entry into Canada at that time?—A. The importation of liquor is not prohibited into Nova Scotia.

Q. Not into Nova Scotia?—A. No, sir. It is not legal to smuggle it into Nova Scotia, but it may be imported into Nova Scotia.

Q. That does not deal with the offence of smuggling. It was illegal for this man to land liquor in Nova Scotia without entering his ship and his liquor?—A. It was illegal for him to import it into Nova Scotia without reporting to the Customs.

Q. And that vessel was under a clearance to the West Indies?—A. To Nassau.

Q. That came before you as an ordinary matter in practice. If you find a Captain of a vessel in that position, and saying what he had said, and where you find various contradictory statements made by the captain after he got to shore, would you not as a reasonable man, arrive at one conclusion only, namely, that it was a huge conspiracy to defraud the country out of revenue, and to smuggle liquor into Canada?—A. It was a conspiracy to violate the Customs laws of Canada.

Q. But you said

> "If this were the real reason for proceeding to Pictou, the vessel should have taken a clearance from Halifax to Pictou. There does not appear to be any doubt but that the object was to have the cargo of this vessel landed somewhere on the Nova Scotia coast."

A. I think that was true.

Q. And that is clearly a conspiracy to do an illegal act?—A. But that does not justify the seizure of the vessel.

Q. But you had the vessel under seizure, and if she was in territorial waters, the seizure was legal?—A. I do not think so. I think that if she was within three miles of the shore—

Q. And the question whether the Northumberland Strait is territorial waters is a matter of law?—A. Territorial waters are not mentioned in the Customs Act. It says: "within three miles of the coast or shore of Canada."

Q. Your view is that it does not make any difference, as long as she is within three miles of the Canadian shore she is within the Act?—A. She is not subject to seizure.

Q. I only ask the one question; in view of what appears upon this file, leaving out treaties, learned expositions of the law and so forth in regard to territorial waters; why did you not refer the matter to the courts, where it should have gone, to see whether the seizure should be sustained or not?—A. I make my report to the Minister, and he can decide it or refer it to the court, as he wishes.

Q. But it has been done in hundreds of cases; the earliest case I remember seeing there was the case of a young boy going to school, seized for a technical breach of the law, and it was referred to the court; I only ask you why you did not refer the matter to the courts, where it should have gone, to see whether the seizure should be sustained or not?—A. The procedure is provided in 176 and in 177. (Reads):

> "176. After the expiration of the said thirty days, or sooner, if the person so called upon to furnish evidence so desires, the Commissioner may consider and weigh the circumstances of the case, and report his opinion and recommendation thereon to the Minister.
>
> 177. The Minister may thereupon either give his decision in the matter respecting the seizure, detention, penalty or forfeiture, and the terms, if any, upon which the thing seized or detained may be released, or the penalty or forfeiture remitted, or may refer the same to the court for decision."

Q. The provision for hearing by the court is upon a decision which has been adverse to the owner?—A. Yes.

Q. It must be an opinion adverse to the owner, if he wants to go to court? —A. This is the Minister. You are looking at another Section. This says that the Minister may refer the matter to the court. The accused may bring the matter to the court, if the Minister so wishes, upon giving a notice of non-acceptance of the decision.

Q. I suppose you have before you the report?—A. Is that on the departmental file? I do not think that is on the departmental file.

Q. I suggest to you that it is as plain as anything in the world, from reading this file, that you had discussed this matter antecedently to making the report with the political heads of the Department?—A. You mean the Minister of Customs?

Q. Yes.—A. I certainly did discuss it with him.

Q. And apparently with others?—A. I discussed it with him, and with Mr. Farrow the Deputy Minister.

Q. This case is not important from the standpoint of the seizure, but it is only important from the standpoint of the individuals. I suggest to you that there is only one conclusion that can be arrived at from reading the files, and that is, that eleven months after the alleged offence the political pressure was such—which might apply to either party—that you were advised antecedently, that it was desirable to release this vessel?—A. I do not think that leaves quite the right impression. You will find on the files that up to some time in February, the solicitors were still pressing it. Was it in May that the report was made?

Q. Yes.—A. There was a little delay over that, but that is quite customary; things get piled up in the Minister's office during the session, and it happens sometimes that he gets very few of them settled.

Q. The point is, that you are an executive official, and I am suggesting to you—it is not one party I am speaking about, I do not want to attack the parties at all—.—A. Your suggestion is that I prepared the report, and that I was told to do so. I am entirely in agreement with the report; I thought it was correct then, and I think it is correct now.

Q. I suggest to you that it was suggested to you that that was the kind of report desired?—A. No, sir.

Q. Do you say that?—A. I do.

Q. After reading the files?—A. Yes, I understood before the report was prepared that the deposit ought to be returned.

Q. You understood that before you prepared the report?—A. That was my own view, and had been, long before the report had been prepared. I knew it was the Minister's view, and the Deputy Minister's view.

Q. So that antecedently you had discussed this matter, you as an officer representing all the people of the country it had been made known to you that in the opinion of the two persons who had to deal with it, namely, the Minister and the Deputy Minister, the money should be returned? Let us leave out the names, and use the names "A" and "B"; I do not care who they are—to me it is absolutely indifferent whether the name is "Bennett" or "Smith"—the truth is that in this instance, you had discussed this matter with the two officers who would ultimately have to deal with it, namely, the Minister and the Deputy, and when you prepared your report, which was your work, it was the opinion of the Minister and his Deputy that the money should be returned?—A. Yes, and that they agreed with my own opinion. My opinion in preparing a report is not necessarily influenced by what they think.

By Mr. Donaghy:

Q. Is not that the usual course, Mr. Blair, to have these things discussed before you prepare a report; before a written report is drawn up, surely it must be the usual course for the officials of the Department to discuss it and arrive at some conclusion before it is prepared?—A. Very often.

By the Chairman:

Q. And before discussing it, you consider the decisions upon maritime law, upon which the decision is based?—A. Yes, certainly.

By Hon. Mr. Bennett:

Q. The whole purpose of the examination, if you will be good enough to follow me, as I have recited the facts, is to show, and one cannot help but feel, that the public interests have been subjected to the pressure of political circumstances; that is a common thing, for members to put pressure upon the Minister, and for the constituents to put pressure upon the members. I think that is the most lenient view that can be taken; you have known that?—A. No doubt representations are made by people who think they have some influence.

Q. In this instance, do not the files show that great pressure was being brought to bear upon the Minister?—A. I do not say that.

Q. Can you not see it in the files?—A. What pressure was brought to bear upon the Minister or upon me?

Q. I do not need to read the names; you see the name of one Minister and one member of the party, without mentioning the names?—A. I did not see any pressure in the matter.

Q. Mr. Blair, as a lawyer, you know what I mean?—A. Anybody who thinks he has any influence may approach the Customs Department on behalf of a client and bring pressure; we cannot prevent that.

Q. But antecedently to the preparation of your report, it was known to you that it was the wish of the Minister and his Deputy that that ship should be released?—A. I knew it was their view that it was to be released, yes, and I coincided.

Q. And their wish as well?—A. I do not know about their wish. I think they were rather reluctant to find that under the law we had to release the vessel, because of the illegal seizure. That was their view, and that certainly was my own view.

Q. You had antecedently ascertained their views, and having ascertained their views, you made a report, and under that report this ship was released. What I suggest to you is this, that when it was a doubtful matter, why was it not referred to the court, which was the proper tribunal?—A. It is sometimes done; that is for the Minister.

Q. But the Minister relies upon his officers, or the Department of Justice? —A. Yes.

Q. And antecedently you framed your report according to his view?

Mr. DONAGHY: I think, Mr. Bennett, that you are unfairly treating this witness; he has been very fair, and has told you all he possibly could.

Hon. Mr. BENNETT: There is not one, but fifty of these things. I am only dealing with one at a time.

By the Chairman:

Q. Prior to preparing your report, you discussed the matter with the Minister, and then, after looking into that law, you found that the vessel had not broken the law?—A. Yes, sir.

Hon. Mr. BENNETT: It was a question of law, to be settled by the courts.

By Hon. Mr. Bennett:

Q. Now, Mr. Blair, I want you to give me the names of the principal cases. You say that when men have been released from custody, that that is the work of the Justice Department?—A. Well, I expect it would have to come through a petition for clemency.

Q. Have you made recommendations that you can recall, that fines should be remitted, and punishment lessened?—A. I do not think so. The Justice Department would refer it to our department for a report. It may be that I have made reports, but I am not sure of that.

Q. I will give you the names of some cases—I find I have left them in my office. You say the Excise Department would be entirely in the hands of Mr. Taylor; it does not go through your hands?—A. I do not touch any Excise seizures at all.

Q. Where a man has been prosecuted for a breach of the Customs Act, and fined, and ordered to be imprisoned as well, before his fine would be remitted or cancelled, or his punishment lessened, it would be referred to you?—A. I think the Department of Justice would apply to the magistrate, and apply to the department before they would make a report upon a petition for clemency.

Q. Did you discuss the "W. C. Kennedy" case with anybody, other than the Minister and his deputy before you arrived at your conclusion?—A. No one but the solicitor.

Q. That was Mr. Graham?—A. I never discussed it with the person to whom the communication had been made.

Q. What about Mr. Douglas Graham?—A. That was the gentleman from New Glasgow. I saw him often here.

Q. He is a lawyer?—A. He was the lawyer for the parties, for the accused, the parties from whom the goods had been seized.

By Mr. Donaghy:

Q. Mr. Blair, let us get down to the meat of this thing now. It there any section in that Act, which you can point out to us under which this vessel could be seized, held and forfeited?—A. No, sir.

Q. Or any section in that Act—you say there is none under which that can be done?—A. I have not been able to find it.

Q. You cannot find it?—A. No.

Mr. DONAGHY: These questions, Mr. Bennett has asked you, then, were based on the assumption that there was such a section?

Hon. Mr. BENNETT: Not at all.

Mr. DONAGHY: Then if there is not a section, his questions are all irrelevant.

Hon. Mr. BENNETT: No such thing.

By Mr. Donaghy:

Q. Have you looked over the Act carefully, and familiarized yourself with it?—A. Yes.

Q. And you say there is nothing in it under which you could seize, hold and forfeit this vessel?—A. No, sir.

Mr. DOUCET: With the exception that she had landed 188 cases, off the Nova Scotia coast, outside the three mile limit, but within the three league limit, as appears by the master's affidavit, Captain LaCouvee.

The WITNESS: Yes, but she would not be subject to seizure for that, sir.

By Mr. Doucet:

Q. And she had broken bulk within Canadian waters?—A. No, I don't think so. That is not my view of breaking bulk.

Q. Within the three league limit?—A. She was proceeding from a Canadian port.

Q. She was proceeding— —A. You are assuming a hypothetical question—if a certain thing happened, would such and such be the case.

Q. She was proceeding from St. Pierre Miquelon to Nassau?—A. No, from Halifax to Nassau.

Q. Pardon me, she was proceeding from St. Pierre Miquelon to Nassau, with a clearance from St. Pierre to Nassau, and she went into Halifax ostensibly for repairs; she did not get a new clearance— —A. I believe she got a new clearance in Halifax.

Q. She got her former clearance stamped, consequently, she was proceeding from one foreign port to another foreign port, and broke bulk within the three league limit.

The CHAIRMAN: That is not proven.

Mr. DOUCET: It is proven.

The CHAIRMAN: I think the section is plain.

Mr. DONAGHY: I think a member of this committee should take the witness box and swear to these things he is telling—

Hon. Mr. STEVENS: Mr. Doucet has the right to state the facts.

Mr. DONAGHY: Mr. Doucet is not asking questions; he is chocking a lot of words down the throat of this witness—

Mr. DOUCET: I will go into the box and prove my statement from the files.

By Mr. Doucet:

Q. Now Mr. Blair, will you answer the question? Having left St. Pierre Miquelon for Nassau, called into Halifax for repairs, having her former clearance stamped only—not a new clearance—she was, consequently, bound from one foreign port to another foreign port, and then having broken bulk within the three league limit, did she not violate the Customs Act to that extent?—A. You are answering the question yourself, sir.

Mr. DONAGHY: Wait a minute, now. There is a clearance on the file from Halifax. You had better look that up, Mr. Doucet.

The WITNESS: I think the vessel cleared from Halifax to Nassau.

Mr. DONAGHY: There is no use having these questions all based on a supposed state of facts which do not exist. There is a clearance from Halifax on the file.

Mr. DOUCET: Then I ask the other Commissioner to be kind enough—

Mr. DONAGHY: To let you mislead the witness.

Mr. DOUCET: —to let the witness answer, and if my assumption is wrong, let him produce from the file the clearance from Halifax to Nassau.

Mr. CALDER, K.C.: What is the section about breaking bulk?

The WITNESS: I was trying to look it up, but I have not had time. It is not indexed.

The CHAIRMAN: It is not proven that she broke bulk. It is the contention of the Department that the ship did not break bulk within the three league limit. Answer the question; if the ship broke bulk—

By Mr. Doucet:

Q. Mr. Blair, answer this question. Did this W. C. Kennedy clear from St. Pierre Miquelon to Nassau?—A. I believe so.

Q. And she called into Halifax?—A. I believe so.

Q. And she got her former clearance stamped in Halifax for Nassau.—A. There seems to be a dispute about that. I thought she got a clearance—

Mr. DONAGHY: She got a clearance from Halifax, Mr. Doucet; I wish you would try to get that into your head.

Hon. Mr. STEVENS: I wish you would treat Mr. Doucet with a certain amount of respect—

Mr. DONAGHY: If it is on the file, he cannot ignore it. I will treat him with respect—

Mr. DOUCET: You are going to, whether you like it or not.

The CHAIRMAN: We will know from the file and the evidence.

Mr. DOUCET: Then I ask this witness to produce a clearance from the file.

Hon. Mr. BENNETT: You are trying to defeat these questions by a lot of nonsense, and the sooner you get that out of your head, the better.

Mr. DONAGHY: Mr. Chairman—

Mr. DOUCET: Mr. Chairman, I have the right—

Hon. Mr. BENNETT: You are interfering—

Mr. DONAGHY: Go on; don't make any more fuss.

The CHAIRMAN: Put your question under reserve.

Mr. DOUCET: There will be no reserve about this.

By Mr. Doucet:

Q. Mr. Blair, will you produce the clearance of the W. C. Kennedy form Halifax to Nassau?—A. I am told it is on the file.

Q. Produce it, then—

Mr. ST. PERE: Yes, produce the goods.

Mr. DOUCET: —if it is there.

Hon. Mr. STEVENS: (To witness) Don't take advantage of Mr. Doucet, because he is not a technical lawyer,—

The WITNESS: I am not taking advantage of him.

Hon. Mr. STEVENS: Then sit down and answer the questions properly. He asked you two or three times to produce the clearance.

Mr. DONAGHY: He didn't do anything of the kind.

Mr. DOUCET: Never mind any instructions from you about this; I want that clearance.

Hon. Mr. STEVENS: It is a shame. He could help out materially if he wanted to.

The WITNESS: The clearance is on file No. 112693.

By Hon. Mr. Stevens:

Q. What does it say?—A. "Clearance of the Schooner W. C. Kennedy of Lunenburg, N.S., 112 tons burthen; Official number 150410, with seven men; Percy D. Rafuse, Master, from this port to port of Nassau, with the undermentioned cargo; 994 packages of liquor from St. Pierre for Nassau, B.I. ex same botton in for repairs and the necessary sea stores for the voyage.

Q. Where did it clear for?—A. Nassau.

Hon. Mr. BENNETT: That is simply a re-clearance of the ship; it says "ex same bottom."

By Mr. Calder, K.C.:

Q. Mr. Blair, we will assume, as proven, that this vessel cleared from St. Pierre to Nassau, and put in at Halifax and got a clearance to Nassau from Halifax. So far, we are together?—A. Yes, I think that is right.

Q. Then she went outside Halifax and broke bulk. Now— —A. When you speak of breaking bulk—

Q. I mean she broke bulk physically. In other words, she divided her cargo, and unloaded a portion of it.—A. Somewhere outside of the three mile limit.

Q. No; I am going to assume for the time being, Mr. Blair—and this is the hypothesis—that although she was without three miles, she was within nine. Would that have been an offence?—A. I don't think so, sir.

Q. Why?—A. Because I do not think it is breaking bulk contrary to the Customs Act.

Q. What element would there have to be to make it an offence under the Customs Act?—A. You have not found the section—

Q. I have the section. That is why I ask you—

Mr. DONAGHY: Section 13.

By Mr. Calder, K.C.:

Q. Then, because she did not arrive from abroad, is that it?—A. I think Section 13 is under the heading "Report and Entry Inwards."

Q. Now, in short, your position is this; that she did not break bulk because she did not arrive from a port to a port or place in Canada, from any place out

of Canada. That is your position?—A. My position is she did not break bulk because she was more than nine miles from the coast. You are putting a hypothetical question—

Q. We will come to that point in a minute, because I think you will find in the files evidence that she did break bulk within the nine mile limit, and we will assume she did— —A. Assume she did?

Q. Yes, for the time being. Would she then have committed the offence of breaking bulk?—A. The offence of breaking bulk contrary to the Customs Act? I don't think so.

Q. You say she did not commit the offence of breaking bulk contrary to the Customs Act?—A. I don't think she did.

Q. Why?—A. Because she was without three leagues of the coast.

Q. Will you assume for the time being—and I will come to the evidence in a minute—that she was within nine miles? Would she then have committed the offence?—A. I think not.

Q. Why not?—A. Because it is not breaking bulk contrary to the Act.

Q. Why not?—A. Because the vessel is not reporting inwards at a Canadian port.

Q. Because she does not come from a place outside of Canada?—A. Because the vessel is not reporting inward at a Canadian port. This says "entry and report inward."

Q. Now, section 13 reads as follows:

> "No goods shall be unladen from any vessel arriving at any port or place in Canada from any place out of Canada;"

that is your case, is it not?—A. (No audible answer.)

Q. Then the section goes on:

> "Or from any vessel having dutiable goods on board, brought coastwise."

Now, that section is intended to defeat both cases, is it not? It is intended to defeat the breaking of bulk from a vessel coming from a place outside of Canada, and also intended to defeat a man coasting along the coast, who breaks bulk?—A. Coming into any other port?

Q. Or intending to come in to any other port? Do you mean to say that you have to break bulk— —A. He came in to Halifax.

Q. A man does not break bulk in the harbour.—A. The vessel must have come in to the port of Halifax to break bulk, contrary to the Act.

Q. That boat must have been doing one of two things; it must either have been going from Halifax out to sea, and coming back along the coast, or crawling along the coast, bringing the goods coastwise, and I put to you that in either case she was coming from a place outside of Canada, or she was bringing the goods coastwise.—A. That is a question you have answered yourself; you are supposing that to be the case.

Q. I am supposing nothing except the assumption that she was within the nine mile limit. If a boat leaves Halifax, goes out to sea, and comes back to Pictou, is she arriving from a place outside of Canada?—A. It would be necessary for her to report inwards; our "Entry and Report Inwards" would apply.

Q. So if the ship left Halifax, and went out beyond the nine mile limit, and came in again, she would be within Section 13—A. She would have come in then.

Q. And if she was crawling along the coast, she would be within section 13, because she would be bringing the goods coastwise?—A. Coming from Halifax—

Q. Yes, from along the coast.—A. You are speaking about three leagues from Halifax?

Q. She would be going along the coast somewhere, and would be breaking bulk along the coast somewhere, so in either case, she would be within section 13, would she not?—A. Yes sir; if she was coming into a Canadian port.

Q. And that would constitute an offence of breaking bulk, contrary to the Customs Act, if she was within the nine mile limit?—A. I presume that to be the case.

Q. Now, we will come to the evidence that she was within the nine mile limit. You had before you the affidavit or the questionnaire of the Captain who said "We unloaded 188 packages of liquor without the three mile limit into boats." Is it not an irresistible inference that the Captain thought he was safe in breaking bulk as close to three miles as possible, and is that not strengthened by the fact that he unloaded into boats—if you know the Nova Scotia coast.—A. I do not know the coast.

Q. It is a very dangerous coast to cruise around in a dorry.—A. I should think he would get more than three miles away if it is such a dangerous coast.

Hon. Mr. STEVENS: Mr. Calder, the witness did not really answer your question. I would like to hear his answer.

By Mr. Calder, K.C.:

Q. Is it not an irresistible inference from the fact that the Captain said "I broke bulk without the three mile limit," that he thought he could approach to a point near three miles from the coast?—A. That appears to have been in his mind.

Q. Now, you have the five pages of telegraph form written by Mr. Betts, in which he says "Shut your mouth. If you keep your mouth shut, we cannot be seized; but if you speak, we can be." Is there not an irresistible inference there also, that the owners of the vessel and cargo knew they were at fault, and could be seized if the truth were elicited from the crew?—A. It is the old case of cautioning a prisoner.

Q. A prisoner is cautioned by a detective; not usually by an accomplice. —A. Very often.

Q. Where an accomplice tells his fellow criminal "If you speak the truth, we will be seized," does that not raise the presumption that there is guilt, and seizure could follow?—A. He did not want the Captain to make any admissions at all without consulting him.

Q. Because if he made admissions, the seizure would follow?—A. That is to be inferred.

Q. Reasonably inferred because of the fact that it was made patent, and the courts would assume that by the post-affidavits, which were false; would they not?—A. I can not tell you what the courts would do.

Q. Do you not think so yourself?—A. I will not express any opinion on that.

Q. Then you have evidence that the owners and charterers of this boat had been on board from St. Pierre, Miquelon?—A. The owners of the liquor.

Q. The charterers of the boat and owners of the liquor were both on board, and one at least was on board when the cargo was broached, when the vessel met the boats, and was going around to Pictou; that is the evidence?—A. I think it was probably the intention to land the liquors on the coast, as I reported. I considered that we had no right to seize the vessel outside the three mile limit. That is the whole case. And having made an illegal seizure, we had nothing to do but release it.

Q. Mr. Graham pressed the point that the Northumberland Strait was not territorial waters, and there was a great deal of correspondence and an opinion on the law elicited from the Professor of Dalhousie, and this was to the effect that Northumberland Strait was not territorial waters, and if it were the seizure might be upheld?—A. He advanced every argument he could think of.

Q. That was a difficult question to resolve?—A. I do not think that it depended on whether it was territorial waters.

Q. The seizure limit does not apply to territorial waters?—A. We could not seize a vessel outside the three mile limit.

Q. Could you not seize a vessel on Lake St. Peter?—A. That is inland water.

Q. It is territorial, and it is entirely Canadian water?—A. This was—

By Hon. Mr. Stevens:

Q. You seize on the Pacific coast?—A. Yes.

Q. Territorial waters?—A. No.

Q. Not territorial waters, you say?—A. On the Pacific coast?

Q. Yes.—A. I do not know, sir.

By Mr. Doucet:

Q. On the Bay of Chaleur, you may seize, and at Pointe Canot, and Pointe Maquereau?—A. I am not familiar with that.

Q. I can show you on the map the Bay of Chaleur?—A. Yes.

Q. It is an open bay, but you may seize?—A. I do not know, sir.

Q. It is on record, and I can prove it by the files.

By Mr. Calder, K.C.:

Q. Could you seize a boat hovering in the Bras d'Or Lake, in the centre of it? You know where Bras d'Or Lake is, in Cape Breton? I hope you will take my assurance that it is more than seven miles across. Could you seize a boat for broaching a cargo, or hovering in Bras d'Or Lake, although it was more than three miles from the coast?—A. These are inland waters.

Q. Territorial waters? The term "territorial" covers both inland and coastal waters entirely within the jurisdiction of Canada. You could not seize, could you?—A. I am not going to give any opinion.

Q. Mr. Graham, in putting his case to you, seemed to rest it entirely upon the point that Northumberland Strait was not territorial waters, didn't you?—A. No, I do not think he did.

Q. Was not the issue between you this; did it not resolve itself into this; that four miles east is seven miles east of Pictou Island, and Mr. Graham submitted the case to various professors for their opinion, and it was said that it was not territorial water?—A. I think that as a lawyer he advanced a further argument.

Q. I suppose you referred to some authority?—A. No, I did not consider the question of territorial water.

Q. Although it was made an important issue by Mr. Graham?—A. It was not made an important issue, if you will pardon me.

Q. What other point did he raise, Mr. Blair?—A. Will you let me read it first? It is a question of reading over.

Q. Yes.—A. You have seen it, and he raises just two questions.

Q. Now, this was no doubt the basis of his demand for a release, quoted on page 3 of his letter?—A. That is one.

Q. This is his brief?—A. Yes.

Q. Which bears no date, and page 3 says:

"It is admitted on behalf of the owners that there was want of jurisdiction for the following reasons:

(1) The seizure was not made within one league of the coast."

A. That is his ground.

Q. That ground is taken by everybody?—A. Yes,I believe so.

Q. "(2) The seizure was not made in Canadian or territorial waters, and

(3) In the alternative, if within territorial waters, jurisdiction only extends one league from the shore or one league from the boundary of territorial waters."

So that if it was admitted that the seizure was not made within one league of the coast or shores of Canada, it is not a good ground for release, and Northumberland Strait would be territorial waters; that is so, is it not?—A. Will you repeat the question?

Q. Since it is admitted by everybody that the seizure was not made within one league of the coast or shores of Canada, physically, then the only ground invoked by Mr. Graham which required consideration was whether or not the Northumberland Straits were territorial waters?—A. Naturally as a solicitor for a party, he acted for that party.

Q. The other ground was stated. But the only point invoked by Mr. Graham, the only other point invoked, was that Northumberland Strait was not territorial waters or Canadian waters. Now, did you submit the ground as submitted by Mr. Douglas Graham, solicitor for the owners, to anybody for decision?—A. Yes, there was a general discussion of the subject, and I have furnished the Department of Justice with a copy of that.

By Mr. Bell:

Q. With what?—A. We endeavoured to get the matter settled, and the thing actually decided as to whether we were right in making the seizure, or the general question where we can, and you can not, make a seizure. There is a difference of opinion between Mr. Wilson and the department.

Q. It appears to be a material point?—A. No, I don't think, with reference to this seizure.

Q. If it is not material, why did you submit it?

Mr. DONAGHY: It is not material to this seizure.

WITNESS: I did not submit it in connection with this seizure.

By Mr. Calder, K.C.:

Q. Although the main ground raised by Mr. Graham was the territoriallity of the Northumberland Strait, that question was never submitted for decision at the time?—A. You mean submitted to a court.

Q. Or to the Department of Justice?—A. No.

Q. Or any further action taken?—A. No.

Q. There being a conflict between the officers of the department, one officer holding that the waters were territorial and seizures good, and the other holding that the waters were not territorial, or if it were it did not matter; the seizure was bad—the difficulty was not resolved, but the seizure was.

Mr. BELL: I would like to ask a question.

Mr. DONAGHY: Mr. Blair is legal head of the department—

Mr. CALDER, K.C.: He never considered it to be territorial waters, under the provisions of the Customs Act.

Hon. Mr. STEVENS: Mr. Wilson held to that view at the time.

Mr. DONAGHY: Mr. Blair is the legal head and Mr. Wilson is a police officer, and if the legal head differs from a police officer, it is not a matter that need be referred to the courts.

Mr. CALDER, K.C.: I submit this is a matter which should have been put forward for a definite ruling.

By Mr. Calder, K.C.:

Q. Now, leaving aside the vessel, why was the cargo released, Mr. Blair? Will you allow me, before you answer the question, to rehearse the evidence you have heard. The owners were on board at St. Pierre, Miquelon, and also at Halifax, and superintended the broaching of the cargo. Both owners must

have been with the vessel, and proceeded to Pictou and near Pictou, part of the cargo was discharged. That seems to be a well proven case of smuggling, does it not? Why was the cargo released?—A. As I have said, I think it was the intention of these people to land the liquor in Canada, and the intention had been carried out to the extent of landing 188 packages.

Q. Well, on the strength of that, why were not Ronald Betts and Mee prosecuted, and why was not the cargo seized, especially if you refer to the evidence on the "Frank Rice" file, that the liquor seized on the "Frank Rice" was the amount turned over, 188 packages?—A. At the time it was considered that we had not sufficient evidence to prosecute. I do not remember that being discussed especially.

Q. You had the contradictory affidavit of the Captain, you had the affidavits by Betts, contradictory of each other and the Captain. All of these affidavits contained facts by which they could be checked, and the crew was still available for examination. What enquiry was ordered?—A. There was no enquiry ordered.

Q. Is that the policy of the department, where there is a seizure which could be examined?—A. No, that is not the policy of the department; the policy is to investigate.

Q. You could have ascertained which way the truth lay?—A. We did investigate.

Q. What investigation did you make in this case?—A. We had the reports of Mr. Wilson's officers.

Q. What reports are you alluding to now that add anything to the affidavit of the captain and the owners?—A. We had the reports, and you have the file, of the seizure officers.

Q. Which one have you that elicited any further facts other than the statements made by the crew and owners?—A. There are none.

Q. Was the entire investigation made on the affidavit entirely, and not checked with the statement also made?—A. I did not think it was necessary to check.

Q. Did you not check the contents?—A. I did not think it was necessary to check their contents, so far as the seizure was involved.

Q. I am asking about the cargo. I am talking, Mr. Blair, about the advisability of proceeding against Betts and Mee for smuggling liquor, in which there appears to be a prima facie case made. I am asking why that was not further investigated.—A. I can not tell you.

Q. Can anybody tell us?—A. I do not know.

By Mr. Donaghy:

Q. Mr. Blair, have you any suggestions to make regarding the amendment of the Act to more clearly cover such a case as that which we have been investigating this morning, and to make any offences punishable by law?—A. The Minister, some time ago, put a memorandum before me, and asked if something could be suggested in the way of an amendment to the Customs Act. I have been doing some work in connection with it, but it seems to run counter to the general seafaring practice. I think you would have to put it up before the Department of Justice, and have them fully consider it. That is one thing that is before the Department of Justice now. With the idea of seeing what our rights are, and how we can get legislation to enable us to do something further in connection with vessels which we know are hovering in the high seas with cargoes of liquor. They run into Halifax and Lunenburg,—run in, thirteen vessels in a day, to Lunenburg, and we have no authority against them.

Q. Have you looked up the legislation enacted by the United States of America covering these rum vessels which hover off the American coast? Have you looked up their penal statutes against these offences?—A. I have seen

the references we get through the Department of External Affairs of all seizures of British vessels, and they have to release them. They have a law which provides that a vessel coming into port with liquor on it, can be seized under their law. In the United States a vessel can not go into port with liquor on board except under special circumstances.

Q. It seems to me that this section which deals with hovering, where a vessel hovers outside the three-mile limit—what section is that?—A. 210 is the penal section. There is another, section 154, you will find.

Q. Does that deal with hovering?—A. Yes.

> Q. "If any vessel is found hovering in British waters, within one league of the coasts or shores of Canada, any officer may go aboard and enter into such vessel, and stay aboard such vessel, while she remains within the limits of Canada, or within one league thereof."

The officer may go on board?—A. Yes.

Q. Secondly, he may enter into the vessel and stay on board?—A. That is an additional right they have beyond the three-mile limit, provided in section 210, in connection with a vessel which is hovering.

Q. The reason I am reading this is, it seems to me that this section is incomplete?—A. Yes.

Mr. CALDER, K.C.: It does not create an offence.

By Mr. Donaghy:

Q. It says:—

> "If any vessel is found hovering in British waters, within one league of the coasts or shores of Canada, any officer may go on board and enter into such vessel and stay on board such vessel, while she remains within the limits of Canada or within one league thereof; and, if any such vessel is bound elsewhere, and so continues hovering for the space of twenty-four hours after the Master has been by such officer required to depart, such officer may bring the vessel into port, and examine her cargo."

That is all he can do with it?—A. That is all.

Q. There is no power there to seize it?—A. No.

Q. And no power to forfeit the vessel?—A. No.

Q. No power to forfeit the cargo?—A. No.

Q. No power to fine him?—A. No power to fine him.

Q. That is what I started off to call attention to a while ago, when we got into this discussion. This Section, in your view, is not sufficiently comprehensive to deal with the crime of hovering outside the coastal waters?—A. Outside the three-mile limit.

Q. That is your opinion?—A. It would be a matter of policy, whether they wanted to pass a law to provide for it.

Q. Does it not appear clear to you that to deal with this new feature since prohibition came in, that we are going to have to re-draft this statute?—A. I think so. Why should not we have as much protection for our coasts as they have off the United States' coasts.

By Mr. Bell:

Q. When did you get the memorandum you were telling us about, from the Minister?—A. I could not tell you that. It was some weeks ago, I would not want to say for sure.

Q. It was at all events since the present Minister, the Hon. Mr. Boivin, assumed office?—A. Yes, it is only a short time ago.

Q. Would I be correct in suggesting that since this inquiry, it has got well under way?—A. I could not tell you that.

Q. Surely you can tell me that?—A. I think I can tell you the date of it; I think I have the papers here. It was in January of this year, 1926.

Q. Have you got more than one copy of it?—A. I have not.

Q. Will you be good enough to have a copy made, and file it with the Committee?—A. It is not from the Minister, it is just a memorandum from Mr. Ide, the Minister's secretary.

Q. To what effect?—A. Do you care to hear the history of it?

Q. Is it long?—A. It starts with correspondence to the Minister from Mr. G. Lawson, the President of the board of trade in Montreal, I think.

Q. I do not want to take up time with the preliminaries; I only want the purport of it?—A. On which Mr. Farrow prepared a memorandum to the Minister.

Q. I will ask permission to peruse it later?—A. I will be glad to leave it with you.

Q. That will serve my purpose just as well.—A. Can I get it again?

Q. Certainly you can get it back. Eliminating any consideration of territorial waters, breaking bulk and all the rest of it, I put this to you, that, it was reasonably certain to you, was it not, when you had read the statements made by the master of the boat, the anticipated letter and the subsequent affidavits by the master, that he had not told the truth when he was interrogated; there can be no question about that, can there?—A. He was afraid that he would apparently not tell the truth. That is all I can say.

Q. And there is no doubt that those interrogations were untruthfully answered?—A. I would not place any great reliance upon evidence of that kind.

Q. I want nothing more than that. The reason I ask you is this, that if these statements that were made at that time were truthful, then the affidavits subsequently made by that man and filed with your department were perjured affidavits,—one thing or the other must be so?—A. There can only be the one fact.

Q. There can only be the one fact, either the statements were truthful when made, or the affidavits made subsequently under oath contradicting those were false—one or the other?—A. One of them.

Q. If you did not feel called upon to recommend, under Section 176 of the Act, that this master should be prosecuted for filing perjured affidavits, why was he not proceeded against under Section 210, which says:

> "If, upon examination by an officer of Customs of the cargo of any vessel found hovering in British waters within one league of the coasts or shores of Canada, any goods the importation of which into Canada is prohibited are found on board, such vessel with her apparel, rigging, tackle, furniture, stores and cargo shall be seized and forfeited, and, if the master or person in charge refuses to comply with the lawful directions of such officer, or does not truly answer such questions as are put to him respecting such ship or vessel or her cargo, he shall incur a penalty of four hundred dollars."

A. That Section applies to an examination by an officer of Customs of the cargo on a British vessel within one league of the coasts or shores of Canada. That was not the fact here.

Q. The only reason why a prosecution of the master was not recommended by you under that Section, was that you felt he had escaped technical liability?—A. I do not remember whether there was any particular consideration given to a prosecution of those parties or not.

Q. So that it was a matter of practically no importance in your department, if a man sought to obtain a release of his vessel, and escaped a fine, by perjured affidavits—either one or the other?—A. The seizure was released because I thought it was an illegal seizure.

Q. But was it not a matter of consequence to your department that you should not be furnished with perjured affidavits?—A. I think it was. I think we should guard against it.

Q. What recommendation was made by yourself, or by anybody in the department, to the Minister, to have the man who had made those perjured affidavits summarily dealt with?—A. I do not know of any.

By Hon. Mr. Stevens:

Q. You seem to take this matter rather jocularly, Mr. Blair?—A. Indeed I do not, Mr. Steveens.

Q. I think it is a most appalling case?—A. Yes.

Q. I cannot get into my mind what conceivable excuse there was for not prosecuting him, and that is what I say when I see you smiling, as you have done all the way through, in this matter. Mr. Blair, in view of all this evidence, outside the technical hair-splitting as to territorial waters, in view of the other evidence given, I want to put the question I put to Mr. Farrow yesterday, namely, why did you not prosecute?—A. I will have to give the same answer—I cannot tell you.

Q. Was it not because, prior to making your report for the K-9 report, after conference with the Minister and the Deputy Minister it had previously been decided that the liquor in this vessel should be released?—A. No. I think I gathered in conversation with the Minister, that his view agreed with mine, so far as the release of the seizure was concerned.

Q. Look here, Mr. Blair; the second day or the third day of this inquiry, the Minister produced you before this Committee to show how the department was run, and one of the underlying principles placed before us as guiding the department was this, that cases of seizure came up through various sources to you as the law officer of the department, and your sworn evidence before us is this—I am not going to read it, it is all here at pages 66, 67 and 68, that you reviewed the preparation of the cases by your subordinate clerks; then you presented that to the deputy, and it was further checked; then it went from the deputy to the Minister for final decision, the inference being that you were guided by the facts and guided by the case itself. Why did you give that evidence, and tell us now that it was a common practice to settle the cases on the K-9?—A. That is not the situation. I think it is the most natural thing, to consult the deputy, and very often to consult the deputy in important seizures of this kind.

Q. Why did you leave that impression that day?—A. That is just following the procedure you see set out in the Customs Act.

Q. But why did you leave the impression on the minds of the Committee on February 12th that you were unhampered in the preparation of these reports —because that was the only reason why the Minister put you in the box?—A. I am unhampered in the preparation of my reports.

Q. And in view of this evidence, and in view of the fact that you told us you consulted with the deputy and the Minister before you prepared the report, you persist in that opinion?—A. That is true. They do not attempt to hamper me in my position. They agreed with me.

By the Chairman:

Q. Has any pressure been brought to bear upon you?—A. No, sir, no pressure has ever been brought to bear upon me, by the Minister or the Deputy Minister, to report upon a seizure in any particular way.

Hon. Mr. STEVENS: I do not think it would need very much pressure, and I would say that without any hesitation.

Mr. DONAGHY: I think that is unfair. Mr. Blair has no protection against any remarks you may make.

WITNESS: I think that is gratuitous, Mr. Stevens.

Hon. Mr. STEVENS: I have never seen a case where the evidence is so clear that a prosecution should have been made, and where absolutely the only excuse, as Mr. Bennett has brought out a moment ago, leaving aside the party side of it, was political pressure, as the reason for failure to prosecute.

Mr. DONAGHY: The witness has categorically denied it.

Mr. DOUCET: The territorial water question was never brought up before this case, in the history of the Department.

Hon. Mr. STEVENS: All the evidence on the territorial waters question is that the Marine and Fisheries Department, through the chief of the Fisheries service, advised officially the Customs Department that from 1888 they had considered this territorial water. That is the evidence my friend brought out.

Mr. DONAGHY: There is a brief from Lord Roseberry in which he admitted that Canada and Great Britain did not treat these Straits as territorial waters.

By the Chairman:

Q. You did not go to the Justice Department, because it was your own opinion that it was an illegal seizure?—A. We had no opinion from the Justice Department.

By Mr. Calder, K.C.:

Q. What had been the practice up to that time, Mr. Blair?—A. About what?

Q. About seizures in the Northumberland Straits?—A. Well, I think these seizures of vessels are very recent.

Q. There had been no cases prior to this case?—A. Well, there had been several cases, I think, in the last few years, but prior to that, in my experience there had been none until quite recently.

Q. But what has been the practice since?—A. We stick to the three-mile limit entirely.

Q. Following the windings of the coast?—A. Yes, but if you find two capes, less than six miles across, it may be different.

Witness retired.

R. R. FARROW recalled.

By Hon. Mr. Bennett:

Q. Mr. Farrow, you have heard the evidence which has been given?—A. Yes.

Q. It is correct that a report was prepared by Mr. Blair?—A. Yes.

Q. And that he discussed it with you before it was prepared?—A. Yes.

Q. You and he, or he discussed it with the Minister?—A. I did not.

Q. You acted upon his recommendation?—A. Yes.

Q. The point I want to make is this; why was no prosecution made in this case, in view of all the evidence upon the record?—A. Would you allow me to state what I think about it, in my own way?

Q. Not what you think about it?—A. In this seizure, I looked over the papers last night, and it was made in the month of June, 1923, and reported upon by Mr. Wilson to me in the ordinary course; the file was transferred to the seizures branch, as it would be, without my seeing it. As a matter of fact, I would not see these papers from that time until the case came before me for a report, for decision, in the following year. I think, after looking over the file last night, that there was laxity in reference to the memorandum from Betts. I think that if I had been dealing with it then personally, I would have made

some investigation. I think that further to that, after looking over the papers last night, there is an affidavit in regard to a dory, and a statement that the Master called at Pictou. It seemed to me that that man should have referred the matter to Mr. Wilson for investigation and report, but it was too late when I got it.

By Mr. Donaghy:

Q. Too late to investigate those facts?—A. Yes; it was a year after.

By Hon. Mr. Bennett:

Q. I suppose you will admit, after looking them over, that they leave a most painful impression?—A. They do.

Q. I leave out the names entirely?—A. I may say this to the members of the Committee, that another case came up here the other day in which there should have been some action taken, but that the papers were not brought to me.

Q. Was that the case of the Annie?—A. No, it was a case in Montreal.

By Mr. Calder, K.C.:

Q. Was it the Harrison case?—A. Yes. About a year ago—I think Mr. Wilson will bear me out in this—in another case that came up, which was brought to my attention, I noticed that a charge had been made against a Customs officer, of irregularities in this matter.

By Hon. Mr. Stevens:

Q. Was that the Landy case?—A. I do not know if it was the Landy case or not. I think possibly it was. At any rate, I gave instructions to Mr. Wilson that when there were such seizures in future, he was to make a separate report to me for the staff file, so that I could deal with it on the staff. That is what is being done now. If you will put Mr. Wilson into the box, he will tell you that that is the state of affairs now.

By Hon. Mr. Bennett:

Q. We have experienced that here, the difficulty of one part of the file being here and another part somewhere else?—A. Yes, in this particular case instructions are going to be given. There should never have been two files; the papers all should have been on one file.

Q. Having read them carefully the day before yesterday, there seems to be a most terrible miscarriage of justice, that these men should have done what they have done, and that letter of Betts and the statements of the Captain?—A. It is due, Mr. Bennett, I think entirely to a lack of a proper staff in the seizures branch.

Q. Lack of co-ordination?—A. No, a lack of sufficient staff.

Q. But a year elapsed, and then early in the session, when the thing occurred, we have the evidence of what was done, and a year later we find while parliament is in session when this matter was dealt with, a decision favourable to the release of the ship and cargo?—A. Yes.

Q. It is not too much to say that under the system as it now exists, where the Minister merely concurs in the recommendation, you are responsible for the recommendation on K-9?—A. That is right.

Q. And you in turn, not being a lawyer, refer these matters to the law officer?—A. That is right, that is clear.

Q. Because I notice the initials. Mr. Blair puts his initials on it?—A. Yes, he is the lawyer.

Q. And you deal with cases which are not matters of law?—A. Certainly.

Q. And pass them on to the Minister, with your recommendation?—A. That is right.

Q. Well, the system clearly— —A. Should be improved.

Q. No doubt about that?—A. No question about that.

Q. This case is a glaring example; you must be convinced of that.—A. I am convinced after reading the papers last night, and I am sure it was by reason of there not being sufficient help. The Departmental solicitor was ill, and Mr. Corbeil was crowded off his feet.

Hon. Mr. BENNETT: I said a moment ago to the Chairman that the record shows what you did is what the lawyer told you to do?

The WITNESS: That is right.

By Hon. Mr. Bennett:

Q. I suppose in most cases you do that?—A. He is a lawyer, and I am not. I suppose he would be better able to judge in matters of this kind than a layman.

Q. You say you did not speak to the Minister before that?—A. No; I said I did not talk with him.

Q. But you did talk with Mr. Blair?—A. I talked with Mr. Blair over this question, as to whether the seizure was legal.

The CHAIRMAN: That is all.

Witness retired.

CHARLES P. BLAIR recalled.

Mr. CALDER, K.C.: This is on another matter, which I think can be cleared up in the remaining half hour, or perhaps less.

By Mr. Calder, K.C.:

Q. Mr. Blair, I believe you had the advantage overnight, in seeing file No. 123111, subject "Investigation *re* certain moneys Collected by Captain J. D. Zinck at Lunenburg, N.S., and subsequent refund by him of an amount approximating $1,600."

The CHAIRMAN: That is another case?

Mr. CALDER, K.C.: That is another case; it is a counterpart of something that happened in Montreal.

By Mr. Calder, K.C.:

Q. What position did Captain Zink have at Lunenburg at the time the complaint arose in this matter?—A. Mr. Wilson could tell you better than I could. I think he was an officer of his.

Q. He was a Preventive Officer?—A. I think he was a Preventive Officer, not a Port Officer.

Q. And among his duties was seeing that boats with liquor under hatch or on deck were watched while in harbour at Lunenburg?—A. No; he had assumed that duty. The situation is that he was doing that, but it is a thing that is supposed to be done by a Port Officer.

Q. Either he had assumed that or else he had been delegated by the Port Officer—one or the other?—A. I suppose so, and probably the Officer there was glad enough to pass it on.

Q. But he could not do that without the connivance and approval of Captain Mack, who was the Port Officer?—A. He was the Port Officer.

Q. Did you receive any complaint as to the charges he was making for watching these vessels?—A. Yes.

Q. What was the nature of the complaint?—A. I am taking this from a letter—

Q. Take all the time you like; it is a very short file.—A. There was a newspaper report brought to the attention of the Department.

Q. In what paper?—A. This does not say. It was exposed last month through a newspaper report, that a watchman was employed for full 24 hour a day service, and complaint was made that this was not sufficient; that one man could not continue to give proper service for full 24 hours, and that, therefore, two men were necessary.

Q. That was the first complaint?—A. It says "About the same time there was a letter from Messrs. Daley, Walker, Pinkey and Bair—"

Q. Read that letter into the records.—A. The letter is dated February 5th, 1925. (Reading):

> "The Department of Customs,
> Ottawa, Canada.
>
> Dear Sirs—*Re* Watchman at the Port of Lunenburg. On January 20th, 1925, we wrote you concerning the above matter. We have not had reply to our said letter, and we would ask you for your courteous attention to the matter at once. It seems to our client very strange that he should have to pay watchmen 50, 60, or 70 cents an hour on board schooners laden with liquor at Lunenburg, when the same watchmen receive $5 for 24 hour service. A prompt reply to our letter will be greatly appreciated."

There was an earlier letter to which they refer, one dated the 20th January, 1925. (Reading):

> "Department of Customs,
> Ottawa, Canada—"

Q. It is to the same effect?—A. Practically so, yes.

Q. The only difference being the date?—A. Yes; but in the meantime their second letter crossed a letter from the Department, to them, stating that the matter was being investigated.

Q. The complaint was that the watchmen were paid $5 for a 24 hour trick of duty and Captain Zinck was collecting, 50, 60 and sometimes 70 cents an hour for each of the 14 hours? That was the nature of the complaint?—A. Yes.

Q. I think you have, earlier in the file, a letter or correspondence from Captain Mack, which I would like you to read. I think it is the second document on the file. It is a manuscript letter.—A. Yes, dated January 31st.

Q. Will you read that letter from Captain Mack, Customs and Excise Port Officer, Lunenburg, N.S., to Mr. Farrow?—A. It is dated January 27th, 1925. (Reading):

> "R. R. Farrow, Esq.,
> Deputy Minister,
> Department of Customs and Excise,
> Ottawa.
>
> Sir,—I have the honour to acknowledge receipt of yours of the 28th instant, file 123111, re watchmen on board vessels.
>
> Captain J. D. Zinck was appointed under"—

It is "u-n-d"; I think he means under—

> "Mr. Wilson of the Preventive Service, and has full charge of the water front. He lives handy and can see from his residence all vessels coming in or going out. No better appointment could have been made. As soon as a vessel arrives, he is the first man on board, which is no easy job, having no boat"—

Mr. Calder, K.C.: I suppose he swims out.

The WITNESS: He probably hires a motor boat. (Reading):

"—especially in the winter months. He is a sea captain and understands the situation thoroughly. He does use watchmen 24 hours, which he claims is the only system for this small port. Now, for instance, we have thirteen vessels here to-day, partly loaded with liquor. This means 13 watchmen. It would be impossible, in a small town like this, to find 26 reliable men who would take the job. These vessels have their supercargoes who live on board, and are as strict as can be that no seals are broken, and that no liquor gets ashore. They have too much at stake to take any chances on a few cases of liquor. Captain Zinck makes his rounds several times daily, including Sundays, and is on the job continually. He tells me there has never been a seal broken since he has been employed. He always keeps in touch with me and I give him all the help possible, so can rest assured that Captain Zinck knows the legal situation better than the people who write the reports."

Mr. CALDER, K.C.: Then it is the last paragraph which is important.

Hon. Mr. STEVENS: Who signed that?

Mr. CALDER, K.C.: The last paragraph—the important one—is still to be read. That last paragraph is still to be read:

"As to the pay of the watchmen, it is absolutely false that he has been charging over fifty cents per hour. It is true that he only pays around $5 per twenty-four hours, and the men are perfectly satisfied with the pay, and Mr. Wilson, whom Captain Zinck reports too must be satisfied also. These reports are made weekly, a draft to the Receiver General for the difference between $5 and $12 per day, less expenses, are mailed to Mr. Wilson. Personally I feel we are carrying on in every way for the best interests of the department.

I have the honour to be,

Sir,

Your obedient servant,

(Signed) S. E. MACK,

Collector of Customs."

By Mr. Calder, K.C.:

Q. Did you investigate that statement that this amount was remitted weekly by draft to Mr. Wilson?—A. I enquired of Mr. Wilson.

Q. What is the truth?—A. I found that it is not true.

Q. Up to the moment the complaints were made, there had been no remittances whatever sent by Captain Zinck?—A. I believe that to be true. He would not send them then.

Q. He would not send them through Mr. Wilson?—A. No.

Q. A little later on, did you procure a list of the vessels which were affected by this arrangement?—A. Instructions were given to me to write Inspector Boak and have him investigate the matter fully.

Q. In the course of the investigation, you got a list of all vessels concerned with the duties of arrival and departure?—A. The letter to Inspector Boak was dated 12th February, and his report is dated 21st February, and it contains all the information.

Q. You had before you in the department a four page list of the vessels that had put in at Lunenburg, and that had been inspected by Captain Zinck. Now, Mr. Blair, did you instruct anybody to interview the Masters of all or of any of these ships to find out whether it was only fifty cents an hour, or fifty, sixty, and seventy, that was being charged?—A. I did nothing further in this connection, than write a letter to the Inspector to make an investigation.

When his report came back, it did not come back to me. It came into the deparment, and I can see it was seen by the Deputy Minister.

Q. I will read it into the records. Report of Walter C. Boak, Inspector, dated 21st February, file 1071. It is to R. R. Farrow, Esquire, Deputy Minister of Customs and Excise, Ottawa.

"Your file 123111.

I have the honour to acknowledge receipt of your letter of 12th instant, requesting me to investigate certain complaints against Customs and Excise officials at the port of Lunenburg, N.S., with respect to the services of watchmen on board of liquor laden vessels at that port, these complaints being as follows:

(1) That watchmen were employed for a full twenty-four hours a day service and that this was not sufficient as one man could not give proper service for a full twenty-four hours a day, and therefore two men were necessary.

(2) Liquor laden vessels while at Lunenburg were charged fifty, sixty, and seventy cents per hour, and these watchmen only received $5.00 for twenty-four hour service.

(3) Whether or not the situation disclosed by the collector at Lunenburg, N.S., under date of the 24th ultimo was correct or not.

(4) Whether or not Captain Zinck, employed under the Preventive Service, is devoting his attention to matters which are purely port matters.

(5) While it is denied that more than fifty cents an hour is ever charged a vessel for a watchman, it does not appear to have been the minimum charge, notwithstanding they were only paid $5.00 for twenty-four hours.

(6) Whether or not the statement in the last paragraph of the Collector's letter of the 27th ultimo to the effect that Captain Zinck has been remitting to Mr. Wilson, Chief Preventive Service, the difference between $5.00 per day actually paid to the men and $12.00 per day received from the vessel.

In reply I desire to state I have taken up the different complaints with Collector Mack and Captain J. B. Zinck."

May I interjectionally here be permitted to observe that the matter was taken up merely with the Collector?—A. That is what he says.

Q. And Captain Zinck?—A. Yes.

Q. This is the reply:—

"(1) That watchmen have been employed for full twenty-four hours a day service, as it was easier to obtain them for that period than for a shorter one, and they would accept a lower wage for longer services.

(2) It is mentioned by both officers that the fifty cents per hour was the maximum charge for watchmen on liquor laden vessels and that they were paid $5.00 for twenty-four hour service.

(3) Collector Mack was fully satisfied with respect to correctness of his statements in his letter of 27th ultimo, as he was under the impression it was Captain Zinck's duty to give his attention to liquor laden vessels and left the matter in his, Captain Zinck's hands.

(4) That Captain J. D. Zinck has devoted practically all his attention to port matters, and Collector Mack was under the impression that he was employed for said purposes, his own staff, he said, having too many other duties to attend to.

(5) That it is admitted fifty cents an hour has been collected in all cases, when it does not appear over fifty cents an hour has been charged in any case."

That is rather ambiguous.

"(6) That Collector Mack was informed by Captain Zinck that he was remitting the difference between $5.00 for twenty-four hours and fifty cents per hour to Mr. Wilson, Chief of the Preventive Service, and was fully satisfied he was doing so. He did not take the precaution to request deposit receipts, nor that check could be made against amounts received from vessels, and payments made to watchmen. No records, as far as I could find, have been kept by Captain Zinck. He had one book which appears to have been recently written up and a copy of the entries therein are herewith attached. This represents the sum of $1,961. On a leaf in the book were entries and figures representing the sum of $888.

A copy of the above accompanies this. You will find enclosed copy of declaration from Captain Zinck to the effect that the amount paid by him represented the difference between amounts received from vessels and those paid to the watchmen for their services, together with a list of the liquor laden vessels which arrived at the port of Lunenburg since the 1st April last, and also a list of those now at the port.

It is understood that in future, forty cents per hour will be charged and paid to watchmen for twelve hours a day, and vessels will be responsible for tow-boat hire when necessary for the boarding of vessels by Captain Zinck.

Will forward on Monday particulars respecting Riverport.

(Signed) WALTER C. BOAK."

Q. Apparently that letter was referred to you, Mr. Blair?—A. Just to file, sent to me to put on the file; it was not received by me.

Q. And the file ends with a letter from Mr. Boak reading as follows:—A. Here is the letter, which I will read: (Reads):

"HALIFAX, N.S., February 23, 1925.

R. R. FARROW, Esq.,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

SIR,—I have the honour to state that when I wired the advice from Lunenburg, N.S., on the 20th instant, of having deposited to the credit of the Receiver General the sum of $888 received that day from Captain David Zinck, I also informed you that,—

'It is now understood with Collector, that the charge for watchman's services will be forty cents per hour, and cost of tow boat placing Captain Zinck and watchman on board when necessary, ranging from two to five dollars, watchman are to be relieved for twelve hours.'

The money so received will be remitted to the Department by separate draft and deposit receipts, and covered by letter explaining the nature of the service and the names of the men so employed.

I will be pleased to know if this arrangement meets with your approval, in order that I may instruct officers at outports and Preventive stations under the port of Lunenburg.

I have the honour to be, sir,
Your obedient servant,

WALTER C. BOAK,
Inspector of Customs and Excise."

Q. You say it was given to you to file?—A. I say I had not anything more to do with it, after having written a letter to the Inspector.

Q. With whom would lie the duty of disciplining Captain Zinck, if any disciplining was due?

Hon. Mr. STEVENS: Or prosecution?

WITNESS: Well, it would possibly be with his immediate employers in the Preventive service.

By Mr. Calder, K.C.:

Q. Did you refer the file back to the Preventive Service for Mr. Wilson to deal with, and strongly recommend a prosecution?—A. Well, I would not do that, no sir.

Q. Who would?—A. It is not a case of disciplining an officer of the Department. It is the same question you had up the other day. It would not be my duty to do so.

Q. The file having reached you, and having reached you it does not appear to have gone any further. Mr. Wilson could plead ignorance of these facts, and say that the file had not been sent to him, and particularly that it had not been recommended to him to prosecute?—A. I think you misunderstand me. When I say the letter was sent to me, you cannot tell from this how it was received. I just see Mr. Farrow's handwriting in the corner.

Q. Apparently it went to Mr. Farrow, and he referred it to you?—A. He wrote " pass " on the bottom of it. I would take it that any action that had to be taken had been taken, and this might go on the records to be recorded.

Hon. Mr. STEVENS: That means "passing the buck," Mr. Calder.

WITNESS: I do not think it means that.

Mr. CALDER, K.C.: I suspected that, Mr. Stevens.

WITNESS: It means passing to file.

By Mr. Calder, K.C.:

Q. There is nothing on the files to show that any action had been taken. I put it to you that the facts were these; it was clear that Captain Zinck had made an attempt to extort from the masters of the vessels, the difference between fifty cents an hour, making twelve dollars, or more if the charges were sixty and seventy cents as declared by the responsible solicitors who wrote to you, and if he did not extort that from the masters, his design was to embezzle it from you; furthermore it was in evidence, and I will put it in evidence in a minute, that in saying he was remitting it to Mr. Wilson, he was making a false statement to his superior officer and inspector, and was also to write his books up afterwards. I take it for granted that he is still there?—A. I do not know whether he is or not. Mr. Wilson will tell you that.

Q. No prosecution was ordered by you?—A. No.

Q. Or by Mr. Farrow?—A. I do not know.

Q. No prosecution appears to have been ordered by the file?—A. It does not appear so.

Q. And the word "pass" means to file or close up?—A. No, it means to pass that letter. I do not know whether the Deputy dealt with it this morning, but I think some further investigation should be taken up.

By Hon. Mr. Stevens:

Q. How long ago was this?—A. February, 1925.

Q. It is a little too early to continue the inquiry?

Mr. BELL: A little too soon.

Hon. Mr. STEVENS: Give the man a chance to die.

WITNESS: If you will permit me, you are drawing an entirely wrong impression from my remark. I spoke to Mr. Calder, and he said to take it home and read it. I said "there is hardly anything I know about it, I will inquire further and find out what action is taken," and that is all I know about it.

By Mr. Bell:

Q. What was the last portion of your answer?—A. When I was spoken to this morning, I told Mr. Calder that there was very little I knew about it, on the papers, or whatever action had been taken by Mr. Wilson or the manner of it. I think these moneys belong to the masters of the vessels, and I think the Accountant has been paying them back.

By Mr. Calder, K.C.:

Q. Is there any other file, conceivable, except that one; there is no cross-reference to any file?—A. No, but the Accountant conducts a lot of correspondence of his own.

By Mr. Doucet:

Q. We asked for all the files in this case?—A. I am sure they do the very best to get you everything they can, but it is possible there may be a letter somewhere else.

By Mr. Calder, K.C.:

Q. Do you remember reading this file and the letter and report?—A. Well, there is nothing on this file but the papers that were before me when I wrote the letter to the Collector.

Q. Let us take the letter. Did you read that letter?—A. I did.

Q. Did you notice that the inquiry of the Inspector had been limited to Captain Zinck?—A. Yes.

Q. And not to Captain Mack?—A. Yes.

Q. Did you suggest to anybody that the masters of this long list of vessels, these men that had been gouged, should be communicated with in regard to what they had paid?—A. I did not suggest anything to any person.

By Hon. Mr. Stevens:

Q. It is clear, is it not, that this man Zinck fraudulently retained that large sum of money?—A. I think he was intending to keep it himself; I think he was intending to keep the money.

Q. Is it not clear as day that the man fraudulently secured that money?—A. I would not decide upon his own motives. He was keeping the money, and maybe thought he had a right to keep it. He was rendering special services.

Q. The men wrote about it, and he wrote to his superiors, that he was remitting to Ottawa, and you say he thought he had a right to keep it?—A. The arrangement is now that he has the right to keep more than the sum he pays to the watchmen; he has the expenses of his boat to meet. Of course, I think Captain Zinck is keeping that money.

Witness retired.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. Will you turn up Captain Mack's first letter and report, the manuscript; I think it is the second-last document, the second document on the file. Take the last statement which states that Captain Zinck stated that he was remitting to you weekly by draft to the order of the Receiver General. Was that true, at the time the letter was written?—A. It is absolutely untrue at the time the letter was written. With regard to a draft, or in any other way, it is still untrue.

Q. Ultimately a draft was received, by way of repentance and bar against proceedings, and a further remittance of $888. Were the contents of this file communicated to you for action?—A. No sir.

Q. And, consequently, if you did not take that action, it was because you were not aware of the facts?—A. Quite.

Mr. BELL: I might suggest, Mr. Calder, that according to the remark by the last witness, this man thought he had a right to keep this money, and it must have caused him great grief to make restitution.

Hon. Mr. BENNETT: Or to make the allegation that he had a right to it.

By Hon. Mr. Bennett:

Q. He is still on the job, is he not?—A. Yes.

Q. And this matter has been within the knowledge of the Department for over a year?—A. (No audible answer).

By Mr. Calder, K.C.:

Q.. How long have you known it, Mr. Wilson?—A. I heard of it verbally in the Department a short time after the report of the Inspector, refunding the money.

Q. Did you know all of the facts then which are on file now; were you verbally appraised of them?—A. No, I was given to understand—I cannot tell you who told me, because I do not remember—that Boak had made the investigation, and had succeeded in obtaining a refund of money mentioned here in his report, of $1,600, and the $880.

Hon. Mr. BENNETT: Where is the money?

Mr. CALDER, K.C.: It was returned by draft.

Hon. Mr. BENNETT: But to whom?

The WITNESS: It was sent to the Department by Inspector Boak with this report.

Hon. Mr. BENNETT: But this is money that belonged to a lot of poor, unfortunate sea captains, which this man had grafted from them.

The WITNESS: The file does not show what became of the money after it was received here, but I should think it would be found it was deposited to the credit of the Receiver General.

Hon. Mr. BENNETT: To help run the country, I suppose.

By Hon. Mr. Bennett:

Q. You know there is a law in this country about compounding criminal offences, and things of that sort?—A. Yes.

Q. I would like to know how we hang on to that money.—A. I suppose the vessel owners are not fully informed—or the watchmen.

Hon. Mr. BENNETT: Mr. Donaghy fixes that up; he says that the captain was an agent of the government of Canada.

By Mr. Bell:

Q. There is also a section in the Criminal Code dealing with extortion?—A. Yes.

Q. And this man, having been shown to be a criminal extortioner, is still on the job?—A. He is still in the Service.

By the Chairman:

Q. Suppose he had a right to collect this money; was he obliged to tender it back to the Receiver General within a fixed period?—A. That depends; if he were authorized by the Department to collect this money from steamships, then he should have remitted that money to the Receiver General at Ottawa.

Q. From time to time?—A. From time to time.

By Hon. Mr. Bennett:

Q. Exactly. But if he did not have the right to collect it, he should have made restitution to the people from whom he stole it?—A. Or given all of the money collected to the watchman.

Q. Yes, that is the other alternative.—A. Yes.

Q. The watchmen did not get it; the money is taken out; the men do not get it back, but it is now in the hands of the government, and this country is now the receiver of extortioned money.—A. It would look like it.

Q. And he is still on the job?—A. Yes.

Hon. Mr. BENNETT: And whether he extortioneth now or not, this witness sayeth not.

The WITNESS: I don't know—

Hon. Mr. BENNETT: But you hope for the best.

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. Just one question. The work he was supervising was guarding the revenue of Canada against the fraudulent landing of contraband goods in the form of liquor?—A. Yes; he was appointed on the Preventive Service for the purpose of preventing the revenue against smuggling.

Q. He was the supervisor of some 13 other men?—A. Between himself and the Collector at Lunenburg, who I understand claimed to be shorthanded, and this man Zinck undertook to do a work which he ought not to have done, and which he would not have done had I known of it at the start; that is, port work.

Q. The object was particularly to protect against the fraudulent landing of liquor?—A. Yes sir; that is the object of the watchman being employed.

Q. The man has been found to be either a criminal extortioner or an embezzler, or both, and yet he is still on the job? What efforts have been made to remove him from that position?—A. None, of which I am aware, sir.

By Mr. Doucet:

Q. When was he appointed?—A. I shall have to look up the files. I think his staff record file is here.

Q. It is after 1922?—A. If the file says that, that is correct.

Q. He is seventy-two years of age?—A. Yes, he is not a youngster.

By Hon. Mr. Stevens:

Q. Do you not think that some steps should be taken to remove him from the job?—A. I have my opinion about him as an officer on my staff.

By Hon. Mr. Bennett:

Q. You do not want him on your staff doing things like that?—A. The staff would get along just as well without him.

Q. The public service demands that men like that should not be on the payroll?—A. If I am obliged to tell the Committee what I think of the man as an officer, I shall do so.

Q. Go on and tell it.

By Hon. Mr. Stevens:

Q. That is just a question I wanted to ask you. I want you to tell the Committee what you think of the officer, and why he is allowed to remain on the staff?—A. I do not think much of him as an officer.

Q. Why is he on the staff?—A. Because he was put on.

Q. Why is he retained?—A. Well, I do not like to say that.

By the Chairman:

Q. Did you ever recommend that he should be fired?—A. I shall have to look up my file on that, on his staff file.

Q. If a man is no good, and you recommend that he is no good, you should recommend that he be fired. Did you do that?—A. I shall have to look up my files to answer that.

By Hon. Mr. Bennett:

Q. What the Chairman says is the truth, that this man is kept there, and you have not put yourself on record, and the responsibility rests on you?—A. Yes, if I have not—I had better be careful about that.

Q. Tell us what did take place.

By Hon. Mr. Stevens:

Q. Have you had any requests to keep him there?—A. No, I have not had any requests not to keep him on.

By Hon. Mr. Bennett:

Q. You have been told that he could not be dismissed?—A. No, I have not been told that.

Q. Why is he there?

By Mr. Kennedy:

Q. Who put him on?—A. Well, he was appointed—in the first place he was put on the staff and given the power of acting officer without salary.

By Mr. Calder, K.C.:

Q. Is that when he started to complain?—A. No, I still think that was prior to this. Later he was given a salary of $50 per month, and later received an increase of $25 per month, which gives at present $75 per month.

By Mr. Kennedy:

Q. Who put him on? Or at whose request was he put on?—A. I am afraid that I have no remembrance of it without going through the files.

Q. Do you know?—A. I have an idea.

By the Chairman:

Q. Can you say that without looking up your files?—A. I could not say it if I looked in the file.

Q. You could not say when you actually received orders to employ the man, and you will not recommend the man to be fired—

By Hon. Mr. Stevens:

Q. Was he appointed by the Civil Service?—A. No.

Q. Is he on the temporary list?—A. He is still an acting officer.

Q. Who appointed him, who directed his appointment?—A. The Minister.

Q. Directed to be appointed by the Minister?—A. Yes.

Q. Not the Civil Service?—A. No sir.

Q. Who directed that he be kept on the payroll since this exposure?—A. There was no direction at all in that respect so far as I know.

By Hon. Mr. Bennett:

Q. The real truth is that he is a watchman, to see that liquors from ships do not land in Nova Scotia; I suppose that is what we can infer?—A. Yes.

Q. He was not put there at your request, or at the request of the Civil Service Commission?—A. That is correct.

Q. I suppose the "W. C. Kennedy" is one of the ships?—A. That is not on the file covered by the matter that was up here yesterday and to-day. He evidently was not down that far. He has no jurisdiction outside of Lunenburg, and its immediate vicinity.

By Mr. Kennedy:

Q. When was he appointed?—A. I am not certain.

Mr. DOUCET: He was appointed in June, 1922, when orders were given to officers Henry and Haley, and other officers, I think at Halifax, to have nothing to do with Lunenburg and vicinity unless reporting to Captain Zink.

By Mr. Doucet:

Q. He would be the officer that was meant, would he not?—A. Yes.

Q. Those orders came from the Department?—A. Yes.

Mr. CALDER, K.C.: And they were permanent officers.

By Mr. Doucet:

Q. From the Deputy Minister?—A. I could not say, unless I looked at the files. I think Mr. Henry and Mr. Haley are both permanent officials.

Mr. CALDER, K.C.: To be under the orders of Captain Zink.

Hon. Mr. STEVENS: Just as far as Lunenburg is concerned.

Mr. DOUCET: As a matter of fact, they were ordered not to go to Lunenburg, but to report anything they had to Captain Zink.

By Hon. Mr. Stevens:

Q. They were officers of the Preventive Service?—A. They were officers of the Preventive Service in Halifax.

Q. Why were they told not to go to Lunenburg?—A. I will have to look up the files, if you will allow me to refresh my memory.

Hon. Mr. BENNETT: I suggest you sit down here and write to the Department directing attention to that, and asking that the man be dismissed. He is in your Department.

Mr. KENNEDY: Have you ever recommended that he be dismissed?

Hon. Mr. BENNETT: He is going to look that up, Mr. Doucet.

WITNESS: I can have access to this file, I suppose?

Hon. Mr. BENNETT: Certainly.

Witness retired.

The Committee adjourned until Tuesday next, April 20th, 1926, at 10.30 A.M.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 33—TUESDAY, APRIL 20, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. J. A. E. Bisaillon, Montreal, Que.

Mr. Charles Bernard Alexander, Customs Preventive Officer, Toronto, Ont.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. William Duff, M.P.

Mr. Hubert Gauthier, Senior Customs Examiner, Montreal, Que.

Mr. Pierre S. Hardy, Customs Department, Montreal, Que.

Mr. Eugene Brassard, Watchman, Customs Department, Montreal, Que.

Mr. Zoel Corbeil, Customs Department, Montreal, Que.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

Mr. John Hector DuCondu, 2424 Mance Street, Montreal, Que.

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1926

EXHIBITS FILED.

No. 130—Customs Entry Form, dated Montreal, 19th June, 1922, covering Entry No. 10762E, eighty drums unenumerated cocoanut oil.

No. 131 (a)—K-9 Customs Seizure Report respecting Exhibit No. 130. (b) Report of Hubert Gauthier, Senior Examining Officer, Montreal, dated June 21, 1922, to Mr. Weldon, Collector of Customs, Montreal, submitting Exhibit No. 131 (a). (c) Statement appended to Exhibit No. 131 (a). Witness discharged.

No. 132 (a)—Statutory declaration in French, dated Montreal, 14th November, 1925, of Mr. P. S. Hardy, taken from Customs File No. 107702, as to Messrs. McNichol and Adamson sampling the "J. Scharlin" seizure of alcohol. (b) Statutory declaration in English of P. S. Hardy, dated Montreal, 11th August, 1923, denying any knowledge of theft of alcohol from "J. Scharlin" seizure. (c) Statutory declaration in French, dated Montreal, 14th November, 1924, of Eugene Brassard, respecting "J. Scharlin" seizure of alcohol. Witness discharged.

No. 133—Statutory declaration in English, dated Montreal, 14th November, 1924, of Zoel Corbeil, relative to "J. Scharlin" seizure of alcohol.

No. 134—Statutory declaration in English, dated Montreal, 23rd July, 1923, of Zoel Corbeil, denying any knowledge of theft of alcohol from the "J. Scharlin" seizure.

MINUTES OF PROCEEDINGS

TUESDAY, April 20, 1926.

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

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

Committee Counsel present: Mr. Tighe.

The minutes of the last meeting were read and adopted.

Mr. Farrow submitted,—

1. File No. 2429-52A, pilfering at the Postal Parcels Branch at Montreal.
2. File No. 125437, vessel Ozo.
3. Memo to effect that no file exists respecting vessel Zola Dixon.
4. File No. 112775, vessel Stella Maris.
5. Appraisers' Bulletins issued prior to Nos. 3013, 3016 and 2990, with reference to prohibition of prison-made goods. A memo respecting seizures and prosecutions under this item will be forwarded later.
6. File B2429-53-2, defalcation of W. G. Cassidy, Montreal.

Mr. Wilson submitted,—

1. Preventive Service File No. 12051, seizure of tug Frank H.
2. Preventive Service File No. 15101, seizure of American cigarettes from Dalvigny Archambault, Montreal.

The Manager, Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, sent twenty cheques issued by Mr. A. E. Giroux from March 15, 1920, to June 29, 1920. Two missing cheques, viz. August 13, 1919, $50, and March 24, 1921, $100, will be supplied as soon as they are traced.

The Chairman read a telegram signed by Mr. E. C. Adams of Lunenburg, N.S., as follows: "Cheque for four hundred dollars sent Customs Department 1923 for release Schooner Kennedy was signed by me."

Mr. Taylor, Asst. Deputy Minister of Customs and Excise, submitted,—

1. File respecting Sharlin seizure and report made by Mr. W. G. Cassidy.
2. File No. 110098, seizure of automobile from G. Weinbremer, Windsor, Ont.
3. File No. B. 2429-11-10, general staff file.
4. File No. B. 2429-11-11, General staff file.
5. Six copies of the memorandum dated Ottawa, May 4, 1921, issued by Mr. Farrow to the collectors of Customs and Excise in the province of Quebec, containing instructions to refuse Customs entry and warrant for delivery of intoxicating liquor, except the Quebec Liquor Commission.

The Chairman read a letter respecting an alleged error in the transcription of the evidence given before the Committee by Mr. Pitney, on Tuesday, April 13.—On motion of Mr. Bennett,—

Ordered—That the letter be incorporated in the evidence taken to-day.

Moved by Hon. Mr. Stevens,—That the Collector of Customs at the port of—Halifax; St. John; Toronto; Winnipeg; Calgary; Vancouver; Victoria, be requested to secure a sworn statement from the Gaugers in each of the respective ports in reply to the following questions:—

1. Does the Chief Gauger or any member of his staff retain as a personal perquisite samples of liquor, oils, sugar or molasses taken from incoming shipments for purposes of gauging?

2. If so, give a statement of the quantity so retained during the past two years.

3. Is it the practice of the Chief Gauger or other officials of that branch to give such samples away to fellow officers or officers of the Customs Department, if so, to whom have such samples been distributed?

4. If any samples are retained state precisely how they are dealt with.

5. Is the Chief Gauger and members of his staff aware of a bulletin of instructions issued by the late Chief Commissioner MacDougall forbidding the retaining of samples taken from shipments for purposes of gauging?

6.. Have the instructions been followed and properly understood?

Motion agreed to.

Moved by Mr. Doucet,—For production of the Customs file 120838, *re* seizure of the schooner "Abacena."

Motion agreed to.

Moved by Mr. Kennedy,—For the production of the Customs files and Port files containing all the documents, letters, telegrams, and reports in connection with the seizure of 95,000 cigarettes from Mr. Archambault, in Montreal in 1925 or 1926.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the summoning of Mr. J. H. DuCondu, 2424 Mance Street, Montreal, to appear as a witness on Monday, 19th and Tuesday, 20th April, be approved.

Motion agreed to.

Mr. J. A. E. Bisaillon of Montreal Que. was recalled and questioned as to non-production by him of documents he promised to supply for the use of the Committee.

Witness retired.

Mr. Charles Bernard Alexander, Customs Preventive Officer, Toronto Ont. was called and sworn, and examined in regard to smuggling at Toronto, Windsor, and adjacent border cities, with particular regard to silk, cigarettes and hosiery.

Witness discharged.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled, and examined further respecting Customs Officer Captain J. D. Zinck of Lunenburg, N.S.

Witness retired.

Mr. William Duff, M.P., having requested to be heard was sworn and made a statement with regard to the appointment and character of Customs Officer Zinck.

Witness retired.

Moved by Hon. Mr. Stevens,—That the following witnesses be summoned to appear before this Committee on Tuesday, 27th April, at 10.30 a.m., viz:

1. Collector of Customs S. E. Mack, Lunenburg, N.S.

2. Captain J. D. Zinck, Lunenburg, N.S.

3. Ex-Inspector of Customs Walter Boak (through the Collector of Customs, Halifax, N.S.)

4. Special Customs Officer W. C. Henley, 16 Cherry street, Halifax, N.S.

Motion agreed to.

Mr. Hubert Gauthier, Senior Customs Examiner, Montreal Que. was called and sworn. Witness was examined in connection with the "J. Scharlin" importation at Montreal of eighty drums of "cocoanut oil," seventy of which drums contained liquor. In the course of the examination, Mr. Tighe filed,—

Exhibit No. 130—Customs Entry Form, dated Montreal, 19th June, 1922, covering Entry No. 10762E, eighty drums unenumerated cocoanut oil.

Exhibit No. 131—(*a*) K-9 Customs Seizure Reported respecting Exhibit No. 130.

(*b*) Report of Hubert Gauthier, Senior Examining Officer, Montreal, dated June 21, 1922, to Mr. Weldon, Collector of Customs, Montreal, submitting Exhibit No. 131 (*a*).

(*c*) Statement appended to Exhibit No. 131 (*a*).

Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Pierre S. Hardy, Customs Department, Montreal Que. was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting the "J. Scharlin" seizure of alcohol entered as "cocoanut oil." During the course of the examination, Mr. Tighe filed,—

Exhibit No. 132 (*a*)—Statutory declaration in French, dated Montreal, 14th November, 1925, of Mr. P. S. Hardy, taken from Customs File No. 107702, as to Messrs. McNichol and Adamson sampling the J. Scharlin seizure of alcohol; (*b*) Statutory declaration in English of P. S. Hardy, dated Montreal, 11th August, 1923, denying any knowledge of theft of alcohol from J. Scharlin seizure.

Witness discharged.

Mr. Eugene Brassard, Watchman, Customs Department, Montreal, Que., was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, respecting his duties and with regard to a declaration made by him and filed as,—

Exhibit No. 132 (*c*)—Statutory declaration in French, dated Montreal, 14th November, 1924, of Eugene Brassard, respecting J. Scharlin seizure of alcohol.

Witness discharged.

Mr. Zoel Corbeil, Customs Department, Montreal, Que., was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting the J. Scharlin seizure, and in reference to a declaration made by him and filed by Mr. Tighe as,—

Exhibit No. 133—Statutory declaration in English, dated Montreal, 14th November, 1924, of Zoel Corbeil, relative to J. Scharlin seizure of alcohol.

Witness was also examined regarding another declaration made by him, which was filed as,—

Exhibit No. 134—Statutory declaration in English, dated Montreal, 23rd July, 1923, of Zoel Corbeil, denying any knowledge of theft of alcohol from the J. Scharlin seizure.

Witness discharged.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled, and examined, respecting the J. Scharlin seizure of alcohol.

Witness retired.

Mr. John Hector DuCondu, 2424 Mance street, Montreal, Que., was called and sworn, and made a statement respecting the duties of Mr. Eugene Brassard, a witness heard earlier to-day, and the manner in which Mr. Brassard performed those duties.

Witness discharged.

Mr. Charles P. Blair was recalled, and examined in reference to Preventive Service Seizure No. 32792/4454, Byron Brown, Charlottetown, P.E.I., being a seizure of rum and an automobile.

Witness retired.

Moved by Mr. Kennedy,—For the production of the Pharmacie Central du Canada file belonging to the Royal Canadian Mounted Police at Ottawa, Ont.

Motion agreed to.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, April 20th, 1926.

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

The CHAIRMAN: Here is a letter addressed to Mr. Todd by the Chairman of the Executive Committee of the Commercial Protective Association:—

"DEAR SIR:—There appears to have been a serious error in the transcription of the evidence of Mr. F. C. Pitney, President of the United Cigar Stores Limited, given on Tuesday, April 13th.

On page 1123 of the Minutes of evidence in the last paragraph the following appears:—

By Hon. Mr. Bennett:

Q. Do you think a reduction of the Excise duty would have a marked effect upon it?—A. *I do not think so.* Our cigarettes are far superior in quality to those made in the United States. Our cheapest cigarettes here sell for twenty or twenty-five cents, while similar cigarettes in the States sell as cheap as eleven cents. One dollar fifteen cents per carton of 200 cigarettes is the regular price.

The words 'I do not think so' are contrary to the whole sense of Mr. Pitney's evidence. What Mr. Pitney states he says was '*I know so.* Our cigarettes are far superior to those made in the United States. Our cheapest cigarettes here sell for twenty for twenty-five cents, while similar cigarettes in the States sell as cheap as eleven cents. One dollar fifteen cents per carton of 200 cigarettes is the regular price.'

If there is any revision of this evidence it might be possible to correct this, as it is of very great importance to Mr. Pitney to have his views properly stated in the Minutes of evidence.

Yours truly, "

J. E. BISAILLON recalled.

Hon. Mr. STEVENS: Mr. Chairman, I want to ask Mr. Bisaillon regarding the production of certain documents which were promised about a month ago, on March 17th.

WITNESS: Mr. Chairman, my attorney will be here to-morrow, and I wish to have the privilege granted to me of having my evidence stand over until to-morrow.

Hon. Mr. STEVENS: It is not a question of cross-questioning Mr. Bisaillon, other than to refer to the non-production of certain papers. By the time Mr. Gagnon is here, you can get them. I will read now from the evidence at page 613. Mr. Calder was dealing with the matter, in connection with Mr. Bisaillon's examination, and Mr. Gagnon was present. (Reads):—

"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."

That has not yet been produced?

WITNESS: No, it has not been produced. Mr. Gagnon has been away, also the firm of Monty and Duranteau, so that I could not be in possession of all these documents.

Hon. Mr. STEVENS: What I am anxious about is to warn you that we must have these documents. The next thing is this, regarding your employees in the firm of Bisaillon and Brien, or J. E. Belisle and Company. I will read part of the evidence, and you will understand what we are after.

By Hon. Mr. Stevens:

Q. You said that Belisle would be here himself?—A. No.

Q. I asked you, at page 563 (Reads):—

"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 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. We have not received that yet?—A. No.

Q. We want that material, and we want it quickly?—A. Yes.

Q. A month has elapsed?—A. Yes, sir.

Q. I just want to inform you that these must be produced?—A. All right, sir, I will do my utmost.

The CHAIRMAN: Are you ready to proceed, Mr. Tighe?

Mr. TIGHE: Yes, Mr. Chairman, but I understand my learned friend Mr. Henderson has a witness he wishes to proceed with first.

Witness retired.

Mr. HENDERSON, K.C.: I understand, Mr. Chairman, that Mr. C. G. Alexander is first on the list, and my friend Mr. Tighe desires that I should examine him.

The CHAIRMAN: Mr. Alexander is a Customs Preventive Officer at Toronto.

Mr. HENDERSON, K.C.: The object of calling Mr. Alexander is this; a great deal of stress has been laid upon goods going into the port of Montreal, and I would like to ask Mr. Alexander as an employee of the Commercial Protective Association, now in the Customs service, to tell us that the difficulties are not confined to the port of Montreal alone; I just want to show some samples in other districts.

The CHAIRMAN: You are welcome to give this evidence, Mr. Henderson, because it will aid in throwing a searchlight on all parts. We want cases from the other provinces as well as from Quebec.

CHARLES BERNARD ALEXANDER called and sworn.

By Mr. Henderson, K.C.:

Q. Mr. Alexander, what is your full name?—A. Charles Bernard Alexander.

Q. Your place of residence?—A. Toronto.

Q. What is your occupation?—A. Customs and Excise preventive officer.

Q. You were at one time, I believe, on the investigating staff of the Commercial Protective Association?—A. I was.

Q. Before that, what was your training?—A. I was serving with the Royal Canadian Northwest Mounted Police before the war; I was with the supply branch of Scotland Yard in Ireland during the rebellion; then I came back and served with the Royal Canadian Mounted Police until the time I was taken over by the Commercial Protective Association.

Q. So that before being taken over, you were taken over by the Commercial Protective Association from the Mounted Police?—A. There was a slight lapse between.

Q. But before going to the Commercial Protective Association you had had how long an experience with Scotland yard and the Royal Canadian Mounted Police?—A. Approximately seven years.

Q. Training as an investigating officer?—A. Yes.

Q. I do not want to go into the details, I just want to show that you were an experienced officer?—A. Yes.

Q. You were how long with the Canadian Protective Association?—A. I think it was a matter of ten or eleven months.

Q. Operating throughout what district?—A. Toronto and the border cities.

Q. That is, Windsor and those towns up there?—A. Yes.

Q. I want you to tell the Committee some of your experiences while you were operating in what I will call the Western Ontario district, between Toronto and Windsor? Does that include the Niagara frontier?—A. Yes.

Q. Am I right in understanding, Mr. Alexander that the Niagara section and the Windsor section are the most vulnerable points?—A. They are.

Q. Of course there are certain points along the lake shore, but the situation is centred upon those two points?—A. Yes.

Q. Will you tell the Committee first about the Goodman Case; do you remember a woman named Rachel Goodman?—A. I do.

Q. Who was she?—A. Mrs. Rachel Goodman operated two stores in Toronto, one at No. 1629 Queen St. West, the other at 141 Dundas St. West.

Q. What was your experience with her; did you make an investigation?—A. Yes.

Q. You made an arrest, did you not?—A. Yes.

Q. Whom did you arrest?—A. I arrested Mrs. Rachel Goodman and Mrs. Eva Buckstein, her daughter.

Q. On what date?—A. On January 19th, 1925.

Q. Did you make a seizure at the same time?—A. I made a seizure previous to the arrest of these two women.

Q. Of what?—A. Of 109 pieces of lingerie.

Q. Of what material?—A. Silk.

Q. This was a silk case?—A. It was.

Q. What kind of business was Mrs. Goodman carrying on?—A. Mrs. Goodman was carrying on a dress and ladies' underwear business, at both stores.

Q. So that silks would figure considerably in that business?—A. Yes.

Q. What was the charge on which you made the arrest and seized these goods?—Smuggling?—A. She was charged under Section 219 of the Customs Act.

Q. Do you know a man by the name of Tennant?—A. Yes, sir.

Q. Who is he, or who was he at that time?—A. I understand he was with the Customs service, but I do not know exactly what branch he was with.

Q. You had to do with him as Customs officer, where, Toronto?—A. Yes.

Q. Did he come to know that you were looking after Mrs. Goodman?—A. On the morning of the day I made the seizure, when I went into Mrs. Goodman's store at 141 Dundas street West, Miss Goodman informed me that there had been a previous seizure made in the year before, but she did not say the date.

Q. Did you subsequently ascertain the date?—A. I did.

Q. What was the date of the previous seizure?—A. May 6th, 1924.

Q. On the morning you went into Mrs. Goodman's store, you ascertained that there had been a previous seizure?—A. Yes.

Q. Proceed now, and tell us how you came into contact with Mr. Tennant?—A. I found that a number of the invoices that should have been in the store were missing; I asked Miss Goodman where those invoices were, and it was then she informed me that the previous seizure had been made by Mr. Tennant, and Mr. Harris, of the Customs staff, and that those invoices were then in Ottawa. To verify her statement, I rang up Mr. Tennant to find out if that was true; he said it was, and that he would come over to the store immediately, which he did.

Q. What happened?—A. When he arrived at the store, he asked to see my credentials, which I showed him.

Q. By the way, I should have mentioned this; you had Customs Preventive authority?—A. Yes.

Q. Although acting for the Commercial Protective Association?—A. Yes.

Q. You showed him your credentials?—A. Mr. Tennant asked me what I was doing in the store, and I told him I had grounds to believe that there was a quantity of smuggled lingerie at the second store, at 1629 Queen street West, that I had a man posted outside of that store, as I felt sure by looking through the invoices at 141 Dundas street West, any smuggled goods would be removed from the store on Queen street, which was afterwards the case.

Q. That is, they juggled them between the two stores?—A. Upon going into the store on Dundas street, where the invoices were, I felt sure that the goods had been smuggled from the other store.

Q. What did Mr. Tennant say to you?—A. He advised me very strongly to stop.

Q. Did he say why?—A. He said a previous seizure had been made the year before, and by my going on with this search and inquiry, it would cause considerable trouble for everybody.

Q. Did he say why, that is the point I want to bring out?—He was trying to persuade you not to proceed with the seizure?—A. He made the point very definitely that by my continuing my search and inquiry trouble would be caused, as a previous seizure had been made, and no settlement had been made on the previous seizure.

Q. A previous seizure had been made, in May, 1924, and was still dragging along?—A. That is what he gave me to understand.

Q. We will come back to that again. Did you make your arrest?—A. I did.
Q. Did these women come before a magistrate?—A. They did.
Q. Who was the magistrate?—A. Magistrate Margaret Patterson, of Toronto.
Q. In the women's court?—A. Yes.
Q. They came before the magistrate for the women's court in Toronto, and what was the result? What was the magistrate's finding?—A. Mrs. Rachel Goodman was fined $50, or in default, one month, and the confiscation of her goods.
Q. And of course was found guilty?—A. She was found guilty.
Q. I understand she appealed the case?—A. She appealed the case.
Q. It came before what judge?—A. Judge Widdifield.
Q. One of the county judges of York county?—A. Yes.
Q. What difficulty arose on the hearing of the appeal, which was a rehearing really of the case?—A. Yes. Upon the question of the lingerie, there was some doubt as to whether the lingerie I had seized was part of the previous seizure made in May of the year before.
Q. I understand Mr. Goodman's counsel claimed that before His Honour Judge Widdifield that the goods you seized were covered by the previous seizure? —A. Yes.
Q. Did you have any difficulty as to the facts there. What did officer Harris have to do with that?—A. Before the appeal was heard, I had arranged with Officer Harris to come from Hamilton, where he is now living, having been superannuated from the service, and asked him to bring with him the inventory of the goods he had seized in the previous seizure.
Q. How did you know he had an inventory?—A. I got in touch with him previous to that.
Q. Did he have an inventory?—A. He had an inventory.
Q. Did you see it?—A. Yes, I saw it.
Q. You saw an inventory of the goods previously seized, in his possession? —A. Yes.
Q. Did you compare that inventory with the goods that he had seized?— A. Yes, sir.
Q. Did you satisfy yourself as to the identity of the goods at that time?— A. I satisfied myself that the goods I had seized were not on his inventory.

Mr. BELL: Mr. Henderson, may I interrupt a moment to ask, did the question come up, when that point was raised, as to whether or not these were said to be the same goods as were seized on the first seizure?

Mr. HENDERSON, K.C.: Apparently not, Mr. Bell, but now he had Officer Harris; he was misled, or something happened to the inventory, and he could not get it before the judge.

By Mr.. Henderson, K.C.:

Q. As a result of all this, the woman got off; I am perhaps anticipating that?—A. Yes.
Q. Was Officer Harris summoned to appear before Judge Widdifield?—A. He was.
Q. Did he produce the inventory?—A. I do not remember that that inventory was ever produced.
Q. What happened to Mrs. Goodman?—A. The case was thrown out.
Q. The case was thrown out on the ground that there was some doubt as to the identity of the goods?—A. That was the basis of it.
Q. I am not clear as to that, Mr. Alexander. That point would have occurred to a lawyer, but it appears to have been overlooked?

By Hon. Mr. Bennett:

Q. At any rate, the appeal was allowed?—A. Yes.

By Mr. Henderson, K.C.:

Q. You could not make the evidence complete, on account of the lack of the inventory?—A. Yes.

Q. Did you follow up the penalty that had been imposed at the time of the first seizure?—A. How do you mean?

Q. Do you know what penalty had been imposed by the Customs, at the time of the first seizure?—A. No. I did not know, not until last week.

Q. Have you since looked into it?—A. I have.

Q. Will you tell the Committee what happened after that case was not settled, or why it was not settled from what had been going on in the case?—A. As far as I can understand, Mrs. Goodman claimed that she had not the money to make a settlement; in fact I spoke to her about a settlement, and she told me that she was very hard pressed financially, and that she had not the money to make a settlement, but I found subsequently that she did make a cash payment of $3,500.

Q. She had paid in cash $3,500, leaving a balance of how much?—A. Leaving a balance of $1,747.22.

Q. But she was still owing the department?—A. Yes.

Q. Did you make any investigation as to her financial position?—A. I did.

Q. What was the result of that, what did you find out about this woman who had been given six months or more to pay $1,700?

Hon. Mr. BENNETT: And allowed to sell the goods.

By Mr. Henderson, K.C.:

Q. They were helpless?—A. I obtained a copy of the sworn invoice which she made in Toronto on January 12th, 1924.

Q. On January 12th, 1924, she had given a sworn statement to whom?—A. She gave a sworn statement to one of the credit companies.

Q. Which credit company?—A. I would rather not say that, Mr. Henderson

Q. Showing property and assets of how much?—A. $81,500.

Q. She showed assets of $81,500 and still they were dragging along this $1,700 balance?—A. Yes.

Q. You were not able to get anywhere with it?—A. No, I was not.

By Hon. Mr. Bennett:

Q. Do you mean to say, Mr. Alexander, that on your investigation of the files, you seized some property belonging to Rachel Goodman?—A. Yes.

Q. You ascertained that they had been previously seized, and that she paid them $3,500 and was still in possession of the seized property and owed $1,747 to the Customs Department?—A. That is what I understand.

Q. In other words, she was selling seized property, and had not paid what she was owing the Government?—A. Yes.

Q. She lived in Toronto?—A. Yes.

Q. Those were the facts?—A. Yes.

Hon. Mr. BENNETT: Montreal has nothing on that.

By Hon. Mr. Bennett:

Q. She was still in business running two stores on quite a large scale?—A. Yes.

Q. Claiming to the Credit Association to be worth practically $82,000?—A. Yes.

Q. This woman had the stuff turned over to sell?—A. Yes.

By Mr. Henderson, K.C.:

Q. In your opinion she was still smuggling?—A. Yes, that came afterwards. I showed she was smuggling.

Q. Take another case, you know a man named Zinkin, at Niagara Falls?—A. Yes.

Q. Tell the Committee about him.—A. In April, 1925, the Commercial Protective Association instructed me to have inquiries made at Niagara Falls, and also at Bridgeburg, to ascertain as to whether there was smuggling going on in that area.

Q. You wanted to find out how easy it was?—A. To find out how easy it was.

Q. What did you do, did you have someone else with you?—A. I sent an operator over to Niagara Falls to line up the situation there.

Q. He was supposed to be a smuggler?—A. He went over as a smuggler.

Q. He was to pretend he was a smuggler and see what he could buy?—A. Yes, he wanted to get in touch with a man named Zinkin, and he reported back that he got in touch with him and Zinkin was willing and anxious to undertake any smuggling work the operator would give him.

Q. What was Zinkin's ostensible occupation?—A. Zinkin was operating two gent's furnishing stores at Niagara Falls.

Q. Niagara Falls, New York?—A. Yes.

Q. Proceed now.—A. When the operator came back and reported, I reported the matter of his inquiry to the Commercial Protective Association who got into touch with the Deputy Minister of Customs and Mr. W. F. Wilson, Chief Customs and Excise Preventive Officer, with the result that they came down to Toronto with Mr. Busby of the Inspectional Staff of the Customs and Excise. We discussed the situation with Mr. Sparks, Mr. Walter Duncan and myself. It was arranged that we should get in touch with the Royal Canadian Mounted Police and ask for their co-operation in any work we would do in this connection. It was also agreed that a small quantity of silk should be sent to Buffalo from New York. I think Mr. Wilson and Mr. Duncan discussed the case very carefully with Superintendent Newsome of the Mounted Police in Toronto, and he very willingly loaned a number of his men to assist me in this work. I sent the operator then back to Zinkin and he told Zinkin that we were ready to run silk, on one condition, that the Customs Official should assist Zinkin in his run.

Q. He was to get the Customs Official?—A. We were to get the Customs Official.

Q. He was to arrange?—A. Zinkin was to arrange.

Q. Was Zinkin willing to do that according to his story?—A. Yes, Zinkin said he could.

Q. Could arrange for co-operation of the Customs Official?—A. Yes, this suggestion was made as the operator previously reported he felt sure the Customs Officials were assisting in the runs of smuggled silk. I reported the point to Mr. Farrow and he said, if that is the case any Customs Officer, who was caught, would be punished.

Q. Did you get the goods?—A. Yes, the goods arrived at Buffalo and were stored in the Statler Hotel.

Q. A decoy set of goods?—A. Yes.

Q. What was done with them?—A. Zinkin came to Buffalo and he met the operator in my presence and it was arranged that the silk should be taken across.

Q. Did Zinkin take over the silk?—A. Yes, Zinkin took over the silk and ultimately ran it across.

Q. At that point, what was your arrangement with Zinkin as to paying him, what did he ask?—A. Zinkin asked for a payment of $400.

Q. For what purpose?—A. For giving the Customs and for his own.

Q. For himself and for his friend in the Customs?—A. Yes.

Q. Did you pay it as a matter of fact, by the way?—A. No.

Q. You arranged for him to do that, and arranged for them to come C.O.D.? —A. Yes.

Q. You were not to pay him till you got the goods?—A. No.

Q. Then you left these decoy goods with Zinkin? No doubt about your being able to recognize the goods?—A. I recognized the goods.

Q. What became of the goods?—A. Zinkin loaded them on to his car and proceeded, and in transit we lost trace of Zinkin during the trip in Buffalo, through the traffic.

Q. You missed him?—A. Yes. I had the Royal Canadian Mounted Police posted on the bridges at Niagara Falls. I also notified them of the number of Zinkin's car, so when they saw his car approaching they could hold it up and search it. Unfortunately, in transit we lost trace of the car which was bringing over the silk. On the way over the silk was transferred into another car.

Q. You missed it in passing, did you get the silk afterwards?—A. We held the car up and it was empty.

Q. You held up his car and the goods had been transferred from it?—A. Yes.

Q. Did you get the goods afterwards?—A. Yes.

Q. Where?—A. In Toronto.

Q. And identified them?—A. Yes.

Q. What did you do, seize them?—A. The goods were seized, and the car was seized. Zinkin and his assistant, a man named Napolie, were arrested by the Mounted Police.

Q. I believe he was fined?—A. Zinkin was fined $700 and costs, and the car was confiscated and also the silk.

By Hon. Mr. Bennett:

Q. Did he pay?—A. No.

By the Chairman:

Q. He went to jail?—A. He paid the fine of $700.

By Hon. Mr. Bennett:

Q. That is what I asked you.—A. Yes, he paid.

By Mr. Kennedy:

Q. Did you find the Customs Officer who assisted?—A. No.

By Mr. Henderson, K.C.:

Q. He showed you how things were done. Had you any trouble making these arrangements?—A. No, none whatsoever.

Q. Do you remember another case at Bridgeburg and Niagara Falls, Sacca? —A. Yes, that is a similar case to the Zinkin case. In this case we kept close track of the car, as we had learned by experience from the other case. The silk was deposited in the Statler Hotel and a man named Tony White, from Niagara Falls, Ontario, put us in touch with a man named Sacca, a resident of Buffalo.

Q. How did they work?—A. Tony White came to the hotel and loaded the silk on his car at Buffalo.

Q. What kind of a car was it?—A. It was a closed car, a roadster car.

Q. A roadster car and what kind of concealment was there of the silk in the roadster car?—A. Behind the back seat there was an opening.

Q. An unusual opening?—A. I think most of those cars have the opening.

Q. A thing you lift up?—A. Yes.

Q. The silk was put in there?—A. Yes.

Q. Was it locked? A. No.

Q. Simply put in where you put in your baggage if you were travelling? —A. Yes.

Q. White left the hotel?—A. Yes, and started to drive towards the ferry.

Q. Did White tell you anything about how he would get past the Customs? —A. Well, there was considerable delay.

Q. How did he expect to get past the Customs?—A. Through the Customs Officials.

Q. What actually happened there?—A. What actually happened was the run was put off for two or three days, as the man he expected to be on duty was not on duty.

Q. That is the Customs Officer?—A. Yes, he found the officer was on duty and found he was ready to run the silk. The silk was placed in his car and Tony White proceeded to the ferry. Half way to the ferry he got out of his car and Sacca got in and took the silk. Tony White then entered another car which was standing empty along the sidewalk and the car with the silk and Sacca proceeded to the ferry.

Q. Where was your car?—A. I was following after.

Q. You were watching to see how it was done?—A. Yes.

Q. What was the procession as you crossed the ferry?—A. The first over was the silk car, then my car, and Tony White and the other car.

Q. Any examination of any kind of the cars made on the ferry?—A. No, there was no examination and we were the only three cars on the ferry.

Q. No examination at all?—A. No.

Q. At Bridgeburg?—A. Yes.

Q. Where did you go to?—A. It was arranged the Mounted Police should cover the exit from the ferry.

Q. You had the Mounted Police waiting?—A. Yes.

Q. Any sign of Customs Officers?—A. There was a Customs Officer at the barrier.

Q. Did he do anything?—A. No.

Q. What did the Mounted Police do?—A. Held the car up and found the silk as it had been placed in the car at the Statler.

Q. White and Sacca were arrested?—A. Yes, and the two cars were seized.

Q. What else took place, were they brought before a Magistrate?—A. Yes, they were brought before the Magistrate at Bridgeburg, but Tony White and his car were released. Tony White was released and his car on the ground that he made no breach of the Canadian law.

Q. Anything he did was on the other side?—Yes.

Q. What happened Sacca?—A. He was fined $50 and costs and confiscation of the car.

Q. From your experience, would you say there was any trouble at all bringing the silk across? I do not suppose you could do it every hour?—A. I think if you got right connections on the other side you would have no trouble.

Q. What is your impression as to the extent to which the business is being carried on there?—A. At that time I feel there was a big amount of smuggling going on.

Q. You could arrange, without trouble, with men to do this, who seemed to be familiar with the ropes?—A. Yes, no trouble whatever.

Q. Both these two men claimed to have friends in the Customs Service? —A. Both of them.

Q. They both knew these Customs Officers?—A. They both said they were able to get across.

Mr. HENDERSON, K.C.: These are two sample cases at Bridgeburg.

By Hon. Mr. Bennett:

Q. Was the Customs House Officer who was on duty that morning relieved of his office?—A. I believe he was, sir, I do not know officially, but I heard he was removed.

Q. Was he prosecuted that you know of?—A. No, sir, I do not think he was.

Q. Was he a young man or middle aged?

By Mr. Bell:

Q. Was there anything to indicate there was more than one of the officials interested in passing goods that way?—A. In the particular case of Sacca, I must say I think there was only that one. I have no grounds for saying there were others.

Q. You did not test another time?—A. No, sir.

By Mr. Henderson, K.C.:

Q. This was by way of a test?—A. By way of a demonstration and test.

Q. Before you leave Mr. Tony White, I understand, you found an interesting document in his pocket, did you not?—A. I searched Tony White and found a small piece of paper, and on the paper it said: "deliver some cartons of cigarettes to Beecraft, Delhi, Ontario." I went to Delhi, Ontario, and searched Beecraft's place of business. He runs a vulcanizing station and I found a considerable quantity of cigarettes and tobacco hidden about his store in concealed panels.

Q. Could you identify these as Canadian or American?—A. They were American. I asked Beecraft if he was in the habit of bringing cigarettes across for sale. He admitted he was. He said he came over every month or so with a quantity of cigarettes. I asked him how he managed to get cigarettes and tobacco through the Customs. He said he had no trouble at all. I asked him the last day he had been across and he gave me the last date and the time of day he made the trip. I asked him if he had concealed the cigarettes, and he said they were not concealed, but they were just under the seat of his car. If you lifted the seat the cigarettes were quite obvious.

By the Chairman:

Q. Did he tell you how many cigarettes he brought over?—A. I think over a thousand, fifteen hundred in some cases. I reported the case to the Department and they instructed me to prosecute, and Beecraft was fined $50 and costs and his car was confiscated.

Q. And the cigarettes?—A. Yes.

By Mr. Kennedy:

Q. So far as the silk case is concerned, Tony White smuggled silk? You had no direct evidence that the Customs Officers were in league with White? —A. He claimed to have an understanding with them, and he came across, and there was no examination of the cars.

Q. You had no way of linking the Customs Officers with White?—A. No.

Mr. HENDERSON, K. C.: They had set a trap for the Customs Official and it failed.

By Mr. Henderson, K.C.:

Q. Can you call to your mind another cigarette case in Toronto?—A. We had a case where a seizure was made from a Canadian National Railway Express agent who was running between Detroit and Toronto. I had information that he was bringing cigarettes in in the express car from Detroit to Toronto and was

making three trips a week. On every occasion he came over he brought cigarettes, I had also information regarding a party that he supplied in Toronto. I waited for him on several occasions and finally I found him coming out from the Union Station, Toronto, with a grip. I asked him to open the grip and in the grip I found twenty cartons of cigarettes. Karn, I think, was taken aback and lost his courage and I asked him if it was his usual procedure to bring cigarettes over and he said it was, that he on each trip had brought twenty cartons of cigarettes. If you figure that out, bringing twenty cartons a trip, it amounts to a considerable amount altogether.

By Hon. Mr. Bennett:

Q. How many in a carton?—A. 200.

Q. That would be 1,200 a week?—A. Yes.

By Mr. Henderson, K.C.:

Q. Did he say how long he had been doing that?—A. Yes, sir; he said he had been doing that for several years.

Q. I suppose he would be one of the customers of this shop at the ferry in Detroit?—A. Quite likely.

Q. Now tell the committee something about the situation between Detroit and Windsor. Did you get an insight into how things were worked there; because I take it, Mr. Alexander, that just how that was done is of some interest.—A. My evidence in this case will be hearsay evidence—

Q. Just checking up on your own men?—A. Yes. I went to the operator again—

The CHAIRMAN: It will be for the committee to make its recommendation.

Mr. HENDERSON, K.C.: Just an illustration of how things are done.

The CHAIRMAN: It is a general disease, and we will try to cure it.

By Hon. Mr. Bennett:

Q. Did you say 20 cartons?—A. Yes.

Q. Each carton with 200?—A. Yes.

Q. That would be 4,000?—A. Yes.

Q. 12,000 a week?—A. Yes.

Q. 600,000 a year?—A. Yes; he might have missed some weeks.

Mr. BELL: Provided he worked steadily.

Mr. HENDERSON, K.C.: He said it was his habit.

Mr. BELL: And he might have done better sometimes.

By Mr. Henderson, K.C.:

Q. Now, Mr. Alexander, from your understanding, how can they do these things between Detroit, Windsor and London, and these places? We will say nothing about Sarnia, if you please—it is a very honest port.—A. We had a man visit the office one day in Toronto, who went under the name of Harry.

Q. What did he claim to be?—A. He claimed to be a train crew fixer.

Q. Was that the expression he used as his occupation?—A. Yes.

Q. How did he operate?—A. He understood we were in the smuggling business, and he was willing to assist us in bringing in silk across the border from Detroit.

Q. You were getting into the fraternity, by that time?—A. We were gradually working our way in.

By Hon. Mr. Bennett:

Q. Did you know the countersign?—A. No, sir.

Mr. HENDERSON, K.C.: That would be valuable; go on.

WITNESS: On that occasion he said he could get silk over for us if we had it delivered at Detroit. So it was arranged that a small quantity of silk should be sent through to Detroit and handed over to Harry.

By Mr. Henderson, K.C.:

Q. In what shape?—A. That silk would come in bulk to Detroit. When we received it in Detroit, this man, Harry, instructed us to take the boards out of the silk and take all marks of identification off, and place it in a grip with a key, lock the grip, and hand the grip to him with the key. Then he claimed he would hand this grip to one of the train crew running between Detroit and the Canadian side, and that was all we had to worry about.

Q. How would you get it back?—A. When we arrived on the Canadian side, we were to wait for one of the train crew to come up and present us with the key, and say " Pardon me, is this your key?".

Q. That was the countersign?—A. Yes, and then we were to pay the train man the balance of the money due, which would be a matter of five or six dollars.

Q. You would pay Harry something in advance?—A. We were to pay Harry five dollars in advance, for himself.

Q. And the balance would be C.O.D. on delivery of the key?—A. Yes, sir.

Q. And that was the arrangement he proposed to operate there?—A. Yes, sir.

Q. Did you actually operate with Harry, by the way?—A. No.

Q. You were content to find out the formula?—A. Yes; that was all we wanted in this case.

Q. Then did you have any other experience with bringing silk from Windsor to Toronto?—A. Yes; a small quantity of silk was in Detroit and I had instructions to get it through the underground way to Toronto. I sent the same operator back into Detroit with instructions that he had to get the stuff over through an underground channel.

Q. You wanted an actual test?—A. We wanted an actual test.

Q. Did he use Harry or someone else?—A. No; in this case he got in touch with a coon porter on one of the trains.

Q. A negro porter on one of the trains?—A. Yes; but there was some delay in the arrival of the silk in Detroit, so this coon porter was unable to make the run with the silk. He arranged to plead sickness with his railway company, and lay over an extra day, which he did, but again there was a delay in delivery of the silk, and it did not arrive, so again I told this operator to get in touch with anybody he could; that the silk had to come over; and he met a man by the name of "Bill" Johnston.

Q. And did Johnston bring it over?—A. Yes. This man Johnston informed my operator that he was an ex-member of the Detroit city police force, and he also said he was running goods continuously, and he knew the ropes, so that all the operator had to do was to pay him $11 and he would take the silk over in daylight, in his car, which he did.

Q. In his motor car?—A. Yes.

Q. Where did your man get the silk?—A. It was sent from New York to Detroit.

Q. And where did you get it afterwards on this side?—A. My man accompanied this runner—this man "Bill" Johnston—across in his car, and the car was driven to the Michigan Central Station where my man got off, took the silk with him, and paid the runner $11 for his run.

Q. Now then, do you know of another case in which the conductor of a train—

By Hon. Mr. Bennett:

Q. Just before you leave that: Was any Customs officer arrested or dismissed in consequence of the running of that silk?—A. Not that I know of.

Q. Was your operator able to get the names of the men who let it go through?—A. No sir, he was not. He got a description which was not a very good description.

Q. Did he cross on the boat?—A. Yes sir, he did.

Q. There must have been an officer at the ferry?—A. He said there was a Customs officer, and an Immigration officer, but he passed with a nod.

Q. You could get the names of those two men?—A. He did not get either.

Q. But the Departmental records would show who was on duty that day?—A. Oh, yes.

Q. And nothing, so far as you know, was done toward ascertaining that information?—A. No. This was done by way of demonstration.

Mr. HENDERSON, K.C.: This was being done with the knowledge of the Customs Department?

The WITNESS: Yes.

Mr. HENDERSON, K.C.: And I think the Customs Department was letting this go on a bit, Mr. Bennett, to see how it would work out.

By Mr. Kennedy:

Q. How much silk was there?—A. Three rolls of silk in the Zinkin matter; in the Sacca case there were three rolls of silk and seven rolls of lining, which were wrapped up as silk. For $400 we had to have more than three rolls.

By Mr. Henderson, K.C.:

Q. Had to make it look like more?—A. Yes.

Q. And the lining was mere padding?—A. Simply a bluff, yes.

Q. Now, in this Johnston case, how much went in?—A. Two small rolls of printed crepe—I think about $80 worth.

Q. Do you know of any case where the formula about the key was seen to work?—A. From what I understand from this operator, it was worked the same afternoon. He had made his run, going up between Windsor and London.

Q. He was on his way on the train to London?—A. Yes sir.

Q. What was the incident?—A. He was in conversation with a certain party on the train, and the conductor came down to him and offered the key, using the same phrase, "Pardon me, is this your key?" The man said "Yes," and the operator saw this man leave the train at some station on the Windsor side of London, but I do not remember which station it was.

Q. So you are satisfied that this formula was in use?—A. I am satisfied it was, yes.

Mr. BELL: They will have to get a new one.

Mr. HENDERSON, K.C.: It is just as well to expose it.

By Mr. Kennedy:

Q. Mr. Alexander, you said that for $400 you had to have more than three rolls of silk? Were you making the smuggled silk pay for the financing of the passing?—A. No.

Mr. HENDERSON, K.C.: They did not want it to look as if it was not there.

The WITNESS: It would be rather suspicious, I think, if we only had three pieces.

Mr. HENDERSON, K.C.: They wanted it to look like a shipment for which they would have to pay that amount to come in.

By Mr. Bell:

Q. On the occasion which you mentioned, where you say the $11 was paid to the runner for the run, was there any suggestion that the amount was arrived

at because of the quantity of silk?—A. He said he would not mind what quantity it was; he was satisfied with $11 for his trip.

Hon. Mr. BENNETT: One dollar for gasoline, and $10 for himself.

By Mr. Henderson, K.C.:

Q. I understand there is a case, a recent case, of some hosiery in Toronto. Tell the committee about that.—A. A matter of three weeks ago I had instructions from the Department of Customs to make investigations regarding the alleged smuggling of Holeproof Hosiery. The Holeproof Hosiery Company have one plant in Canada, at London, Ontario, and the other at Milwaukee. The Milwaukee plant do not export into Canada at all.

Q. This Canadian concern at London is a subsidiary concern?—A. Yes sir.

Q. So the Milwaukee company do not pretend to export into Canada?—A. No, and their goods are marked "Milwaukee Holeproof Hosiery."

Q. And very largely advertised?—A. And very largely advertised. I commenced investigations into Toronto, and I found a quantity of this Milwaukee hosiery for sale in these stores there—

Q. In many stores?—A. I made, I think, three or four seizures from stores in Toronto. I received information there was also American hosiery, of the Holeproof Hosiery brand, being sold in London. I went down to London, and I made a seizure from a private house of a large quantity of Milwaukee Holeproof hosiery. I also found it was being sold in St. Thomas—I do not think I made any seizures there—but I made two pro forma seizures on the sworn statements of two parties there saying they had sold Milwaukee Holeproof hosiery in St. Thomas.

Q. Right under the London eye?—A. Yes. They also swore to a statement where they had received this hosiery from a man by the name of Edward Seigel. Edward Seigel, by his own confession, is a bootlegger. When I obtained this sworn statement, I interrogated Seigel very carefully, and I told Seigel that he had better "come clean" and tell me where he got the hosiery. Seigel was very much worried that I was after his liquor interests—he was exporting liquor. He said "You know, I am a bootlegger;" I said "I do." He said "If I come absolutely "clean" with you on the silk, will you guarantee me protection on the liquor?" I told him I could not do that. Eventually he made a pretense of "coming clean" with his information, and his story was that he was running a rag and metal company plant in St. Thomas, and on a certain night some Jews came in with a number of sacks of waste rags. He paid for the rags. That night he emptied the sacks and found a very large quantity of Holeproof hosiery in the bottom of the sacks. He did not sell that hosiery, but he made an exchange for a pair of shoes for, I think, it was 70 or 80 pairs of them. That is his story, and he sold the other part of it in London, gradually worked his way up to Toronto, and I understand there is some in Montreal, too.

Q. This was just the other day?—A. Just last week.

Q. So this is still going on up there?—A. Yes.

Hon. Mr. BENNETT: Apparently this committee has not had a very deterrent effect.

Mr. HENDERSON, K.C.: The people in that district have been busy also, occupied in other things.

By Mr. Kennedy:

Q. Seigel was a resident of Canada?—A. Yes.

Q. And the Jews which came in with the rags were from the States?—A. No; I think they were Canadians too.

Q. They had apparently brought the bags in?—A. I understand he has connections in Cleveland, and hence his liquor interests. He brought this stuff back. It was stolen from the frames.

By Mr. Henderson, K.C.:

Q. You think those were stolen goods?—A. I do, sir.
Q. I suppose we could ramble on with these little incidents?—A. Yes.
Q. These are some sample cases?—A. Yes.
Q. You are still acting in the Customs?—A. Yes, sir.
Q. Doing your best?—A. Yes.

Mr. HENDERSON, K.C.: I do not know, Mr. Chairman, that I can usefully take up the time of the Committee any further, but I might ask this:

By Mr. Henderson, K.C.:

Q. Generally speaking, Mr. Alexander, in this district in which you operate, these men are still active?—A. Yes, they are.

Q. Might I put this broad question; speaking to you as an experienced man, do you think that the ordinary old-fashioned Customs methods can cope with this business?—A. No sir, I do not.

Q. You, yourself are an experienced investigator, and do you ever find that you have to be vigilant, and use police methods?—A. I think my training as a police officer has been a great help to me in my work.

Q. Do you think it is useful to try and conduct it with ordinary examinations of crowds of people going over a bridge, or on the ferries?—A. Well, it creates a feeling of uncertainty, and that will deter, to a certain extent.

Q. But are police methods essential?—A. They are essential. I think on this work police methods are essential.

Mr. HENDERSON, K.C.: That was my idea, Mr. Chairman, in calling this witness, to give you an idea of what the situation is in that part of the country.

By Mr. Henderson, K.C.:

Q. Mr. St. Pere has asked me to ask you this question: What do you think about motor cars crossing the bridge at Bridgeburg. Do you think there should be a careful search of every machine?—A. I think that would be an impossibility, but again, as long as you make a thorough search every so often, possibly one or two an hour, that feeling of uncertainty will become instilled into people crossing the bridge, and I think it will deter them to a great extent.

Q. About once an hour?—A. Once or twice, making a thorough search.

Q. Making a thorough search once or twice an hour, of whatever machines happen to come along?—A. Yes, and the same with trucks.

Q. You think if people are aware that they are liable to be searched, that it will act as a deterrent?—A. Yes, as often as you can, without holding up the traffic.

The CHAIRMAN: Everybody will think he holds the lucky number, and will run the risk.

By Hon. Mr. Bennett:

Q. You have formed the opinion that this business has been carried on at these points in a very large way?—A. I do think so.

Q. Have you formed any opinion as to which point is the worst?—A. I think Bridgeburg is the worst.

By the Chairman:

Q. They come up from Buffalo?—A. Yes, sir.

Q. They come among the tourists, and take all the chances?—A. Yes. The professional smuggler takes chances on the congestion, to run his goods across.

By Hon. Mr. Bennett:

Q. Do you think there is much smuggling traffic from American points?—A. I have had one case, which leads me to believe that there is.

Q. Liquor, I suppose?—A. In this case, it was woollens from Toronto to Detroit.

Q. Very likely silk coming from the United States?—A. Yes.

Q. But woollens, liquor, and dishes, china?—A. Well this case I referred to was woollens.

By Mr. Henderson, K.C.:

Q. Have you seen anything of the diamond trade?—A. I am just getting information now; I am starting to work on that now.

Q. You know it is there?—A. Yes, sir.

By the Chairman:

Q. A diamond is easily smuggled?—A. Very easily, it is such a small thing.

By Hon. Mr. Stevens:

Q. What about Niagara, on the American side?—A. That is Bridgeburg.

Q. I mean at the city of Niagara Falls, Canada, from the American side, from Niagara Falls, N.Y., to Niagara Falls, Canada?—A. There is quite a large amount of stuff coming across.

Q. They take advantage of the tourist traffic?—A. They take advantage of that traffic.

Q. And the congestion of traffic?—A. Yes, the same thing at Detroit during the rush hours.

By the Chairman:

Q. If they examined them car by car, they would jam the traffic?—A. Yes, terribly.

Mr. Henderson, K.C.: If they had a way of running a car aside, running a car off, side-tracking a car, it would perhaps deter them.

By Hon. Mr. Bennett:

Q. If it was properly looked after, it would increase the number of officials on the ferry?—A. Yes.

Q. Mr. Goodison tells me that at certain times there are forty cars on the ferry?—A. Yes.

Q. And at Detroit, some carry sixty?—A. Yes.

Q. There is no Customs officer on the boats?—A. No. I have seen a line-up of 700 cars at Detroit, waiting to come over to Windsor.

By the Chairman:

Q. Those motorists, during the summer, load their cars with tents, hunting and fishing apparatus, and would seem to be going camping?—A. Yes.

Q. We are told that they smuggle silks and other goods through?—A. I think so, and on their return to the States they bring china and woollen goods with them.

Q. And when you see them coming to the bridge, to cross the boundary line, they look like sportsmen?—A. Yes, and the general smuggler woman looks very respectable.

Q. Reliable smugglers?—A. Yes.

Q. I suppose very often people going through with their families, bringing in Pierce Arrows or other expensive cars are doing an extensive smuggling, because the Customs Officers are afraid to search them?—A. Yes, that is one point.

Q. Doing business with prominent people?—A. Yes.

Q. They take advantage of their supposed social position to smuggle goods through?—A. That is quite true.

Witness retired.

WILLIAM FOSTER WILSON recalled.

By Mr. Tighe:

Q. Mr. Wilson, I understand you are desirous of supplementing your evidence given the other day about Captain Zinck?—A. Yes, sir.

By Hon. Mr. Bennett:

Q. He is still employed by the Department?—A. Yes. Before mentioning that, I also undertook on Friday to look up the files with reference to Mr. Henley being prohibited from going into Lunenburg. On the 11th of October, 1922, I telegraphed to Mr. Henley at Spry Bay, Nova Scotia.

By Hon. Mr. Stevens:

Q. Who was Mr. Henley?—A. Mr. Henley was a special officer of Customs, in the Preventive Service.

Q. Where?—A. His home address at that time, was Spry Bay, N.S. My telegram read as follows. (Reads):

"Do not enter Lunenburg until further orders and communicate any other information you receive to Captain Daniel Zinck.

W. F .WILSON."

That telegram was based on a verbal order I received from the Deputy Minister.

By Hon. Mr. Bennett:

Q. What date did you fix that at, Mr. Wilson?—A. October 11th, 1922.

By Hon. Mr. Stevens:

Q. Has that ever been countermanded?—A. At a later date—I have it on the file there—Mr. Henley reported to me that there was a still in that district, and asked to go there. I told him that those instructions still stood.

By the Chairman:

Q. A still, an illicit still?—A. I told him that those instructions still stood. As time went on—I do not know whether Mr. Henley went there or not—but I did send other officers.

Q. Where is Mr. Henley?—A. At Halifax.

By Hon. Mr. Stevens:

Q. This was done under instructions from the Deputy Minister?—A. That telegram I read was sent under instructions from the Deputy Minister.

By the Chairman:

Q. A verbal order, carried out by wire?—A. Yes. I have a memorandum here. (Reads):

"GENTLEMEN OF THE COMMITTEE,

I have recommended the dismissal of J. D. Zinck, Customs-Excise Enforcement Officer at Lunenburg."

By Hon. Mr. Stevens:

Q. This, Mr. Wilson, is adding to your evidence given the other day?—A. Yes, sir.

Q. On that occasion, you were taken somewhat by surprise, without having the file in front of you; is that the point? You want to supplement what you said upon that occasion?—A. Yes.

By the Chairman:

Q. Will you give us the date of the recommendation?—A. Let me say that I did not recommend the dismissal as early as I should have done. I did that yesterday. If you like I will read the letter I wrote.

Hon. Mr. BENNETT: We shall be glad to have it on the record.

WITNESS: It is dated at Ottawa, April 19th, 1926, and is addressed to R. R. Farrow, Esq., Deputy Minister of Customs and Excise, Ottawa, and reads as follows. (Reads):

"I beg to recommend the dismissal of J. D. Zinck, Officer of the Preventice Service at Lunenburg. He made a false statement, and knew it it was false when he told the collector at Lunenburg that he sent to me certain money collected for watchmen's services and which he subsequently paid to the Department, as the records show. I had no knowledge that he was retaining the money he did retain. This man's services have not been satisfactory, and he is incompetent for Preventive Service work.

I have the honour to be, sir,
Your obedient servant,
W. F. WILSON,
Chief, Customs-Excise Preventive Service."

By the Chairman:

Q. What was the date of that?—A. It is dated the 19th of April, 1926.

Q. You did not think, Mr. Wilson, before doing that that this case was being threshed out before this Committee, that Mr. Zinch would have the opportunity of coming here, and testifying, or being questioned by the Committee when you were here; that there was no such thing on the record, and the Committee take the record as it stands. I think it would have been better—this is my own humble opinion—that this matter should have been investigated before the Committee, and the Committee left to deal with it. You have drawn the conclusion yourself, which the Committee was entitled to draw?—A. That did not occur to me, Mr. Chairman.

Hon. Mr. STEVENS: I think the only criticism we can make of Mr. Wilson is that he did not recommend it long ago.

Mr. KENNEDY: Why did he not?

WITNESS: (Continues reading):

"I believe you all understand why I did not take this action before. My opinion was from the day of his appointment that he ought not to have been appointed, and I am still of that opinion. I have on different occasions admonished him in his work. I had no knowledge he was retain-

ing the money he did retain. My impression is, I have never had any direct knowledge from any source, that he was appointed on recommendation of the Member of Parliament for Lunenburg. After Zinck paid to the Department the $1,691 and $888 referred to in evidence Friday, his salary was, without my knowledge, on the 10th September, 1925, increased from $50 to $75 a month. On the 13th January, 1926, his salary was increased to $100 a month effective 1st January, 1926, also without my knowledge. There have also been others appointed since I took charge of the Preventive Service in 1909 that I would have dismissed were I free to do so, or recommended their dismissal. The reason for my inaction in this respect is politics, for which I have not been responsible, and I was not courting trouble for myself. Knowing political conditions as you all do, it is unfair to hold me responsible in this regard.

However, to protect myself, I say publicly now, that hereafter, so long as I remain in the Preventive Service, irrespective of what political party is in power, I shall not hesitate to report to those in authority over me my convictions regarding appointments, and, whatever may happen to me officially, will concern me no more."

By Mr. Kennedy:

Q. Who appointed Zinck?—A. He was appointed by a letter of the Department on the 19th of June, 1922. The letter is signed by the Commissioner of Customs and Excise, and reads as follows. (Reads):

"I am directed to advise you that the Hon. the Minister of Customs and Excise has been pleased to authorize your employment at Lunenburg, without salary, and your duties will be performed under the direction of Mr. W. F. Wilson, Chief of the Customs and Excise Preventive Service, from whom any forms or information respecting your duties may be obtained."

There are three more paragraphs, regarding his duties. Shall I read them?

The CHAIRMAN: Never mind.

By Mr. Kennedy:

Q. You said there were others appointed in the same way?—A. There have been other appointments since 1909.

Q. How many; can you give us a list of them?—A. I can prepare a list.

Q. Will you do that?—A. Yes, sir.

By Mr. Bell:

Q. It will be also helpful if in preparing such a list you will indicate the time when you came to the conclusion that there was no advantage in retaining the services of the persons named?—A. Yes, sir, I will do that.

By Hon. Mr. Bennett:

Q. I would like to take up a few cases in Prince Edward Island; we have some in Nova Scotia, and we will get to the Island and to New Brunswick by and by. I direct your attention to file No. 113726, with reference to Byron Brown, Charlottetown, P.E.I.; I will put the file into your hands, and would like you to tell the Committee the story. That is the file which was sent to me, that I mentioned the other day and gave the name. I think I mentioned also the name of Mr. Blair. This man Brown was convicted. You have not seen the file, I suppose, Mr. Wilson?—A. No sir, but I will read it over.

Q. Make a short resume of it and present it to the Committee, and it will save a lot of time?—A. Yes.

Q. I have picked out four from Prince Edward Island, to serve our purpose. There are four here. I picked out five altogether, and sent them over to Mr. Blair and Mr. Taylor, because they seem to have been in their hands. They have sent them back to me this morning, and they all seem to be matters that you had to deal with, Mr. Wilson, and I would glad if you would look them all over, together with the letters accompanying them, and the papers accompanying them if any, so that they will all be before the Committee?—A. I will do that.

By the Chairman:

Q. When you finish with these files, will you please send them here, and they will remain on the table so that any member of the Committee can go through them, and be in a position to follow you—will to-morrow morning do?—A. Yes, sir.

Hon. Mr. BENNETT: It will not take long; they are not long files. It may be necessary to get some additional information with respect to one of them, before the man reached the stage of being locked up. They were going to remit before he got into jail.

By Hon. Mr. Bennett:

Q. You will get that from the Justice Department?—A. I doubt whether they would give me that file.

Hon. Mr. STEVENS: Mr. Tighe, I suppose you do not require Mr. Wilson any longer this morning?

Mr. TIGHE: No sir. He will be ready this afternoon, I should think.

The CHAIRMAN: Mr. Duff would like to make a statement about the Zinck case.

Mr. DUFF: Yes.

The CHAIRMAN: You are making an application to make a statement, and you are allowed to do so.

WILLIAM DUFF, M.P. called and sworn.

The WITNESS: Mr. Chairman, I have read with a good deal of interest all the evidence which was before the Committee with regard to Captain Zinck of Lunenburg, Nova Scotia, and I would like to make an explanation and then let the Committee judge as to the facts with regard to this matter. I may say that Captain J. D. Zinck was appointed by the Customs Department on my recommendation. The reason he was appointed was, about three years ago a number of American citizens came down to Nova Scotia and either purchased or chartered vessels at so much per month to carry liquor from St. Pierre, Halifax and other points and freighted it to points off the American coast. These vessels came into Lunenburg, Yarmouth, Halifax and North Sydney and other points in Nova Scotia to refit for repairs. A number came to my town, the town of Lunenburg, because the crews were shipped there, and I felt it was necessary to have a special officer to see that no liquor was being landed. After consulting with a number of men in my town, who were interested in temperance, I recommended the appointment of Captain Zinck. He is a Master Mariner of 40 years experience and was a good captain, and is honest, capable and efficient. When he was appointed there was only a Customs boarding officer. He was appointed to hire watchmen to go on board these vessels, and to immediately go on board the vessels with instructions to see that no liquor was being brought ashore. Captain Zinck went aboard every vessel and sealed the hatches and approaches to the holds and examined the crew's quarters to see that there was no liquor stored there. At the time he was appointed there was nothing said from Halifax

or Ottawa, as to the amount he was to collect from the cargo owners, or as to what the watchmen should be paid. He figured $5 a day was a fair amount for the watchmen to receive. He set a price himself and collected $5 a day from the owners of the cargo and paid the watchmen that amount. Mr. Boak, Inspector of Customs, shortly after, came to Lunenburg and discussed matters in connection with the operations of Captain Zinck, and he instructed Captain Zinck to increase the amount he was collecting from the owners from $5 per day to fifty cents an hour, or $12 a day. That is the reason he increased the amount. He did it on instructions from Inspector Boak. He has been accused of extorting money from the owners of the boat. I repeat, that he collected that extra amount on the instructions of Inspector Boak at the time Inspector Boak instructed him to collect $12 a day and consequently is not an extortioner. Captain Zinck said he was only paying the watchmen, $5 a day, which is, I think, a fair amount, and he asked what he would do with the balance. Mr. Boak told him he would inquire and let him know. I think in the month of October, 1924, he came to see me and told me Mr. Boak had been down, and he said, "I am still paying the men $5 a day, and I asked Mr. Boak what I should do with the balance." I told him to see the Collector, and he went and saw him and Collector Mack told him it was not revenue, it was not an Excise Tax, it was a special amount and he could not receive the money. He came back to me and I told him I was going to Ottawa in about a fortnight and would see Mr. Wilson. I endeavored to get in touch with Mr. Wilson here when I came to Ottawa, but both Mr. Wilson and Mr. Farrow were in Toronto. I returned home and Captain Zinck came and asked me what to do. I told him I did not see the gentlemen, but when I went back to Ottawa in January, I would see them and in the meantime he should hold the excess. In the meantime, there had been a complaint that he was collecting fifty cents an hour and only paying $5 with the result that one of the officials came to Lunenburg and interviewed Captain Zinck, and Captain Zinck produced his book in which he had kept an account of what he had paid the watchmen, and an account of all the money he had received from the vessels. Mr. Boak took him to the Customs Office and went over the different entries on the vessels, when they entered, and when they cleared, and found Captain Zinck's book to be correct.

Captain Zinck paid over the money, and he did not keep a cent out. He only kept it pending instructions from somebody who would advise him what to do with it.

There is the whole story. I might say, that Captain Zinck is a respectable citizen, and I am sure the Committee does not want to accuse him of being a thief or a crook. I might say that since this happened he has been collecting fifty cents an hour which is the same amount the officers collect in Halifax, North Sydney and Yarmouth, and other ports, which amount is set by the Customs. He was instructed to collect the money. Previous to that he was only collecting $5. When anybody says Captain Zinck has been dishonest they do not know what they are talking about. Captain Zinck has looked after cargoes at one time containing one hundred thousand cases of liquor and valued at over $2,000,000. If he wanted to be crooked or steal or get graft, there was no necessity for him to take this money over and above what he paid the watchmen, as he handled and dealt with more than two or three million dollars worth of liquor.

By the Chairman:

Q. The Chief Preventive Officer in Canada has recommended his dismissal. Do you know whether Mr. Zinck would like to come and testify?—A. Yes, I think he would. I say it is not fair for Mr. Wilson, or anybody else, to hear only one side of the story, and go out and speak of this poor man, who is a respectable citizen. He has been Master of vessels for forty years and has

also handled hundreds of thousands of dollars for the owners, and he is accused of being a crook. It is not fair for the newspapers, or anybody else to say he is crooked. Everybody in Lunenburg knew he was collecting fifty cents an hour and knew he was paying $5 to the watchmen. If you want him, I think he will come. He came to me and I have tried to see Mr. Wilson and Mr. Farrow.

The CHAIRMAN: I do not want to make any motion; it is not for the Chairman to do that, but I think, in view of these contradictory statements, and they both seem to be in good faith, I will ask Mr. Dun to summons Captain Zinck here as soon as possible.

Mr. BELL: I think we ought to have the other man. What Mr. Duff has been good enough to say, is no doubt in good faith, but it is necessarily hearsay.

The WITNESS: It is what Captain Zinck told me.

By Hon. Mr. Bennett:

Q. The story that you have been telling is what Captain Zinck told you, and you believe what he told you is true?—A. I know it is, I was close enough to Captain Zinck to know he was charging these amounts and it is the same amount charged in every other port in the Province. If he had charged fifty cents an hour and they were not collecting it anywhere else, there might have been reason to think he was keeping it.

Q. There is a letter on the files of the Department written from the Collector at Lunenburg, to the Department, under date 27th January, 1925, in which is the following paragraph:

> "As to the pay of watchmen, it is absolutely false he has been charging over fifty cents per hour. It is true, he only pays the men $5 for twenty-four hours and the men are perfectly satisfied with it and Mr. Wilson, whom Captain Zinck reports to, must be satisfied also. These reports are made weekly and draft for the Receiver General for the difference between $5 and $12 per day is mailed to Mr. Wilson personally. I feel we are carrying on in the best interests of the Department."

I draw your attention to the fact that Captain Zinck never remitted a single dollar.—A. I know that; I said that.

Q. I am only reading what the Collector says; he says, he is a great friend, and if Captain Zinck says that this money was remitted, it is a falsehood.—A. I don't think so.

Q. He said he remitted the money every week?—A. Who says?

Q. Mack.—A. That is not Captain Zinck.

Q. He got it from Captain Zinck.—A. No, what I think he got was—Mack told Captain Zinck he should communicate with Wilson, and Captain Zinck came to me and I said I was going to Ottawa and would see Mr. Wilson and find out whether the money should be remitted. There is no question about the money being remitted, everybody knows that.

Q. In 1922, Mr. Zinck was appointed on your recommendation, as you have said, to a position in the Preventive Service, at the port of Lunenburg, without salary?—A. I thought he got $50 a month, I am not sure.

Q. No, his appointment reads "without salary." He was then given $50 a month, and it was later raised to $70 a month and in January of this year, it was raised to $100 a month. I suppose you are aware of that?—A. Yes.

Q. Are you aware of the fact that Inspector Boak made an investigation of Mr. Zinck's conduct of affairs in February, 1925, is that right?—A. I presume it would be about that time.

Q. You are aware it is reported that Captain Zinck's book appeared to be recently written up, did you know that?—A. No.

Q. Under the circumstances, perhaps it would be better to leave the matter alone until this man Boak comes here.—A. I think Boak is dead.

Q. Is he dead?—A. I think so, I am not positive.

By Mr. Bell:

Q. Having in mind what Mr. Bennett has drawn to your attention, is it any wonder Mr. Wilson used the words he did?—A. I think it is a wonder without getting Captain Zinck's explanation.

By the Chairman:

Q. There is no doubt it requires an explanation, and in view of your statement, I would like to see Mr. Zinck here.

The WITNESS: Mr. Bell, Mr. Boak, evidently forgot that Ottawa was written to for instructions.

By Mr. Bell:

Q. You have mentioned some things which do not appear before us and do not appear on file?—A. Yes.

Q. Mr. Wilson, of course, is basing his remarks upon what appears in the papers on record?—A. You have only heard one side; that is the reason I am here this morning. I think it is a shame that Zinck should be called an extortioner and a thief.

Q. If there is anything to be said on the other side I would like to hear it.

The CHAIRMAN: You know the members of the Committee take the files and study them, and we want to give Captain Zinck an opportunity to justify his position.

The WITNESS: That is all right.

Mr. BELL: Does anyone know if Boak is alive?

Hon. Mr. BENNETT: Yes, he is superannuated.

HUBERT GAUTHIER called and sworn.

By Mr. Tighe:

Q. Mr. Gauthier, you are employed in the Customs Service, in Montreal?—A. Yes.

Q. In what position?—A. Senior Customs Examiner.

Q. How long have you been in the service of the Department?—A. Since November 1, 1901.

Q. In June, 1922, you were still in the same position?—A. Yes.

Q. Senior Examining Officer?—A. I do not know that I was Senior then.

Q. You were an examining officer?—A. Yes.

Q. At the time?—A. Yes.

Q. Do you remember a seizure of alcohol, called J. Scharlin?—A. Yes.

Q. This is the departmental file?—A. That is the copy of the entry.

Q. On the 19th June, 1922?—A. Yes, I wrote it myself, for the Collector.

By Hon. Mr. Stevens:

Q. Just give us a brief idea what this case is.

Mr. TIGHE: Shall I give you a brief statement?

Hon. Mr. STEVENS: Yes.

Mr. TIGHE: This is a case, where there was an entry dated 19th June, 1922, of eighty drums of enumerated cocoanut oil, and the entry was passed on the 19th June, 1922, and duty paid.

Hon. Mr. STEVENS: Cocoanut oil?

Mr. TIGHE: Yes. It amounted to $581.59, and on the same day Mr. Gauthier received information that this car was leaking alcohol. He then went to make a seizure and found it had been placed in the Place Viger yards, which I understand is two miles away, and when he got there he found the liquor, or the truck people were there ready to move the whole shipment, the drums, and that then Mr. Gauthier made the seizure and found out that seventy drums were alcohol, and ten drums cocoanut oil.

By Mr. Tighe:

Q. This entry form, Mr. Gauthier, was made in the name of J. Scharlin, Montreal?—A. Yes.

Q. There was no address given in the entry?—A. No.

Q. Did you subsequently find out that Mr. Scharlin was a fictitious person? —A. I presume so.

Q. Now, this entry, as you see, by the copy here, was passed on the 19th June?—A. About noon, I presume.

By Hon. Mr. Stevens:

Q. What year?—A. 1922.

By Mr. St Pere:

Q. Who was the Customs Broker?—A. Edgar Doucet.

By Mr. Tighe:

Q. Mr. Gauthier, when this entry was made, the car was at Outremont, Montreal?—A. No, the car was at Place Viger.

Q. When the entry was made?—A. No, the car was at Place Viger; it has been sent there.

Q. The entry contains a statement: "hold one package for release by appraiser"?—A. Yes.

Q. That is one out of eighty?—A. That is a copy of the entry. It is a rubber stamp.

Q. Well now, do you know that one package was taken out?—A. No; all the drums were there when I went there.

Q. So that one package had evidently neved been taken out?—A. No, sir.

Q. Now, what information did you get which brought you in touch with the matter?—A. I got information at Mile End that there was some booze at Place Viger.

Q. Did you hear first that it was leaking alcohol at Outremont?—A. Yes, I heard that.

Q. And in consequence of that information, what did you do?—A. I went to the Collector of Customs, Mr. Weldon. First I went to the record office, and I took all the papers. The entry had just been passed—probably an hour before.

Q. And after going to Mr. Weldon, what did you do?—A. I submitted the case to him, and I asked him if he wanted me to proceed with the seizure at Place Viger, and he said, "Go to it, my boy, go to it."

Q. And did you "go to it?"—A. I said "There is no time to be lost, because the goods may be taken away", so he rang up the Place Viger on the telephone and gave instructions to hold the car until I got there with some help.

Q. If you had not given those instructions and been so prompt on the telephone, would the whole shipment have gone before you got there?—A. I don't think so, because the papers were in my possession, so the appraiser could not pass them.

Q. The entry form was with you?—A. I took it from the files.

Q. When you got to Place Viger what did you find?—A. We went upstairs —there are two storeys there—and the constable opened the door for us. There was a special compartment there, and we found the drums lying on their sides —the 80 drums were there.

Q. So they had already been unloaded from the car when you got to Place Viger?—A. Yes, they were in the possession of the C. P. R.

Q. And were the consignees or their representatives there ready to take them away?—A. I did not see them. I was told over the telephone by the Customs officer who answered us that there had been some teams there in readiness, but I did not see the teams.

Q. You were told by the Customs officer that the teams were there in readinees to take out this shipment?—A. That they had been there.

Q. They had been there before you arrived?—A. While I was with the Collector, in his office.

Q. So, if you had not been prompt, the shipment would have gone out without been seen?—A. I would not say that, no; because it had not been released yet. I had all the papers except the warrant.

Q. Now, after you got there, you made the seizure promptly, did you not? —A. Yes, sir.

Q. And what did you ascertain after the seizure was made, as to the contents of this car?—A. We took samples from a few drums. We had the cooper there and he unscrewed the bung,—it is a steel bung; they were steel drums—and we took a sample for the gauger, and I went back and reported to the Collector, and next morning all the drums were ordered to the Gauger's Department to be gauged in the regular way.

Q. And it was then ascertained that of this shipment ten drums were cocoanut oil, and 70 were alcohol?—A. Alcohol, yes.

Mr. TIGHE: I think I will have the entry marked as an Exhibit; it is on the file.

The CHAIRMAN: Exhibit 130.

By Hon. Mr. Stevens:

Q. The ten drums of cocoanut oil were found in the doorway of the car, were they not?—A. I did not see the car; it was unioaded when I got there.

By Mr. Doucet:

Q. Who was the importer?—A. He is unknown to us; had what we call a nom de plume.

Mr. TIGHE: He was Mr. J. Scharlin, of Montreal, with an unknown address.

By Mr. Doucet:

Q. Mr. Gauthier, as I was walking away a moment ago, you said the Customs broker was Edgar Doucet, of Montreal. In your investigation, did you find that the Customs broker was in league with the importer?—A. I do not think so; I questioned him afterwards.

Mr. DOUCET: I do not know the man, but I am trying to save a good name.

The WITNESS: I questioned him on that matter. I said "What is he like," and he described the man to me.

Mr. BELL: Suspicious, but not conclusive.

M. DOUCET: You see, my French confrere (Mr. St. Pere) would have lots of fun out of this if he could.

The CHAIRMAN: Let us proceed.

By Mr. Tighe:

Q. Mr. Gauthier, you see in this entry it is stipulated by the check that one package out of 80 was to be examined?—A. I was not concerned with that part of it.

Q. But you see the entry there?—A. Yes, I made a copy of that.

Q. And you know that under Section 111 of the Customs Act an appraiser is bound to examine at least one out of ten, as a minimum?—A. Yes, I know that.

Q. You cannot explain how he came to examine only one out of 80—to hold one out of 80 for examination?—A. He did not have time to examine any; I went over his head.

Q. And you cannot explain how only one out of 80 was to be held for examination?

Q. That is what the entry form says?—A. Generally in a carload we send a package for examination.

Q. Only one, no matter how many there are?—A. Generally in a car of 70 or 80 drums, it is about the same.

Q. Only one would be examined?—A. For oil.

Q. So that the actual number of cars examined would be about one out of ten?—A. This was outside the appraiser. The package was not to be sent to the examining warehouse.

Q. In pursuance of that seizure, you filled out form K-9?—A. I did.

Q. Is this the K-9 you filled out; is that your signature? (Showing to witness.)—A. Yes, sir.

Q. And this is the covering letter, dated June 21st, 1922?—A. Exactly.

Q. And this is the statement appended to the seizure report giving the particulars?—A. Yes, I recognize that—old friends of mine.

Q. The seizure report Number, is 331?—A. That is marked on the face of it.

Q. And the departmental number is 29851?—A. Yes. Will you give me the departmental number of the seizure?

Q. I gave it to the reporter, No. 29851?—A. Did you notice that they made a mistake of $200, when they extended the figures? They were very generous.

Q. Who were?—A. In the entry. Did you not notice it?

Q. The addition was wrong?—A. The government got $200, more than they were expecting, so that they were that much ahead.

Q. Now, Mr. Gauthier, in your letter of June 21, 1922, your covering letter with Form K-9 and your statement appended to the seizure report, you show that the duty already paid was $581.59?—A. Yes, that is correct.

Q. That conforms with the entry?—A. Yes.

Q. They paid $468, and paid the sales tax?—A. Yes.

Q. So that according to that statement the amount paid was $581.59?—A. I suppose so. I did not keep track of it.

Q. But the proper duty on the 70 drums which contained 3,017 gallons of alcohol at 66 overproof, which was the same as 5,008 proof at $10 per gallon would be $50,080?—A. That is correct.

Q. So that on a shipment upon which the proper duty upon alcohol was $50,080, there was only the sum of $581.59 already paid?—A. Yes. I have not got a copy of the document.

Q. If you look at it you will see the duty on the alcohol, as you state, was $50,080?—A. Yes.

Q. And the amount the Government had received was $581.59?—A. Yes.

Q. So that the difference between those two sums, which was practically $49,500, was the balance due?—A. Yes.

Q. To the Government?—A. Yes, $50,080 duty.

Q. We will mark the form K-9 as an Exhibit, and the accompanying letter and statement with it. They had better be marked Exhibit 131-A, (b) and (c).

Q. Can you tell us Mr. Gauthier, what is the practice where one drum is retained out of the eighty, where would the appraiser examine that drum? —A. At the freight shed.

Q. Would he examine it before the shipment was released, or after the balance of the shipment was released?—A. I presume he would examine the whole shipment. All together.

Q. You see it says in the entry form that one only was to be examined?— A. Yes.

Q. That is what it says on the entry form?—A. Yes.

Q. "Hold one package for release by appraiser." Would you not take that to mean that the balance of the 79 drums could be handed over, and one kept for examining by the appraiser?—A. I understood that entry was going to be handled by the outside collector at Place Viger Station.

Q. Would you not understand from that that the consignee could obtain delivery of 79 drums and leave one drum with the appraiser for examination? —A. If they had followed instructions.

Q. If they had followed instructions, that is what would be done?—A. According to that.

Q. So that even if this one drum left behind was found to contain alcohol, still the other 79 drums would have gone?—A. They have not gone.

Hon. Mr. STEVENS: If found to contain cocoanut oil?

Mr. TIGHE: No, if they had been found to contain alcohol, they could not have followed the other 79.

By Mr. Tighe:

Q. According to these instructions, even if the package remained with the appraiser had shown alcohol, still the other 79 drums would already have been delivered?—A. If they had followed the warrant. I did not see the warrant. The warrant remained at the station.

Q. Those were delivered, or would have been delivered to this man Scharlin, who had no address in Montreal—there is no address given here?—A. No, sir.

Q. Whom you believe to be a fictitious person?—A. I suppose so.

Q. So that even if this drum which would have remained behind for the appraiser had shown alcohol, the Department would have been unable then to trace the other 79?—A. They would not have been able to trace them, no sir.

Q. They would have all gone?—A. They would have gone.

Q. Mr. Gauthier, you examined this shipment carefully, did you?—A. With the help of one of our gaugers, an assistant gauger.

Q. Did you notice any special markings upon any of those drums?—A. I did not notice any, no sir.

Q. Were they all apparently the same?—A. If I remember well.

The CHAIRMAN: Are you still on the cocoanut oil case, Mr. Tighe?

Mr. TIGHE: Yes, Mr. Chairman.

WITNESS: If I recollect well, I learned afterwards that there was some feature about the drums.

By Mr. Tighe:

Q. There was some feature about them?—A. Yes.

Q. Can you tell us what you heard to be the feature about this cocoanut oil?—A. No, sir. I cannot remember.

Q. When you say, there was some feature, you understood it was some distinguishing mark on the ten drums containing cocoanut oil?—A. Yes.

Q. You do not remember what kind of marking that was?—A. I could not say, I did not pay any attention. When the seizure was made, I paid no further attention.

Q. The drums had already been removed from the car when you got at Place Viger?—A. Yes, they were on the floor.

Q. You got the information that the car was leaking alcohol by C.P.R. employees?—A. Someone in the C.P.R.

Q. Who was walking along the track there?—A. Yes.

Q. Did you hear that the ten drums of cocoanut oil were placed on the entries, and nobody could give any information—you had no information? —A. The car was unloaded. I could tell you this, the sound of a drum containing alcohol, and the sound of a drum containing cocoanut oil are not the same.

Q. They are not the same?—A. No, they are not the same. Cocoanut oil is very heavy, it is like lard. That is very heavy and the other makes a musical sound, like a gramaphone sound.

By the Chairman:

Q. I see this entry you made here is "drums supposed to contain cocoanut oil" and no answer has been made to the notice of seizure?—A. No.

Q. The goods were forfeited according to the Customs Act?—A. Yes.

By Hon. Mr. Bennett:

Q. The consignee was never located?—A. He never came for his $200.

Q. You did not know who it was, and do not know yet?—A. No.

Q. You never did find out?—A. No.

Witness discharged.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 P.M., the Chairman, Mr. Mercier, presiding.

PIERRE S. HARDY called and sworn.

(The evidence of this witness was given in French and interpreted by Mr. J. Beauchamp, Official Interpreter).

By the Chairman:

Q. What is your occupation?—A. I am a Civil Servant.

Q. In what Department?—A. In the Cigar Department.

Q. Where?—A. Montreal.

By Hon. Mr. Stevens:

Q. Inland Revenue?—A. In the Customs Department.

Mr. DOUCET: That will be the Excise Department.

By Hon. Mr. Stevens:

Q. Is it the Customs Department you are in?—A. I insist that it is the Customs Department.

By Mr. Tighe:

Q. Mr. Hardy, how long have you been in the Customs Department?—A. I have been in the Customs Department for fifteen years; fifteen years on the 13th of February last.

Q. Do you remember the seizure of 70 drums of alcohol from Mr. Scharlin, in June of 1922?—A. I heard mention made of it, I heard about it.

Q. Did you hear, or do you remember in about July, 1923, a report that 347½ gallons of that alcohol had been stolen?—A. I heard that some alcohol had been stolen, but I do not know about the quantity.

Q. Do you remember then in November, 1924, an investigation being held by Mr. Clerk, the Inspector of Customs in Montreal?—A. I cannot state in what year it was precisely, but I know that Mr. Clerk did hold an investigation.

Q. Do you remember making a statutory declaration at that time?—A. Yes, I recall having made that declaration.

Q. Is this (indicating) the declaration you made?—A. Yes.

Q. You made that declaration in French?—A. Yes, I made that declaration in French.

Q. This is an English translation of it; it says that one day Mr. Laporte called me and remarked that something strange was happening in the Department of the gaugers.

The CHAIRMAN: Are you filing this deposition, Mr. Tighe?

Mr. TIGHE: I am, sir.

The CHAIRMAN: Will you give me a copy of it?

Mr. TIGHE: I have it here in French, and it is also here in English.

Hon. Mr. STEVENS: Are they all the same?

Mr. TIGHE: The first ones are the same, but the rest are different. I will come to that in a minute.

By Mr. Tighe:

Q. You see this declaration here (indicating)?—A. That is the declaration.

Q. You made that declaration on the 14th of November, 1924?—A. I cannot state in what year, but I know I made a declaration.

Q. You will see the date on the declaration?—A. On the 14th of November, 1924.

Q. You state in that declaration that you saw Mr. Adamson and Mr. McNichol drawing out some liquor from those drums?—A. I cannot state whether it was alcohol, but it must have been alcohol, because there was some cocoanut oil in the consignment,.....in the shipment. I only looked at them through a window, or through a glass.

Q. Were the 80 drums then in the gauger's department?—A. I do not know at all. I never counted them. It is not in my department.

Q. You saw Mr. Adamson and Mr. McNichol drawing some liquid out of those drums?—A. Yes. They were emptying some liquid into a container.

Q. And for that purpose you state they were using a syphon, which I understand is in the gauger's department there?—A. They had a container, and used a funnel, or something like a funnel, to pour the liquid into the container.

Q. You state that there was another man there, but you did not know who it was?—A. I did not know him, and I did not see him, because he was too far away.

Q. In what capacities were Mr. Adamson and Mr. McNichol employed then, in the Customs Department?—A. Mr. McNichol was the chief, and Mr. Adamson looked after the samples—the sampling.

Q. They were both employed in the same building of the Customs Department?—A. Yes, sir.

Q. Do you remember making a declaration about it, about a year before that, to Mr. Weldon?—A. I do not recall at all.

Q. Is this (indicating) your signature?—A. Yes.

Q. Read it, please, it is in English.

The CHAIRMAN:

"Customs and Excise,
Canada,
Port of Montreal, P.Q.

I, P. S. Hardy, hereby declare that I have no knowledge whatever of the theft of alcohol from the seventy (70) drums placed under seizure in June, 1922, and which have been stored in the gauger's branch, and recently ordered by the Department to be regauged and sent down to the lockers in the basement of the Customs Examining Warehouse.

And I make this solemn declaration, conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

P. S. HARDY,

Declared before me at Montreal, this Eleventh Day of August, 1923.

W. S. WALDON,
Collector of Customs and Excise."

This will be Exhibit No. 132-B and the declaration in French will be Exhibit No. 132-A.

By Mr. Tighe:

Q. How did you come to make that declaration in 1923?—A. To Mr. Weldon or to Mr. Clerk?

Q. To Mr. Weldon, the one in 1923?—A. I do not recall having signed that declaration or statement. These things were not in my Department, and I do not recall them any more. I recognize it as my signature.

Q. Is your explanation then that you signed that declaration in 1923 without reading it; that is the declaration you were called upon to sign in the English language? There were series of blank forms, for several of them.

Hon. Mr. STEVENS: Mr. Tighe, we can get this thing perhaps clearly before the Committee if you make this point. These 70 drums came in, and almost escaped. They were just discovered by accident. They were alcohol, and declared as cocoanut oil; an investigation was ordered, and Mr. Weldon prepared a number of blank affidavits, which were submitted to the officers who might have been involved.

Mr. TIGHE: That is the case, Mr. Stevens.

Hon. Mr. STEVENS: They signed those, and this declaration of 1923 is one of the blank affidavits?

Mr. TIGHE: One of several.

Hon. Mr. STEVENS: This witness says he has no recollection of signing it, and there are a number just the same.

Mr. TIGHE: A number of them.

Hon. Mr. BENNETT: One by Mr. Laporte, and another by Mr. Hardy.

Hon. Mr. STEVENS: Later on, other affidavits were signed.

Hon. Mr. BENNETT: And in the meantime, Mr. Adamson has died.

Hon. Mr. STEVENS: I was wondering whether it was worth while for Mr. Tighe to put these witnesses into the witness box. Can we not get the essential

facts, and if there is anything we want to examine the witnesses upon further, we can examine them.

Mr. TIGHE: I was going to put Mr. Blair in, to prove the whole file, after I got through.

Hon. Mr. STEVENS: It is obvious. Here is a witness who comes along and says he did not know what he was signing. It is three or four years ago, and we cannot be unduly harsh with this witness. It is a perfectly hopeless thing. Put some officer in, and ask him how this mess occurred.

Mr. TIGHE: I was going to put Mr. Blair in, because he is familiar with the file.

By Hon. Mr. Bennett:

Q. Mr. Adamson is dead?—A. Yes, sir.

Q. Where is Mr. McNichol?—A. Mr. McNichol is still there.

Hon. Mr. BENNETT: He has made another declaration, denying the statements made against him, and that seems to be the end of it.

Mr. KENNEDY: When two contradictory statements are made, which of them should be believed?

Hon. Mr. BENNETT: Adamson is dead. He who asserts must prove, and that is the easiest and shortest way to prove it.

Hon. Mr. STEVENS: What do we want to prove in this case? You are certainly not going to prove anything by a witness of this kind.

Hon. Mr. BENNETT: No, it was not in his department.

The CHAIRMAN: It amounts to this, that he does not know anything about it.

Mr. TIGHE: The object of this evidence, Mr. Stevens, was to prove the actual theft, and secondly that when the theft came to the knowledge of the Department, no proper investigation into it was held.

Hon. Mr. STEVENS: I think the Committee can agree upon the facts.

Mr. TIGHE: There is no doubt about that, because the declarations are all on file here, and Mr. Blair can prove them from his file.

Hon. Mr. STEVENS: I do not want to interfere with your examination, Mr. Tighe.

Mr. TIGHE: I had better put Mr. Blair in, then.

Hon. Mr. STEVENS: It might obviate the necessity of calling these witnesses.

The CHAIRMAN: In K-9 we have the whole story of it?

Mr. TIGHE: No, Mr. Chairman, because this was dealing with the theft of liquor which was stored.

Hon. Mr. BENNETT: Hardy says two men did it, one of whom is now dead.

Hon. Mr. STEVENS: Have you a witness who can prove that alleged statement of Mr. Clerk, that he was ordered to drop the investigation, that there was such a mess there.

Mr. TIGHE: Only that Mr. Duncan was asked to do something about it, or to say something about it. That is the only thing.

Hon. Mr. STEVENS: Do not go into it in too much detail.

Mr. TIGHE: That will be all Mr. Hardy.

Witness discharged.

PIERRE S. HARDY est appelé et interrogé.

LE PRÉSIDENT: Désirez-vous parler français?—R. Oui, monsieur.

Q. Que faites-vous?—R. Employé civil.

Q. Dans quel département?—R. Dans le département des cigares.

Q. Où?—R. A Montréal.

L'hon. M. Stevens:

(Les questions suivantes sont posées en langue anglaise et traduites au témoin par M. Beauchamp, interprète officiel).

Q. Dans le département de l'Accise?—R. Seulement dans le tabac.

Q. Dans le département des Douanes?—R. Dans le département des Douanes.

Q. Vous êtes encore dans le département des Douanes?—R. Dans le département des Douanes.

M. TIGHE interroge le témoin en anglais et ses questions sont interprétées comme ci-après:

Q. Depuis combien de temps êtes-vous dans le département des Douanes?—R. Il y a eu 15 ans le 13 février dernier .

Q. Vous rappelez-vous la saisie de 70 bidons d'alcool effectuée contre un nommé Scharlin en juin 1922?—R. Oui, monsieur.

Q. Vous rappelez-vous qu'un rapport a été fait en juillet 1923, à l'effet que 347 bidons et demi de cet alcool avaient été volé?—R. J'ai su qu'il en avait été volé; je n'ai pas su quelle quantité avait été volée.

Q. Vous rappelez-vous si M. Clerk, inspecteur des Douanes, à Montréal, a fait une enquête, en novembre 1924?—R. Je ne puis pas dire l'année au juste; je sais qu'il a fait une enquête.

Q. Vous rappelez-vous d'avoir fait une déclaration assermentée, à cette époque-là?—R. Oui, monsieur.

Q. La déclaration que je vous montre présentement est-elle celle que vous avez faite?—R. Oui, monsieur.

Q. Vous avez fait cette déclaration en français, monsieur Hardy?—R. Oui, monsieur.

Q. Voulez-vous prendre connaissance de cette déclaration, pièce 132 A, qui se lit comme suit:

> Je, P.-S. Hardy, employé au département des cigares, déclare solennellement:
>
> 1. Qu'il était à ma connaissance que plusieurs barils d'alcool placés sous saisie avaient été transportés dans le département des jaugeurs;
>
> 2. Qu'un jour Monsieur J. Laporte m'a appelé pour me faire remarquer qu'il se passait quelque chose d'étrange dans le département des jaugeurs. J'ai alors constaté que M. Adamson et M. McNichol soutiraient de la boisson de ces barils. M. McNichol se servait pour cela d'un siphon qu'il transvidait dans un récipient que je n'ai pu distinguer. A ce moment-là il y avait aussi une troisième personne, mais je ne pourrais spécifier qui était cette personne.
>
> Et je fais cette déclaration la croyant vraie et conforme à la vérité et ayant la même force que si elle était faite devant un Commissaire de la Cour Supérieure.
>
> P. S. HARDY,
>
> Déclaré devant moi, à Montréal, ce 14ème jour de novembre 1924.
>
> ROBERT P. CLERK,
> *Inspecteur des Douanes et de l'Accise.*

R. C'est bien ça.

Q. Vous avez fait cette déclaration le 14 novembre 1924?—R. Je ne puis pas dire en quelle année; je sais que je l'ai faite.

Le président:

Q. Quelle est la date?—R. Le 14 novembre 1924.

M. TIGHE continue l'interrogatoire du témoin, en anglais, et ses questions sont interprétées comme suit:

Q. Vous avez dit, dans cette déclaration, que vous avez vu M. McNichol et M. Adamson extraire ou prendre de l'alcool de ces bidons?—R. Je ne puis pas dire si c'est de l'alcool,—ce doit être de l'alcool,—parce qu'il y avait de l'huile de coco dans cette expédition. Je les ai regardés seulement à travers une vitre.

Q. Est-ce qu'il y en avait 80 bidons dans le département du jaugeur?—R. Je ne sais pas combien il y en avait, je ne les ai jamais comptés, ce n'est pas mon département.

Q. Vous avez vu M. Adamson et M. McNichol extraire du liquide de ces bidons-là?—R. Dans une canistre.

Q. Et pour extraire ce liquide, ils se servaient d'un siphon utilisé dans le département du jaugeur?—R. Ils avaient une canistre ou une cruche; ils avaient un entonnoir, ils vidaient ça dedans.

Q. Vous dites qu'il y avait un autre homme, vous ne savez pas qui c'était? —R. Je ne le connaissais pas; je n'ai pas pu le reconnaître, il était trop éloigné.

Q. Quelles étaient les fonctions de M. Adamson et de M. McNichol, au département des douanes, à cette époque-là?—R. M. McNichol était chef; M. Adamson s'occupait des échantillons.

Q. Ils étaient employés tous les deux dans le même édifice du département des douanes?—R. Oui, monsieur.

Q. Vous rappelez-vous d'avoir fait une déclaration à peu près un an auparavant à M. Weldon?—R. Non, je ne me le rappelle plus du tout.

Q. Est-ce votre signature qui apparaît sur ce document-ci?—R. Oui, monsieur.

Q. Voulez-vous lire ce document?—R. C'est tout en anglais; je ne puis pas le lire. Je puis l'avoir signé et ne pas me le rappeler.

Le président:

Q. C'est votre signature?—R. Oui, monsieur.

M. TIGHE continue son interrogatoire en anglais et ses questions sont interprétées comme ci-après:

Q. Comment êtes-vous arrivé à faire cette déclaration, en 1923?—R. A M. Weldon ou à M. Clerk?

Q. A M. Weldon?—R. Non, je ne me rappelle pas du tout d'avoir signé cette affaire-là. Ce sont des affaires qui sont parties de ma mémoire. Ce n'était pas mon département, je ne m'en occupais pas. Je vois bien que c'est ma signature.

Q. Votre explication est-elle que vous avez signé cette déclaration, en 1923, sans en connaître la teneur?

Le président:

Q. Comprenez-vous l'anglais?—R. Du tout.

Q. Vous remarquez que cette déclaration est en anglais?—R. Je pense qu'elle a du être faite en français.

Q. C'est celle-là que vous avez signée?—R. Oui, monsieur.

L'hon. M. BENNETT interroge le témoin en anglais et ses questions sont interprétées comme suit:

Q. M. Adamson est mort?—R. Oui, monsieur.

Q. Où est M. McNichol?—R. Il est encore là.

Le témoin est congédié.

EUGENE BRASSARD called and sworn.

(Evidence given in French and translated into English by Mr. Beauchamp, official interpreter.)

By Mr. Tighe:

Q. What is your full name?—A. Eugene Brassard.

Q. What is your occupation?—A. I am sometimes employed as a watchman, and frequently I am changed. My position is changed.

Q. You live in Montreal?—A. Yes, sir.

Q. How long have you been in the Customs Department?—A. I have been employed there for sixteen years, that is, I am going on sixteen years there; I am beginning my sixteenth year.

Q. In 1922 you were night-watchman at the Examining Warehouse?—A. I had nothing to do there.

By Hon. Mr. Stevens:

Q. You had nothing to do where?—A. I had nothing to do at the Examining warehouse. Mr. Tighe was questioning me about.

Q. But you were supposed to have something to do there?—A. That side was locked, and I had nothing whatever to do there.

By Mr. Tighe:

Q. Do you remember making a declaration for Mr. Clerk, in 1924, covering the stealing of the alcohol?—A. That goes pretty far back. I do not recall very well.

Q. I have not got the original of your affidavit, I have only a copy of it. Do you remember, Mr. Brassard. (No answer).

By the Chairman:

Q. What was your work in the Customs Department at Montreal?—A. Sometimes I was employed as a watchman, and sometimes I was employed opening and closing boxes, in No. 5.

Hon. Mr. BENNETT: Sometimes he was watching them, and sometimes they were watching him.

By Mr. Tighe:

Q. Is that you signature?—A. That is my name.

The CHAIRMAN: (Reads declaration). (Read in French).

By the Chairman:

Q. Is that correct?—A. Yes, sir.

Q. Do you recall having signed that document?—A. Yes.

Q. You stated the truth in that document?—A. Yes, sir.

Q. That is your signature?—A. Yes, sir.

Q. You produce this affidavit as Exhibit No. 132C?—A. Yes.

By Hon. Mr. Stevens:

Q. Did Mr. Clerk, the Inspector, present this document to him for signature? —A. Yes, he presented it to me.

Q. Mr. Clerk had the document prepared and presented to you for signature? —A. I had it read and then signed it.

Q. I asked him if Mr. Clerk presented that document to him for signature? —A. Yes, sir.

By the Chairman:

Q. Did you tell Mr. Clerk anything before he presented the document to you?—A. Well, it was as it appears in the document.

By Mr. Doucet:

Q. You had given Mr. Clerk all details as enumerated in the document?—A. As enumerated in the document.

By Hon. Mr. Stevens:

Q. You are under suspension, are you not?—A. Yes.

Q. For being asleep on duty?—A. I was ill on the night of the 29th and 30th and I asked my man to replace me for an hour. I depended upon that man and they suspended me two months afterwards.

Q. Mr. Ducondu reported you when he was in the Service, several times for being asleep on duty?—A. It was not for sleeping. Often times we had no light in the building. Things were badly run, we were treated like dogs.

By the Chairman:

Q. The place is badly lighted and you did not see anything at night?—A. We have to climb over boxes and I have been in the employ of the Customs Department for sixteen years.

By Mr. St. Pere:

Q. When were you suspended?—A. On the 29th February, two months ago.

Q. Then, you signed an affidavit before being suspended?—A. Yes, two months before being suspended, that is two years ago.

Q. Did Mr. Ducondu ever admonish you for being asleep on duty?—A. No, sir.

By Mr. Doucet:

Q. He never was asleep?—A. I never was asleep. I never once let him enter the place. It was my duty not to let him enter.

Q. Who gave you orders not to let any person enter the building?—A. I said they could not enter the building, not even government employees, unless they had a letter to admit them.

Q. Letter from whom?—A. Letter from the Collector.

Witness discharged.

EUGÈNE BRASSARD est appelé et interrogé.

Le président:

Q. Désirez-vous parler français?—R. Oui, monsieur.

Q. Quelle est votre occupation?—R. Des fois, gardien; des fois, ils me changent de place souvent.

Q. Où, à Montréal?—R. A Montréal.

M. Tighe interroge le témoin en anglais et ses questions sont interprétées comme ci-après:

Q. Depuis combien de temps êtes-vous employé au département des Douanes?—R. Au-dessus de 16 ans; je commence ma seizième année au mois d'avril.

Q. En 1922, vous étiez gardien de nuit à l'entrepôt où se fait l'inspection des marchandises?—R. Non, je ne vais pas là, je n'ai pas d'affaires de ce côté-là.

L'hon. M. Stevens:

(La question suivante est posée en langue anglaise et traduction en est faite au témoin par M. Beauchamp, interprète officiel.)

Q. Vous étiez supposé avoir quelque chose à faire là?—R. Non. Ce côté-là était barré; je n'avais pas de clef pour y aller.

M. Tighe continue l'interrogatoire du témoin, en langue anglaise, et ses questions sont interprétées comme suit:

Q. Vous rappelez-vous d'avoir fait une déclaration assermentée, en 1924, pour M. Clerk, au sujet du vol d'alcool?—R. Ça, c'est pas mal longtemps; je ne me le rappelle pas très bien.

Q. Je n'ai pas l'original de l'affidavit, je n'ai qu'une copie.

Le président:

Q. Que faisiez-vous au département des Douanes, à Montréal?—R. Des fois, j'étais gardien; des fois, je fermais et j'ouvrais les boîtes au numéro 5.

M. Tighe pose la question suivante en anglais et traduction en est faite au témoin par l'interprète officiel, M. Beauchamp:

Q. Est-ce votre signature?—R. Oui, c'est ma signature.

Le PRÉSIDENT: Je vais vous donner lecture du document:

Je, Eugène Brassard, trucker, autrefois employé comme night watchman à l'Examining Warehouse, déclare solennellement:

1. Etant questionné pour savoir si je connaissais quelque chose à propos de l'alcool contenu dans 70 drums et qui est disparu lorsque cet alcool était chez les jaugeurs, je dois dire que je n'ai jamais vu personne soutirer de l'alcool de ces drums ou transporter de l'alcool en dehors de cette bâtisse durant mes heures de service.

J'ajouterai cependant que M. J. H. Ducondu, alors warehouse keeper venait presque tous les soirs, accompagné de trois ou quatre de ses amis; qu'il avait pour habitude de monter dans le haut de la bâtisse; qu'il me faisait une défense formelle de l'accompagner et qu'il exigeait de moi que je reste seul sur le premier plancher à l'attendre, pendant que ses amis l'attendaient dans le bureau de M. A. E. Giroux, surintendant des Douanes. Lorsque M. Ducondu descendait, il avait pour habitude de m'envoyer faire des messages à sa maison privée pour chercher ses clefs; il me disait toujours de prendre mon temps qu'il m'attendrait ici avec ses amis.

Je n'accuse pas M. Ducondu d'avoir pris de l'alcool, mais sa conduite m'a toujours paru louche, parce que je ne me suis jamais expliqué le but de ses visites ici, la nuit, en compagnie de ses amis.

Maintes fois, j'ai voulu lui refuser l'accès dans la bâtisse; il m'a alors menacé et j'ai toujours dû céder et le laisser entrer.

J'ajouterai de plus que si, quelquefois, j'ai manqué à mon devoir de monter ma pendule, tel que je devais le faire, c'est que M. Ducondu se trouvait ici et m'empêchait de faire ma ronde habituelle, soit en me retenant en bas sur le premier plancher, ou soit en me faisant faire des messages.

Depuis seize ans que je suis au service du Gouvernement, j'ai toujours essayé de faire mon devoir au meilleur de ma connaissence et si j'ai manqué à mon devoir le soir c'était parce que je devais obéissance à mon chef, M. J. H. Ducondu.

Et je fais cette déclaration la croyant vraie et conforme à la vérité et ayant la même force que si elle était faite devant un commissaire de la Cour Supérieure.

EUGÈNE BRASSARD,

Déclaré devant moi, à Montréal, ce 14ème jour de novembre 1924.

ROBERT P. CLERK,
Inspecteur des Douanes et de l'Accise.

Le président:

Q. Vous rappelez-vous d'avoir signé ce document?—R. Oui, monsieur.

Q. Ce document contient-il la vérité?—R. Oui, monsieur.

Q. C'est bien votre signature qui apparaît au bas de ce document?—R. Oui, monsieur.

Q. Vous produisez cet affidavit comme pièce 132-C?—R. Oui, monsieur.

L'honorable M. Stevens interroge le témoin en anglais et ses question sont interprétées comme ci-après:

Q. Est-ce que M. Clerk, inspecteur des Douanes, à Montréal, vous a présenté ce document pour être signé?—R. Oui, monsieur.

Q. M. Clerk vous a présenté ce document tout préparé pour que vous le signiez?—R. Je le lui ai fait lire; je l'ai signé.

Q. Je vous demande si M. Clerk vous a présenté ce document tout préparé pour être signé?—R. Oui, monsieur.

Le président:

Q. Lui aviez-vous conté quelque chose, à M. Clerk, avant qu'il vous présente ce document?—R. Comme sur mon papier, la même chose.

M. Doucet:

Q. Vous lui aviez raconté tous les détails avant la préparation du document?—R. La même chose que sur mon papier.

L'hon. M. Stevens:

Q. Vous êtes naturellement suspendu?—R. Oui. J'ai été malade le soir du 29 au 30; j'ai demandé à mon homme de faire mon heure; je me suis fié à mon homme; ils m'ont suspendu deux mois après.

Q. M. Ducondu vous a rapporté pour avoir dormi lorsque vous étiez en devoir?—R. Non pas pour avoir dormi. Des fois, on n'avait pas de lumière; c'est mal conduit, ils nous mènent comme des chiens; c'est cela.

Le président:

Q. Vous êtes mal éclairés, on ne voit rien le soir?—R. Oui. Les boîtes étaient les une par-dessus les autres; je passais par-dessus les boîtes. Ça fait seize ans que je suis à l'emploi du département.

M. St-Père:

Q. Quand avez-vous été suspendu?—R. Au 29, au 30; ça fait deux mois, cela; mais à commencer au 9 avril, que j'ai été suspendu.

Q. De sorte que vous avez signé cet affidavit-là avant d'être suspendu?—R. Ah, oui, ça fait deux ans de cela.

Q. M. Ducondu vous a-t-il déjà fait des remontrances parce qu'il vous aurait trouvé endormi à votre travail?—R. Je n'ai jamais été endormi. Je ne voulais pas laisser entrer monsieur. C'était mon devoir de ne pas laisser entrer monsieur, mais il était mon maître, il fallait bien que je l'écoute.

Q. Qui vous avait donné des ordres de ne pas laisser entrer personne? Le collecteur? Qui cela?—R. C'est moi. J'avais le droit de ne pas laisser entrer personne.

Q. Pas même les employés du Gouvernement?—R. Non, monsieur, excepté avec une lettre.

M. Doucet:

Q. Une lettre de qui?—R. Du premier, du collecteur.

Le témoin est congédié.

ZOEL CORBEIL called and sworn.

(Evidence given in French and interpreted by Mr. J. Beauchamp, Official Interpreter.)

By the Chairman:

Q. You live where?—A. In Montreal.

Q. In what department are you employed in Montreal?—A. In the Customs Department.

Q. What branch?—A. Gaugers and Weighmasters and Weighers.

By Mr. Tighe:

Q. How long have you been in the Customs Department?—A. I have been employed in the Customs Department for twenty years.

Q. Do you remember when seventy drums of alcohol were stored in the Gauger's Department in June, 1922?—A. I cannot recall precisely, I know seventy drums came in. I cannot recall the date. It is rather difficult to say the date, that is about three or four years ago.

Q. Do you remember signing a declaration on the 14th November, 1924?—A. Yes.

Mr. TIGHE: It is in English.

By the Chairman:

Q. Do you recall Mr. Clerk having you sign a declaration, dated November 14th, 1924?—A. I quite recall that.

The CHAIRMAN: (Reads declaration):

EXHIBIT No. 133

"I, Zoel Corbeil, Customs and Examing Officer, employed at the Gauger's Department, Port of Montreal, do solemnly declare:—

1. That I was aware of the presence of a shipment of 70 drums of alcohol which had been seized and were held in the Gauger's Department.

2. That while this shipment was in Gauger's Department, I notice repeatedly that the siphon used for drawing samples would smell very strongly of alcohol.

3. As I was in the habit of cleaning this siphon thoroughly each night and this smell was found on the siphon in the morning, it would appear that this had been used for drawing of alcohol during the time between my leaving the office at night and returning in the morning. Also, that on more than one occasion the siphon was placed in such position as would easily show if it had been moved during my absence and it was found that same had been moved on several occasions.

On one occasion I was absent during the afternoon from the office and on the following morning, Mr. Laporte, employed in the Cigar Department, which office is opposite the Gauger's Department, asked if I had been away from the office the day previous and also if Mr. Daigle had been away? When I told him that both Mr. Daigle and myself had been away, he informed me that he had seen Messrs. McNichol & McCamley drawing alcohol from the shipment.

That later, I informed Mr. Daigle of what Mr. Laporte had told me.

And I make this solemn declaration, believing it to be true and having the same strength as if made before a Commissioner of the Superior Court.

(Sgd.) ZOEL CORBEIL.

Declared before me, at Montreal, this 14th day of November, 1924.

(Sgd.) ROBERT P. CLERK,
Inspector of Customs and Excise."

By Mr. St. Père:

Q. Previous to signing the document, did you understand fully, the contents of the document?—A. Yes, I understood them. Mr. Clerk repeated in French, or gave me in French the contents of the document.

By the Chairman:

Q. Then you have a full recollection of that document?—A. Yes.
Q. You stated the truth in the document?—A. Yes, I did.
Q. Where do you live?—A. 3439 St. Dominic Street, Montreal.

By Hon. Mr. Bennett:

Q. You seem to know the Chairman very well?—A. I do not know him very well, but the Chairman was pointed out to me this afternoon.

By Mr. Tighe:

Q. Do you remember the inquiry by Mr. Weldon, sometime before that, in July, 1923?—A. I do not recall that.
Q. Is this your signature here (indicating).—A. I cannot see very well. It looks like my signature, I cannot swear. I have no recollection of having appeared before Mr. Weldon. I have never, I don't think so. I have been employed in the Customs Department for twenty years, and never appeared before Mr. Weldon for inquiry.

By Mr. St. Père:

Q. What does this document relate to?
Mr. TIGHE: This is a declaration:

EXHIBIT No. 134

"I have no knowledge whatever of the theft of alcohol, seventy drums, placed under seizure in June, 1922, and which had been stored in the Gauger's Branch and recently ordered by the Department to be regauged and sent down to the Locker in the Customs examining warehouse."

A. I might have made that statement, but I am not positive. I might have made that statement, but I do not recall it at this time.

By Mr. St. Père:

Q. Do you recall having signed two documents?—A. I signed Mr. Clerk's document, and I might have signed another, but I do not recall well. I have no recollection of having signed that document, and I do not know who stole the alcohol. If the alcohol was stolen, it was not stolen to my knowledge. I might have signed that document.

The CHAIRMAN: He may have signed this document; it is quite possible. He said he might have.

By Hon. Mr. Stevens:

Q. Did you appear before Mr. Duncan?—A. Yes sir.
Q. Were you charged with having taken more samples than you should have, as a gauger?—A. I only took the required quantity of samples, ordered by my chief; that is, alcohol. Are you referring to the Barge Tremblay case?
Q. Yes.—A. That is correct. I only took the required quantity of samples as instructed by my chief.
Q. How much did your chief tell you to take?—A. He stated that some drums smelled of perfume and some of oil, and in the latter case to take three samples out of each drum, because this a dangerous case, and we must make a

careful, cautious test. In the case of these drums, we were to take three samples out of each drum.

ZOEL CORBEIL est appelé et assermenté.

Le président:

Q. Où demeurez-vous?—R. A Montréal.

Q. Travaillez-vous dans le département des douanes, à Montréal?—R. Oui, monsieur.

Q. Qu'est-ce que vous faites là?—R. Je suis dans le département des jaugeurs et des peseurs.

M. Tighe interroge le témoin en anglais et ses questions sont interprétées comme suit:

Q. Depuis combien de temps êtes-vous au département des douanes?—R. Vingt ans. Au-dessus de vingt ans.

Q. Vous rappelez-vous quand ces 70 bidons d'alcool furent emmagasinés dans l'entrepôt, au mois de juin 1922?—R. Je me rappelle bien. Je ne pourrais pas dire le quantième au juste, mais je sais bien qu'il en est venu 70. C'est malaisé de dire la date; il y a trois, quatre ans.

Q. Vous rappelez-vous d'avoir signé cette déclaration le 14 novembre 1924? —R. (Le témoin prend connaissance du document en question.) C'est bien mon écriture.

Le président:

Q. Je vais vous la lire. Comprenez-vous l'anglais?—R. Un peu. Peut-être bien que je ne le comprendrai pas tout, tout.

Q. Nous avons ici un affidavit rédigé en anglais, en date du 14 novembre 1924, devant M. Clerk. Vous rappelez-vous que M. Clerk vous a fait signer un document?—R. Oui, monsieur, je me le rappelle bien.

Q. Vous vous rappelez cela?—R. Oui.

Q. Je vais vous le lire en anglais pour voir si vous allez comprendre.—R. C'est bien.

(Le président commence à lire le document en question au témoin. Au cours de cette lecture il lui pose la question suivante:

Q. Avez-vous compris ce que je vous ai lu?—R. Oui, oui.

Au cours de la lecture de ce document le témoin interrompt le président comme suit:

—R. Attendez un peu, là. J'ai déclaré que j'avais retiré les échantillons moi-même?

L'INTERPRÈTE: Non, non, que le siphon utilisé pour soutirer l'alcool sentait l'alcool.—R. Oui, oui, cela, c'est correct.

(Le président termine la lecture de ce document.)

Le président:

Q. Avez-vous compris?—R. Bien, arrêtez; j'ai bien compris que le siphon avait été dérangé dans mon absence?

Q. Oui, c'est ça?—R. C'est bien ça.

Q. Et que, le matin, cela sentait l'alcool?—R. Oui, c'est bien cela. Je l'ai rapporté au chef. Pas exactement le chef; M. Daigle n'était pas le chef dans le temps.

M. St-Père:

Q. Monsieur Corbeil, quand vous avez signé ce document-là avez-vous compris tout ce qu'il y avait dedans?—R. Ah, oui, surtout que M. Clerk me l'a dit en français.

Q. M. Clerk vous l'a-t-il traduit en français?—R. Oui, il me l'a dit en français. Il me disait ce que cela voulait dire.

Q. De sorte que vous avez bien compris tout le contenu de ce document avant de le signer?—R. Ah oui, je l'ai bien compris.

Le président:

Q. Et vous vous le rappelez comme il faut? C'est encore cela?—R. Ah oui. Je me rappelle bien cela. Ah oui, ah oui, je m'en rappelle bien.

Q. C'est la vérité, ce que vous avez dit là-dedans?—R. Ah oui.

Q. C'est bien la vérité, certain?—R. Ah oui, c'est bien la vérité, certain. Seulement que le quantième, je ne pourrais pas le jurer au juste.

Q. C'était au mois de novembre, à la chute des feuilles, en 1924?—R. Cela, je ne peux pas le jurer au juste. Dans tous les cas, c'est mon écriture, je suis bien certain que je l'ai signé.

Q. Vous êtes certain que c'est votre écriture?—R. Oui.

Q. Où restez-vous, monsieur Corbeil?—R. A Montréal, 3439, Saint-Dominique.

L'hon. M. BENNETT pose une question au témoin et cette question est interprétée comme suit:

Q. Vous semblez bien connaître le président du comité?—R. Je ne le connais pas, ce monsieur-là. Tout à l'heure, en passant, ils me l'ont montré, ce monsieur-là. C'est M. Mercier?

M. TIGHE interroge le témoin en anglais et ses questions sont interprétées comme ci-après:

Q. Vous rappelez-vous une enquête que M. Weldon a tenue à peu près un an auparavant, ou en juillet 1923?—R. Cela, je ne me rappelle pas du tout cela.

Q. Est-ce votre signature, ici?—R. (Le témoin examine un document qui lui est montré par l'avocat). Attendez un peu, ça ne doit pas être la mienne. Comment est-ce qu'elle est écrite? Est-ce que c'est écrit au crayon?

L'INTERPRÈTE: C'est à l'encre.—R. Ce n'est pas mon écriture, cela. Ça en a l'air. Je ne pense pas. Ça a en l'air. Pourquoi a-t-il fait cela, cette enquête-là, M. Weldon? Je vous dirai bien qu'elle regarde bien pareille. Pourquoi a-t-il fait cette enquête-là? Je n'ai jamais connaissance d'être venu devant M. Weldon.

M. St-Père:

Q. Ça fait combien de temps que vous êtes employé au département des douanes?—R. Vingt ans.

Q. Vous n'avez jamais comparu devant le collecteur?—R. J'y ai été une fois.

Q. Mais jamais pour une enquête?—R. Jamais pour une enquête, je n'ai pas connaissance, non. Non, jamais, je ne me rappelle pas du tout. Pourquoi est-ce que c'était, cela? Je n'ai pas connaissance, jamais, d'avoir été devant M. Weldon.

M. TIGHE interroge le témoin en anglais et ses questions sont interprétées comme suit:

Q. Vous dites, dans ce document: "Je déclare par les présentes que je n'ai aucune connaissance du vol d'alcool des 70 bidons qui ont été saisis au mois de juin 1922 et qui ont été déposés dans le bureau des jaugeurs et qui ont été jaugés de nouveau sur les instructions du département"?—R. Ah, je peux bien avoir dit cela. Je n'ai pas connaissance de ça. Qu'il y en ait eu de pris, je n'en ai jamais eu connaissance. Je peux l'avoir dit, mais je ne m'en rappelle pas. Je ne m'en rappelle pas du tout, du tout.

M. St-Père:

Q. Vous rappelez-vous, monsieur Corbeil, d'avoir signé deux fois?—R. Deux fois?

Q. D'avoir signé deux documents?—R. J'ai signé celui de M. Clerk.

Q. Vous ne vous rappelez pas d'en avoir signé d'autre?—R. Ah bien, écoutez donc, des fois, dans vingt ans, il se passe bien des choses qu'on peut oublier. Si on me disait pourquoi. Cela se peut. Si j'avais signé un document... Cela se peut.

Q. Vous en avez deux documents. On vous le dit, pourquoi.—R. Je peux bien l'avoir signé. Dans tous les cas, je n'en ai jamais eu connaissance, qu'ils auraient pris de l'alcool. Ce n'est pas moi, ni je n'en ai jamais vu prendre par qui que ce soit. Cela, je ne me rappelle pas cela. Ça ne s'est pas fait devant moi. S'il y en a qui l'ont pris, ils ne l'ont pas fait devant moi, certain. Je peux bien avoir signé cela, ça se peut bien, mais je ne me rappelle pas du tout, du tout.

L'hon. M. STEVENS interroge le témoin en anglais et ses questions sont interprétées comme suit:

Q. Avez-vous comparu devant M. Duncan?—R. Oui, monsieur.

Q. Est-ce qu'on vous a accusé d'avoir pris plus d'échantillons que vous auriez dû en prendre comme jaugeur?—R. J'en ai pris justement ce qu'il nous fallait par les ordres que j'ai eus de mon chef, dans l'alcool. La barge Tremblay, est-ce de cela qu'ils veulent parler?

Q. Oui.—R. C'est cela. C'est correct, ça, la barge Tremblay.

Q. Combien d'échantillons votre chef vous a-t-il dit de prendre?—R. Il y avait des quarts qui sentaient le parfum; d'autres, il y a eu de l'huile dedans. Ceux-là, il a dit: "Prenez trois échantillons par "drum". Prenez trois échantillons; c'est dangereux. Dans tous les cas, il faut faire un "test" juste, prenez-en trois échantillons par "drum", dans ceux-là".

M. KENNEDY pose au témoin une question qui est interprétée comme suit:

Q. Qui est votre chef?—R. M. Daigle.

Le témoin est congédié.

CHARLES P. BLAIR recalled.

The CHAIRMAN: You are testifying under the oath you have already taken, Mr. Blair?

The WITNESS: Yes, sir.

By Mr. Tighe:

Q. You have already been sworn in this inquiry?—A. Yes, sir.

Q. In the entry form which was put in as an Exhibit this morning, it was shown that the instructions were that only one drum out of 80 was to be retained for examination. That is not in compliance with Section 111 of the Customs Act?—A. No, sir.

Q. Whose duty was it to see that this section was observed?—A. I should think the Collector or an immediate superior officer.

Q. That would not come under your Department?—A. If it were reported to the Department, it should be.

Q. But it appeared on the entry form?—A. Yes.

Q. Now, if you will turn to the letter of the 4th of July, 1923, from Mr. Clerk to Mr. Farrow, you will see there—referring to these 70 drums of alcohol —that Mr. Clerk says:

"As you are aware, it is reported this alcohol was tampered with, and that a large quantity was disposed of at the rate of $10 a gallon. To comply with your instructions I had the drums regauged before moving them into the bond section of our examining warehouse, erected for that purpose. The original quantity seized was 5,008 proof gallons; the actual quantity now in the bond is 4,660½ proof gallons, leaving a shortage of 347½ proof gallons. This alcohol is now under lock and key, and not exposed to be tampered with any more."

He subsequently said it was moved from the Gauger Department to the basement, for safe keeping.

Hon. Mr. STEVENS: Who wrote that?

Mr. TIGHE: Robert P. Clerk, the Inspector in Montreal.

By Mr. Tighe:

Q. That would represent about $3,500 duty on the 347 gallons?—A. The duty and sales tax, yes.

Q. Now, in consequence of the report of that theft of liquor, and this statement that it was disposed of at a price of $10 a gallon, which would be approximately $3,500; what steps did you take to hold an investigation?—A. The Deputy Minister wrote a letter to the Collector on the 17th of July, 1923, asking him to investigate the matter.

Q. That is, Mr. Farrow wrote a letter to Mr. Weldon?—A. Yes, sir.

Q. And in consequence of that request by Mr. Farrow, Mr. Weldon proceeded to hold an investigation?—A. Yes.

Q. And that investigation consisted in getting these statutory declarations, one or two of which have already been put in as Exhibits, which were in blank form, with merely the names of the parties concerned inserted. Have you a copy of that?—A. Mine are copies; that is, carbon copies.

Hon. Mr. STEVENS: They are all carbon copies, except one.

By Mr. Tighe:

Q. And they are all in the same form, Mr. Blair?—A. Yes, sir.

Q. Merely affirmations by each party that they have no knowledge of this theft? That is the form of the declaration?—A. Yes.

Q. And that was the only inquiry that was held into this theft at that time?—A. At that time, yes.

Q. Now, Mr. Weldon sent on those declarations to Mr. Farrow in a letter of the 1st of August, 1923?—A. The 1st of August, 1923.

Q. And the matter was then dropped for the moment?—A. Yes; Mr. Weldon reported he was unable to secure the name of the guilty party, or ascertain what disposition had been made of the goods in question.

Q. And the evidence of his attempts so to do were these statutory forms, copies of which we have as Exhibits?—A. Yes, sir.

Q. The only evidence of the investigation by Mr. Weldon is the obtaining of these statutory declarations?—A. Yes; there was a subsequent letter on the 11th of August sending two more; they were in the same form.

Q. So beyond getting these statutory declaration forms completed by the parties who could have been implicated, or might have been implicated, nothing further was done at that time?—A. I believe not.

By Hon. Mr. Stevens:

Q. In Ottawa, who would have the deciding of this thing?—A. Mr. Farrow. That report would come to me, and I would take it at once to the Deputy—if it came to my hands.

Q. I understand Mr. Farrow is ill to-day?

Mr. TIGHE: He is not well to-day. I telephoned, and he was not in.

The WITNESS: He was not in the office yesterday or to-day.

By Mr. Tighe:

Q. As we know, a subsequent investigation was made by Mr. Clerk in November, 1924?—A. Yes. That arose from a letter received from Du Condu, indicating that Mr. Clerk knew something about the matter.

Q. So were it not that Mr. Du Condu wrote to you in the fall of 1924, no further effort would have been made to trace this theft of $3,500 worth of liquor? —A. Not so far as I know.

Hon. Mr. STEVENS: Mr. Tighe, how long elapsed between the receipt of these blank affidavits and the opening up of the case again?

Mr. TIGHE: They were received on the 1st of August, 1923, and then there were two more received a few days after that, and then there was no further investigation until November, 1924, in consequence of Mr. Du Condu's complaint.

Hon. Mr. STEVENS: About thirteen or fourteen months?

Mr. TIGHE: About thirteen or fourteen months.

The WITNESS: And it was December before Mr. Clerk's report was received.

By Hon. Mr. Bennett:

Q. What was done in consequence of that, after you got Mr. Clerk's report? —A. Nothing, so far as I know

Q. How do you account for that?—A. I cannot account for it, other than this; I do not know whether you are mentioning names or not, but Mr. Clerk places the blame on one man.

Q. Is that the man who is dead?—A. Yes; in the meantime he had resigned from the service. Another man he mentioned was dead; he did not mention him as being responsible, but as knowing something about it. Then there was an affidavit that two gaugers had been seen removing liquor from these casks. They absolutely deny that, and state the only removals they made were in the ordinary course of their sampling. This, I think, was gauged two or three times.

Q. Was anything done to improve the condition at the port in this particular Department, subsequent to that?—A. Not to my knowledge.

Q. That is the real gravamen of the complaint that after having apparently sufficient cause, an investigation was started, and then nothing was done, and further information was obtained, but unfortunately one of the persons mentioned had died, and, apparently, from the files, nothing was ever done to, what I call, straighten out the situation, and improve conditions, which is the only complaint there seems to be about it.—A. There is nothing on the file to show that. I think if anything were done—Mr. Clerk was a man who was in Mr. Farrow's office very frequently, and I cannot imagine they would not discuss this, and discuss means of improving conditions. I do not know anything about it.

Q. You know nothing about it yourself?—A. I know nothing about it myself.

Q. So far as you are concerned only the reports would come before you?—A. Yes, and any letters I wrote, I was asked to write.

Q. This would be a matter of staff, over which you would not, under any circumstances, have control?—A. Yes. I think that is a fact.

By Hon. Mr. Stevens:

Q. One other point; why was not Mr. Busby, the chief inspector, in the second case at least, advised and asked to report upon this matter? Let me put

it a little differently. The complaint which caused the second inquiry intimated that Mr. Clerk, the inspector, was familiar with it, and had in some sense neglected his duty?—A. As I remember Mr. Clerk's letter, it is not on file.

Q. It does not matter whether it was true or not, that was the complaint? —A. Yes.

Q. After these circumstances, why was not the chief inspector asked to make the investigation, instead of the man complained of?—A. Have you not some evidence that the chief inspector was denied access?

Q. Yes, but it is an illustration of the danger of having the man complained of making an investigation?—A. Yes. No doubt Mr. Busby would have made a far better investigation.

Q. The country lost $3,500 of revenue?—A. Yes.

Q. That is not a trifling matter, is it?—A. Indeed it is not.

By Mr. Tighe:

Q. You said that Mr. Clerk in a report threw the blame upon Adamson?—A. I did not mention any names, Mr. Tighe.

Q What was the report? I do not seem to have it here?

Hon. Mr. STEVENS: Have you not got the report, Mr. Tighe?

Mr. TIGHE: I have just the letter of December 1st, enclosing the declaration.

Hon. Mr. STEVENS: Read it into the record.

Mr. TIGHE: It reads as follows (Reads):—

"Montreal, December 1st, 1924.

R. R. FARROW, Esq.,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Re: J. Scharlin

SIR,—In connection with the above matter, I have the honour to enclose herewith the following declarations which are self-explanatory." Then he mentions eleven declarations.

"I wish to state that I have made as thorough an investigation into the matter as is possible, and would advise that this is all my knowledge of the matter in question, notwithstanding Mr. Ducondu's suggestions to the contrary.

I have the honour to be, sir,
Your obedient servant."

By Hon. Mr. Stevens:

Q. Have you any knowledge of any instructions having been given to Mr. Clerk to drop it?—A. No, sir, I have no knowledge of any such instructions.

Q. And you never heard of it?—A. No, sir.

By Mr. Tighe:

Q. Mr. Blair, can you point to any letter or report which you spoke of which states what the result of Mr. Clerk's investigation was, beyond what is stated in this letter of December 1st, 1924?—A. He says the report speaks for itself. In reading the report, you can see that the blame is placed upon one man.

Q. If you will read the statutory declarations, you will see that the blame is placed upon three men: Adamson, McCamley and McNichol?—A. Mr. Adamson was dead at this time, and the other two men, McNichol and McCamley have denied it, and explained that they were there only for the purpose of taking samples legitimately. The evidence places the blame upon one other man, but I do not want to mention the name unless you ask me for it.

Q. I do not think Mr. McCamley and Mr. McNichol in their statements stated that they were taking samples, and there is nothing in the file to show

that it was regauged between the time it was put into the Gauger's Department in June, 1922, and taken out in July, 1923?—A. Mr. McCamley says:—

> "I, Henry McCamley, employed at the Gauger's Department, do solemnly declare (1) That in connection with the shipment of 70 drums of alcohol held under seizure in the Gauger's Department, at no time during my presence in the Gauger's Department have I ever seen any one taking alcohol from these drums, unless on one occasion, when samples were being taken, shortly after the arrival of the shipment in the Gauger's Department."

Q. And William McNichol says, in the third last paragraph of his declaration (Reads):—

> "I positively declare that only liquor samples were extracted from this shipment by myself or in my presence at the time as stated above, and that at no time did I extract any alcohol from the shipment for my own use for my own gain, and can therefore give no information as to where the amount of alcohol found to be short had gone."

That was declared on the 14th of November, 1924. Do you think, where two people are directly accused by statutory declarations of two other parties, and who state that they are not guilty, that the investigation should have stopped there?—A. I do not care to make any statement as to whether there should be a further investigation or not, that is not my duty.

Q. But that is the position as we have it?—A. There is a conflict.

Q. And that is implicating three persons, and the two living deny it?—A. Those three in a lesser way.

Q. Who is the fourth person in the declaration?—A. That is the person mentioned in the affidavit of the truckmen, Corbeil and Brassard, Brassard particularly, the trucker.

Q. That is Ducondu?—A. Mr. Ducondu had left the service; he was not in the service at that time.

Q. You will notice in his declaration, in the third paragraph, that he does not accuse Mr. Ducondu of taking the alcohol?—A. I notice that.

Q. Nothing further was done in consequence of these declarations?—A. Not that I am aware of, sir.

Q. Had it not been for Ducondu's complaints, the subsequent investigation would not have been held by Mr. Clerk?—A. I assume it would not have been.

Q. Do you know the correspondence from Ducondu, while it does not suggest that Mr. Clerk was himself practically responsible, casts aspersions upon Mr. Clerk?—A. Yes. That is the reason we asked Mr. Clerk an explanation; he goes away back.

Q. Was it appropriate that Mr. Clerk, against whom accusations were made should hold an investigation?—A. When we said we would ask Mr. Clerk, I thought it was personal, something that had come to his knowledge in the meantime. That is the view we had in the Department. Then Mr. Clerk comes back with an investigation. You will see that the letter to Mr. Clerk shows that.

Q. When those declarations of those parties were made, nothing further was done in the matter?—A. That is so.

By Mr. Kennedy:

Q. Do you think the Department was satisfied with that explanation?—A. Well, I did not hear anybody express an opinion, but I certainly would not have been satisfied myself. I would have thought it was a very unsatisfactory investigation. It may have been a very difficult thing to ascertain.

By the Chairman:

Q. Mr. Adamson is dead?—A. Yes, sir.

Q. One of the men involved?—A. Yes.

The CHAIRMAN: I think, Mr. Tighe, that we have gone far enough into this record to understand the whole situation.

Mr. TIGHE: I think Mr. Ducondu is anxious to give an explanation in respect of the charge made by Brassard, sir.

The CHAIRMAN: It speaks for itself. As far as I am concerned, it is not needed.

Mr. TIGHE: Were you anxious to ask Mr. Ducondu any questions, Mr. Stevens?

Hon. Mr. STEVENS: Let it go. I do not think what Brassard says is worth denying.

Mr. TIGHE: I think, in justice to Mr. Ducondu, that is should be made clear. He is present, and is very anxious to give his evidence in the matter.

Hon. Mr. BENNETT: Do you desire to make any statement, Mr. Ducondu?

Mr. DUCONDU: Yes, sir.

The CHAIRMAN: Very well, come forward.

Witness retired.

JOHN HECTOR DUCONDU called and sworn.

By the Chairman:

Q. You have heard what the witness Brassard has said?—A. Yes, sir.

Q. Have you anything to say about his statement, or the contents of it? (No answer).

Hon. Mr. STEVENS: I will ask some questions, of Mr. Ducondu, Mr. Chairman, with your permission.

By Hon. Mr. Stevens:

Q. What was your position, Mr. Ducondu?—A. Examining Warehouse Keeper. I had charge of the whole warehouse.

Q. You say you had charge of the whole warehouse?—A. Yes, sir.

Q. You had the keys for entry?—A. I had the master key.

Q. Was it your duty to see that those watchmen were on their job?—A. I had two watchmen, one Patrick Fawkes, the other Mr. Brassard.

Q. The witness we have had before us?—A. Yes, sir.

Q. Make your statement in your own way?—A. Mr. Brassard was under my direct orders, so when he says he had orders to keep me out, or to try to keep me out, it is very funny, because I was his boss.

Q. You mean it is not true?—A. Of course, it is not true. He says he had orders to admit nobody except on a letter. The man cannot read. How is he going to read a letter of admittance? He says he was driven like a dog. His duties consisted in punching a clock every hour from five o'clock till midnight, and he used to sleep on the job. I used to come down at night, and it became a part of my official duties to telephone across the road to where he used to sleep, to wake him up. He says he had orders not to allow anybody in without an order Mr. Hicklin can tell you that he has been in hundreds of times without an order. I had the man suspended once for not attending to his duties. I had him up on the carpet with a surveyor of Customs about a dozen times, and I had him in to the collector's office for not attending to his duties, so it does not sound plausible, that I am the one who is keeping him from doing his work.

Q. You were in charge?—A. I was in charge.

Q. He was on your staff?—A. Yes, sir.

By the Chairman:

Q. You were his boss?—A. I was his boss.

Witness discharged.

C. P. BLAIR recalled.

By Hon. Mr. Bennett:

Q. Mr. Blair, you have already been sworn?—A. Yes, sir.

Q. Do you think you could clear up the Prince Edward Island cases? You remember you had a list of them, and I took out four or five of them. You remember the case of Byron Brown of Prince Edward Island—A. I do.

Q. Would you be good enough to inform the Committee, shortly, the inception of that case and its history, the date, and you may refer to the file as you proceed?—A. Shall I read the story as it was prepared by Mr. Caldwell, for the Deputy Minister? It is a very concise report.

Q. Read the K-9, and it will help us very greatly. You prepared the K-9? —A. As a matter of fact, I did not prepare it. Mr. Caldwell prepared it, but it is under my signature.

By the Chairman:

Q. Will you state the number of the file?—A. This is Preventive Service seizure No. 32792/4454. (Reads):

> "This is a seizure from Byron Brown, Charlottetown, P.E.I., of rum and an automobile, the liquor for having been smuggled into Canada and the automobile for having been used in the transportation of such smuggled goods. The duty paid value of the rum and the automobile is reported to be $1,525, and pending decision no release has been given. On October 11th—"

By Hon. Mr. Bennett:

Q. What year would that be?—A. It would not be stated there, but it was October 11, 1923.

> "—special Customs officer at Charlottetown received information that a quantity of liquor had been landed from a vessel at North Rustico. On receipt of this information a number of Customs officers proceeded to North Rustico after dark, and on their way met Byron Brown in an automobile. As he was one of the parties reported to be interested in the cargo of liquor supposed to be landed, they endeavoured to stop him, but were unsuccessful. On searching the place where the liquor was reported to have been landed, they found a large quantity of rum and whiskey, which are reported under separate seizures. On November 2nd, information was received that Byron Brown had taken a quantity of liquor by automobile to Borden, on his way to the main land. That is, to cross to New Brunswick by ferry. On receipt of this information, the officers proceeded by automobile to Borden, where they intercepted Brown, and on searching the automobile which he was using, found 75 one-gallon cans of rum in the car."

Q. Just there, the evidence indicates that the automobile was specially constructed to carry 75 one-gallon cans?—A. That has not been noted here.

Mr. BELL: In such cases, they generally take out the back seat.

Hon. Mr. BENNETT: Exactly.

WITNESS (Reads):

> "The rum and automobile were placed under seizure, and Brown was taken to Summerside, where he was prosecuted before the stipendary magistrate and fined $200 and one month in jail.

By Hon. Mr. Bennett:

Q. Was the automobile forfeited?—A. The automobile was forfeited, or this is a recommendation to forfeit.

"On returning to Charlottetown, the same day, the premises of E. Reddin were searched, and fifteen (15) ten-gallon cans of rum were found, along with 8 empty kegs. The seizure was made and the officer in reporting claims that Reddin on being questioned stated that the liquor had been brought to his premises by Brown. On the day before he had visited the premises, and filled a number of tins, which he took with him in a car to Borden. Reddin was subpoenaed against Brown in the prosecution, but left the province and could not be located. The goods were reported to be identical with the ones seized at North Rustico. Following the seizure, declarations were filed by Brown and Charles Stewart, in which it is claimed that the automobile belonged to Stewart, and that at a later date, evidence would be submitted to show that the liquor seized at Borden was duty-paid."

I will explain why that is so.

Q. It belonged to the Maritime Export Company?—A. The reason which he did not disclose in the defense, was that if he had done so it would have implicated the party who bought the car, and he would have been prosecuted and fined, and it would seem that he practically took the fine for his friend.

"An appeal was entered against the decision rendered by the stipendary magistrate, and the case was tried in Charlottetown, whereby the decision of the magistrate was upheld."

Q. That appeal was taken to the Supreme Court of Prince Edward Island, and I notice that the Chief Justice of the province signed the order for the Certiorari?—A. Yes.

Q. That is correct?—A. That is on the file.

"A declaration has since been filed by Byron Brown, in which he claims that the rum seized at Borden was duty paid by the Maritime Export Company at Charlottetown, from whom it was purchased by his brother, Picton C. Brown. A further declaration was filed by Picton Brown to the same effect, but no proof was submitted to substantiate the claim. It is submitted that no defense was filed to prove that the liquor which was seized along with the automobile was duty paid, but, the evidence submitted by the seizing officers and the result of the prosecution, show conclusively that the liquor had been smuggled into Canada.

I would recommend that the rum and the automobile be and remain forfeited, and be dealt with accordingly."

Q. That was your recommendation?—A. Yes.

Q. Was it concurred in by the Deputy?—A. It was signed by Mr. Farrow.

Q. And concurred in also by the Minister?—A. Yes.

Q. Be good enough to look at K-9; you will observe that the liquor mentioned in your report on the Brown case which had been found at Reddin's place was also forfeited, and Reddin made no defense, so that he got liquor from the two Browns. That is clear?—A. That is clear.

Q. Let us see if we understand it. In 1923, we have Brown found with 75 gallons of liquor in his possession?—A. Yes.

Q. He was taken before a magistrate, fined $200, and one month in jail?—A. Yes.

Q. Then the Minister, on the recommendation of his officers, decided that the automobile and the liquor should also be forfeited?—A. Yes.

Q. That is right?—A. Yes.

Q. Has the fine been collected from Brown?—A. No.

Q. Has he been imprisoned?—A. No.

Q. Why?—A. Well, the solicitor got instructions to—

Q. To stay the issue of the warrant of commitment?—A. Mr. Saunders, of Summerside, was Solicitor for the Crown, and I find on file a telegram from the Deputy to Mr. Saunders, dated 16th May.

Q. What year?—A. 1924. "Prosecution Byron Brown. You are requested not to take any action at present to enforce conviction of Magistrate if this can be done without prejudice to enforcement later, if desired."

Q. Mr. Saunders acknowledged receipt of the telegram and said that could be done?—A. Yes.

Q. Later, what happened?—A. Then, later I find a memorandum from the Minister's office, dated 18th of July, 1924, the Minister authorizes enforcement of conviction. On the 18th July, we wrote Mr. Saunders, telling him to proceed to enforce conviction.

Q. And then, what happened?—A. Then, Mr. Saunders proceeded, and on the 23rd December, 1924, I find on file a telegram from the Deputy Minister to Mr. Saunders, to defer further proceedings in the case of the King versus Byron Brown, if it can be done without prejudice to future action.

Q. That is 1924?—A. Yes.

Q. Then, what followed?—A. That is the present position.

Q. In the meantime the Department of Justice had been appealed to. Do you know whether or not there could be a remission of the penalty before the man began to serve his time, and saying that could not be done?—A. I do not know that.

Q. I think you will find that. You will observe a letter from the Secretary of State of Canada, dated 8th September, 1924, in which he says:

> "DEAR MR. FARROW: The Honourable Mr. Copp has been approached by one of his friends in Charlottetown, in the interests of Mr. P. S. Brown, who had an automobile containing liquor seized by your officials last Autumn.
>
> I understand that the facts are all on file, in your Department together with the information as to why the defence was delayed for a considerable period after the car was seized.
>
> Mr. Copp would appreciate your courtesy in giving consideration as to whether the automobile be released and the liquor retained as a fair compromise in the matter. The liquor was not imported, having been purchased from a wholesaler on the Island, who, in making the sale apparently violated the law. In view of the fact that there was no evading of Customs, it is considered that you might extend leniency of at least, releasing the car."

That is from the Private Secretary, and is dated 8th September, 1924. On the 10th, the Deputy Minister replied directing attention to the fact, that this could not be done. I daresay you prepared the letter?—A. Has it "B.M." at the bottom?

Q. Yes.—A. Yes.

Q. The car itself was being held in storage?—A. Yes.

Q. It is down there yet?—A. Yes.

Q. Within this last fortnight an effort has been made to get the car, to have something done about the car?—A. Yes.

Q. Parties were here on Brown's behalf, and they wanted to make a compromise. They wanted to get the car back for nothing?—A. Yes, and in the meantime storage charges had been incurred for about $150 and we had solicitor's fees. The first proposition that was made was for some $230 odd. The car, I understand, will not sell for the storage charges.

Q. The Honourable John E. Sinclair was a member of the late Government?—A. I believe so.

Q. I understand he is the gentleman who is referred to, who was endeavouring to fix this up?—A. He was one of the gentlemen, there were several.

Q. The Honourable B. C. Prowse is one of the Senators?—A. Yes.

Q. He is another gentleman?—A. Yes.

Q. There is also a complaint from the Magistrates, they have not got their fees?—A. Yes.

Q. The fact is, this man has not paid his fine, he has not gone to jail and he has not paid costs?—A. No.

Q. The car is not sold?—A. No.

Q. The storage against it amounts to about how much?—A. Pretty nearly $150.

Q. It is a McLaughlin car?—A. Yes.

Q. On April 3, 1926, I find a telegram from the Deputy Minister:—"Wire at once whether offer made in my letter twenty-fifth January, for sale Byron Brown automobile is accepted plus ten dollars additional storage in all one hundred forty-six twenty-five." There was a further telegram dated April 7, to Mr. Farrow: "Telegram fourth received stop Brown has not accepted your offer to release car for one hundred fifty-six twenty-five stop better order it sold without delay."—A. Before we received the last telegram we had an interview with Mr. Paton, the Prohibition Officer, and he said that they could make some use of the car and we promised Mr. Paton, if the sale was not carried out to give him an offer to purchase the car.

Q. The point I make is this; here is Brown in Prince Edward Island, he has not been apprehended and has not paid a fine or costs, and is negotiating for the car?—A. He should be in jail.

Q. That is the story?—A. Yes.

Q. Why isn't he in jail?—A. Because—

Q. There is only one answer?—A. Because of instructions we got from those higher up.

Q. Because of political influence? I am not using the word having reference to any party, but political influence?—A. Yes.

By Mr. Bell:

Q. Do you say instructions were got from those higher up?—A. Mr. Farrow must have got his instructions.

Q. You used the words "those higher up", I thought I heard you say that?—A. Yes.

By Hon. Mr. Bennett:

Q. I do not want to seem to be unfairly personal. I know you are an official, in a subordinate sense, to the Minister and Deputy Minister. I want to make this clear, the Supreme Court of Prince Edward Island dealt with an appeal by this man, and the conviction is sustained, and the Magistrates are complaining that their fees were not paid, and he is making use of a Senator and an ex-Minister to get off?—A. I daresay the Minister and the Crown would welcome instructions.

Q. The Deputy had asked to have the law enforced?—A. Yes.

Q. As you said, a moment ago, to Mr. Bell, somebody else has been able to stop the administration of justice?—A. If it had been left to the Department, he would have been in jail.

Witness retired.

The Committee adjourned until 10.30 a.m., April 21, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 34—WEDNESDAY, APRIL 21, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.
Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise.
Mr. Daniel J. Kearney, Customs Excise Enforcement Officer, Montreal, Que.
Mr. James Churchman, Ex-Sergeant of R.C.M.P., Montreal, Que.
Sergeant Zaneth, R.C.M.P., Montreal, Que.
Mr. Richard Moisan, Customs Examining Officer, Quebec, Que.
Mr. Michael Bolger, Ex-Customs Examining Officer, Quebec, Que.
Mr. Andre Taschereau, Advocate, Quebec, Que.

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1926

MINUTES OF PROCEEDINGS

WEDNESDAY, 21st April, 1926.

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

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

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

Moved by Mr. Doucet—For production of the files from the Department of Immigration and Colonization containing all documents, letters, telegrams and reports, re seizure of schooner "Reginald R. Moulton" for infraction of Immigration Laws.

Motion agreed to.

Moved by Mr. Kennedy—That the days actually occupied in travelling from Edmonton, Alberta, to Ottawa, and return by Mr. Tighe, Assistant Counsel to the Committee, be included in the Resolution of April 8, 1926, fixing the rate of his remuneration.

Motion agreed to.

The Commissioner of the Royal Canadian Mounted Police submitted,—File—D 101-2 D 211, Pharmacie centrale du Canada Limitee, Montreal.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined respecting the seizures covered by,—File No. F-114546, Preventive Service Excise Seizure No. 2417, from Augustus Laferty, Fort Augustus, P.E.I. File No. 107678, Excise Seizure No. 13, from Howard Reilly, Sea Cow Pond, P.E.I.

Witness retired.

Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise, was recalled. He was examined as to the decision he made in respect to the "Laferty" liquor seizure in P.E.I.

Witness retired.

Mr. W. F. Wilson was recalled and examined respecting seizures of liquors made from Moses Aziz, Caraquet, N.B., and the penalties imposed on Aziz in connection therewith.

Witness retired.

Resolved—That the Chairman request Mr. Robichaud, M.P., to attend the Committee as a witness.

Mr. Daniel J. Kearney, Customs Excise Enforcement Officer, Montreal, Quebec, was called and sworn, and examined respecting a seizure of narcotic drugs, the property of Mr. Max Faber of Montreal.

Witness discharged.

Mr. James Churchman, Ex-Sergeant of R.C.M.P., Montreal, Quebec, was recalled and examined in reference to the narcotic drug smuggling operations of Max Faber of Montreal, Quebec.

Witness retired.

Mr. W. F. Wilson, was recalled to identify a Department certificate of analysis respecting a seizure of liquor from Mr. Moses Aziz.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

The Chairman read a letter from Commissioner Starnes of the R.C.M.P., respecting efforts made to locate Miss Denise Larde, summoned to appear as a witness.

Mr. Blair, General Executive Assistant, Department of Customs and Excise submitted,—

1. Statement for Hon. Mr. Bennett of vessels and liquor cargoes seized on the Atlantic Coast, January 1, 1921, to April 19, 1926.

2. Toronto return in respect to liquor released from bonded warehouses, in response to Mr. Bell's motion of 9th February, last.

Sergeant Zaneth R.C.M.P., Montreal, Quebec, was called and sworn, and examined respecting smuggling by,—

1. Alfred Levesque, Escourt, Quebec.
2. Miss Cyr, Edmunston, New Brunswick.
3. Napoleon Veilleux, Sully, Quebec.
4. L. E. Martel, Quebec, Que.
5. Miss Denise Larde, Quebec, Que.

Witness discharged.

Mr. Richard Moison, Customs Examining Officer, Quebec, Que., was called and sworn, and examined in French, interpreted by Mr. Beauchamp, in regard to smuggling at Quebec by Miss Denise Larde.

Witness discharged.

Mr. Michael Bolger, Ex-Customs Examining Officer, Quebec, Que., was called and sworn, and examined respecting the Denise Larde seizure.

Witness retired.

Sergt. Zaneth was recalled and examined as to the meeting of Messrs. Fowler, Bolger, Moore, and the witness in connection with the Denise Larde seizure.

Witness discharged.

Mr. Andre Taschereau, Advocate, Quebec, Que., was called, sworn, and examined, respecting representations he made to the Department of Customs and Excise, on behalf of Miss Denise Larde.

Witness discharged.

Moved by Hon. Mr. Stevens,—That the following be summoned for Thursday, the 22nd April instant, at 3.30 p.m., viz:

Customs Officer A. J. Livingstone, Quebec.

Customs Officer Joseph Shanahen, Quebec.

Motion agreed to.

Mr. Gagnon, Counsel for Mr. Bisaillon stated that the documents required from Mr. Bisaillon were now in the custody of the Court in Montreal, or in that of the Crown Prosecutor, but he would endeavour to procure them, and hoped that he would be able to produce them on Tuesday or Wednesday of next week.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, April 21st, 1926.

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

W. F. WILSON recalled.

Hon. Mr. BENNETT: Mr. Wilson, the Chief Preventive Officer, will deal with P. S. Excise Seizure No. 2417, Augustus Laferty, Fort Augustus, P.E.I. Mr. Wilson, I hand you file No. F.114546, Department of Customs and Excise re seizure No. 2417, Augustus Laferty, Fort Augustus, P.E.I. I should like you to look at the papers and tell me shortly the history of that transaction. I think, Mr. Chairman, in fairness to the Committee, I should say that a large number of files were brought from Prince Edward Island from which I took a list of four or five names for the purpose of illustration, and sent them the day before yesterday to the officers of the Department for the purpose of preparing to give this evidence. There has been no endeavour made to select men of any particular political faith, but merely to deal with the cases as they are found. Mr. Wilson has taken time to prepare a statement having to do with the cases on the files which were taken at random, from some twenty cases, only dealing with four or five.

By Hon. Mr. Bennett:

Q. Now, Mr. Wilson, tell us the story?—A. "This case covers Preventive Service Excise Seizure No. 2417, made on the 13th June, 1923, by Officer G. H. Barbour. It is part of a still, a boiler, seized from Augustus Laferty, Fort Augustus, Queens County, P.E.I.

The Preventive Service reported this seizure to the Department on the 27th June, 1923.

On the 12th July, 1923, the Department wrote the Deputy Minister of Justice saying it desired to prosecute, under the Inland Revenue Act, a person residing at Charlottetown and asked the name of a legal agent.

On the 12th July, 1923, the Department advised the Preventive Service that a charge may be laid against Laferty under Section 180 (*E*) of the Inland Revenue Act, for having in his possession part of a still suitable for the manufacture of spirits and said the name of a solicitor would be furnished in a few days.

On the 21st July, 1923, as a result of a letter from the Deputy Minister of Justice the Department authorized the Preventive Service to employ Kenneth H. Martin, barrister, Charlottetown, to prosecute Laferty.

On the 23rd August, 1923, Officer Barbour wrote the Preventive Service, from Charlottetown, reporting that Laferty was convicted on the 11th August for having part of a still in his possession."

Q. That is on the 11th August, 1923, he was convicted after a hearing before the Magistrate, and fined?—A. Yes. "He pleaded not guilty and further said that since Laferty had been convicted the latter's lawyer who conducted the case for the accused went to see the judge and asked that the Commitment be held for a short time until they got a petition signed and sent to the Department at Ottawa, to try to get Laferty clear without paying the fine. In this letter

Mr. Barbour said that to his knowledge spirits had been distilled in Fort Augustus for two years, that this is the first conviction in that section.

On the 12th September, 1923, the Chief of the Remission Branch wrote the Commissioner of Customs transmitting the record of the Department of Justice regarding Laferty who was convicted of a breach of the Inland Revenue Act, and requested a report. On this letter there is a notation of Mr. Taylor's which reads:—" I recommend that the penalty be reduced from $200 and costs to $50 and costs and that if the reduced penalty be paid the term of imprisonment be remitted." Mr. Taylor's notation is dated the 15th of September, 1923."

Q. He was fined $200 and costs, and one month's imprisonment?—A. Yes. " On the 13th September, there is a letter from Officer Barbour to the Preventive Service reporting that Laferty was fined $200 and one month imprisonment, and in default of payment to six months imprisonment, and the said lawyer defending Laferty asked the judge that the commitment be held for a short time, and reported that the commitment had not been issued. Mr. Barbour asked to be advised if he was to proceed with the commitment."

By the Chairman:

Q. The document that you are just reading was prepared by you, and all the facts mentioned in this statement appear in the file?—A. Yes, sir. " On the 17th of September, 1923, the Assistant Commissioner of Customs and Excise acknowledged the letter of the 12th of that month from the Chief of the Remission Branch, Department of Justice, and recommended that the penalty be reduced from $200 and costs to $50 and costs, and that if the reduced penalty be paid the term of imprisonment be remitted.

On the 28th September, 1923, the Assistant Under-Secretary of State wrote the Commissioner of Customs and Excise informing him that His Excellency the Governor General had been pleased to reduce to the sum of $50 and costs the penalty of $200 and costs imposed upon Laferty, and directed that the term of imprisonment be remitted upon payment of the penalty so reduced.

On the 4th October, 1923, the Department informed the Preventive Service of the reduction in the fine and that the imprisonment be remitted.

On the 13th of November, 1923, Officer Barbour reported to the Preventive Service regarding the reduced fine and said he had spoken to Laferty's lawyer twice about it. Laferty's lawyer said he would write and get it. Officer Barbour then told Laferty's lawyer that if the reduced fine was not paid at once Barbour would have warrant of commitment issued.

On the 27th November, 1923, Officer Barbour reported to the Preventive Service that Laferty had left Prince Edward Island Province.

On the 19th December, 1923, Officer Barbour reported that Laferty left the Province and went to Maine.

On the 31st of August, 1924, Officer W. P. Dawes of the Preventive Service reported from Charlottetown that he obtained a warrant of commitment for Laferty from Mr. Barbour, and on the 30th of August, accompanied by a County Constable went to Laferty's address to arrest him. Officer Dawes reports that Laferty had been home from the United States for some time, but Officer Dawes did not find him at home. This Officer left the warrant in the hands of the County Constable for service.

On the 27th September, 1924, Officer Dawes reported that he had heard nothing concerning the arrest of Laferty since Officer Dawes left Prince Edward Island but he was writing that day the Constable who held the warrant and would report further.

On the 20th October, Officer Dawes reported the County Constable had not up to that time had the courtesy to reply to his letter.

On the 21st February, 1925, Officer Dawes reported that the Constable had been to Fort Augustus for Laferty on two or three different occasions but

without result and that Customs Excise Officer Coyle of Charlottetown had promised to assist the Constable in the apprehending of Laferty.

On the 29th May, 1925, the Department asked the Preventive Service if it had been successful in securing any further information regarding the whereabouts of Laferty and asked what steps had been taken to that end.

On the 6th June, 1925, Officer Coyle reported that as far as he knew Police Officer had made no attempt to execute the warrant and said the Police Officer had never visited Fort Augustus in search of Laferty.

On the 17th November, 1925, Customs-Excise Officer McNevin reported from Charlottetown that the commitment for Laferty was still in the hands of Constable James Walker of Charlottetown and that he had instructed Mr. Walker to apprehend Laferty, make settlement with him of the $50 reduced fine and costs and report to him with as little delay as possible.

On the 6th March, 1926, Officer McNevin reported that he obtained the warrant of commitment against Laferty from Constable James Walker and placed it with Constable Dominic Doyle of Charlottetown with instructions to execute promptly."

Q. There is no evidence that the warrant of commitment has ever been executed?—A. I have examined the file of the Department of Preventive Service in this matter, since that date, and we have written to Officer McNevin to ascertain whether or not further action has been taken, and there is no report yet.

Q. In 1923, this man was convicted, fined $200 and sent to jail for one month, but before the warrant of commitment was enforced, executive power was invoked, his fine was reduced from $200 to $50, the condition with regard to the jail penalty was entirely eliminated on the condition that he pay $50 and costs. He did not pay the $50 and costs, but in the meantime went to the United States, then came back and is still loose in Prince Edward Island, unless he has been apprehended within the last day or so?—A. Yes, sir.

By the Chairman:

Q. Will you again inquire?—A. I can telegraph.

By Hon. Mr. Bennett:

Q. And that, in spite of the fact, that out of a very large number of cases that had been reported that this is the first conviction they have been able to get in a community where it is notorious that the law is being violated?—A. Under the Customs and Excise laws, for two years, there had been no such conviction.

Q. The next file I happen to pick up is Number 107678, relating to the case of a man named Howard Reilly, with reference to Excise seizure Number 13, from Howard Reilly, Sea Cow Pond, P.E.I., on the 17th of June, 1922? You might just shortly tell us that story?—A. "This file covers Port of Summerside, P.E.I., Excise Seizure No. 13, from Howard Reilly, Sea Cow Pond, P.E.I., on the 17th June, 1922. The seizure report is signed by the Collector of Customs and Excise at Summerside and his assistants were G. H. Barbour and B. J. Haywood, Prohibition Inspectors for Prince Edward Island. The Collector reported on the seizure—'Could not locate still. Obtained confession from Mr. Reilly that he had manufactured illicit spirits on several occasions'. No goods were seized.

On the 26th June, 1922, the Assistant Commissioner telegraphed the Collector at Summerside to proceed with prosecution in this Seizure No. 31.

On the 27th July, 1922, the Department wrote the Collector at Summerside asking whether legal action had been taken and if so the result.

Bell and Tanton, Barristers, Summerside, wrote the Department on the 27th July, 1922, stating that in this case a fine of $200 and costs had been imposed on Howard Reilly. Immediately after the warrant of commitment was issued, and the Sheriff instructed to proceed to Reilly's home near Tignish to arrest him. The Sheriff spent two days searching and was unable to locate him. Reilly was then reported to be somewhere in the State of Maine.

On the 1st August, 1922, the Collector at Summerside reported to the Department that Reilly's trial took place before the Judge of the County Court on the 27th June, 1922, and on the evidence brought forward the accused was fined $200 and costs, and that the fine had not been paid as the defendent had left this country and his whereabouts were unknown.

On the 9th August, 1922, the Department wrote the Collector at Summerside, advising him of the letter from Bell and Tanton and instructed that every effort should be made to apprehend Reilly and have him committed to jail to serve the imprisonment portion of his sentence in the event of his returning to the Province.

There is a statement from the Sheriff of Prince County setting forth his effort to apprehend Reilly on the 7th and 8th July, and on his failure to apprehend him because Reilly had left on a schooner.

On the 24th January, 1923, the Department wrote the Collector at Summerside asking for information as to whether any further information had been received as to the whereabouts of Reilly.

On the 6th February, 1923, the Collector at Summerside reported to the Department that he was informed Reilly was in Sydney, N.S.

On the 19th March, 1923, the Department wrote the Collector at Summerside asking whether any further information had been received with regard to the whereabouts of Reilly.

On the 9th April, 1923, the Collector at Summerside reported to the Department that Reilly had just returned to Prince Edward Island and the matter was then in the hands of the Sheriff of the County.

On the 12th June, 1923, the Department wrote the Collector at Summerside asking whether Reilly had been committed to jail and if not how the matter stood at that time.

On the 15th June, 1923, the Collector at Summerside reported to the Department that the Sheriff was withholding execution of commitment pending result of a petition being put before the Department for clemency by the G.W.V.A.

There is a memo. on the file, dated 16th May, 1923, addressed to Mr. Taylor by the Minister's Private Secretary stating that application was being made to Justice for clemency and asking that the matter be brought to the Minister's attention when it came before Mr. Taylor. Also on this memo. is a note stating—'If clemency is applied for, file to be referred to the Minister.'

On the 6th September, 1923, the Department wrote the Collector at Summerside instructing him to communicate with the Sheriff and to insist upon this commitment being executed at once unless the full amount of the fine was paid.

On the 11th September, 1923, the Acting Collector at Summerside reported to the Department that the matter was in the hands of the Sheriff and he had been instructed to execute commitment at once.

On the 8th November, 1923, the Collector at Summerside reported to the Department that the Sheriff endeavoured to execute the commitment several times but was unable to secure Reilly. The Sheriff further stated that Reilly had then left the Province and was not liable to return before the spring.

On the 18th December, 1923, the Department wrote the Collector at Summerside that as the matter had been outstanding for some time he was instructed to make enquiries for the purpose of confirming the statement of the Sheriff that Reilly had left the Province.

On the 18th January, 1924, the Collector at Summerside wrote the Department that he had made enquiry and verified the statement of the Sheriff that Reilly had left the country and was not expected to return until the spring.

On the 27th February, 1924, the Collector at Summerside reported to the Department that Reilly was arrested on the 21st February, and was serving his sentence in jail."

By Hon. Mr. Bennett:

Q. When was the "unfortunate" man arrested?—A. He was arrested on the 21st February.

Q. Of what year?—A. 1924.

Q. A conviction had been made when?—A. On the 27th June, 1922.

Q. Exactly; that is my point. Now let us hear what happened.

The CHAIRMAN: The arm of justice is very long, Mr. Bennett.

Mr. CALDER, K.C.: But slow in extending itself.

WITNESS (Reads): On the 25th March, 1924, the Assistant Under-Secretary of State, Ottawa, wrote the department as follows:—

> "'I am commanded to inform you that His Excellency the Governor General has been pleased to grant a Ticket of Leave to Howard Riley, on the express condition that he shall abstain entirely from the use of intoxicating liquors. Riley was tried at Summerside, P.E.I., on the 4th July, 1922, for a breach of the Inland Revenue Act, by his Honour Judge McQuarrie, and fined $200, and $33.70 costs.'
>
> There is a notation on the file made by Mr. Taylor through which a pen has been run, and I do not know that it is consequently pertinent, but shall read it if desired."

By Hon. Mr. Bennett:

Q. If it is there, Mr. Wilson, you had better read it, or somebody may think you are keeping it back for some purpose?—A. This part has a pen run through; it is self-explanatory.

> "See memo turned over and letter next attached which are self-explanatory. I presume the Minister is no longer interested with "—

and there the pen mark ceases, and the memorandum continues:—

> "this case at this late date, especially as clemency has been granted G.W.T. 3.4.22. Please see Minister's memo turned down. C. E. Gunley, 31/2/24. O.K. W. I."

WITNESS (Reads):—

> "The department then, 31st March, 1924, wrote the collector at Summerside informing him of the clemency."

By Hon. Mr. Bennett:

Q. That does not bear upon the matter, except to show that it went before the various officials, that clemency ought to be exercised?—A. Yes.

Q. Now, Mr. Wilson, there are a very large number of cases in Prince Edward Island. I have some of them here. Is it fair to say that with slight variations they are more or less the same—or would that be too strong?—A. I would not undertake to say that, Mr. Bennett.

Witness retired.

GEORGE WILSON LEONARD TAYLOR recalled.

By Hon. Mr. Bennett:

Q. Mr. Taylor, I suppose you have not very much memory of the Laferty case, in Prince Edward Island?—A. I have a memorandum of it.

Q. That is the one I sent you?—A. Yes.

Q. You will observe that the executive authority of the Governor General was invoked, without the man having been apprehended. Is it customary to ask that the Governor General's clemency be exercised before the accused has been apprehended?—A. Not as a rule.

Q. Did you ever hear of it being done before, in your life?—A. It may have been.

Q. But you do not know that?—A. I do not recall it.

Q. I cannot understand how it can be extended, if the accused is not apprehended; at any rate, I observe from the file, and you have a memorandum of it there, that you recommended that the fine of $200 be reduced to $50, and if he had paid the $50 the imprisonment be remitted?—A. Yes.

Q. How did you happen to do that?—A. The reason I made the recommendation was that no still had been seized. The beer was composed of molasses, sugar and spruce, and obviously from it having contained spruce, it would not be of a class such as would be used for illicit distillation. Therefore, I recommended that the penalty imposed be reduced to $50, as coming within the clause for the illicit manufacture of beer.

Q. Would you explain how it was that the file got to you for a recommendation of that character, after the magistrate convicted him?—A. It was sent to me by the Clemency Branch of the Department of Justice.

Q. Then you do not know how they got it?—A. No.

Q. What were you asked to do, by the Clemency Branch of the Department of Justice? Here is the file, look it over and see if you can find anything there?—A. I received a letter from Mr. J. D. Clark, the Chief of the Clemency Branch, on the 12th of September, 1923.

Q. Will you read it?—A. This letter reads as follows (Reads):—

> "I transmit herewith record of this department regarding one Augustine Laferty, convicted of a breach of the Inland Revenue Act.
>
> Please let me have the usual report and return the file herewith."

Q. You sent that file back again?—A. That is, to the Department of Justice. It is their file.

Q. The only thing that would be on that file is the record of the trial of the accused, and his conviction?—A. And the petition for clemency.

Q. How did you happen to make the report you did, in the light of just that information?—A. For the reason I have just explained, that I did not consider that this was an illicit distillation case. There was no still found.

Q. You overruled the decision of the court?—A. I made a recommendation for clemency.

Q. You made a recommendation for clemency, although a $200 fine had been imposed by the court in Prince Edward Island, when they knew the facts, and you recommended that it be reduced to $50?—A. I based that on the documents contained in the application for clemency. I would not be at all surprised if you had the file here, that you would find that the magistrate himself had made some favourable remarks, or a favourable report.

Q. It looks like it; he fined him $200 and a month in jail?—A. I have known many cases where that has been done, Mr. Bennett, where the magistrate has afterwards made a favourable report for clemency.

Q. So have I, after the man was in jail; but did you ever hear of a case before the man was caught?—A. I do not remember any other but this case.

Q. Is that the only explanation you can give as to why you made that recommendation?—A. I felt satisfied—

Q. Will you answer the question; is that the only explanation you can give as to why you made that recommendation?—A. I was going on to explain that I felt satisfied that this was not a case—I used my judgment in the matter, and I felt satisfied that this was not a case where the man should have been fined $200, in view of all the facts.

Q. Let me repeat my question. Is that the only explanation you can give or offer as to why you made that recommendation?—A. My reply gives my explanation.

Q. Will you answer my question; is that the only explanation you can give?—A. That is the only explanation I can give, the one I have just given.

Q. You did not discuss this matter with anybody?—A. I did not.

Q. You just simply over-ruled the courts and took it upon yourself to ask that executive clemency should be invoked with respect to a man who had not even been arrested?—A. No, I simply made a recommendation to the Clemency Branch. My recommendation was not at all final.

Q. But they acted upon it?—A. It so happened, but that does not always follow, Mr. Bennett.

Q. I suppose you observe that as a result—I will not put it that way—I suppose you observe that your recommendation was acted upon, but that he did not pay the fine, neither was he arrested nor committed to jail?

Hon. Mr. STEVENS: And has not been up to date, as far as we can learn.

By Hon. Mr. Bennett:

Q. And is still running around Prince Edward Island for the purpose of showing what little respect is paid to the law?—A. I do not think that is quite right, Mr. Bennett.

Q. Put it right, then?—A. The man was jailed.

Q. When?—A. On the 21st February, 1924.

Q. Are you sure of that?—A. Yes.

Q. Are you sure Laferty was?—A. I beg your pardon, I have got on the wrong file.

By Hon. Mr. Stevens:

Q. That is not right in regard to Laferty?—A. No, sir.

By Hon. Mr. Bennett:

Q. Laferty has never been confined to jail, or arrested. Let us get down to business about this thing. It is very short and simple?—A. I am sorry, I was on the wrong file.

By Hon. Mr. Stevens:

Q. And has not even paid the fine?—A. That is right.

By Hon. Mr. Bennett:

Q. And he is "still"—a good word—abroad in Prince Edward Island, as far as your records show, although no fine has been paid, and there has been no imprisonment?—A. That is right.

Q. Well, Mr. Taylor, surely the effect upon the administration of justice in this country, of a recommendation of that sort by you, as a departmental officer, you must admit is terrible?—A. The warrant of course is still in the hands of the police in Charlottetown. The last report we got was on the 6th of last March.

Q. A month ago?—A. Yes.

Q. The Chairman instructed Mr. Wilson to get some further information? —A. Yes.

Q. Are you seriously endeavouring to enforce the law, Mr. Taylor?—A. I am certainly.

Q. Speaking as a departmental officer of many years standing, what must be the effect of such a thing as this, in a small community such as Prince Edward Island, with 100,000 people, or maybe less than that?—A. We have difficulty not uncommonly, with the courts down in some of the maritime provinces, in getting justice.

Q. You know, I rather expected you were going to say that, and it is for that reason I ask you why you recommended that the action of the court should be suspended and yours substituted for it?—A. For the reason that I did not consider, acting upon my own initiative—

Q. That the courts did not do justice in this case?—A. No, I did not consider that this man should be penalized, under Section 180 of the Act.

Q. But the discretion, which is a judicial one, rests with the man who tried the case?—A. Yes.

Q. You substituted your own for it?—A. Yes.

Q. You say you have great difficulty in getting justice down there?—A. Yes.

By Hon. Mr. Stevens:

Q. Getting convictions?—A. Not in getting convictions, but after conviction, getting the man into jail.

Q. You recommended that this man be kept out of jail?—A. Yes, because it was not a case of distillation.

By Mr. Bell:

Q. I am still unable to understand what the specific reason was for the reduction of the penalty?—A. Well, primarily, the reason I recommended that the fine be reduced was because of the fact that the beer which was seized from this man was not of the character that would be used for illicit distillation.

Q. And that was the only thing?—A. It was a beer such as was made for use as a beverage. It contained spruce.

Q. Was that represented to you in any communication from the convicted man or his representatives?—A. I cannot remember, but it appears from the file, the officer's report.

Q. We have not got that here, have we?—A. Yes, we have that here, the officer's report is here.

By Mr. Doucet:

Q. You may be aware that I am interested in the maritime provinces. You said just now that you had difficulty in getting justice meted out in the maritime provinces?—A. We have experienced difficulty in cases where convictions have been made, in getting the offenders into jail; we have had that.

Q. Now, Mr. Taylor, in view of that statement, we have three cases here from Prince Edward Island, namely, Brown, Laferty and Riley; three convictions were made, but there is nothing on the file whatsoever to show that the officers down there did not try to do their duty in trying to get them into jail, but in each of those cases a departmental official, although higher up, stayed the warrant of commitment. In other words, these men were not put in jail. Is that a fact, Mr. Taylor?—A. Well, in this case of Laferty, the warrant of commitment was in the hands of a constable for a very long time.

By Hon. Mr. Stevens:

Q. For two years?—A. Yes.

By Mr. Doucet:

Q. But, Mr. Taylor, the first step taken was by the department, or by yourself, to have the fine reduced, and in the case of others, steps were taken by the department so that a penalty would not be inflicted upon the accused.

The CHAIRMAN: Of course in the Riley case, he was jailed.

Hon. Mr. BENNETT: A year and a half afterward.

WITNESS: Also in the Gillis case.

By Mr. Doucet:

Q. Brown?—A. I do not know about the Brown case.

Q. In view of that, you still maintain that you have difficulty in the Maritime Provinces in having these penalties imposed?—A. My experience has been, in various cases, that we have had difficulty in having the sentence of the court carried into effect.

Q. If I might be allowed to tell you, we, in the Maritime Provinces, find difficulty in keeping the department from interfering with justice.

By Hon. Mr. Stevens:

Q. Mr. Taylor, do I understand that you, because of your expert knowledge of the technique of this business, suggested and recommended that this conviction, this penalty, should be reduced?—A. I did not.

Q. Because the beer, or the materials used in the making of it, might not have been quite suitable for the purpose?—A. Yes.

Q. Why did you recommend a $50 fine if the conviction was unjust? Why is it just for $50?—A. That is the penalty under the section of the Act for making beer without a license.

Q. You substituted your opinion for that of the courts in this case? There is no dispute about that?—A. I made a recommendation for the reduction of the penalty.

By the Chairman:

Q. It was accepted?—A. Yes.

By Mr. Bell:

Q. But he had never been prosecuted under that section?—A. No.

Q. You changed the conviction as well as the penalty?—A. I did not change the conviction; I recommend that the penalty be reduced.

Q. Under another section?—A. Yes.

By Hon. Mr. Stevens:

Q. Which he had not been tried under?—A. Yes.

Q. By what right did you do that?—A. I tried to use a little common sense in connection with it.

By Hon. Mr. Bennett:

Q. And the judges did not?—A. I do not say that.

Q. That is what it means; a man is charged under one section and he is convicted under another?—A. Yes.

Q. He has a right to an appeal. But what you did was to substitute your common sense and reduce that charge under one section, and it was laid under another, and the man is not tried under the proper section, and you recommend that he pay a fine of $50. You recommended that to the Clemency Department?—A. Yes.

By the Chairman:

Q. Recommended it to the Department of Justice?—A. Yes. I might say in this regard, on the instructions of Mr. Farrow on the 22nd November, 1923, I ceased making further recommendations, and since that date the matter has been handled entirely by the Clemency Branch.

Hon. Mr. STEVENS: Where it ought to be handled and whose business it is to handle it.

By Mr. Bell:

Q. Was that a written instruction?—A. No, verbal.

Hon. Mr. BENNETT: If the Committee desires, there are a number of these Prince Edward Island cases, as to the difficulty there is in getting justice. I have a list of five of them. I just happened to find them in going through the files.

Mr. CALDER, K.C.: Might I suggest, probably, if you would allow me, we would make a precis of the files.

Hon. Mr. BENNETT: The files were in the department, and I asked for them the other day, and here they are.

Hon. Mr. STEVENS: I would suggest that Mr. Calder and Mr. Tighe go through these files and present to the Committee a brief precis, and that would save a great deal of time.

Mr. CALDER, K.C.: I have a case here which is along the same lines, which I think had better be disposed of.

Hon. Mr. STEVENS: What is the name?

Mr. CALDER, K.C.: Alcohol, Moses Aziz.

Witness retired.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. I now hand you Customs and Excise Preventive Service file 13662, subject "Seizure of Assorted Whiskies and Alcohols from Moses Aziz, Caraquet, New Brunswick". Will you tell us, Mr. Wilson, whether there was a seizure levied on this man, Moses Aziz, in the month of May, 1925?—A. There was a seizure made from him on the 14th May, 1925.

Q. Tell us about the seizure, the goods seized?—A. 95 bottles of liquors, mixed brands, labelled differently, brandies and rye and Scotch whiskey, also two one gallon tins, unlabelled, containing alcohol, white whiskey.

Q. Will you supplement that by the report accompanying the K-9, or preceding it, rather, dated Chatham, New Brunswick, May 15, 1925, addressed to yourself, headed or titled "Re Preventive Service Seizure from Moses Aziz, Caraquet, New Brunswick", from which I will read paragraphs 2, 3, 4, and 5, as follows:

> "And knowing that Moses Aziz had long been in the smuggling and bootlegging business on a large scale and had only been apprehended once before by a police officer, and that was last summer when I had him convicted under the Provincial law and fined $100 and costs. That was when I was a Prohibition Officer. I decided that we would again look his premises over while we were in Caraquet yesterday, as he had no chance of hearing of my presence in the vicinity. We found the house littered with alcohol tins, empty. Getting into a room from which a man in company with Aziz' wife were hastily trying to remove and hide liquor, we found liquor everywhere around the room, in bulk, being in

biscuit boxes, more behind the piano, and in a suitcase I found two one-gallon tins of alcohol. This alcohol, I understand, is smuggled into Montreal and sent down here in boxes of goods, and purchased by Aziz for $10 a gallon, the duty not paid. We seized ninety-eight gallons of whiskey of assorted brands. I turned ninety-three into the Collector of Customs at Caraquet and brought five away on account of the brand. I am going to submit to the department for examination, and if any more is desired I will forward them. I believe the whole lot is illicit liquor with false labels, done up in Montreal, and that a biscuit agent takes the orders and has the stuff delivered. Aziz is an Assyrian and goes to Montreal a lot.

For instance, we never before saw Three Star Scotch whiskey. They had Royal Marquis rye and different grades of cognac, also brands of the same name done up in different shaped bottles."

Q. Now, upon that seizure, what was the result? Will you read Mr. G. P. Stewart's report and state the outcome of the first seizure, the result?—A. (Reads):

"I had Aziz—

Q. Just tell us in a few words what the result was; he was fined and the liquor confiscated?—A. He was fined $500 plus some costs and the liquor was confiscated.

By Mr. Doucet:

Q. Do you think the amount is $50.00?—A. (Reading):

"I succeeded in getting him to allow $50.00 costs.

Hon. Mr. BENNETT: For the two trips down in his motor car?

Mr. CALDER, K.C.: It is $500.

Mr. DOUCET: $50 and costs.

Mr. CALDER, K.C.: There is a clerical error. Mr. Stewart enclosed a draft and shows the fine as being $50. That is correct?

WITNESS: Yes.

By Mr. Calder, K.C.:

Q. Was there a second seizure levied on this man a little later on for this same reason?—A. On the 14th July, 1925, there was a seizure from Moses Aziz of nine five-gallon kegs, three kegs containing Booth's gin, two gin, two Scotch whiskey, one case marked "A.M.3", four boxes containing Black and White Scotch whiskey, and on one case marked "A.H. 298 Whiskey".

Q. Will you turn back to the first K-9 and state what was the charge laid? Was it for being in possession of goods known to be smuggled?—A. It was seized because the party was unable to prove the date that it had been bought. The labels did not state the manufacturer's name, and they had the appearance of being of illicit manufacture or contraband, and the labels were falsely attached. From the Customs point of view, he was arrested for having smuggled liquor and he could not prove that the liquor had been bought.

Q. Later, on the second K-9, what was the charge?—A. Contrary to section 219 of the Customs Act, having stored in his possession goods which had been smuggled into Canada and upon which no duty had been paid.

Q. The same charge in effect?—A. Yes.

Q. Is it correct that in this case, instead of proceeding by indictment a summary conviction was taken?—A. Yes.

Q. And as a result, Aziz was fined $150 and convicted, and given a term of imprisonment. Will you look up the conviction?—A. On the 8th August—

Q. The 18th; here is a copy of the conviction, taken from the other file. The conviction reads as follows:—

"Canada
Province of New Brunswick
County of Gloucester.

Be it remembered on the 18th August in the year of our Lord, one thousand nine hundred and twenty-five, at the town of Bathurst, in the said county, Moses Aziz is convicted before the undersigned, R. A. Sutton, a Justice of the Peace for the said county, and Police Magistrate in and for the town of Bathurst, for that he, the said Moses Aziz, on the fourteenth July, 1925, at the said parish of Caraquet in the county of Gloucester did knowingly keep and unlawfully import into the county, to wit, liquors whereon duties lawfully payable have not been paid, contrary to the provisions of the Customs Act and amendments.

And I adjudge said Moses Aziz for his said offence to forfeit and pay the sum of $150 to be paid and applied according to law and to a term of three months in the common jail in the town of Bathurst in the county of Gloucester."

There follows a disposition of costs and further imprisonment of three months unless the fine and costs are paid. That is correct?—A. Yes.

Q. Has Aziz to this date been imprisoned?—A. Not so far as I know.

Q. There is no indication in the file that the term of imprisonment has begun?—A. That is correct.

Q. As a matter of fact, you have asked for permission to apply for a warrant?—A. Yes.

Q. For a warrant of commitment?—A. Yes.

Q. There is a document on the file, the last paper on the file?—A. Yes, the warrant of commitment has not been served, has not been executed.

Q. Has not been even issued?—A. I think so.

Q. Has it been issued?—A. Yes.

Q. Its service has been withheld?—A. Yes.

Q. The fine, however, has been paid and the costs?—A. That is right.

Q. Now, can you tell us why, Mr. Wilson, the warrant of commitment has not been executed?—A. There were instructions received by me to withhold execution.

Q. Instructions from whom?—A. Either from the Deputy Minister or the Minister. I do not at the moment remember which.

Q. Did you press for commitment?—A. I made—

Hon. Mr. STEVENS: Just a minute, Mr. Calder, Mr. Wilson says that he does not remember. Will he turn to the Preventive file, and on September 29th there are three letters which states that clearly, and by looking into the record he will see that it is made perfectly clear.

Mr. CALDER, K.C.: I was going to read from the Customs file the whole correspondence leading up to the matter being withheld. I am taking Mr. Wilson over his own file.

WITNESS: I have here—

Hon. Mr. STEVENS: I want Mr. Wilson to be clear.

WITNESS: It is not because I do not want to be.

On the 29th of September, 1925, I telegraphed Mr. G. P. Stewart, Special Customs Officer, at Chatham, New Brunswick, as follows:—

"Am directed to request you to stay execution of warrant of comment against Moses Aziz, pending further investigation. Arrange with Magistrate accordingly."

On the 29th of September, 1925, I received a letter from the General Executive Assistant of the Department in connection with this matter, which reads as follows:—

"The Minister desires that execution of warrant of commitment be stayed in this action pending further investigation.

I beg to confirm instructions given to you this afternoon to wire this to the agent for the Crown in this case."

By Mr. Calder, K.C.:

Q. To be perfectly fair, Hon. Mr. Boivin did not become Minister until a little later on?—A. He was not Minister then.

Q. Who was the Minister then? Was Mr. Bureau Minister then?—A. No, I think there was an Acting Minister at that date.

Q. Mr. Cardin. However, the matter stood, as far as you were concerned? —A. On the 16th of December, 1925, I wrote to the Deputy Minister in regard to this matter and said:—

"May I respectfully ask whether it is the desire of the Department that we now proceed with this matter?"

Q. Is there any note on your letter, or on any subsequent paper, that is on your own file?—A. I think not, sir.

Q. Subsequent to the date you have just quoted, did you again press for execution of the warrant?—A. I remember, on more than one occasion, since that date, I drew the attention of the Private Secretary of the Minister to the fact that I had not received an answer to this inquiry. I did not want to write a further letter because it might perhaps look presumptuous on my part to send a second letter.

Q. So far, you have received no instructions?—A. No.

Q. To allow the warrant of commitment to take its course?—A. That is correct.

Q. From the moment the seizure was lifted, on July 14th, was there any attempt at revaluing, or having the goods that were seized revalued for the purpose of prosecuting under a more lenient section of the Customs Act? I have the file here which contains the original letters, if I might be permitted to read into the record the letters to which I am going to refer Mr. Wilson, in order that he may say what was done.

The first letter is dated August 1st, 1925, the letterhead bearing the name has been torn off, but you can see the name "Bathurst, New Brunswick," which still appears.

The letter is noted as "personal and confidential" is dated the 1st of August, 1925, and reads as follows:—

"Hon. JACQUES BUREAU,
Minister of Inland Revenue,
Ottawa.

My DEAR MINISTER,—One, A. M. Aziz of Caraquet, is charged before the Courts in Gloucester County, at Bathurst, of having had in his possession on July 14th ult, illicitly imported liquor, knowing that to have been so imported. Officer Perley Stewart of the Preventive Service made the seizure on July 14th, and in laying his charge he fixed a valuation of about $600 on the goods so seized. If the goods were fairly valued they might not exceed $200, and hence would fall under the provision of the law which makes such an offence punishable by fine and not imprisonment.

If, however, the goods are fairly highly valued they would exceed the amount of $200 and therefore fall under the provision of the amended Act, and make it an offence of from one to seven years imprisonment. I

am informed that the officers who made the seizure admit that a high valuation has been placed on these goods. Would it not be possible to procure another valuation on this seizure and ascertain the exact amount of goods seized.

These goods were in the possession of Mr. Aziz before the Act was amended, and Aziz claims that after the amendment was enacted he was placed in such a position that he could not very well conform himself to the law, as he did not know what to do with these liquors.

Kindly note that he is not charged with having imported these liquors but simply for having had same in his possession, and he can establish that they were in his possession before the Act was amended.

In view of these facts perhaps your Department would consider that a revaluation by the officers prosecuting that case would be proper and that justice would be properly served if such decision was taken.

Mr. Aziz is a very well known man in the County and has a wide circle of friends, and he has been a strong worker for the common cause, and I honestly believe that he has acted honestly throughout this affair, and that if he will be sufficiently punished if the matter is brought within that section of the Act which makes this offence punishable by fine.

This case is to be heard on August sixth.

Trusting that this case will receive your immediate attention, and thanking you, I beg to remain,

Yours very truly,
(Sgd.) P. J. VENIOT."

The CHAIRMAN: There is a poor fellow in the villages working for the community.

Mr. CALDER, K.C.: I am not making any comment.

By Mr. Calder, K.C.:

Q. In the first place the liquor seized appears to have been two boxes of Scotch Black and White whiskey; two cases of Booth brandy, and a case of gin, and five gallons of rum?—A. Yes, sir.

Q. Now, did they have that liquor revalued?—A. I think not.

By Hon. Mr. Stevens:

Q. Would K-9 indicate the value?—A. $950 duly paid.

By Mr. Calder, K.C.:

Q. The charge, however, was $600. There was a telegram dated at Ottawa, on the 7th of August, which reads as follows:

"Hon. P. J. VENIOT,
Bathurst,
New Brunswick.

Re value being made. Attention has been given as stated in your message.

(Sgd.) JACQUES BUREAU."

You stated you are not aware of a revaluation having been made?—A. I do not see any reference on my file to a revaluation.

Q. So far as your official knowledge goes, no such revaluation occurred? —A. At the moment.

Q. And, as a matter of fact, the value remained such in the new charge when placed on the higher ground?—A. Something happened down there. I see a letter on the 7th of August, to G. P. Stewart:

"Proceed in Aziz' prosecution under recent amendment of Customs Act as already instructed.

(Sgd.) W. F. WILSON."

Q. So the prosecution was laid under the higher and more drastic section?—A. Yes, sir, it was, under my instructions.

On the 7th of August, I wrote to Officer Stewart confirming that telegram, and said:

"The best plan is for us to endeavour to make the very most we can of the recent amendment to the Customs Act. We cannot divert from acting thereunder as soon as we begin to meet with difficulties, such as may be met with in this particular case. Please impress upon Mr. Ramsay that the Department desires to obtain the maximum penalty under the recent amendment."

Q. Will you stop here, Mr. Wilson, and tell me whether Mr. Stewart was equally anxious that you should proceed with this prosecution?—A. Oh, yes.

Q. That was repeatedly pressed for?—A. Yes. I believe the prosecution was entered under that Section, and something happened down there.

Q. What happened was this, upon looking over the Grand Jury list there were so many bootleggers that Mr. Ramsay recommended there should not be a prosecution under that indictment because there was a likelihood of the bill being thrown out?—A. Yes.

Mr. BELL: That is a common condition anywhere.

By Mr. Calder, K.C.:

Q. And so the prosecution was made by a summary conviction?—A. Yes.

Q. And Mr. Aziz sought to obtain leniency by implicating two others, who were also fined?

Hon. Mr. STEVENS: One being his brother, and another man.

By Mr. Calder, K.C.:

Q. Aziz was fined $150, and to his disgust, was imprisoned as well. That is the state of affairs?—A. Yes.

Q. Now, the next step is a letter from the Deputy Minister of the Remissions Branch, dated the 29th of August, 1925, under file 125042, reading as follows: (Department of Customs and Excise File.)

"DEAR SIR,—Representations have been made to the honourable, the Minister of Justice, by the Premier of New Brunswick on the case of Moses A. M. Aziz, convicted at Bathurst on August 18th, of illegal possession of illicitly imported liquor. A fine of $150 was imposed, together with a jail sentence of three months, and the fine has been paid.

The Premier of New Brunswick suggests that the imprisonment be suspended, as the offended is a married man, in business for himself, and the term of imprisonment will occasion him much hardship. Moreover, it is stated that Aziz was not aware that the mere possession of smuggled liquor was in itself an offence, and further that the possession dated long before the Act was amended.

As this man is not imprisoned, the Minister of Justice cannot order his release; it therefore, is a matter for your Department to decide whether or not the Magistrate should be asked to issue a warrant of commitment.

Yours truly,

(Sgd) M. F. GALLAGHER,

Chief of Remissions Branch."

Now, will you look at the letter which you must have on your file, dated September 5, 1925, which came from G. P. Stewart?—A. Yes, sir.

Q. Will you read the second, third and fourth paragraphs, or will you allow me to read them into the record? Mr. Stewart is writing to you, confidentially, and his letter is dated at Chatham, New Brunswick, on September 5, 1925:

> "I have it pretty straight that he has been endeavouring to buy one hundred cases of smuggled liquor. I know he was in Chatham the other day, he called to see me. I was not in. He asked Mrs. Stewart if she knew if I had received any word from the Department of Justice regarding the remission of the three months in jail. She said, she understood there was no word.
>
> Now, if the Remissions Branch has not acted already, it is too bad if our Department cannot point out to them that the man is endeavouring to get into the business again, I got this from a third party, and must keep it confidential, but know that he asked if he could get fifty cases in his own name and fifty for someone else. The party who asked said they were laying low themselves, but if the schooner returned this fall, that Aziz might get it by going out beyond three miles to get it.
>
> I think in the interests of law and order, that the Magistrate, Mr. Sutton, should be instructed to have the warrant of commitment executed the minute the thirty days is up, and that the Clemency Branch should refuse to take up the case until the man is committed. If he has to do some jail, a month or so at least, it will be a great warning."

Now, did you communicate with your superiors in the Department in connection with this matter?—A. Yes, sir, on the 14th of September, 1925.

Q. That appears from the fact that the letter is on the Customs file; it must have been transmitted by you?—A. Here is a carbon of a letter I wrote to the Deputy Minister on the 14th of September, enclosing a copy of that report of the fifth from Officer Stewart. A sentence was imposed upon Mr. Aziz by Magistrate R. S. Sutton, on the 18th, and he was to pay a fine of $150. He had already served a term of three months in jail and was to serve three months additional if the fine was not paid. The fine had not yet been paid, nor had Mr. Aziz been confined to jail.

Q. The next step is a letter, on the letterhead of the House of Commons, which is taken from the same Departmental file, No. 125042, which is dated at Shipman, New Brunswick, on the 21st of September, and reads as follows: (Letter read in French).

> *"Personal and Confidential*
>
> Hon. JACQUES BUREAU,
> Minister of Customs and Excise,
> Ottawa.
>
> HONOURABLE AND DEAR SIR,—Will you please consult Hon. Mr. Lapointe about the proceedings instituted against Mr. A. M. Aziz, Caraquet, for violation of the Revenue Act. I attach the greatest importance to this affair, since in the actual circumstances I need the help of all my friends.
>
> The Hon. Mr. Lapointe will give you all the necessary information. Mr. Aziz is of the highest help for us during this campaign, and we cannot do without his services.
>
> With assurance of my highest consideration."

The CHAIRMAN: That is pretty well written.

Hon. Mr. BENNETT: I suppose it is well known that he is now the member.

Mr. CALDER, K.C.: That was followed by a letter of the 29th September, 1925, marked "confidential." I am reading the translation now. (Reads):

"J. G. ROBICHAUD, ESQ.,
Shippigan, N.B.

Dear Mr. Robichaud,—I acknowledge receipt of your letter of the 21st instant, on the subject of proceedings instituted against Moses Aziz of Caraquet, for violation of the law.

Considering your strong recommendation, instructions have been given not to execute the warrant of imprisonment until a new inquiry has been made.

Sincerely yours,"

It is noted "J.T."

By Mr. Calder, K.C.:

Q. Mr. Wilson, who was the Minister at that time, on the 29th of September, 1925?—A. The Hon. Mr. Cardin was Acting Minister, I think, at that time.

Q. Then you have a memorandum dated September 29, 1925, on the letterhead of the Minister of Customs and Excise. The letter is addressed to Hon. Mr. Boivin, Minister of Customs and Excise, and the date is the 21st of September, 1925. (No answer.)

The CHAIRMAN: He was in charge in November, if I am not mistaken.

Mr. CALDER, K.C.: I am taking the documents as I come to them. At page 83 you will find Mr. Boivin stating as follows. (Reads):

"Speaking from memory, I was appointed on the 4th day of September, 1925, sworn in on the 5th of September, 1925, and took over the administration of the Department from the then acting minister, the Hon. Mr. Cardin, on the 31st day of October, 1925."

Mr. BELL: The letter there addressed to Hon. Mr. Boivin appears to have been received and dealt with?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: The document is not signed.

Mr. CALDER, K.C.: This is a copy. We can call Mr. Robichaud, and get the original.

The next is a memorandum from Mr. Farrow, dated September 29th, 1925, on the letterhead of the Minister of Customs and Excise. (Reads):

"Re case of Moses Aziz, Caraquet.

The Minister desires that execution of warrant of commitment be stayed pending further investigation in this case.

WILLIAM IDE,
Private Secretary."

And there is a note which says. (Reads):

"Asked Wilson to wire instructions to-day 29/9/25."

Q. Do you know this signature, Mr. Wilson?—A. It is William Ide.

Q. But this lower one?—A. That is C. P. B.

Q. That would be who?—A. Mr. Blair.

Q. In pursuance of that, on September 29th, 1925, you wired Mr. G. P. Stewart, Customs Officer, Chatham, N.B., as follows. (Reads):

"Am directed to request you to stay execution of warrant of commitment against Moses Aziz, pending further investigation. Stop. Arrange with magistrate accordingly.

W. F. WILSON.

That is correct?—A. Yes.

Q. Then you have a telegram from Mr. Robichaud, dated October 1st, 1925, addressed to the Hon. George Boivin, personally or forward to Ottawa, Ont., which reads. (Reads):

"Please refer my recent communications re Aziz. Most important that matter be settled according to my wishes. Preventive Service has demanded commitment to be effective at once. Rush action and wire me.

J. G. ROBICHAUD."

Mr. BELL: Will you read the first part again, Mr. Calder?

Mr. CALDER, K.C. (Reads):

"Please refer my recent communications re Aziz. Most important that matter be settled according to my wishes."

Then there is the following wire from Mr. Ide to J. G. Robichaud, M.P., Shippigan, dated October 21st, 1925, which reads as follows. (Reads):

"Hon. Mr. Boivin out of town. Instructions already sent to stay execution of warrant.

WILLIAM IDE,
Private Secretary."

Now, we have a letter from Hon. Mr. Boivin, or what appears to be a letter from the Minister at Ottawa, dated November 18th, 1925, marked "confidential". I will read the original in French first. (Letter read in French). I will now give the English translation of it.

The CHAIRMAN: Was the fine paid, Mr. Calder?

Mr. CALDER, K.C.: That came out earlier in the evidence, Mr. Chairman.

The CHAIRMAN: The costs also were paid?

Mr. CALDER, K.C.: The costs were also paid, on the same day. I will read the English translation of the letter I referred to a moment ago. (Reads):

"Ottawa, November 18th, 1925.

Mr. J. G. ROBICHAUD, M.P.,
Shippigan, N.B.

DEAR SIR,—I have before me a memorandum concerning the case of Mr. Moses Aziz, who was condemned by the court to a fine of $150 and to three months' imprisonment for having had liquor in his possession.

The fine of $150 was paid, but the execution of the warrant of commitment was temporarily suspended.

I have examined the case with care, and I can find no reason for which the imposed sentence should not be executed, but I will keep the matter in suspense until I get a reply from you, in the event of your having other representations to make to me.

The officers of the Department contend that the efforts made to prevent smuggling of liquors will be much lessened if this man is let go without further punishment.

Yours very devotedly,"

That is signed "J. T." evidently, the stenographer. It is apparently a letter from the Minister.

Hon. Mr. STEVENS: Answering one from Mr. Robichaud?

Mr. CALDER, K.C.: Yes, Mr. Stevens. Then comes a letter on the letterhead of the House of Commons—if there is any difficulty about this, I imagine Mr. Robichaud will be able to produce the originals. This letter is on the letterhead of the House of Commons, Canada, and reads as follows: I will read it in French first. It is from J. G. Robichaud, M.P., Shippigan, N.B. (Letter read in French).

Hon. Mr. STEVENS: This letter is a letter replying to the one of the 18th, bearing the initials of the stenographer, " J.T."?

Mr. CALDER, K.C.: Yes. This letter is dated November 25th, 1925, and is written from Shippigan, N.B., and is marked " Confidential ". (Translation):

" Hon. GEORGE BOIVIN,
Minister of Customs and Excise,
Ottawa.

HONOURABLE AND DEAR SIR,—Referring to your favour of the 18th of November, on the subject of penalties imposed, on Mr. Moses Aziz for having had liquors in his possession, will you please do your best to suspend all proceedings until I see you when I return to Ottawa.

With an expression of my best sentiments,

Yours truly,
J. G. ROBICHAUD,
Member for Gloucester."

Q. Then there is a letter from Mr. Wilson, which has been read into the record, dated the 16th of September, 1925, addressed to Mr. Farrow. (Reads):

" *Prosecution of Mr. A. M. Aziz, Caraquet, N.B., Seizure 36848/6099*

SIR: Advertant to your letter of the 29th September last, respecting stay of the execution of the warrant of commitment in this matter.

May I respectfully ask whether it is the desire of the Department that we now proceed with this matter.

I have the honour to be, sir,

Your obedient servant. "

Then there is a note which reads: " Agreed to see Mr. Robichaud, M.P., before giving orders to execute warrant, 17/12/25. George H. B., M.C. & E."

Hon. Mr. STEVENS: Is that a note appended to Mr. Wilson's letter?

Mr. CALDER, K.C.: Yes. I now suggest that Mr. Robichaud be called, and if there is any reason to be given for the withholding of the commitment, we should know what it is.

By Hon. Mr. Bennett:

Q. This man has not yet been committed?—A. Not to my knowledge.

Q. So far as you know?—A. So far as I know. I have had no answer to that letter of the 14th of September.

Mr. CALDER, K.C.: I move that Mr. Robichaud be called.

Hon. Mr. BENNETT: I do not think that is necessary. He is a member of Parliament.

Hon. Mr. STEVENS: I think we should follow the usual method, Mr. Chairman.

The CHAIRMAN: You cannot bring a member of Parliament here by a summons.

Mr. CALDER, K.C.: I mean that he be called, or requested to come. No invasion of the rights of the Commons was contemplated by me.

Mr. BELL: We had an example yesterday of it.

Hon. Mr. BENNETT: Some rush in where angels fear to tread.

By the Chairman:

Q. I see by the Customs report K-9 that the liquor seized from Moses Aziz was forfeited?—A. Yes, sir.

Q. And this is the recommendation made to the Minister by Mr. Farrow, the Deputy Minister. Will you read that into the record, and we will have all the aspects of the case?—A. Yes, sir. (Reads):

"*Report of Commissioner of Customs and Excise*

This is a seizure from Moses Aziz, Lower Caraquet, N.B., of liquor for having been smuggled into Canada. The duty value thereof is reported to be $950, and release has not been given.

On July 14, the Customs officers searched the premises of Mr. Aziz, and located nine kegs of rum, and several cases of whiskey and of gin, buried in the ground in his shed. The goods were placed under seizure, and a charge was laid against Aziz under Section 219 of the Customs Act. A conviction was secured, the same being reported under a separate number.

I would recommend that the liquor be and remain forfeited, and be dealt with accordingly.

R. R. FARROW,
Deputy Minister."

That is initialed by "C.P.B.," 3/10/25. Below that is "The decision of the Minister of Customs and Excise in the foregoing matter is in the terms of the above recommendation. George H. Boivin, Minister of Customs and Excise, 4/11/25."

Hon. Mr. STEVENS: Mr. Calder, at this point, would you mind having read into the record the declaration of the Justice and his enclosed copy of the sentence? I do not think that is in.

Mr. CALDER, K.C.: You mean, enclosing the copy of the conviction?

Hon. Mr. STEVENS: There are two documents; one is a record of the conviction, the judgment; the other is a declaration by the magistrate.

Mr. CALDER, K.C.: I read one part; that is, the efficient part of the conviction; you want also the declaration of R. A. Sutton, covering that?

Hon. Mr. STEVENS: Not if it is in the record already.

Mr. CALDER, K.C.: I have read into the record the conviction which was enclosed by Mr. Ramsay, together with the certificate of Mr. Sutton, that the conviction was a correct one.

Hon. Mr. STEVENS: As long as that is understood; it is only formal.

By Hon. Mr. Bennett:

Q. Mr. Wilson, how many convictions do you think there have been against this man?—A. That is the second.

Mr. CALDER, K.C.: The second under the Customs and Excise Act; the third if we take the violation of the Provincial Act as well.

Hon. Mr. BENNETT: There was one other, a violation of a Provincial Act.

By Mr. Doucet:

Q. Mr. Wilson, it comes to my mind, from the letter sent by the Minister of the Department to the Ex-Premier of the Province that Aziz was a very respectable citizen of the community. I think you have it on your file. I will refresh your memory. Mr. Stewart, who was the Customs Preventive Officer in Gloucester, says that Mr. Aziz has been in the rum-running business all his life, or words to that effect?—A. He is an Assyrian, and, without looking up the file, I should say that that is the impression and report of Perley Stewart; at least that is the sense of it.

Q. The analysis of the liquor in the second seizure, the first seizure under the Customs, is said to have shown ethyl alcohol, and that he was using colouring for the purpose of making different brands of liquor.

The CHAIRMAN: I believe if you read the letter, it will be the better way.

Hon. Mr. BENNETT: The letter was read, Mr. Chairman.

Mr. CALDER, K.C.: Not the letter to which Mr. Doucet refers. The letter as to the cargo was read, but there is also a letter in which it was mentioned that this was the very worst kind of liquor. What is the date of the letter?

By Hon. Mr. Stevens:

Q. We might shorten it in this way, Mr. Wilson; your answer reported this man as a persistent violator of the law?—A. Yes, sir.

Mr. DOUCET: That is all I want.

The CHAIRMAN: The first letter was read. It was a long letter.

Mr. DOUCET: I do not want the inference to go out that consistent or persistent violators of the law down there are considered as respectable citizens.

By Mr. Calder, K.C.:

Q. Do you know what was the result of the examination of the two bottles submitted by Mr. Stewart for analysis, as per his letter of May 15th?—A. I do not.

Q. Do you think you can find the analysis of it?—A. I will try to do that.

Witness retired.

D. J. KEARNEY recalled.

By the Chairman:

Q. What is your occupation?—A. Customs and Excise Enforcement Officer.

Q. Montreal?—A. Yes.

By Mr. Tighe:

Q. Mr. Kearney, how long have you been in the Customs Department?—A. Thirty-one years, nine months.

Q. Do you remember the seizure of Max Faber in November, 1924?—A. I remember having made a seizure from that person.

Q. Do you remember the date, 28th November, 1924?—A. It was in the fall of 1924.

Q. That is the form, K-9?—A. November 28th, 1924.

Q. That is your signature?—A. Yes.

Hon. Mr. STEVENS: Just give the number of the K-9.

Mr. TIGHE: There is no departmental or report number.

WITNESS: 5379.

By Mr. Tighe:

Q. It would be the K-9 number?—A. Yes.

Q. Tell the circumstances under which you came to make the seizure. Have you the K-9?—A. I would like to read over the report if I may.

Q. Perhaps if the report was read into the record, if you would read the report?—A. My own report?

Q. Yes.—A. On information received from a person not in the service of the department, goods, apparently from one of the ships, had been stored at 58 Colonial avenue, Montreal. I went there and examined the same, and found it to be opium gum, 123½ pounds, which I placed under seizure. Mr. and Mrs. Mitchell of 58 Colonial avenue told the following story:—Max Faber of 53

Colonial avenue, partner of the late Stone, who was shot in the Hochelaga Bank robbery and at whose premises Stone was living when he was killed, secured the services of Mr. Mitchell and had him carry opium in two potato bags to his, Mitchell's house, where he rented a cupboard from Mitchell and then locked the opium in a clothes cupboard and secured it with a large padlock. Mrs. Mitchell, seeing the goods being so securely locked, thought perhaps it was stolen goods, became frightened and notified the police, who, in turn, notified me.

Faber, I am informed, is the person who used to smuggle the drugs for Stone when the latter was alive, and he is credited with being one of the largest smugglers in Montreal. The police of No. 4 police station had been constantly on the watch for Faber since the moment I effected the seizure. I instructed them to lock him up on sight.

Q. Now tell us what you did when you had got the information?—A. The information I got from the police was to the effect that acting on information they had received, I went up there and examined the goods.

Q. That was to Mrs. Mitchell's house, 58 Colonial avenue?—A. Yes. The police were under the impression that it was smuggled tobacco, and it was only after going up with the Lieutenant of No. 4 police station, I discovered it to be opium and I immediately went across to Faber's house.

Q. That is 53 Colonial avenue?—A. Yes.

Q. Did you go to the police first before you went to Mrs. Mitchell's house?—A. Yes.

Q. Did the police come with you?—A. Yes.

Q. What happened when you went to Mrs. Mitchell's house?—A. I examined the goods that they had under detention, and instead of it being tobacco it was opium gum.

By Hon. Mr. Bennett:

Q. How many pounds?—A. 123½ pounds, two potato bags full.

Q. What would it be worth?—A. I am not the most competent person to judge, I think about $9 a pound.

By Mr. Calder, K.C.:

Q. It was put in on the report at about $9,000?—A. That valuation had been made in Ottawa.

Q. And form K-9 discloses what has become well known in connection with opium smuggling?—A. I reported that—

Q. After you got there with the police and found there was opium, what did you do?—A. I immediately went across to Mr. Faber's house in the hopes that he might be in, and for the purpose of searching his house. I searched his house, but he was not there.

Q. The police kept watch on Faber's house?—A. Yes, they kept two plain clothes men on watch throughout. I got the assistance of the police, and on the first evening I was there, I was with a detective from the department. The following night the same thing happened; there was always one keeping watch on the house.

Q. Number 53 would be just about across the road from number 58?—A. Yes.

Q. The fact that it was just across the street and the police had been there would have a tendency to warn Faber?—A. Yes, the police had made the seizure.

Q. When was that done?—A. About three hours before my being called in.

Q. They had been there before you came in?—A. Yes, for about three hours. If Faber had been there before, I would not know, as it would be before I was called in.

Q. Max Faber has not been seen since?—A. No.

By Mr. Calder, K.C.:

Q. This man Faber is, I believe, known as the biggest drug smuggler in America with the possible exception of Harrison?—A. I think we all know that.

Q. That is his reputation?—A. Yes.

Q. You also had made some enquiries, or had information that he was implicated in the theft of drugs from the Court House at Montreal?—A. No.

Q. Was not that information in the Preventive Service?—A. I think since Mr. Stevens' speech in the House of Commons—that is the first information I had that drugs were stolen from the Court House.

Q. You did not know that drugs were stolen from the Court House?—A. No.

Q. I think you are the only man in Montreal who did not know. You knew by reputation?—A. Yes.

Q. The only way you would know would be by actually being there.

Hon. Mr. STEVENS: I knew it the day after I was in Vancouver.

By Mr. Calder, K.C.:

Q. It was something you had not been connected with?—A. Yes.

Q. It was reported that he had been connected with that?—A. Yes.

Q. He had made overtures to certain members of the Customs which were promptly refused, but in any event he endeavoured to have the officers let the stuff through?—A. I do not know.

Q. That was not known?—A. I was on the Excise Service altogether until two years ago. I never made a seizure in connection with Customs Excise in my life, as I was on the Preventive Service. The only seizures I made were in connection with cars.

Q. In connection with the drug seizure, did you report to Mr. Bisaillon or to some other authority?—A. I was reporting to Mr. Bisaillon; it was regarded as Preventive seizure duty.

Q. Outside of watching the house, do you know of anything being done by the Preventive Service to trace Max Faber or to track him, or to follow him through Mrs. Faber when she moved?—A. No sir.

Witness discharged.

JAMES CHURCHMAN re-called.

By Mr. Tighe:

Q. Mr. Churchman, when was the seizure of the 28th of November, 1924, first brought to the attention of the police?—A. The Colonial avenue seizure?

Q. Yes.—A. The first I knew of the Colonial avenue seizure was from a report of the local department.

Q. When did it come to the official attention of the police?—A. I reported that, and received instructions to go into the matter.

Q. What did you do in pursuance of those instructions?—A. I interviewed Mr. Masson of the Customs Department; he is the chief of the Local Preventive Staff, in this regard, but did not meet with much success.

Q. You have the report there which was made, and which recites practically all the facts. If you would give us the substance of that report, which I think is dated the 17th of December. On the 18th of December, 1924, you made a report on that matter, Mr. Churchman?—A. Yes.

Q. Will you just briefly tell us the substance of that report?—A. It is a report with regard to information I received from another party outside of the police, and outside of the Customs Department.

Q. You were practically going on rumour at that time?—A. It was rumour. Mr. Kearney had searched for stills, and there were these rumours.

Q. Up to that time there was no word from the Customs Department?—A. No.

Q. When did the matter come to your official knowledge, or to the knowledge of the Mounted Police?—A. A letter is on file that was received from Mr. Cowan, Chief of the Narcotic Division, dated the 10th of January, 1925, which mentions the seizure made by Mr. Kearney, at Colonial avenue. That is the first time it was officially drawn to the attention of the police in Montreal.

Q. That is six weeks after the seizure was made?—A. It would appear to be so.

Q. The seizure was made on the 28th of November? Will you tell us briefly, what you did after getting those instructions?—A. I interviewed Mr. Bisaillon, Chief of the Preventive Service in Montreal.

Q. When you went to interview him had you the letter which had been sent by Inspector Phillips of the Mounted Police?—A. I had.

Q. That was authority to Mr. Bisaillon to give you all necessary information?—A. It was a request to Mr. Bisaillon to give me the necessary information.

You went down to see Mr. Bisaillon and what was the result of your interview with him?—A. Mr. Bisaillon refused to give me any information regarding the seizure. He told me there was a warrant for Max Faber but he would not tell me what the contents of the warrant were nor where the warrant was at that time.

By Hon. Mr. Stevens:

Q. What date was that?—A. The 13th of January, 1925.

By Mr. Bell:

Q. Did he give you any reason for his refusal?—A. No, he did not. I did not ask him. He appeared to be hostile. As a matter of fact, before he would tell me anything he called in his Secretary to the office to be a witness. I had a witness with me; I would not go down to Mr. Bisaillon without having a witness with me.

By Mr. Tighe:

Q. Mr. Bisaillon having refused you, did he say he would communicate with the Department?—A. He told me he would get in touch with the Department. I know now that he did get in touch with the Department.

Q. Did you see Mr. Bisaillon subsequently in regard to the matter? To put it briefly, do you know that Mr. Farrow wrote a very strong letter saying that he should co-operate with the Mounted Police?—A. I did not see that letter.

By Hon. Mr. Stevens:

Q. Is it there? It had better be produced, and you should read the substance of it.

By Mr. Tighe:

Q. There was a letter on the 13th of January, 1925; Mr. Bisaillon wrote to Mr. Wilson, and the material part of the letter is: "Referring to this seizure I beg to state that the warrant is out for the arrest of Max Faber and everything is being done by the officers of my staff to locate this party. A copy of the warrant is in my possession.

In view of the fact that we are doing everything possible to locate this party, I do not feel disposed to furnish certain information to Royal Canadian Mounted Police."

Q. On the 17th of January, 1925, Mr. Farrow wrote a letter to Mr. Bisaillon, as follows: "I have to inform you that your attitude in this matter is entirely wrong. It is absolutely necessary that the closest co-operation possible exist between Officers of Customs and Excise and Officers of the R.C.M. Police, acting for the Department of Health in the endeavour to curb illicit traffic in narcotics, and no private feelings of any kind should be allowed to interfere with such co-operation."

Hon. Mr. STEVENS: That is a drug case.

Mr. TIGHE: Yes, $10,000 worth of drugs.

By Mr. Tighe:

Q. On the 19th of January, there is a letter from Mr. Bisaillon to Mr Farrow in which the material part is this: "I informed Sgt. Churchman, in the presence of Officer W. L. Hicklin, that I cannot accede to his request without first procuring the necessary authority from my Chief, Mr. W. F. Wilson. I informed Mr. Churchman that I would write for the necessary permission the same day. I must state I did not refuse to co-operate with the R.C.M. Police in this certain case, but I felt, before I divulged any information I should obtain the necessary authority."

By Hon. Mr. Stevens:

Q. The point is that Mr. Bisaillon did refuse to assist, is that right, Mr. Churchman?—A. That is correct.

Q. In spite of instructions from the Deputy Minister?

By Mr. Tighe:

Q. Ultimately, when you got instructions from the Deputy Minister, you did get the necessary information from Mr. Kearney?—A. I just want to add to what I mentioned a few minutes ago; Mr. Bisaillon did not tell me that he would write to the Department, but I find that he said he would write to the Department in regard to the letter I had handed to him from Inspector Phillips.

Q. This man, Max Faber, was known as a smuggler and dealer in narcotics on a large scale?—A. Yes.

Q. And you had had further dealings with Max Faber about a year before that?—A. Previous to that, yes.

Q. Just tell us briefly what those facts were in regard to the previous dealings with Maxie Faber, and the knowledge the Preventive Department had of them in Montreal at that time, that is, about that conversation of 1923?—A. On the 22nd November, 1923, I received a call from Customs Officer Berry, stationed at Shed No. 24, who informed me that another officer on the port had been interviewed, one by the name of Faber—Maxie Faber—regarding the shipment of drugs that they expected to receive from Europe. The interview was put off until the following night, or probably later; it was put off for a day or two. When the date was definitely settled upon, Mr. Parizeau, the Customs Officer, was to meet Maxie Faber and Fafard. I went down to the docks with Corporal Styran, and installed a telephone in the office, and ran the wires down to a neighbouring office. We hid there, leaving another Mounted Police Officer outside to watch for Maxie Faber and Fafard before entering Mr. Parizeau's office.

Q. Parizeau had kept you advised all the time it was being arranged?—A. We knew the meeting was to take place at a certain hour.

Q. Parizeau was acting in concert with you in the matter?—A. Absolutely. Maxie Faber and Fafard went there at the appointed hour, and we overheard their conversation. They tried to get Parizeau, the Customs Officer to work with them in receiving shipments of drugs from Europe. There would be a certain number of cases sent over from Europe.

By the Chairman:

Q. Have you any writings to this effect?—A. I could get them if I had time.

Q. You had better do that, because this is an important matter; otherwise, it is only hearsay.

Mr. TIGHE: He has a record of the conversation over a detectophone. He was present.

By Mr. Tighe:

Q. Would you just briefly tell us what a detectophone is, so that the Committee will understand?

Mr. BELL: We all know that.

By Mr. Calder, K.C.:

Q. As a matter of fact, Sergeant Churchman, you saw Mr. Parizeau and identified him, and you saw Fafard and Maxie Faber in the place where the detectophone was?—A. The corporal recognized them. I did not see them before. It was at a little office at the end of the Canada Steamship Lines' office.

Q. And by means of the detectophone, you overheard the whole conversation?—A. I overheard the major part of it.

By Mr. Tighe:

Q. Did you recognize Maxie Faber's voice?—A. Yes.

By Mr. Calder, K.C.:

Q. Will you turn up your notes, Corporal Churchman, where you have the discussion?—A. I have here an extract of the notes I took of the conversation. It reads: "M" means Maxie Faber, "P.F." means Phil Fafard, and "P" means Mr. Parizeau. (Reads):

> "M. I am going away next week, no, this week, because I am staying here losing time and money. (too loud to catch). It costs me $2,000 over there, and $10,000 to get it here. When the shipment comes in you give $6,000 to my wife, pay all the others, and send the rest to me over there.
>
> P.F. Go to hell! I want to be square, share and share alike. I mean, send soap, boxes of soap, yellow soap, I'd take one box two rows of soap, two rows of stuff, forty pounds of soap in each box in four boxes one box will be all right.
>
> M. When the stuff arrives, Phillippe is the man in charge. He will take the money and pay them and send it back to me, to Europe to me.
>
> P.F. You are going to the other side; stay there.
>
> P. Are you going to ship per order or to name (here again all started to talk together, and it became inaudible). Then—
>
> M. I offer you the best price. I send stuff home, it costs 18/- a pound a year ago £209/7/6. That is what it cost you last year.
>
> P.F. 5, 10, 15, 20 and 5 is twenty-five, and 5 is thirty, that is my expenses. $5.00 apiece (N.B.) (apiece means one ounce).
>
> M. 500 pounds of stuff, then if any one comes to us for some I sell it to them, straight stuff (more loud talking, then quietness).

P.F. Three full of stuff and two straight goods.

M. No, that is all right.

P.F. Every box will have a number, two and five straight goods, one, three and four are with stuff.

P. All right, and they all look the same.

P.F. Yes, all the same size and weight (much too loud to receive, then a little quieter). You make your suggestion.

P. No, I do not know what. (P.F. interrupts with a loud voice).

P.F. It's clear, it's clear."

By the Chairman:

Q. Where is Phillipe Fafard?—A. He is in jail.

Q. What was his occupation, before?—A. He was a private detective, I believe.

By Mr. Tighe:

Q. Is that the whole conversation?—A. No sir, that is just an extract.

Mr. BELL: It indicates clearly what it is.

By Mr. Tighe:

Q. What was the date of that conversation?—A. November 22nd, 1923.

Q. About a year before the other seizure you were talking about?—A. Yes.

Q. On Colonial Avenue?—A. Yes.

Q. So that at least on that date the Preventive Service would have known about the operations of Maxie Faber, and the type of man he was?—A. This particular department would know.

By Mr. Calder, K.C.:

Q. Corporal Churchman, you overheard part of the conversation, and afterwards Mr. Parizeau put in a full statement of what had occurred during the conversation?—A. He did.

Q. And this corroborated what you had heard?—A. Yes.

By Mr. Tighe:

Q. What happened after that, what was the result of it; did the scheme go ahead, or did it drop?—A. Mr. Parizeau the Customs Officer fell ill, and this scheme fell flat after that.

By Mr. Calder, K.C.:

Q. Did your detachment in Montreal submit the scheme for the trapping of Maxie Faber, in this particular instance?—A. Yes. We had an idea that we would be able to catch him, if we continued.

Q. What was the attitude of the Department; did you have the co-operation of the Customs officials?—A. There was a great deal of hesitation in allowing Mr. Parizeau and others to assist.

By Hon. Mr. Stevens:

Q. Hesitation on whose part?—A. I interviewed Mr. Clerk mostly, in this case.

Q. Previously it was Mr. Bisaillon, and in this case it was Mr. Clerk?—A. This was previous to the Colonial avenue case.

Witness retired.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. In order to complete the Moses Aziz case, Mr. Wilson, you have on the file a report of the Department of Customs and Excise, Division of Chemistry, dated June 13th, 1925?—A. Yes.

Q. That was consequent upon the first seizure against Aziz?—A. Yes. It reads as follows:—

"Certificate of Analysis

Commissioner of Customs and Excise.

SIR,—Samples of liquor, namely, one described as brandy and the other as Scotch, representing seizure 5789, Preventive Service, Moses Aziz, and covering your letter 26th ultimo, have been examined to the point where sufficient evidence has been revealed by the physical and chemical characteristics exhibited to show that these materials represent brandy or Scotch, but to have been fictitiously prepared from ethyl alcohol and coloured with carmel. The status of the ethyl alcohol was not established as this is very hard to determine and will probably be not necessary for your purposes.

I have the honour to be,
Sir,
(Signed) J. E. WATSON,
Departmental Analyst
Laboratory No. 10-W-E-4"

By Hon. Mr. Stevens:

Q. That is the stuff handled by respectable citizens?—A. Yes.

Witness retired.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 P.M., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order.

This Committee has summonsed Miss Denese Larde to appear before the Committee to-day at 10.30 A.M., and there is a communication from the office of the Commissioner, reading as follows:—

"DEAR SIR:—On the 16th instant you issued a summons for Miss Denese Larde to appear at the Special Committee of the House of Commons inquiring into the Administration of the Department of Customs and Excise, for Wednesday, 21st instant.

This summons was sent to the Officer Commanding, the Mounted Police, Montreal for service.

The Officer Commanding, Montreal, now returns the summons in question, with the information that Miss Larde is not in either Montreal or Quebec City, but is believed to be resident in France.

I attach the summons herewith.

Yours very truly,
(Signed) COURTLANDT STARNES,
Commissioner."

FRANK K. ZANETH, called and sworn.

By Mr. Calder, K.C.:

Q. You are a member of the Royal Canadian Mounted Police?—A. Yes sir.

Q. Sergeant?—A. Yes sir.

Q. Were you ever in charge at Quebec, of the detachment there?—A. Yes sir.

Q. From what date to what date?—A. From the 13th April, 1923, to the 13th March, 1926.

Q. Were you in charge of the detachment?—A. Yes sir.

Q. How many men did you have under you?—A. Most of the time, I only had one man.

Q. Were you ever required by your superiors to go over and view the situation at Escourt, P.Q., in reference to smuggling?—A. Yes.

Q. Will you look at files 24D/24D/8, Customs and Excise file, Alfred J. Lévesque, file 24D/24D/D13, Alfred J. Lévesque, Blue River, Napoléon Vieulleux, Sully, P.Q., 24D/24D/11, and file 24D/24D/C1, Mrs. Elise Cyr, Edmundston. Where is Escourt?—A. Escourt, P.Q., is something like one hundred and sixty miles east of Quebec.

Q. Is it on the border?—A. Yes.

Q. Of what State?—A. Maine.

Q. What is the nearest point there in the United States?—A. The closest town?

Q. Yes.—A. It must be fifty or sixty miles.

Q. Will you look up the file and see what were your instructions according to letter received from Mr. Wilson and dated 15th February, 1924? That is on the general file.—A. I received instructions from my Commanding Officer in Montreal to proceed to Escourt and investigate conditions in the district.

Q. That was in consequence of Mr. Wilson's letter of the 15th?—A. Yes.

Q. That letter contained information upon which you proceeded?—A. Yes.

Q. Will you sum up what the information was, in a few words?—A. The information was that one Alfred Lévesque, who was the biggest bootlegger in the district, with a store at Blue River, and a fellow named Vieulleux and Fortin—

Q. These were the people you were to enquire about?—A. Yes.

Q. Tell us what you did in connection with Mr. Alfred Lévesque, guiding yourself by file 24D/24D/13?—A. 24D/24D/D13.

Q. Take your letter or report of March 4.—A. Do you want me to review this?

Q. Tell us what you did?—A. On arrival at Escourt, I communicated with the Customs Officer, Mr. Durette, and requested him to accompany me to this place at Blue River. When I arrived, I was informed that Levesque was in Riviere du Loup for trial for bootlegging. I entered the store which was conducted by Mrs. Lévesque, and made myself known to her, and expressed my desire to search the premises.

Q. Did you have a writ of assistance?—A. Yes, I produced my writ of assistance and she says, "I can not understand what that means, go ahead, it is quite alright."

Q. What did you do then?—A. I went down the cellar and took one of her men employed by her in the store—I presume he was a bootlegger—and I found some carton boxes containing cushion covers with the American flag and different designs.

Q. How many boxes were there?—A. There were a number of them, about thirty-six.

Q. Thirty-eight, is it not?—A. That is right.

Q. Containing one dozen silk cushion covers, each box?—A. Yes.

By the Chairman:

Q. All American flags?—A. No, most of them were American flags and others Indian heads, and a few different designs. I asked her—also I found a suitcase containing two punch Boards.

Q. Two or three?—A. Two or three, I forget how many now.

Q. What do you mean by punch boards, a game of chance?—A. Yes, you pay ten cents and get a jack-knife.

By Mr. Bell:

Q. You punch a girl's name?—A. Yes. I asked her where she obtained these articles, and she said, "My husband got them from St. George, Beauce. about two or three years ago.

Q. Did you ask for any invoice?—A. I said, "have you invoices or receipts for anything which would strengthen your information"? She said, "You had better come back and see my husband."

Q. Did you make a further search?—A. Yes, I went to the rear of the store, which was a small shed, and there I found a large quantity of Pyrex dishes marked " made in America."

Q. Was there any statement made about that?—A. Yes, she said her husband got them at the same place as the flags and covers which I have spoken about.

Q. What did you do with a view to impounding these articles?—A. Well, as I had no real information of the fact they had been smuggled, I said I would make a temporary seizure of the articles and leave them as they were until I would see Mr. Lévesque and find out whether they had been smuggled into the country or not.

Q. A warrant was given to her in the presence of Officer Duret?—A. Yes, sir.

Q. And in the presence of her employees?—A. Yes. There were two or three men there at the time.

Q. Did you notify Mr. Lévesque?—A. Yes. I told Mr. Lévesque that in view of the fact her husband was coming to Escourt that very evening I would meet him on the following day. He did not put in an appearance, so I decided to go to Blue River and visit him again.

Q. Did you go into the premises to see whether the stuff you had seized was still there?—A. I gathered from what Mr. Lévesque said, he commenced to laugh and told me, " what are you here for? My wife moved those things since you were here last at my store at Escourt, to the American side of the line."

Q. Is Escourt both on the American and Canadian side?—A. There are stores there which are operated both in the United States and Canada.

By the Chairman:

Q. International stores?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. The statement he made was that his wife had removed these goods to the other side of the Line?—A. Yes, sir.

Q. Did you report that fact?—A. Yes, sir.

Q. Did you make any recommendations?—A. Well, I recommended that this man be prosecuted under the Criminal Code.

Q. For theft?—A. Yes, for theft.

Q. For the theft of articles under seizure?—A. Yes, for the theft of articles under seizure.

By the Chairman:

Q. Did you take a copy of the list of the goods you seized?—A. I had no form with me; I had to make a verbal seizure.

By Mr. Calder, K.C.:

Q. You told him they were under detention?—A. Yes, and not to remove them.

By the Chairman:

Q. Did you sign a form to that effect?—A. I never did.

By Mr. Calder, K.C.:

Q. You sign a form when an actual seizure is made?—A. Yes, sir.

Q. You say you recommended that he be prosecuted under the Criminal Code?—A. That is right.

Q. Do you know whether that recommendation of yours was ever followed up?—A. No, no action was taken. I know they reported the matter to the Department of Customs, and I was finally instructed to drop the matter.

Q. The matter appears to have been closed. Did you make a K-9 in this case?—A. I believe I did.

Q. You got no instructions, subsequently, at any time whatever?—A. None whatever.

Q. The matter appears to be closed by Mr. Charles Blair's letter, dated at Ottawa, May 26th, of which a copy is on the file; I mean on the Royal Mounted Police file, with a covering letter from Mr. Wilson. The letter is as follows:

"Re Quebec Seizure 33649-868

OTTAWA, May 26th, 1924.

DEAR SIR:—I have the honour to acknowledge receipt of your letter of the 4th ult, with enclosed copy of letter from the Commissioner of the R.C.M. Police regarding the goods found on the premises of A. J. Lévesque, Blue River, P.Q. and placed under seizure-Det-Sgt-F. W. Zaneth, but which were subsequently removed to the United States without permission from the authorities.

This matter was submitted to the honourable, the Minister, with the request that instructions be given as to whether or not legal proceedings should be taken. The Honourable, the Minister considered that if proceedings could be taken against Lévesque, such should be taken, but under the circumstances it would appear that there is no proof that Lévesque was a party to the act of removing the goods and, therefore, the proceedings would have to be taken against Mrs. Levesque, which again it is not the desire of the Department to take.

Under the circumstances it has been decided that proceedings in the case should not be taken.

(sgd.) CHARLES P. BLAIR,
General Executive Assistant."

Now, in this expedition to Escourt did you have occasion to make a seizure or detention against one, Miss Elise Cyr of Edmunston?—A. Yes, sir.

The CHAIRMAN: The other matter is finished?

Mr. CALDER, K.C.: Yes.

By Mr. Calder, K.C.:

Q. Will you take the file in connection with the matter referred to under No. 24D24D8?—A. Yes.

Q. Will you tell us, briefly, what that is?—A. On the morning of the 12th of March, 1924, about five o'clock I was having breakfast in the restaurant at the station conducted by this Miss Cyr at Edmunston, N.B.

Q. Were you accompanied by anyone?—A. I was there with Officer Duret, and while I was there I saw the lady behind the counter passing out American cigarettes to customers.

Q. Did you buy any?—A. I went up and purchased a package.

Q. What did you discover with reference to Excise stamps?—A. I found they were cigarettes that had been smuggled as they did not bear the Excise Stamp of Canada.

Q. Did you tell Miss Cyr who you were?—A. Yes, sir.

Q. After you found this out, what did you do?—A. I disclosed to her my identity, showed her my writ giving me power to search the store. I found a few packages of cigarettes under the counter.

Q. Will you look at the report and see how many you found?—A. I found 320 Camel cigarettes, packages, with twenty in each package; 260 Beechnut cigarettes, and six small boxes of matches.

Q. Had duty been paid on any of these cigarettes?—A. Not that I know of.

Q. Did she give you any explanation?—A. She said she did not smuggle them herself but got them from a man in Edmunston who was selling them to her.

Q. Did she mention the man's name?—A. No, she refused to give me the name.

Q. Were the goods seized?—A. Yes, sir.

Q. Did you make a report?—A. I did.

Q. Did you ever receive any instructions to make a case?—A. No, sir.

Q. That is all about that.—A. The cigarettes were returned to Edmunston, I don't know whether to Miss Cyr or to the Collector of Customs there.

Q. Did you find anything in the possession of this man Veilleux, who had been pointed out to you as the person to be watched?—A. At Sully, yes.

Q. Will you look at file 2424D12?—A. Yes. I found this man in possession of about 470 cigarettes.

Q. Where did you find them?—A. In the attic of his store.

Q. Did you report that case?—A. Yes, sir.

Q. Was anything ever done?—A. No, sir.

Q. Can you give me the file so that I may see what letter closed it. The letter closing the file, as far as you are concerned, appears to be a letter sent to you on April 11th by Albert J. Cochrane?—A. Yes, sir.

Q. Enclosing the letter from Mr. Wilson dated the 10th of April, reading as follows:

"1064

10th April, 1924.

Port of Quebec Seizure 33528-863

Colonel CORTLANDT STARNES,
Commissioner R. C. M. Police,
Ottawa.

DEAR SIR,—For the information of yourself and the Officer Commanding at Montreal, there is quoted herewith the letter addressed to me by the Department on the 7th instant:

'I have the honour to acknowledge receipt of your letter on the 25th ult. (your Commanding R. C. M. Police, Montreal, requesting instructions as to whether not Napoléon Veilleux, who was prosecuted on the charge of being in possession of smuggled goods).

In reply I beg to state that this matter has been placed before the Honourable, the Minister, and he has instructed that under the circumstances it is not desirable to enter prosecution.'

Yours truly,

(Sgd.) ALBERT J. COCHRANE."

So that after this inquiry into the discovery of certain characteristic cases with regard to smuggling, you were especially instructed to watch, after making out a case, nothing was done, in any event?—A. No, no action was taken by me.

Q. Will you look at that file entitled "L. E. Martel"; that case relates to the smuggling of opium, under the Narcotic Drug Act, and the reference is 24-101-1D2. Now, inform yourself from the file and just state how that matter arose? From whom did you get your information?—A. On the evening of January 2nd, 1924, I received a telephone call from Customs Officer Ben Martineau, stationed at Quebec, requesting me to do down and meet him at the corner of St. Paul and St. Peter Streets. When I arrived there he asked me if I would like to make a drug case. I said, "yes". He said, "I have an order here to go into Martel's wholesale place and buy drugs".

Q. You quoted that order on your report?—A. Yes, sir.

Q. Have you got the original order that was delivered when you made the prosecution?—A. Yes.

Q. You took a copy of it?—A. No, it was only a bit of paper.

Q. Is that correctly quoted, where it refers to Mr. L. E. Martel, 205 St. Paul Street, o.k.'d and signed "J. R. Martel". That is correct.

Q. Did you go to Martel with that? Who was Marois?—A. A Customs Officer employed in the Express Office at Quebec.

Q. Have you subsequently seen the signature of Marois to know it when you would see it?—A. Yes.

Q. Was that his signature (indicating)?—A. Yes. I knew him pretty well.

Q. Did he attempt to draw up this document?—A. Yes, sir.

Q. What was done with it?—A. I went through the usual formalities, talking to the informer, and sent that in to Martel, with marked money. He went in while I was standing on the street watching. I saw Mr. Martel and Mr. Martineau go to the rear of the store and talk for a few minutes; then they came to the front, where they talked for a few more minutes, and Martineau left Martel's. As soon as he reached the street I took it away from him, and I found it to be cocaine.

Q. Did you proceed to Martel's after that?—A. I immediately upon meeting Mr. Martineau, went into the store. Mr. Martel looked at me and said, "you think you have got me now".

Q. Did you search him for the money?—A. I asked him to give me the money. He said, "I haven't got it." I said, "I am compelled to search you". He said, "here it is". He pulled a ten dollar bill out of his hip pocket.

Q. Had it the marks on it that you put on?—A. Yes, it had on it the marks I put on.

Q. And prosecution was instituted against Martel?—A. Yes, sir.

Q. Did you approach Marois in connection with the matter?—A. No, I didn't go near Marois.

Q. You put in the official form in connection with this matter?—A. Yes.

Q. That was with regard to a statement made to you that drugs were passing through the Customs. What I am speaking of now is hearsay, but I shall afterwards confirm it by Mr. Marois.—A. When Martel was released he went to see Marois, and Marois, as far as I could ascertain went to the Collector of Customs and told them that he had passed thirteen pounds of drugs the day before to Martel.

Q. Who told you that first?—A. I think it was Customs Officer Martineau, if I am not mistaken.

Q. And subsequently did you see Marois about it?—A. Yes.

Q. Did he admit having made the statement?—A. Yes, he said he did but was drunk at the time and didn't know what he was talking about.

Q. First he made the statement, and then withdrew it?—A. Yes, sir.

Q. Did you report that to your superiors?—A. Yes, sir.

Q. Do you know if that report was passed on?—A. Yes, I believe it was passed on to the Department of Health, and to the Department of Customs.

Q. Did you see the Customs Collector?—A. Yes.

Q. Did you report to him all the facts you had then ascertained?—A. Yes, and he said, "you are of the same opinion as I am, Mr. Marois was just dreaming."

Q. He was dreaming in this respect, that he could give his O.K. to get the drugs from Mr. Martel; that is true?—A. That is true; it cannot be denied.

Q. Do you know whether Marois was further investigated and whether anything was done about it?—A. Yes, when the thirteen pounds of drugs came up I took the matter in hand and found that instead of being drugs, it was a package containing Myers' Remedy, and had been passed that afternoon.

Q. Could you form any theory why he should have told that to you?—A. I don't know just how he did it. This man, Martel, was receiving packages practically every day from the Express Office.

Q. You ascertained that yourself?—A. Yes, Martel told us that, and in view of the fact that Marois had never examined the parcels, naturally when he was suspected with regard to the drugs, he did not know what we had on him, and he decided that everything passed must have been drugs.

Q. Do you know who it was that in fact passed this parcel you afterwards traced?—A. Mr. Marois.

Q. Without opening it?—A. Without opening it.

Q. Although he must have known by the O.K. he gave you that this man was in the drug business?—A. He was in the drug business.

Q. He also knew he sold drugs?—A. He came from the same town.

Q. But he also knew he sold drugs, since he gave you the O.K.?—A. It would seem that way.

Q. What happened to Martel?—A. Martel was arrested, was released on bail the same night, and finally appeared; he had it fixed with someone, I do not know who with, but he appeared without the Crown knowing anything about it, and paid $200 and costs.

Q. Is that the minimum?—A. Yes, sir.

Q. Were you advised that he was to pass?—A. No, sir.

Q. Were you advised that he was going to pass on a certain day?—A. No.

Q. When, automatically should he have come up?—A. He should have come up on the 10th of January.

Q. After a week's remand?—A. Yes.

Q. The delay was anticipated?—A. Yes.

Q. The whole thing was closed up when you arrived?—A. Yes, sir.

Q. I now put in your hands file 23-D, 24-d-70, of the Mounted Police files, entitled "Denese Larde." Will you tell us first, if you know, on information derived from Miss Larde, what was Miss Larde's occupation?—A. She was representing a firm in France.

Q. Dealing in what kind of goods?—A. Silk gowns.

Q. Of an ordinary, or a high-class variety?—A. High-class variety.

Q. What was the method in which she carried on her business? I presume you confine yourself to what she told you about herself?—A. Yes.

Q. Did she have an establishment, either in Montreal or Quebec?—A. No, sir.

Q. How did she carry on her business?—A. She used to arrive either in Quebec or in New York. She sent her goods through bond, if from New York, to a hotel. The Windsor hotel was her headquarters.

Q. In Montreal?—A. The Windsor Hotel in Montreal, and the Chateau Frontenac in Quebec.

Q. If she arrived in Quebec, the stuff she would have was carried as baggage?—A. Yes.

Q. In both cases packed in trunks?—A. Yes.

Q. And was apparently baggage?—A. Yes, sir.

Q. Did you receive any information which led you to watch the arrival of Miss Denese Larde and her trunks, in September, 1923?—A. Yes, sir.

Q. Did you get that from the Customs authorities?—A. Yes, sir. Do you want me to give the name of the Customs officer?

Q. You might as well give it?—A. Weldon Creighton.

By the Chairman:

Q. Where?—A. At Quebec. He came up to me and said "There is a lady coming on the Empress of France, due here on or about the 12th of September, carrying smuggled goods."

By Mr. Calder, K.C.:

Q. Did he tell you why she should be watched?—A. He said that a girl friend of his who was employed—

Q. Never mind the source of information, because I am afraid that would be hearsay. The import of it was that she was smuggling these dresses?—A. Yes, sir.

Q. As baggage?—A. As baggage.

Q. What did you do in consequence of that report? Were you there when Miss Denese Larde and her trunks arrived?—A. No, sir.

Q. Where were you?—A. Up in Oskalana Lake.

Q. Upon her return, did you take up the matter?—A. Yes.

Q. What did you find, in regard to the baggage?—A. I found that the baggage had been taken to the Chateau Frontenac.

Q. That is, it apparently had been passed?—A. It had been passed.

Q. Did you go to the Chateau Frontenac?—A. I did.

Q. Did you approach Miss Larde in connection with this matter?—A. Before I went up, another officer went up, Constable Moison.

Q. Did you follow them up?—A. I followed them up to the house.

Q. What happened?—A. When he knocked at the door, the lady opened the door, he waited a second, she went in and came out again and had some money in her hand; I could not tell you how much, but a handful of bills.

Q. What did she say at that time?—A. She wanted to have the Customs accept them.

Q. Did you go to her room afterwards?—A. Yes.

Q. With Constable Moison?—A. Yes.

Q. What did you find?—A. I found a number of silk gowns and lingeries.

Q. Were they unpacked?—A. They were unpacked and on racks there.

Q. You made a K-9 in this connection?—A. Yes.

Q. Will you tell us first the number of garments, and the value you set down on the K-9, which I now show you. This is detached from the file, so I suppose I can file it? (No answer).

Hon. Mr. STEVENS: That is the finished K-9. There are copies on the file.

By Mr. Calder, K.C.:

Q. Will you look at your K-9 and state how many garments there were, and what the value of them was?—A. Do you mean the value by her invoices?

Q. We will take the various values assigned to these goods, but first take the number of garments?—A. There were about 115 silk dresses, 10 pairs of garters, 45 camisoles, and other things I cannot name, for ladies.

By the Chairman:

Q. You mean wearing apparel?—A. Yes, sir.

Hon. Mr. STEVENS: Mr. Calder, there is a list there, is there not?

Mr. CALDER, K.C.: Yes. On K-9?

Hon. Mr. STEVENS: No, on the report.

By Mr. Calder, K.C.:

Q. What value did you at first set on these goods?—A. Well, according to her invoices, it was 47185 francs.

Q. It is rather chancy, calculating on what that would be in Canadian money. Was that value converted into Canadian currency?—A. No.

Q. Can you tell us what cost was ascribed to some of those dresses?—A. Some of those dresses were, according to her invoices, seven, eight and nine francs.

Q. Seven, eight and nine francs?—A. Yes.

Q. Per dress?—A. Yes.

Q. That would be rather less than ten cents a dress?—A. I don't know.

By the Chairman:

Q. Were they cotton dresses?—A. No sir, they were silk dresses.

By Mr. Calder, K.C.:

Q. Embroidered, or beaded?—A. Most of them had fur and beads.

Q. And they were invoiced at seven francs?—A. There were some that looked a little plainer, seven, eight and nine francs.

Q. What was the highest, according to her valuation?—A. I think there were some at 150 francs.

Q. Do you say the fur was on the dress?—A. Yes, it was on the dress, because the invoice showed that.

By Hon. Mr. Bennett:

Q. French fur?—A. Yes.

By Mr. Calder, K.C.:

Q. When you made your K-9 first, did you base it upon the invoice value?—A. Yes.

Q. And that was worked out at how much?—A. 47185 francs.

Q. Was any subsequent valuation placed by you upon them?—A. Yes. I think I found another invoice afterwards.

Q. Where did you find that invoice?—A. Miss Larde gave it to me.

Q. Was that the real invoice?—A. I presume it was.

Q. Was it higher than the other?—A. Yes.

Q. What did that bring the invoice up to?—A. 25,000 more than 47,000 francs.

Q. About 72,000 francs in the total?—A. Yes.

Q. Did you ever at any time convert that into Canadian money, for the purposes of computation?—A. I do not think I did.

Q. In this interview with Miss Larde, in the presence of Officer Moison, what action did you take?—A. I asked her if she had paid duty on these goods, and she said no.

Q. Did she tell you what officer had passed them?—A. No, she could not tell me the officer's name, but she pointed out Mr. Moison.

Q. Who was then present?—A. Who was then present.

Q. Did you ask her to explain how it came that she had not paid duty? —A. She seemed to be surprised that they went up there and seized the goods. She said "Why ain't you like the others?"

Q. Did you ask her to explain that statement?—A. I said "What do you mean by 'like the others?'" She said, "Last year I came into Montreal, and ten days afterwards an officer came up, and I paid him. Why cannot you take the money just the same?" I said "No."

By the Chairman:

Q. You did not believe that?—A. It was up to me to decide.

Q. She was only trying to entertain you?—A. I could not say. I was only paying attention to what she was saying.

Hon. Mr. STEVENS: This same party did bring some trunks into Montreal the year before?

By Mr. Calder, K.C.:

Q. Did you ascertain if this same party had brought some trunks into Montreal the year before?—A. No, I did not ascertain that, but she said that.

Hon. Mr. STEVENS: Mr. Wilson can speak of that?

Mr. CALDER, K.C.: Yes, Mr. Stevens.

By Mr. Calder, K.C.:

Q. What action did you take?—A. I told her to pack the goods into the trunks, that I was going to take them away, and that she was under arrest.

Q. Did you take her to the court house immediately?—A. Yes, sir.

Q. And laid a charge against her there?—A. Yes.

Q. She was released on bail?—A. She was released on bail, I forget the amount, but she was released on bail.

Q. Where did you take the goods to?—A. To my detachment.

Q. Did you make a K-9 there?—A. Yes, sir.

Q. Which you forwarded?—A. Which I forwarded.

Q. What was the next step in the matter? Did she mention that the firm she represented was Maison de Poret?—A. Yes.

Q. That was the firm she represented?—A. That was the firm she represented.

Q. There were very few five-franc dresses in the establishment? Did you refer the matter to Mr. Phillips, your head in the Quebec district?—A. Yes.

Q. What was his advice, what were you advised to do?—A. He advised me to interview a lawyer, who was appointed by the department to prosecute her.

Q. Was the question raised as to whether she should be prosecuted under section 219 of the Act?—A. Yes, my superior officer requested me to prosecute under another section.

Q. What section, was it 206?—A. I do not remember, 206 probably.

Q. What does that section cover?—A. I have not seen the Act for two years.

Q. You had better look at your K-9.

By the Chairman:

Q. Read the whole thing to the bottom?—A. I see I prosecuted under section 206.

Q. What is the minimum fine under section 206?—A. I think it is $200. No, $50 is the minimum.

By Mr. Calder, K.C.:

Q. Was that up to Mr. Pettigrew, or was it your choice, or Mr. Phillips' choice that you should prosecute under section 206?—A. I had no lawyer at the time. I selected that section; I had no lawyer and no counsel.

Q. Did Mr. Phillips recommend that you should proceed under section 219?—A. Yes.

Q. Did you put it up to the counsel who was assigned?—A. Yes.

Q. Who was the counsel assigned?—A. Mr. Pettigrew.

Q. With a view to preparing the case, did you take statements from the officers concerned?—A. Yes.

Q. Moison, Creighton, Shannahan, and Livingstone?—A. Yes.

Q. Pending the trial, did anybody approach you with a view to releasing the seizure?—A. No, sir.

Q. Did you see anybody of counsel for the defence?—A. Well, Miss Denise Larde and Andre Taschereau came up to the house.

Q. Who is Mr. Taschereau?—A. The lawyer for the defence, to check the goods over, and in checking these things over, Miss Denise Larde said "I would like to have these two gowns; I sold them."

Q. She mentioned the persons to whom she sold them?—A. Yes.

Q. You need not mention their names. She wanted those released?—A. Yes.

Q. Was the same application made by you to Mr. Taschereau?—A. He thought that I should—I do not remember the exact words.

Q. Were any statements made to you that would be of a nature to deter a person in your position from going on or from pressing the case?—A. They said, "You had better do it, because you might lose your job," or something like that.

Q. Who said that to you?—A. I think Miss Denise Larde said that.

Q. Was anything said by Mr. Taschereau to the same purpose?—A. No, only that he thought I should release them, that it might be hard for me to not do that.

Q. You speak French?—A. Yes.

By the Chairman:

Q. Did she talk fluently?—A. She was talking in English, just as good as French.

By Mr. Calder, K.C.:

Q. What eventually happened to the goods?—A. She appeared in court before Judge Lachance, and paid $50.

Q. Was that a decision in open court or in chambers?—A. I do not know. I was not present.

Q. At any time, did she admit a greater value for these gowns than the amount last arrived at, namely 72,000 francs?—A. Yes, I think she said that the invoices were not just what they should have been.

Mr. BELL: She was very careful.

By Mr. Calder, K.C.:

Q. She admitted that the invoices were not just what they should have been?—A. Yes.

Q. Did she tell you or anybody else in your hearing, what the invoices should have been, the real value?—A. No, I do not remember that.

Q. You investigated this matter, with reference to the Customs house officers?—A. Yes, sir.

Q. You reported fully on the matter?—A. Yes.

Q. To Mr. Phillips?—A. To Mr. Phillips.
Q. And the reports were forwarded?—A. Yes, sir.
Mr. CALDER, K.C.: That is all for the time being.

Witness retired.

RICHARD MOISAN called and sworn.

(Evidence given in French and interpreted by Mr. J. Beauchamp, Official Interpreter).

By Mr. Calder, K.C.:
Q. What is your name?—A. Richard Moisan.
Q. You are employed in the Customs Department in Quebec?—A. Yes sir.
Q. In what capacity?—A. As examiner of Customs and Excise.
Q. Do you know, or have you known, Miss Denese Larde?—A. Yes, I met her on board the "Empress of France".
Q. Where did you board the "Empress of France"?—A. At Point ou Pere, Father Point.
Q. That is the practice to meet incoming ships in order to examine the baggage?—A. Yes sir.
Q. Did she point out to you the trunks that belonged to her?—A. When I approached her, she was speaking with Officer Bolger.
Q. Had Officer Bolger boarded the "Empress of France" at the same time you did?—A. At the same time that I did.
Q. Then what occurred between the three of you?—A. As soon as I approached Miss Larde, Officer Bolger instructed me to pass the goods.
Q. Did he point out the trunks that were to be passed?—A. Yes, he pointed them out to me. There were three large trunks.
Q. Were they one the bridge?—A. Yes, they were on the bridge or on deck.
Q. Did you have the trunks opened?—A. No.
Q. Did you make a movement as if to open the trunks?—A. No. Officer Bolger had a document or paper in his hand, and stated that he had orders from Ottawa, and he said, "You may allow these trunks to pass without opening them."
Q. When you pass a trunk, do you mark it?—A. Yes, we use a ticket or card on which we place our initials, and attach it to the trunk.
Q. You attach that ticket on the trunks which you pass?—A. Yes.
Q. Did you lose sight of Miss Larde and her trunks when you reached Qubec?—A. No, when I had completed the task of passing the trunks, I started conversing with her. I asked her what the trunks contained. She stated, "There is nothing particular", and stated, "Do not say anything; we can arrange that."
Q. Did she do anything there to arrange the matter as far as you are concerned?—A. She said, for the time being, "I have only French money or French currency, but you may come to Quebec, I will be at the Chateau Frontenac in a couple of days and will have Canadian or American money and will give some to you."
Q. Did you see Miss Larde betwen the interview with her on board ship and an interview which you would have had with her at the Chateau Frontenac in the presence of Sergeant Zaneth?—A. No, that was the only interview that I had with her. I was with Sergeant Zaneth.
Q. Between times, did you make a statement to any person?—A. On arriving at Quebec, I told what happened to the Surveyor of the Port. I told him what had occurred on board the ship.
Q. Who is the surveyor?—A. The surveyor is Mr. Hannan.

Q. Did Mr. Hannan ask you to make out a written report?—A. He did not ask me to make out any report.

Q. Do you know whether he admonished Mr. Bolger or spoke to him about it?—A. I don't know anything as to that.

Q. Then did you meet Sergeant Zaneth on instructions of your superior officers?—A. No, I was on duty when Sergeant Zaneth came to see me, and he asked me if I knew anything about Miss Larde, if I knew where she was. I told him, "I believe she is at the Chateau Frontenac," because when she was on board she told me that she would be there, and that she was to take a room at the Chateau.

Q. Then he proposed to you that you should go there?—A. Yes.

Q. And then you went there?—A. I went there with him.

Q. Then you went alone to the door leading into the room?—A. At the outset, I telephoned her at her room.

Q. Did you give your name?—A. I said that I was the Customs officer who had passed her goods. She said, "Very well, come upstairs."

Q. Was Sergeant Zaneth there when you telephoned?—A. He was downstairs, yes.

Q. You went upstairs together, and Zaneth stood aside while you went to the door?—A. Yes sir.

Q. Then what occurred?—A. She came out of the room with money in her hand, and came forward to give it to me. I told her, "No, I will not accept it, thank you."

Q. Then you entered the room?—A. Yes.

By the Chairman:

Q. What did Zaneth do with the money afterwards?—A. Zaneth did not accept the money.

Q. Was it Miss Larde or Zaneth who offered the money?—A. She had money in her hand.

By Mr. Calder, K.C.:

Q. Neither you nor Sergeant Zaneth accepted money?—A. No.

Q. Then the seizure was made?—A. Yes.

Q. Did you have anything to do with the case afterwards?—A. No, nothing whatever.

Q. That settled the matter as far as you were concerned?—A. Yes.

Q. When you boarded the "Empress of France" was there a party by the name of Shanahan on board?—A. Yes.

Q. He is a Customs Officer?—A. Yes.

Q. Was there also a party named Livingstone who is a Preventive Officer in the Customs and Excise Department?—A. Yes.

Q. While you were taking your lunch on board ship, about midnight, did you ask Officer Bolger, in the presence of Livingstone, whether he knew what the contents of the trunks were?—A. Yes.

Q. Then did he tell you in the presence of Livingstone that he had a memorandum that these things were to be passed without examination?—A. Yes.

Q. Mr. Shanahan was present at the interview also?—A. Yes.

Q. That is all you know about the matter?—A. Yes.

By the Chairman:

Q. When you boarded the ship at Point au Pere and met Miss Larde, had you seen or met her previously?—A. No, that is the first time I met her.

Q. Is she an elderly person?—A. She must be about twenty-eight years of age.

Witness retired.

[Mr. Richard Moisan.]

RICHARD MOISAN est appelé et assermenté.

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

M. MOISAN: En français.

M. Calder, C.R.:

Q. Quel est votre nom?—R. Richard Moisan.

Q. Vous êtes employé à la douane à Québec?—R. Oui, monsieur.

Q. En quelle qualité?—R. Comme examinateur des douanes et de l'accise.

Q. Connaissez-vous où avez-vous connu mademoiselle Denise Larde?—R. Oui, j'ai fait sa connaissance à bord de l'Empress of France.

Q. Où êtes-vous embarqué sur l'Empress of France?—R. A Pointe-au-Père.

Q. C'est la pratique d'aller rencontrer les navires pour pouvoir examiner les bagages?—R. Oui, monsieur.

Q. Est-ce qu'elle vous a indiqué les colis ou les valises qui lui appartenaient? —R. Quand je suis arrivé près d'elle, l'officier Bolger était en train de converser avec elle.

Q. Est-ce que M. Bolger avait pris l'Empress of France en même temps que vous?—R. En même temps que moi.

Q. Qu'est-ce qui s'est passé entre vous trois?—R. Aussitôt que j'ai approché de mademoiselle Larde, M. Bolger m'a donné ordre de passer ses valises.

Q. Est-ce qu'il vous a indiqué les valises à passer?—R. Oui, il me les a montrées, il y avait trois grandes valises, là.

Q. Sur le pont?—R. Sur le pont du bâtiment.

Q. Les valises ont-elles été ouvertes?—R. Non, monsieur.

Q. Vous n'avez pas même fait le simulacre d'ouvrir les valises?—R. Non. L'officier Bolger avait un papier dans sa main. Il dit: "C'est bien, j'ai un ordre d'Ottawa, tu peux les passer sans les ouvrir."

Q. Quand vous passez une valise, est-ce que vous mettez un signe quelconque dessus que vous l'avez passée?—R. Oui, nous avons, avec nos initiales, que nous mettons sur la valise,...

Q. Vous avez une étiquette avec vos initiales que vous mettez sur les valises? —R. Oui, monsieur.

Q. Et vous avez mis cette étiquette sur les valises que vous avez passées?— R. Oui, monsieur.

Q. Avez-vous perdu de vue mademoiselle Denise Larde et ses valises, à partir de votre arrivée à Québec?—R. Non; seulement, quand j'ai eu fini de passer ses valises, je me suis mis à parler avec elle, lui demandant qu'est-ce qu'il y avait dans ces valises; elle dit: "Ce n'est rien." Elle dit: "Ne dites rien, là, on peut arranger cela."

Q. Elle dit: "Ne dites rien, on peut arranger cela, si tu veux?"—R. Oui.

Q. Est-ce qu'elle a fait quelque chose pour arranger l'affaire, en autant que vous êtes concerné?—R. Bien, elle m'a dit tout simplement: "Pour le moment, j'ai seulement de l'argent français, mais vous pouvez venir à Québec, je vais être au Château Frontenac dans une couple de jours, là j'aurai de l'argent canadien ou américain et je vous en donnerai."

Q. Est-ce que vous avez vu mademoiselle Larde entre cette entrevue à bord du navire et l'entrevue que vous auriez eue avec elle au Château en présence de M. Zaneth?—R. Non, c'est la seule entrevue. J'étais avec le sergent Zaneth.

Q. Entre temps, avez-vous déclaré cela à quelqu'un?—R. A mon arrivée à Québec, j'ai déclaré cela au surveillant, ce qui s'était passé à bord du bâtiment.

Q. Qui est-ce, le surveillant?—R. M. Hannon.

Q. Est-ce que M. Hannon vous a demandé un rapport par écrit?—R. Non, rien du tout.

Q. Savez-vous s'il a adressé des remontrances, ou s'il en a parlé à M. Bolger? —R. Non, je ne connais rien du tout de ce qui s'est passé.

Q. Ensuite, vous avez rencontré le sergent Zaneth par ordre de vos supérieurs?—R. Non, j'étais en devoir, le sergent Zaneth est venu me trouver et m'a demandé si je connaissais quelque chose, ou si je savais où elle était. Je lui ai dit: "Je pense qu'elle doit être au Château Frontenac, parce que, à bord du bâtiment, c'est ce qu'elle m'a dit, qu'elle était pour prendre une chambre là, au Château Frontenac.

Q. Alors, il vous a proposé d'y aller?—R. Oui, monsieur.

Q. Vous vous y êtes rendus?—R. Je m'y suis rendu avec lui.

Q. Et vous vous êtes présenté seul à la porte de la chambre?—R. Pour commencer, je lui ai téléphoné, à sa chambre.

Q. En lui donnant votre nom?—R. Je lui ai dit qui j'étais. Je n'ai pas donné mon nom. J'ai dit que j'étais l'officier de douane qui avait passé ses valises à bord du bâtiment, et elle m'a dit: "C'est bien, montez en haut."

Q. M. Zaneth était là quand vous avez téléphoné?—R. Il se trouvait en bas, oui.

Q. Vous êtes montés ensemble, et M. Zaneth est resté à l'écart, pendant que vous êtes allé à la porte?—R. Oui, monsieur.

Q. Qu'est-ce qui s'est passé?—R. Elle est sortie en dehors de la chambre, avec de l'argent dans sa main, pour venir me le donner. J'ai dit: "Non, je n'en prends pas, merci."

Q. Là vous êtes entré dans la chambre?—R. Oui, monsieur.

Le président:

Q. Qu'est-ce que M. Zaneth a fait de l'argent, après?—R. M. Zaneth n'a pas pris l'argent.

Q. Est-ce lui ou elle qui a montré l'argent?—A. C'est elle qui avait l'argent dans sa main.

M. Calder, C.R.:

Q. Ni l'un ni l'autre de vous n'a accepté d'argent de mademoiselle Larde?—R. Non, monsieur.

Q. Alors, la saisie a été pratiquée. Est-ce que vous avez eu quelque chose à faire avec la cause, plus tard?—R. Non, rien du tout.

Q. Ça s'est terminé là, quand à vous?—R. Ça s'est terminé là.

Q. Quand vous vous êtes embarqué sur l'Empress of France, est-ce qu'il y avait à bord un nommé Shanahan?—R. Oui, monsieur.

Q. Qui est aussi officier de douane?—R. Oui, monsieur.

Q. Est-ce qu'il y avait aussi un nommé Livingston?—R. Oui, monsieur.

Q. Qui est officier préventif des douanes et de l'accise?—R. Oui, monsieur.

Q. Pendant que vous étiez à bord à prendre votre lunch, vers les minuit, avez-vous demandé à M. Bolger s'il connaissait le contenu des valises que vous aviez passées, et cela en présence de Livingston?—R. Oui, monsieur.

Q. En présence de Livingston, est-ce qu'il vous a dit qu'il avait un mémo à l'effet que ces bagages devaient passer sans inspection?—R. Oui, monsieur.

Q. M. Shanahan était présent à cette entrevue-là, aussi?—R. Oui, monsieur.

Q. Est-ce tout ce que vous savez de cette affaire-là?—R. Oui, monsieur.

Le président:

Q. Quand vous êtes embarqué, à la Pointee-au-Père, vous avez vu mademoiselle Larde. L'aviez-vous rencontrée auparavant?—R. Non, monsieur, c'était la première fois que je la voyais.

Q. Etait-ce une personne âgée?—R. Elle doit avoir, je pense, dans les 28 ans, 25 à 28 ans.

Le témoin se retire.

MICHAEL BOLGER, called and sworn.

By Mr. Calder, K.C.:

Q. Is there an affidavit?—A. There is an affidavit.

Q. Who took the affidavit from you?—A. There was some man, one of the Preventive Officers, came down and held an investigation, and I produced my statement.

Q. Now, Mr. Bolger, were you a Customs Examiner on— —A. Will you allow me to stand?

Q. Yes. Were you a Customs Officer on the 11th September, 1923?—A. I don't remember the date. I have been a Customs Officer—

Q. How long have you been Examining Officer of the Customs?—A. For thirty-nine years.

Q. The time I am mentioning, the 11th of September, is included in that period?—A. Yes.

Q. Do you remember meeting the "Empress of France" on the 11th September, 1923, together with Customs Officer A. J. Livingstone, Customs Officer Joseph G. Shanahan, and Customs Officer Richard Moisan?—A. Yes.

Q. Did you meet a woman called Denese Larde there?—A. Not at the moment, not at the time I was aboard. I do not know by name, but I met a lady, I did not know who it was.

Q. Who was afterwards pointed out as Miss Denese Larde?—A. Not the same morning.

Q. Afterwards?—A. Yes.

Q. The lady afterwards turned out to be Denese Larde whom you met on the "Empress of France"?—A. From what I heard, she was. I met her on board the steamer and I did not know who she was, never seen her before nor afterwards.

Q. You saw her on board?—A. Yes.

Q. Did you have any information that she would be on board?—A. No sir.

Q. From anybody?—A. No, sir.

Q. You swear that on your oath?—A. Yes sir.

Q. Who examined her trunks?—A. I was Supervising Officer and my duty was to detail men for the examination.

Q. I take it that you detailed a man to examine Miss Larde's trunks?—A. If you will allow me—

Q. You are to answer my question. In consequence of that duty, you told a man off to examine Miss Larde's trunks?—A. I put certain questions to this lady. Will you allow me—

Q. Will you answer my question?—A. I did.

Q. Whom did you detail?—A. Officer Moisan.

Q. Who gave him instructions, if any?—A. I told him that the lady had made a statement to me saying she was a tourist and her baggage contained nothing but personal effects, and actually used. I was very busy, Mr. Moisan was standing at my side and heard the conversation, and I told him to verify that fact and report the result to me.

Q. Did he verify the fact?—A. I don't know, but he did not report to me.

Q. Why did not you ask him for a report?—A. I was so busy at the time, there were other people waiting and calling my attention; everybody wanted to be first, to have their baggage examined, and I could not follow it up; anymore than he should have reported to me.

Q. Mr. Bolger, what was the utility of taking a statement from Miss Larde, that she had nothing on which to declare with regard to duty, when her trunks were there to be examined?—A. That was the general routine of how things were done at the time.

Q. In other words, you took the statement of a passenger?—A. Yes.

Q. And would verify it?—A. We would verify it.

Q. Why did you not immediately examine the trunks instead of taking her statement, in order to get first hand information?—A. May I give an explanation?

Q. Yes, yes.—A. Now, supposing, Mr. Calder, I was there when you came on the steamer, and knowing you are a gentleman—

Q. Did you know Miss Larde before that?—A. I am speaking of the practice. I would come to you and if it was a nice morning, I would say, "Good morning, Mr. Calder, what can I do for you this morning"?

Q. And I would say, "pass my trunks," and you would pass them?—A. I would say, "Mr. Calder, your baggage contains nothing but personal clothing in actual use." You would take the responsibility as to whether is was personal clothing in actual use; I don't have to. I would be using you as a gentleman, not to deceive me.

By the Chairman:

Q. You would sometimes look at a person's face?—A. Yes.

By Mr. Calder, K.C.:

Q. You would be banking on my integrity?—A. I would.

Q. What reason had you for banking on Miss Larde's integrity, as I suppose you met her for the first time that morning?—A. I did not bank on her integrity.

Q. On whose statement did you bank?—A. My officers were there to look, and I was there to give the order.

Q. It is your declaration, under oath, that Mr. Moisan is not right, when he says, you told him not to inspect those trunks? You told him not to inspect the trunk, that it was all right; that would be false?—A. Is that my statement?

Q. You heard Mr. Moisan several minutes ago give his evidence?—A. I didn't pay much attention.

Q. You should pay attention because it concerns you very intimately.—A. That is all right. He has made the statement that Miss Larde came to you and pointed out her trunks, you pointed out the trunks to the officer and said, "all right, pass them". Do you say that statement is false?—A. I say I did not tell him any such statement.

Q. That is not good enough.—A. What do you want me to say?

Q. I want you to assert one way or the other; that is true, or it is not.—A. I gave him the order to verify. The lady had said that she did not have anything, only what were personal effects.

Q. Mr. Moisan states on his oath, that you told him to pass the trunks, that it was all right, that you had instructions. Now, is that statement false, or not?—A. Well now, it would be very uncharitable for me to say.

Q. Let us be uncharitable; let us be truthful.—A. I never made that statement.

Q. That would be an invention on the part of Mr. Moisan, would it or not?—A. I don't know; if he made such a statement, he is responsible for it.

Q. It would be pure invention?—A. Well, it never happened, as far as I am concerned.

Q. If it never happened, it would be invention. Now, can you tell us any motive why Mr. Moison should make such a statement?—A. I cannot tell you that.

Q. Did you see the letter from Mr. Dupont, in connection with Miss Larde?—A. No, sir, not as I remember.

Q. Did Mr. Langevin of the C.P.R. ever deliver a letter to you from Mr Dupont in connection with Miss Larde before she arrived?—A. Not to my knowledge, I don't remember.

Q. Will you swear he did not?—A. To the best of my knowledge, I do swear.

Q. Will you swear you did not receive a letter from Mr. Dupont, through Mr. Langevin, which he handed to you and asked you to facilitate the passing of Miss Larde's baggage?—A. I do swear.

Q. You did not receive one?—A. Not to my knowledge, I don't remember. I got so many letters from people, and so on.

Q. Did you get very many letters asking you to pass trunks without examination?—A. Only from people in authority.

Q. You do receive them from people in authority?—A. I do, sir.

Q. Tell us some of the people in authority from whom you received instructions to pass trunks without examination?—A. They do not say to pass trunks, they use the word "facilitate".

Q. We will let it go at that.—A. I cannot find an answer to that word "facilitate".

By the Chairman:

Q. It means to pass them first?—A. I have looked up the dictionary and cannot find any definition.

By Mr. Calder, K.C.:

Q. What do you understand it to mean?—A. I understand it to mean to pass their baggage without inspection.

Q. You say you got letters to that effect from people in authority?—A. Yes.

Q. From whom?—A. The Commissioner. If there is any diplomat, or somebody in connection with the Government, of course I would be asked, through the Collector to facilitate their examination.

Q. Are those the only instances?—A. That is all, sir.

By the Chairman:

Q. Has it always been like that?—A. That has always been, to my knowledge, from thirty or forty years.

By Mr. Calder, K.C.:

Q. If you received a letter asking you to facilitate the passing of baggage that did not come from one in authority, and which did not refer to a diplomatic person, you would remember it?—A. I would.

Q. You do not remember whether you received this letter or not, from Mr. Langevin?—A. I cannot answer the question, I cannot remember, that is all.

Q. You said, that if you had received a letter asking you to facilitate the passing of baggage from a person not in authority, and not referring to the baggage of a diplomatic person, you would remember it, it would strike you?—A. I would say I can't remember. How would I remember a special occasion with regard to Mr. Langevin? I can only say that if I did get one, I don't remember.

Q. If you got a letter of that kind from someone not in authority, asking you to facilitate the passing of baggage, it would at least strike you as being an insult?—A. No, it would not strike me as being an insult because, supposing I got a letter from a gentleman that I knew as a gentleman and an honest man, telling me his wife was coming on board such and such a ship, and asking me to be courteous to her—

Q. You interpret "courtesy" as being of this meaning, that you were not to examine her baggage?—A. I do not say that.

Q. What do you say?—A. I say I would be very careful to see that if she had anything she would pay.

Q. If I were to write you a letter asking you to extend courtesy to some person, you would interpret that as meaning you were not to tighten up with regard to the examination of the baggage?—A. There is no tightening up of that; I would be affable, nice and pleasant and would part with her in the best of friends.

Q. You said you would interpret it as meaning that you would see that she paid, if she had any dutiable articles?—A. Certainly. If a woman had a couple of dollars worth of goods in her trunk, for her child, on which the duty would be fifty or sixty cents, I would not think of charging the poor woman, or lady, sixty cents.

Q. Supposing she were bringing trunks that contained 72,000 francs worth of dresses, would your courtesy extend that far?—A. Not much, I would be anxious to make a seizure.

By Hon. Mr. Stevens:

Q. There would be no seizure if you had examined the baggage?—A. If you had seventy-two thousand francs worth of goods in your trunks, and denied you had anything but personal effects, I would be justified in seizing it.

Q. If you had examined her trunks and found these goods in her trunks, properly, there would be no occasion for making a seizure. But go on.

By Mr. Calder, K. C.:

Q. Do you know Mr. Livingstone?—A. Yes, sir.

Q. Is he a truthful man?—A. Very.

Q. Do you know Mr. Shanahan?—A. A very decent boy.

Q. They tell me that when having lunch that night, they had a conversation with you. He asked you, in the presence of these men, if you knew the contents of the two trunks which you had made him pass without opening, and you replied that you had a memo. to pass this baggage; or words to that effect; is that true?—A. No, sir.

Q. Mr. Livingstone swears it is true.—A. That is all right, let him.

Q. And Mr. Shanahan swears that it is true.—A. All right.

Q. And Mr. Moison says it is true?—A. Mr. Bolger says "no."

Q. Why should these three men state that, if it is not right?—A. I did not receive any memo., and they never heard that. I want to tell you that with my experience I would not make such a statement to the officers under me.

Q. It is not true?—A. Well, it is not true.

Q. And it is not true that you received a letter from Mr. Dupont to facilitate the passing of Miss Larde's baggage?—A. No.

Q. A moment ago you did not remember.—A. Well, I stick to that.

Q. Is it true, or is it that you do not remember?—A. I don't remember.

Q. You exacted no report from Moison as to the inspection of the trunks? You told him to inspect the trunks and report back to you, but you did not exact a report from him?—A. I had forgotten all about it, I was otherwise engaged. There were a great number on board ship, and I had to supervise both decks. I naturally thought, when I gave the order to an officer under me, that he would carry it out.

Q. Being ordered to make a report, he would report?—A. Yes.

Q. And he did not?—A. And he should have done it.

Q. Are you all these men's superior officer?—A. I was.

Q. You were at that time?—A. Yes, sir.

Q. You could have found out that he did not make a report with regard to the 72,000 francs' worth of goods. Did you make any recommendation concerning him when you found that he did not make such a report?—A. I did

not know what the contents were of that lady's baggage, because I was not informed.

Q. Never?—A. Not until the seizure was made; I only heard it through hearsay.

Q. And when it was reported to you and you were asked to make a statement concerning it, did you make any recommendations as to the dismissal of Mr. Moison, for not doing what you had told him to do?—A. I had made no report against him.

Q. Never, at any time?—A. No.

Q. You did not recommend his dismissal?—A. No.

Q. Did they show you a statement he had made against you?—A. No.

Q. They never did?—A. Never.

By Hon. Mr. Stevens:

Q. You have three sworn statements, Mr. Calder.

Mr. CALDER, K.C.: I have.

Hon. Mr. STEVENS: I cannot understand this witness' attitude. Perhaps you might impress upon him the fact there are three sworn statements which were taken some time ago.

Mr. CALDER, K.C.: I have tried to do that. I will repeat them, if you like.

Hon. Mr. STEVENS: Show him these three statements. It is an awful thing to have an elderly man like this who will not tell the truth; yet the circumstances here are very much against his own statement.

Mr. CALDER, K.C.: We have Moison's statement repeated in the box.

Hon. Mr. STEVENS: Which corroborates exactly what he said in the report.

By Mr. Calder, K.C.:

Q. Will you listen to the statement of A. J. Livingstone?—A. Yes, sir, I will, with pleasure.

Q. This statement was given under oath and reads as follows:

"QUEBEC, P.Q., 26th September, 1923.

Customs Officer A. J. Livingstone, being duly sworn, states as follows:

I, the undersigned, A. J. Livingstone, employed as Customs and Preventive Officer at the port of Quebec, I hereby state and declare that on the night of the 11th instant, I boarded ss. Empress of France, at Father Point, with Customs Officers Moison, J. Shanahan and M. K. Bolger in charge, for the purpose of examining the baggage of the first class and of the second class passengers.

At midnight, when having our lunch on board, I heard Customs Officer Moison asking Customs Officer Bolger if he knew the contents of the two trunks he had made him pass without opening them, Bolger replied that he had a memo. to pass those baggages, or at least words to that effect.

I did not pay much attention to the conversation as I was not interested in the subject, but I gathered that Officer Bolger acted on some authority.

(Sgd.) JOSEPH LIVINGSTONE

Sworn before me at Quebec,
this 27th day of September, 1923.

(Sgd.) ARTHUR LACHANCE."

You gather the full significance of this statement?—A. I listened attentively to that.

Q. You gather the full significance of that statement?—A. I do.

Q. These two officers swore you had a conversation which confirms Moison's words or version, that you told him to pass the trunks without examination? —A. Well—

Q. The three of them are not telling the truth?—A. Either that, or I am telling a lie.

Q. That is the precise alternative?—A. On my oath, I do not remember making any such a statement; that is before God, I swear that.

By Hon. Mr. Stevens:

Q. How old are you?—A. I am more than twenty-one, Mr. Stevens.

Q. Will you kindly answer the question?—A. I will, I am about 75 or 76.

Q. You are a pretty old man, and have had a long service in the Customs? —A. Forty years in the Customs, without a blemish, thank God.

Q. Now, Mr. Bolger, this lady had three big trunks; is that right?—A. Well, I do not know how many she had. I do not remember. The trunks were piled up there.

Q. In numbers?—A. I do not know how many she claimed. All I know is that she insisted that she was a tourist, and that her baggage contained nothing but her personal effects, in actual use, and then, when that statement was made by her, I said to Moison to verify that statement and report to me. Then my attention was called to two other ladies and gentlemen, and I forgot all about her. I naturally expected that if there was this $70,000 or $80,000 worth of dresses in the trunks, I would naturally have heard of it.

Q. Who sent you the letter authorizing or asking you to pass these goods? —A. I do not remember receiving any such letter in connection with her.

Q. Have you heard of Mr. Dupont?—A. I have heard that there is such a man, but I am not an intimate acquaintance of his.

By Mr. Calder, K.C.:

Q. Mr. Bolger, do you remember being introduced by Messrs. Fowler and Moore, of the Customs Department, on the 3rd of October, 1923?—A. Who are they?

Q. Messrs. Fowler and Moore, of the Customs Department?—A. Yes, I do.

Q. Sergeant Zaneth was present at the time?—A. A stranger was there, I did not know who he was.

Q. Look at him, he is in the room?—A. I know him.

Q. You heard him called Sergeant Zaneth?—A. I believe he is Sergeant Zaneth.

Q. He was present; did you ask Mr. Fowler to speak to him privately about this matter, and did you speak to Mr. Fowler privately about it, at that interview?—A. I think not, sir.

Q. You think not?—A. Yes, sir.

Q. I have a statement before me here, which says that at a certain stage of the proceedings, you asked Mr. Fowler for a private conversation, and that you had a private conversation with him, at your request?—A. I do not remember anything of the kind.

Q. Do you not remember anything of the kind?—A. No, sir.

Q. Do you swear that you did not?—A. I do.

Q. Will you swear that you did not ask Mr. Fowler for a private conversation?—A. I can swear that I do not remember.

By Hon. Mr. Stevens:

Q. You can say whether you did or not?—A. I cannot.

Q. You might?—A. I might, but that modifies it altogether.

By Mr. Calder, K.C.:

Q. Not remembering whether the interview took place, you cannot tell us what took place at it?—A. Well now, look at it. These gentlemen came down from Ottawa, I suppose to get my statement; you must naturally think that I would be prudent, and that I would confine myself to the facts, would I not, going through the risk of making a friend of a foe.

Q. Going through the risk of making a friend of a foe?—A. Yes.

Q. That is not a big risk; making a foe of a friend, you mean?—A. Well, reverse it.

Q. Who was the person you had in mind?—A. These two gentlemen came down there, and it was my bounden duty to tell the truth as I understood it, and I did so.

Q. Therefore, you did not have to ask for a private interview?—A. What could they do for me at a private interview, or what did I want of them in a private interview?

Q. There would be no object, if you wanted to tell the truth, in wanting a private interview with those gentlemen?—A. Not at all.

Q. Do you remember that at that interview you were asked by Mr. Fowler if there was anybody implicated in the matter, by asking you to facilitate the examination of Miss Larde's effects, and that you answered that you would only answer the questions to the Minister of Customs?—A. I do not remember any such conversation taking place.

Q. Did it take place?—A. I do not know.

Q. Will you swear it did not?—A. I will swear I do not remember.

Q. It might have happened?—A. It might, and it might not.

Q. Did you have anything in your mind at that moment that you felt you would confess only to the Minister of Customs?—A. I did not. I looked at the whole thing through, that I might be in the hands of the Philistines, and I said "safety first."

Q. You might be in the hands of the Philistines?—A. Yes.

Q. Who might be the Philistines?—A. These men, Mr. Moison and those fellows that came down from Montreal.

Q. You considered those fellows as Philistines?—A. The less you have to do with them, the better.

Q. They were your superior officers, trying to find out the truth?—A. They were not my superior officers.

Q. Why did you not tell Mr. Fowler to mind his own business and walk out of your office?—A. I did not want to be impolite.

Q. You gave them a statement?—A. I gave them a statement.

Q. Out of politeness?—A. Exactly.

Q. Although not bound to?—A. I am under the authority of the Collector, not under every Tom, Dick or Harry who comes along.

Q. The Collector ordered you to make this statement?—A. I do not know if he did or not. It would be my duty to do it.

Q. You did not recognize Mr. Fowler or Mr. Moore as having the right to ask you?—A. I never asked them for their authority, or "who are you?" They walked into my office, and introduced themselves.

Q. They introduced themselves as what?—A. As Preventive officers.

Q. And they proceeded to ask you questions about this matter?—A. Well, I believe they said they came down to have my report. I believe that.

Q. And they asked you questions?—A. Naturally.

Q. You answered them?—A. Certainly.
Q. You never at any time asked to speak to Mr. Fowler alone?—A. Never.
Q. You swear that?—A. I do.
Q. You never said that there was something you would tell the Minister alone?—A. I do not remember making such a statement.
Q. That is all.—A. Thank you.

Witness retired.

FRANK K. ZANETH recalled.

By Mr. Calder, K.C.:

Q. Were you present at that interview which I mentioned, which took place on the 3rd of October, 1923, at Quebec, at which Messrs. Fowler & Moore of the Customs Department at Ottawa and you were present?—A. Yes, sir.
Q. Did Mr. Bolger at any time wish to speak to any of you in private?—A. As soon as Mr. Fowler and Mr. Moore were introduced, he looked at me and he said to Mr. Fowler, "I would like to speak to you alone."
Q. Was there an interview with Mr. Fowler?—A. Naturally I walked out.

By Hon. Mr. Stevens:

Q. And left them alone?—A. I left them alone.

By Mr. Calder, K.C.:

Q. Did Mr. Moore walk out?—A. I do not remember whether he walked out immediately or afterwards, but I saw him in the hallway a few minutes afterwards.
Q. Did Mr. Fowler and Mr. Bolger remain together?—A. Yes, sir.
Q. Having this interview, presumably?—A. Presumably.
Q. Were you called in again?—A. Later.
Q. With Mr. Moore?—A. With Mr. Moore.
Q. Was any communication of the nature of the interview made to you by Mr. Fowler?—A. No. I do not remember just what was said.
Q. Here is your report; would you mind looking at this report? (No answer).

By the Chairman:

Q. How is it you remember one part, and do not remember the other as well?—A. I remember some parts of it.

By Mr. Calder, K.C.:

Q. The report was made without an eye to this inquiry?—A. Yes.

The CHAIRMAN: The best thing for the Committee to get is a statement from Mr. Fowler himself.

Mr. CALDER, K.C.: I am going to get Mr. Fowler, Mr. Chairman. I do not want the statement, I only want to know whether it was made.

Mr. DOUCET: You are rather inclined to censure him, Mr. Chairman, because he does not remember.

The CHAIRMAN: I will tell you exactly how it strikes me. My impression is that he had been filled up by Miss Larde, and that the proper procedure had not been taken while at the Chateau Frontenac, Quebec. Afterwards, when he answers so well in some respects, and does not answer at all in other respects, the only thing for us to do is to get the statement of Mr. Fowler. That is my impression, without discussing the merits of the case at all.

By Mr. Calder, K.C.:

Q. With your report in hand, will you state whether a statement was made to you by Mr. Fowler and Mr. Bolger, or either of them, upon your re-entering the room, without telling us what the statement was?—A. No.

Q. You were left in ignorance of what had transpired between Mr. Fowler and Mr. Bolger?—A. They said something was said, but they did not tell me what transpired between the two gentlemen.

Q. At a certain stage, was any question put by Mr. Fowler, Mr. Moore or yourself, as to whether anybody was implicated who had requested the baggage to be not examined?—A. Yes, I believe that Mr. Fowler asked Mr. Bolger who gave him the orders to pass these goods, and he said, "I will only answer that to the Minister of Customs."

Q. The matter was allowed to rest there?—A. Yes.

Q. He refused to furnish the information?—A. Yes.

Witness retired.

ANDRE TASCHEREAU called and sworn.

By the Chairman:

Q. What is your full name?—A. Andre Taschereau.

Q. What is your profession?—A. I am a lawyer.

Q. Where is your place of residence?—A. Quebec.

By Mr. Calder, K.C.:

Q. Were you counsel for Miss Larde in this matter?—A. Yes, sir.

Q. Did you make any representations to Ottawa on her behalf?—A. Yes, sir.

Q. What was the nature of those representations?—A. I came to Ottawa I had my first interview with Mr. Farrow, who was the Deputy Minister, and I think Mr. Wilson was present. Then I had an interview with the Hon. Mr. Bureau who was then Minister of Customs.

Q. Tell us first, what was the nature of the representations you made to Mr. Farrow and to Mr. Wilson, on behalf of your client, unless you wish to invoke counsel's privilege?—A. I do not wish to invoke counsel's privilege. I had an affidavit prepared by Miss Larde, telling the circumstances of the case, and then I represented to the Minister that even if that statement was untrue, I myself had to believe the statement of my client, as I was her lawyer, and I said to the Hon. Mr. Bureau and to Mr. Farrow, "If she is guilty, the owner of the goods, Maison de Poret in Paris will have the goods confiscated, their own property for another responsible person, for another person responsible for the act," and I submitted to the Minister that she had a draft of 25,000 francs at a bank here—I do not remember which bank—to pay the Customs duties. So I said if it was the intention of Miss Larde to defraud the Excise, it was not the intention of Maison de Poret, and that Maison de Poret should not be punished.

Q. Did that view prevail?—A. Not immediately. But later on, about fifteen days or three weeks later, I got information that the Department was willing to release the goods, if the duties were paid.

Q. That is, single duties?—A. Single duties.

Hon. Mr. STEVENS: Upon what ground did he put that, Mr. Calder?

Mr. CALDER, K.C.: That the act of Miss Larde was not authorized by Maison de Poret, and that they would be suffering for an act which would be committed by a third party.

By Mr. Calder, K.C.:

Q. In other words, that they had provided the money to pay the duty?—A. That she would provide that money, 25,000 francs.

Q. It remained in the hands of the Minister to prosecute Miss Larde, since she had endeavoured to defraud jointly, her employers and the Customs?—A. Well, that was the alternative. Of course, I pleaded the first point, that she was not guilty.

Q. One of the two things was true?—A. That is right.

Q. Either it was true that Maison de Poret was innocent in the matter, or that she was defrauding the Customs?—A. Yes.

Q. In which case the irresistable inference is that she was?—A. That is not my point. I do not know if I have explained myself wrongly. My point was this, that Miss Larde was not guilty.

Q. Why?—A. I have an affidavit, but I do not remember exactly the wording of that affidavit.

Q. Sum it up and put it in ordinary layman's words.—A. I think she stated in that affidavit that she never expected that her goods would enter into Canada without paying duties, but that she expected a Customs' officer would come to her hotel and have the money collected there.

Q. And have the money collected there?—A. Yes, sir.

Q. Did she say why?—A. I do not remember if she said why.

Q. Why should she expect a special dispensation in the matter?—A. That was her statement, I do not know if it was right or not.

Q. I take it that you do not necessarily endorse it?—A. No.

Q. She stated that after her trunks had physically passed the customs barrier, a Customs officer would exercise his right, and would follow the goods to the hotel?—A. It would not be exactly a seizure, but he would go and collect the money there, though it was not seized.

Q. Did she, in her affidavit, mention the grounds of that belief, being based upon prior experience?—A. I cannot remember, sir. If I had the affidavit, it would speak for itself. I could identify the affidavit if I saw it.

Q. We have the affidavit on the file, and it will speak for itself; I merely wanted to ask a question about it. Preliminary to the argument, that was the first ground, that she was innocent?—A. Yes.

Q. Because she expected that the Customs would follow her to the hotel, and there appraise and collect?—A. And collect.

Q. The second ground was that in any event, whether she was guilty or not, the Maison de Poret should not suffer?—A. That was the second ground, that the Maison de Poret should not suffer.

Q. The Ministry had at that moment, if the evidence of Bolger was believed, the fact of her having falsely declared that she had nothing dutiable?—A. I do not know that.

Q. That has been proved this afternoon, if Bolger is a truthful witness?—A. I cannot say as to that. I had no knowledge of that when I came to Ottawa.

Q. As defense counsel, were you not put in possession of all the facts of the prosecution?—A. Not according to what I have heard stated this afternoon, anyway.

Q. Which of the grounds was ultimately taken by the Minister of Customs?—A. The goods were released, and the duties were paid.

By Hon. Mr. Stevens:

Q. I think, Mr. Taschereau that you will admit that there was a deposit in lieu of duty?—A. Yes, but the amount that ought to have been collected amounted to something different.

Q. It was later shown that it was not sufficient?—A. I think, if I remember well, that it was a deposit, and the goods were released pending further investigation or something of that sort.

By the Chairman:

Q. Deposit of about $1,500?—A. I think it was $1,500.

By Mr. Calder, K.C.:

Q. And the guilt of Miss Larde was assumed by herself, since she pleaded guilty?—A. The plea of guilty was drafted by me as follows:—" I never intended to defraud the Customs Act of Canada, but as I have committed a technical offence against the Customs Act, I plead guilty."

Q. Who took the plea?—A. Judge Lachance.

Q. It is not a practice in any court to take a conditional plea?—A. It was taken.

Q. A conditional plea was entered?—A. A written plea was entered.

Q. Was it a plea of not guilty or a plea, as you stated first, of guilty and then extenuation?—A. It was a plea of guilty of a technical offence.

Q. You are at times in the law court; have you known of persons saying, " I am technically guilty, but not morally "?—A. Well, that was the plea that was taken and accepted by the judge. I was acting on behalf of my client.

By the Chairman:

Q. We heard through Mr. Zaneth, who was an officer, that he took the responsibility upon himself of laying the charge according to article 206, and the minimum of the article is $50, and she was fined $50. That charge was laid according to 206?—A. That was the minimum.

Mr. CALDER, K.C.: I am not criticizing the action of the judge.

WITNESS: I prepared the affidavit on behalf of my client, and it was accepted by the judge.

Mr. CALDER, K.C.: I want to know if such pleas are open to me in the future.

The CHAIRMAN: They come and say, " I am guilty," and they know it, and they think that they will escape sentence.

By Mr. Calder, K.C.:

Q. Were any representations made to Sergeant Zaneth that it would be better if he dropped the matter?—A. I heard the Sergeant give his evidence, and I swear I did not make any representations, and if Miss Larde did, I did not hear them.

Q. Have you any explanation to offer why this, which is a very ordinary case, was magnified to the extent that it was made the reason for withdrawing the Mounted Police from Customs work in the district?—A. No sir, I have no knowledge whatever.

Witness discharged.

Mr. CALDER, K.C.: I think I can save time by adjourning now to let Mr. Wilson look over his files.

The CHAIRMAN: Do we understand the previous witnesses are discharged?

Mr. CALDER, K.C.: I think so, but Mr. Bolger had better stay.

The CHAIRMAN: Moison and Zaneth?

Mr. CALDER, K.C.: Yes, but we want Churchman.

Hon. Mr. STEVENS: (To Mr. Gagnon) Your client, Mr. Bisaillon, stated to-day that he was unable to produce certain statements which were promised by yourself a month or so ago. He said that you would be here to-day and would produce them.

Mr. GAGNON: Mr. Bisaillon went back to Montreal about a month and a half ago and asked me to get the documents from the Court. I went to get the papers, and the answer was that the exhibits were not there, but were in the possession of the Crown Prosecutor, and I understand that some of the exhibits have been seized by Mr. Rais. I will be glad to get them for you. I nearly forgot that there was a Customs investigation, and Mr. Bisaillon dropped into my office on Monday and reminded me about the papers. Unfortunately I was busy at something else and this afternoon, he called me on the 'phone and asked me to come to Ottawa. I have not got the documents with me. I will do my best to get the papers away from the Crown or from Mr. Rais. They are in the possession of the Court.

Mr. BELL: Has Mr. Gagnon got them?

Mr. GAGNON: I will do my best to get them. If you want to fix it for Tuesday or Wednesday, I will get them.

Hon. Mr. STEVENS: Provided they are produced. We do not want your client to come back and say that he is not producing them.

Mr. GAGNON: If they are in Court, I will get them. On Monday he received a subpoena, and he came to my office and asked if I had them. I will get them for you. He told me that he would go and explain, but it is no fault of mine that we have not got them yet. They are not under our control. They were all produced in Court, and are in the hands of the Crown or of Mr. Rais.

Mr. BELL: I was told that you were sick.

Mr. GAGNON: I was sick of the Customs investigation.

The Committee adjourned until 10.30 A.M., Thursday, April 22nd, 1926.