LIBRARY OF PARLIAMENT

#103 H7 1926 C6 A1 v.3
Canada. Parl. H.of C. Special Comm.on Administration of the Dept.of Customs and Excise, Etc.,Etc.,Etc.,
Minutes of proceedings [and evidence] v.3,c.2
DATE NAME - NOM

Canada. Parl. H.of C. Special Comm.on Administration of the Dept.of Customs and Excise, Etc.

3330

J
103
H7
1926
C8
A1
v.3
c.2

Date Loaned

JAN 11 1962
FEB - 6 1967
DEC 10 2002

CAT. NO. 1138—L.-M. CO. D33896

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 35—THURSDAY, APRIL 22, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.
Mr. Michael K. Bolger, Ex-Customs Examining Officer, Quebec, Que.
Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont.
Mr. Arthur C. Moore, Customs Department, Ottawa, Ont.
Mr. Arthur James Livingstone, Customs Preventive Officer, Quebec, Que.
Mr. Joseph Shanahan, Customs Preventive Officer, Quebec, Que.
Mr. William D. MacWorth, MacWorth Adjustment Company, Montreal, Que.

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

EXHIBITS FILED.

No. 135—Declaration dated Gloucester, Mass., November 23, 1923, by Captain Wm. B. McDonald, of Gloucester, Mass., respecting landing of cargo of schooner "D. C. Mulhall", south by east 14 miles from Thackers Island, U.S.A.

No. 136—Letter dated Gloucester, Mass., November 12, 1923, from Captain Ed. Dicks, schooner "D. C. Mulhall" to Mr. Acker, Collector of Customs, Halifax, N.S., respecting trouble in unloading of cargo and loss sustained.

ERRATA

Page 801, line 1—Insert "Minister's" between "the" and "instructions".

Page 1322, line 37—Change "Shipman" to "Shippigan".

Page 1322, line 40—Change "Hon. Jacques Bureau" to "Hon. Georges Boivin".

Page 1322, line 50—Signature should appear as "J. G. Robichaud".

MINUTES OF PROCEEDINGS

THURSDAY, April 22, 1926.

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

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

Committee counsel present: Messrs. Calder and Tighe.

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

Mr. Stuart Edwards, Deputy Minister of Justice, submitted 37 docket files and 38 register files, in response to the motion of Hon. Mr. Stevens of 9th February last. Balance of files to be forwarded within a few days.

Mr. Taylor, Assistant Deputy Minister of Customs and Excise, submitted,—

1. Statements from Collectors of Customs at eighteen ports in respect to export entry numbers of liquor exports from Lake Ports, from Kingston, Ont., westward to Sarnia, Ont., inclusive, showing name of exporter, place of origin of shipment, name of consignee and place of destination during 1925 and 1926. Statements concerning remaining ports will be forwarded as soon as received.

2. Copy of all correspondence with James Hales in reference to the movement of liquor in the Province of Ontario.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined further in respect to the "Moses Aziz" seizure.

Witness retired.

Mr. Michael K. Bolger, Ex-Customs Examining Officer, Quebec, Que., was recalled and further examined regarding the "Denise Larde" seizure.

Witness retired.

Mr. George B. Fowler, Principal Clerk, Customs Preventive Service, Ottawa, Ont., was called and sworn, and examined respecting the investigation and report he made in connection with the "Denise Larde" seizure.

Witness retired.

Mr. W. F. Wilson was recalled and examined respecting, Preventive Service File No. 9566 (originating with R.C.M.P.) *re* "Denise Larde" seizure. In the course of the examination, a letter dated 4th October, 1923, addressed by Mr. W. F. Wilson to Commissioner Starnes, R.C.M.P. (see evidence, pp. 800-801) was read. The original of this letter being then produced, it was noted that in the first line of page 801 of the printed evidence the word "minister's" had been omitted between "the" and "instructions."

Ordered,—That an errata be made.

Witness retired.

Mr. Fowler was recalled, and examined further respecting the "Denise Larde" seizure.

Witness discharged.

Mr. Arthur C. Moore, Department of Customs and Excise, Ottawa, Ont., was called and sworn and examined respecting the investigation made by Mr. Fowler in connection with the "Denise Larde" seizure.

Witness discharged.

Mr. Wilson was recalled and examined regarding the "G. G. Harnish" seizure of whiskey at Hubbards, N.S., as per Customs departmental file No. 119148 (Preventive Service file No. 13862).

Witness retired.

Moved by Mr. Bell,—That the following be summoned to appear on Monday, April 26, 1926, at 10.30 a.m., viz:—

1. R. Dupont, 116 Cote de la Montagne, Quebec, Que.
2. Customs Officer Creighton, Customs House, Quebec, Que.
3. Mr. C. A. Langevin, C.P.R. Office, Quebec, Que.
4. Miss Yvonne Barthe, 37 Ste. Genevieve Ave., Quebec, Que.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the manager, Banque Canadienne Nationale Branch, 272 St. Catherine Street East, Montreal, Que., be summoned to appear on Friday, 23rd April, 1926, at 10.30 a.m., and be ordered to have then and there with him copies of all deposit slips made by A. E. Giroux on his account in said bank and branch.

Motion agreed to.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Arthur James Livingstone, Customs Preventive Officer, Quebec, Que., was called and sworn, and examined in connection with the "Denise Larde" seizure.

Witness discharged.

Mr. Joseph Shanahan, Customs Preventive Officer, Quebec, Que., was called and sworn, and examined in connection with the "Denise Larde" seizure.

Witness discharged.

Mr. William D. MacWorth, MacWorth Adjustment Company, Montreal, Que., was called and sworn. He was examined respecting the theft of a Cadillac automobile which was located at a later date in the garage of Mr. Brisebois, Saint-Cesaire, Que.

Witness discharged.

Mr. W. F. Wilson was recalled and examined in regard to the seizures of the schooner "D. C. Mulhall," seizure of cargo of liquor, and seizure of rum found on the premises of Irwin Stevens, Gorham's Point, N.S., as per Preventive Service files Nos. 10191 and 113271, and departmental file No. 120285. During the examination, Mr. Calder filed,—

Exhibit No. 135—Declaration dated Gloucester, Mass., November 12, 1923, by Captain Wm. B. McDonald of Gloucester, Mass., respecting landing of cargo of schooner "D. C. Mulhall", south by east 14 miles from Thackers Island, U.S.A.

Exhibit No. 136—Letter dated Gloucester, Mass., November 12, 1923, from Captain Ed. Dicks, schooner "D. C. Mulhall" to Mr. Acker, Collector of Customs, Halifax, N.S., respecting trouble in unloading of cargo and loss sustained.

Witness retired.

Moved by Hon. Mr. Stevens,—That the calling as a witness to-day by Mr. Calder of Mr. MacWorth of Montreal, Que., be approved.

Motion agreed to.

Ordered,—That the following information be supplied by the banks mentioned, viz.:

Certified copy of Savings Account in the name of W. George kept at the office of the Bank of Nova Scotia, St. James and McGill streets, Montreal, together with all deposit slips, cheques and debit notes on this account.

Certified copy of Savings Account S-1574 in the name of the St. George Import and Export Company at the Main Office of the Bank of Commerce in Montreal, together with all deposit slips, cheques and debit notes on this account.

Certified copies of any accounts kept at the Bank of Montreal, St. John, N.B., in the name of the W. George Export Company, W. George Limited, Gregory George or the St. George Import and Export Company, together with all deposit slips, cheques and debit notes on these accounts.

Certified copies of any accounts kept at the agents for the Bank of Montreal, New York, in the names of the W. George Export Company, W. George Limited, Gregory George or the St. George Import and Export Company, together with all deposit slips, cheques and debit notes on these accounts.

The Committee adjourned until to-morrow at 10.00 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, April 22nd, 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.

W. F. WILSON recalled.

By the Chairman:

Q. Mr. Wilson, will you please read the letter of August 29th, 1925, addressed to the Deputy Minister of Customs and Excise, by Mr. M. F. Gallagher, Chief of the Remissions Branch?

Mr. CALDER, K.C.: I certainly read that letter into the record yesterday.

Mr. BELL: The typewritten record of yesterday's proceedings will verify that.

By the Chairman:

Q. Mr. Wilson, will you read this letter, dated October 30th, 1925?—A. The letter reads as follows:—

"CHATHAM, NEW BRUNSWICK, 30th April, 1925.

PREVENTIVE SERVICE FILE No. 13362

Confidential

W. F. WILSON,
Chief Customs and Excise Service,
Ottawa.

Re—Moses Aziz, Caraquet, N.B.

SIR:—On account of the way we have been thwarted by interference and thefts of seizures of goods, etc., would it not be a good idea, to take this matter of Aziz up again with the Department of Justice? The only orders given yet was to withhold the warrant of commitment. I do not think that the party who was interceding for him will have much power now. I hear he is in. But he is the only one in the province; you know what I mean. Why not give instructions to have Aziz committed to jail at once? Or would it perhaps be better to wait until the Cabinet is reorganized? The trouble is they might give orders to quash the whole thing before they quit; that is, if they have to quit.

The wires being down and in bad shape it makes news hard to get here to-day.

I have the honour to be,
Sir,
Your obedient servant,
(Sgd.) G. P. STEWART,
Special Customs Officer."

May I say, Sir, you asked me yesterday to telegraph to Charlottetown with regard to the arrest of Laferty. On the 10th of April I wrote to Mr. McNevin, Customs and Excise Enforcement Officer of Charlottetown, an officer of the Preventive Service, with regard to seizure number 2417, concerning Augustus Laferty, as follows:—

"Have you yet succeeded in having the warrant of commitment against the above party executed?"

Yesterday I telegraphed to Mr. McNevin as follows:—

"Adverting to my letter of 10th, seizure 2417. Has Laferty been arrested? If so, what date? Telegraph answer immediately.

(Sgd.) W. F. WILSON."

Last night I received the following telegram from Officer McNevin:—

"Charlottetown, P.E.I., April 21st, 1926. Laferty not yet arrested. No satisfaction with local constables. Best way to close this matter would be to send one of your police."

I thought of sending an officer there but in view of the fact that this matter is before the Committee, I have not done so.

By Mr. Bell:

Q. In connection with that letter from Mr. Stewart, did you take any action?—A. On the 2nd of November, I wrote to Officer Stewart as follows:—

"Your letter of 30th ult., regarding Aziz has been received. I will see what can be done as soon as possible."

On the 16th of December, I wrote to the Deputy Minister, as follows:—

"Adverting to your letter of the 21st of September last, respecting state of proceedings respecting 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?"

By Mr. Doucet:

Q. On the file which was read yesterday there is a letter to the Minister of Customs and Excise from the member of the county, in which he stated he had a memorandum on his desk. That letter is dated the 18th of November. Would that not be following the Stewart letter?—A. I have no copy of that letter on my file.

Q. The Minister says in the letter of the 18th of November, that his officers are pressing for prosecution of this case, and he states he has a memorandum on his desk. Would that not be the result of the Stewart letter of the 30th of October?—A. I cannot say that, unless I have the file.

Mr. BELL: What I was concerned with was the question of whether or not there was any inqury made about the attitude of the Department, if changed as the result of the election, because that is what the letter implies.

The WITNESS: Well, the only answer I can give you, sir—

The CHAIRMAN: The letter speaks for itself.

Mr. BELL: No, no.

The WITNESS: On the 16th of December, we wrote the Department asking if we should proceed, and there has been no answer to that.

The CHAIRMAN: That closes the matter.

Hon. Mr. STEVENS: That closes it until Mr. Robichaud is heard.

Witness retired.

MICHAEL K. BOLGER recalled.

By Mr. Calder, K.C.:

Q. Mr. Bolger, you have already been sworn?—A. Yes sir.

Q. When you went abroad the Empress of France, or while you were aboard her, from Father Point to Quebec, did Miss Larde hand you any letter?—A. No sir.

Q. In order that you may be fully on your guard, Mr. Bolger, I am going to read to you an affidavit that was made by Miss Denise Larde. This is the affidavit alluded to in the evidence of Mr. Taschereau. Before I read it to you, I want you to think, and try to recall whether it is not true that Miss Larde handed you a letter, and that this letter was afterwards recovered from you by Mr. Taschereau. Try and recall whether that is true or not.—A. I have no knowledge whatever of such a fact.

Q. You have no knowledge whatever of such a fact?—A. No sir.

Q. Do you mean to say that you have no personal knowledge, because you do not recall?—A. I think I would; if I had received any communication, I think I would remember it.

Q. You do not assume that Miss Larde was hostile to you in any way, or for any reason?—A. Nor was I to her, sir.

Q. That is not the point. You do not assume that she was hostile to you, and would deliberately wreck your career by putting in a false statement under oath?—A. No.

Q. She had no motive?—A. No.

Q. Will you listen to this affidavit? This is the affidavit of Miss Larde. (Reading):

"Canada,
Province of Ontario,
City of Ottawa.

I, Denise Larde, of Paris, France, presently in Canada, on a business trip on behalf of my principal, Elise Poret, of Paris, France, do solemnly declare and state as follows:—

That I arrived in Canada on the ss. Empress of France on or about the 12th of December, 1923; my baggage included three trunks and one box containing dresses and other ladies' wear, the property of my principal, and which I was to dispose of by sale in Canada.

That after leaving Father Point and before reaching Quebec, a gentleman whose name I do not know—he was possibly an officer—gave me a letter which I was to deliver to Customs Officer Bolger. I did not receive a letter for myself. I gave Officer Bolger the letter. He did not give it back to me.

That Officer Bolger did not request me to open my trunks for examination, although I had my keys ready to do so. He gave some instructions to his assistant, who passed my trunks. As I wished to give a tip to his assistant, and having no Canadian money, I told him to come to the Chateau Frontenac, later, where I would give him a tip. I did not hear Bolger tell his assistant that it was not necessary to open my trunks, nor did I hear him say to the assistant that he had orders from Ottawa to pass them free. I believed that possibly my trunks would be examined later by Customs Officers at my hotel.

That my lawyer has a copy of Bolger's letter. I do not know what was in the letter, or whom it was written by.

That I made a trip to Canada in October, 1921, coming via New York. On that trip a Customs broker at Montreal passed my baggage, the duty paid being $1,100 or $1,200.

That I made a trip to Canada in September, 1922, coming via New York, on the ss. La Bourdonnais. I checked my baggage, two trunks, on the wharf in New York, myself, for Montreal. On arrival at Montreal, not having Canadian money to pay the duty, which amounted to $800, this money was paid at the Windsor Station, Montreal. I did not get a receipt. My gentleman friend did. I did not care to ask him for a receipt. I repaid him the advance later when I procured Canadian

money. I do not have to furnish receipts for money expended. I simply make out a statement of amounts spent, for submission to my principal Elise Poret of Paris, France.

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."

And then follows the signature and the jurat.

Q. You see Miss Larde says that she handed you a letter and that subsequently the contents of the letter were communicated to Mr. Taschereau, who took a copy of it. Is that true?—A. I have no knowledge of it. I never received a letter from Miss Larde.

Q. You know, Mr. Bolger, you have this affidavit of Miss Larde under oath, and you had a statement under oath by Mr. Taschereau yesterday when he filed the affidavit. Now, if that is not true, then both Miss Larde and Mr. Taschereau have mis-stated the facts?—A. Well—

Q. They have?—A. Yes.

Q. We have a list of five witnesses who, without any motive at all, have mis-stated the facts against you?—A. Well, I have no knowledge, as I have already stated, of having received any communication from Miss Larde. I did not know who Miss Larde was no more than any other passenger, and I had no letter from her.

Q. From her?—A. From her.

Q. You mean no letter written by her? Did you receive from her a letter written by Mr. Dupont?—A. I don't now, sir.

Q. You did not allow Mr. Taschereau to take a copy?—A. I have no knowledge.

Hon. Mr. STEVENS: Mr. Calder, you are going to examine Mr. Fowler regarding the examination of Bolger?

Mr. CALDER, K.C.: Yes.

Hon. Mr. STEVENS: I think Mr. Bolger ought to come up and listen, so he can not come back later and say that he did not hear what the witness said.

By Mr. Calder, K.C.:

Q. In order that there may be no mistake, I would like to put the question categorically that I put to you yesterday, in fairness to yourself. You have said that you were examined or questioned upon one occasion by people representing themselves as Preventive officers?—A. Yes.

Q. Will you look at Mr. Fowler and state whether that is one of the officers who examined you?—A. I recognize him.

Q. That was on October 8th?—A. I don't know the date.

Q. He examined you on one occasion?—A. That is all.

Q. Do you remember the following questions being put to you, and your making the following answers to them:—

"Q. Did she give you any money?—A. No.

Q. Did she offer you any?—A. No, nobody ever did.

Q. Why did you authorize the passing of her trunks?—A. She said that she was a tourist and had only personal belongings. I, therefore, ordered the officer to pass the trunk.

Q. Did you know Miss Larde before?—A. No.

Q. Did anyone interest himself on Miss Larde's behalf?—A. I will only answer that question to the Minister of Customs himself."

Q. Did you make an answer to the question?—A. I don't remember.

Witness retired.

GEORGE B. FOWLER recalled and sworn.

By Mr. Calder, K.C.:

Q. Mr. Fowler, were you requested by Mr. Wilson to look into this Larde matter?—A. Yes.

Q. Did you make a report of your examination of Mr. Bolger, dated October 8th, 1923?—A. Yes.

Q. At any stage during the proceedings, did Mr. Bolger ask to speak to you privately?—A. I can't remember that he did exactly, but he did speak to me privately.

Q. What did he say to you? During the brief conference both Moore and Sergeant Zaneth went out of the room?—A. Well, my memory would not say that they went out of the room when Mr. Bolger asked me to accompany him to the Collector's office; in the corridor we spoke alone.

Q. What did you say?—A. I have not mentioned that in the report. I might say that I take it that anything Mr. Bolger said while we were alone, is contained in my report and did not differ in any way, or I would have made a note of it.

Q. Was the question of a letter received by Mr. Bolger taken up by you with him?—A. I think that is covered.

Q. Was it taken up by you with him when Mr. Moore and Sergeant Zaneth were not there?—A. This is a long time ago, and I could not say for certain. I think everything, anything that we did in the corridor would be along the same lines as is outlined in my report.

Q. Is it not a fact that Mr. Bolger told you in the corridor that he had received by hand to hand communication a letter from Mr. Dupont? Do not look at the report, it is not in that.—A. I can not remember that he said that.

Q. That is sufficiently striking that you ought to be able to remember a statement like that, because that statement would be either in conformity with or in contradiction to your report?—A. That is a long time ago. I am doing my best to remember.

Q. It is a very striking point; it was the pivotal point of the enquiry.—A. That was covered in our first examination.

Confidential

Q. I am asking you whether, seeing what you have written in your report, also guiding yourself by what is written in your reports, is it not in fact a startling statement that was made to you by Mr. Bolger which was not incorporated in your report?—A. No, sir, I can not agree with that. I can not remember that any different statement was made in the corridor than what I have reported.

Q. I put the question to you categorically: is it not a fact that Mr. Bolger told you that he had received a letter from Mr. Dupont in Quebec asking him to facilitate the passage of Miss Larde's baggage?—A. I do not know how to answer that any more than what I have done.

Q. Answer it finally and we will pass on to something else?—A. I can not remember that he did.

Q. You can not remember?—A. No.

Q. A little later on were you furnished with a statement by Miss Larde that she had given him such a letter with the exception of the name of the writer?—A. Do you refer to her affidavit?

Q. Did you see her affidavit?—A. Yes, I was present when it was made.

Q. Did you immediately go back to Mr. Bolger and ask him whether that was true or not?—A. Miss Larde's affidavit was made in Ottawa after I had returned.

Q. You must have seen at once, Mr. Fowler, the contradiction between Mr. Bolger's statement, or rather, the silence as compared with Miss Larde's statement?—A. The matter at the time was not in my hands.

Q. Even if it was not in your hands, did you point out the facts to anybody or let departmental inertia overcome you?—A. I don't know as I noted it.

Q. Was Mr. Taschereau present when the affidavit was made?—A. No sir.

Q. Did you give a communication of it to him?—A. I had nothing to do with it.

Q. Was a communication given of it to him?—A. I do not know anything about Mr. Taschereau's connection with the matter.

Q. To your knowledge, did Mr. Taschereau have, or not, a copy of the affidavit exhibited before him?—A. I do not know.

Q. Did you put to Mr. Bolger the questions contained in the first page of your report? (Readings):

"Q. Did anyone interest himself on Miss Larde's behalf?"

Was the answer:—

"I will only answer the question to the Minister of Customs himself."

A. Yes.

Q. Will you read the portions of your report—I will read it:—

"I informed Mr. Bolger for the time being my question was really the department's question, and that it should be answered. Mr. Bolger a little later answered my question.

Q. Did you keep any files or papers in connection with instructions received or in connection with your duties?—A. No.

Q. Did anyone in connection with the C.P.R. interest themselves in this matter?—A. No.

Q. Did you have instructions from Ottawa stating these goods were to be passed free and which you claimed was covered by the document you hold in your hand?—A. No.

Q. Did you have any instructions from Ottawa in connection with anybody on this trip?—A. No."

Q. In order that the Committee may not be under a false impression, you checked up this statement and it was in connection with another person altogether that a communication was received from Ottawa?—A. Yes.

Q. Namely, Sir Henry Blackwell, K.C.B., of the Home Office, London, England. Instructions were given to you to question the witness again after the conflicting statements had been put in?—A. No sir.

Witness retired.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. You now have before you departmental file, Preventive Service File No. 9566, originating with the Royal Canadian Mounted Police, entitled "Smuggled Dresses by Miss Denise Larde representing Elise Poret, Paris, France." The first intimation of this arrest having been made and of Miss Larde having been arrested reached you, according to the file, by a report of Sergeant Zaneth forwarded to you or did you get the advice of the seizure before that report reached you?—A. Sergeant Zaneth's report reached me through the Commissioner of the Royal Canadian Mounted Police on the 29th September, 1923.

Q. What was the first advice you had of the seizure? Was it that report?—A. On the 26th September, I received some word from the Royal Canadian Mounted Police, which caused me to telephone to Mr. J. W. Phillips, inspector of the Royal Canadian Mounted Police at Montreal. They must have called me up by telephone. I answered by telephone as follows:—

"Under circumstances writ of assistance or procedure under Section 148 Customs Act would appear to have been necessary. My opinion

prosecution under Section 206 will fail because goods passed by Customs officer Section 219 preferable. If court discharges seizure because of lack of assistance have Zaneth make under oath under Section 148 and seize again."

I telephoned that to Inspector Phillips at 3.10 in the afternoon of the 26th September, 1923.

Q. While we are on the subject of the charge to be laid, you suggest there that there were two or three alternatives: Sections 206, 219 and 148, and your opinion was that the charge should be laid under Section 219?—A. Yes. At that time I think the inspector told me there might be some legal objections to Sergeant Zaneth taking action, because he had not a writ of assistance. There was some such subject as that, which caused me to make that suggestion.

Q. Subsequent to Sergeant Zaneth's report, statements were taken from Shanahan, Livingstone, Moisan and Miss Denise Larde herself, as appears from the file before you?—A. Yes.

Q. And a statement was also taken from Mr. Bolger?—A. Yes, sir.

Q. Without mentioning the name just for the present of the informant, you have also on the file by the report the main lines of the information given by the informant?—A. Yes, sir.

Q. To the effect that the letter which is in controversy here had been seen by this informant, but no statement was taken from her?—A. There was said to be such a letter.

Q. There was said to be such a letter, and the informant was said to have seen it?—A. I do not just recall that.

Q. Take all the time you need, Mr. Wilson, because this is a very important point. Will you look up Creighton's statement, that is what you have before you. It was, I submit, according to this information that by the view the informant had of the correspondence, that the first alarm was given to the Customs?—A. It was because of the informant's knowledge that the matter was reported to the Customs.

Q. The full significance of this letter, Mr. Wilson, must have dawned upon you from the very beginning?—A. Yes, sir.

Q. As a matter of fact, that is the pivotal point in all this issue, is it not?—A. Yes.

Q. You had Miss Larde's statement, that a copy of the letter which she is alleged to have handed to Mr. Bolger had been taken by Mr. Taschereau, her attorney?—A. Yes, sir.

Q. Were any steps taken to secure that letter, or a copy of it?

Hon. Mr. STEVENS: Is there a copy of that letter on the file, Mr. Calder?

Mr. CALDER, K.C.: I cannot find it, Mr. Stevens.

Hon. Mr. STEVENS: That is, the Dupont letter?

Mr. CALDER, K.C.: Yes. Is it on file?

Mr. DOUCET: You will find a copy of the letter on the Royal Canadian Mounted Police file.

Mr. CALDER, K.C.: I may have overlooked it in the multiplicity of the documents.

Hon. Mr. STEVENS: I could not say exactly, but I am pretty sure I saw it on the file of the Royal Canadian Mounted Police.

Mr. CALDER, K.C. (To files custodian): Will you look and see if the letter is there? I think it was on the departmental file.

WITNESS: Special Officer Fowler endeavoured to get that letter from Mr. Bolger.

By Mr. Calder, K.C.:

Q. From Mr. Bolger?—A. Yes, sir.

Q. With what success?—A. He did not succeed.

Q. I see a copy of a letter on the departmental file on the same subject, No. 113550. Will you tell us how that copy reached the file. By whom was it secured?—A. By Special Officer Fowler.

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

"QUEBEC, P.Q., September 26, 1923.

Mr. C. A. LANGEVIN,
General Manager, C.P.R.,
Quebec.

MY DEAR MR. LANGEVIN,—I am sending you herewith a letter for Miss Larde, passenger on the Empress of France, arriving on the 12th or 13th instant.

As I asked you yesterday, I should be glad if you would also hand Miss Larde the enclosed letter, addressed to Mr. Bolger, the Customs Inspector, and if there is any possibility, will you be kind enough to give her every facility for Customs inspection. I know, however, that Mr. Bolger, to whom I had the opportunity of speaking about the matter will do his best, so that Miss Larde's arrival in this country be as agreeable as possible.

Please accept, my dear Mr. Langevin, my highest regards.

RÉNÉ DUPONT."

That is the letter to Mr. Langevin. But have you anywhere on your file the letter which was enclosed in that letter, and which was supposed to be handed to Mr. Bolger?—A. My recollection is "No."

Q. What efforts, Mr. Wilson, were made under your direction to trace and secure the letter which was apparently enclosed in Mr. Dupont's letter to Mr. Langevin, and which was to be handed by Mr. Langevin to Mr. Bolger?—A. Special Officer Fowler endeavoured to get from Mr. Bolger the letter said to be delivered to him.

Q. And Mr. Bolger denied that any such letter had been handed to him?—A. Yes. In connection therewith, when asked if anyone interested himself in Miss Larde's behalf, Mr. Bolger, according to the officer's report, which I believe to be true, said, "I will only answer that question to the Minister of Customs himself."

Q. And in the last answer on the questionnaire, denied that anybody, mentioning the C.P.R. more particularly, had interested himself in Miss Larde to the extent of interviewing Mr. Langevin?—A. Yes, here is a question and an answer:

"Q. Did you have any instructions from Ottawa, stating that these goods were to be passed free, and which you claimed was covered by the document you hold in your hand?—A. No."

Q. What is the next question?—A. The next question is:

"Q. Did you have any instructions from Ottawa, in connection with anybody on this trip?—A. Yes.

"Q. Did anyone in connection with the C.P.R. interest himself in this matter?"

Q. That is the sixth question on the questionnaire, and the answer was "No."?—A. That is correct.

Mr. BELL: There is a limitation on each one of these, Mr. Calder.

Mr. CALDER, K.C.: On each of the questions, Mr. Bell. They are special questions, and no question was put to cover the other possible alternatives.

Mr. BELL: That is what struck me immediately.

By Mr. Calder, K.C.:

Q. Was any statement taken from the informant?—A. So far, I do not see on the file any written statement directly from her.

Hon. Mr. STEVENS: Was there not one near the conclusion, or after the incident was closed? I think it was on the police file, if I recollect rightly, in her behalf.

Mr. CALDER, K.C.: You mean, the young lady herself?

Hon. Mr. STEVENS: Yes. Is that what you are referring to?

Mr. CALDER, K.C.: I looked for that, but I do not think it was there. There was something stated in her behalf.

Hon. Mr. STEVENS: Something to the effect that she had given this information, and had lost her position, and was asking that some consideration should be given to her.

By Mr. Calder, K.C.:

Q. What I want to know is, if any statement was taken from her directly, and if not, why it was not?—A. The information was given to the Royal Canadian Mounted Police, and I think there was no written statement from her.

Q. No statement was taken from the informant? Was any statement taken from Mr. Langevin?—A. In Special Officer Fowler's report, of 8th of October, 1923, he says:

> "We examined the September 12th trip of the 'Empress of France' file, and obtained a copy of the letter written by Dupont to Mr. Langevin, confirming the telephone conversation of the previous day, in which reference is made to two letters to be handed to Miss Larde from Dupont, one for herself, and one for Mr. Bolger. Mr. Langevin definitely established for us the fact that Mr. Dupont had left for Europe on the 'S.S. Paris' on the previous day."

Q. No statement was taken from Dupont, upon his return?—A. I think not.

Q. So that the merits of that pivotal point were never cleared up completely?—A. The case had been closed up before Mr. Dupont returned.

Q. The case had been closed up before Dupont returned, as far as Miss Larde was concerned, that is, she had made first a deposit of $1,500, then the Maison Elise de Poret was requested to supplement that by a further sum, and Miss Larde herself was fined $50 and costs. But as far as the Department was concerned, I would think it was the most important thing in the world to investigate until it was finally decided whether Mr. Bolger had done the act imputed, or whether he was the victim of a conspiracy to blacken his character. I take it that if the matter was settled as regards Miss Larde, that ended it as far as the Department was concerned?—A. Except that under the decision Elise Poret was called upon to make a further payment. Other than that, nothing further has been done.

Q. Now, further investigation was made into the conduct of the Customs officials, more particularly with a view to clearing up the point whether pressure was brought to bear upon Mr. Bolger, and whether he yielded to that pressure? —A. I believe that to be true.

Q. Did Mr. Bolger retire about this time?—A. No. I think Mr. Bolger was not superannuated until last autumn.

The CHAIRMAN: (To Mr. Bolger) You are still under oath. To clear that up, when were you superannuated? Do you remember the date?

Mr. BOLGER: The first letter I got was, I think, the 30th of December, 1924.

The CHAIRMAN: (To Mr. Bolger) That is all. It was only to put the date in the record.

The WITNESS: He was not superannuated then.

Hon. Mr. STEVENS: (To Mr. Bolger) When did it become effective?

Mr. BOLGER: I was notified I was superannuated, and I got six months leave of absence with full pay, for my long service. When the six months leave expired, I was asked by the Collector of Customs to continue, as he had nobody to perform my work, and then I had another six months holiday.

The CHAIRMAN: (To Mr. Bolger) And you were retired from the Service definitely when?

Mr. BOLGER: Last July, I think.

The CHAIRMAN: (To Mr. Bolger) July, 1925?

Mr. BOLGER: Yes.

By Mr. Calder, K.C. (To witness):

Q. Was any admonition delivered to the Customs officers at Quebec to the effect that when they were told by their superior officers to violate their duty, they might neglect that order, and not fulfil it? That would not fall within your purview?—A. I would not know anything of that.

Q. That would be outside your partition, as it were?—A. Yes.

Q. Now, to come back to the disposition of the case, as far as the Maison de Poret and Miss Denise Larde were concerned, the deposit was $1,500?—A. Yes sir.

Q. And this deposit was calculated as single duty on the invoices?—A. Roughly, yes.

Q. And the Maison Poret was asked afterwards to pay what additional duty?—A. $1,347.08.

Q. When was that?—A. The general executive assistant of the department wrote me on the 6th of February, 1924, asking that steps be taken to collect from Poret $1,347.08, and the Preventive Service on the 15th of February addressed a letter to Poret at Paris, France, giving her an opportunity of making that further payment.

Q. And was the further payment made?—A. We reported that action to the Deputy Minister on the 26th of May, 1924. No answer was received to that letter, and I should explain that I wrote a letter to the Deputy on the 24th of February, 1926, the second paragraph of which reads as follows:

> "When I was in Paris in 1924, I called at the address of Madame Paret at 20, Rue de Capacene, on the 29th of September, for the purpose of endeavouring to obtain from her payment of $1,347.08 mentioned in your letter of the 6th of February. At that address I ascertained that Paret discontinued business the previous January, and was said to be living in Switzerland on the date of my enquiry."

Q. So the additional payment has not been made?—A. The additional payment has not been made.

By Hon. Mr. Stevens:

Q. Nothing was done between 1924 and February 26, 1926?—A. The only further letter that we had after the payment of the $1,500, with regard to the further collection, was this letter from the General Executive Assistant of the 6th of February, 1924.

Q. Until February, 1926?

The CHAIRMAN: When you were on your trip to France?

The WITNESS: We wrote Paret—

Hon. Mr. STEVENS: Yes, I know. You read that.

The WITNESS: —and no answer came. Then I happened to be in Europe in 1924, and I simply took it upon myself to take a copy of this letter with me, because I thought if I could secure payment there, it would be the best thing to do.

Mr. BELL: It would be found money.

The CHAIRMAN: It would be good news to bring back to Canada.

Mr. CALDER, K.C.: I don't know; following Sergeant Zaneth's example, you might have been taken off the Preventive Service for bringing that money in.

The WITNESS: It might be explained that as the result of some correspondence from a firm of lawyers in Montreal, we are endeavouring now, and they are trying to help us, to secure payment of this money from Denise Larde.

By Mr. Bell:

Q. May I ask when the correspondence began?—A. During the Duncan inquiry in Montreal, there was found in the office of the Preventive Service a letter addressed to the officer in charge at that time—

Hon. Mr. STEVENS: Mr. Bisaillon. Put his name in. It is a good name.

Mr. BELL: Yes, we have heard of him.

The WITNESS: —Mr. Bisaillon. A letter from Theberge and Germain, Advocates, Montreal, dated 23rd October, 1925, reading:

> "I am sending you herewith a copy of a letter regarding Larde. I should be very pleased if you would render me the personal service I have asked you, and if possible, before the elections.
>
> Yours truly,
>
> (Sgd.) ALBERT THEBERGE."

By Mr. Calder, K.C.:

Q. Mr. Wilson, is there evidence on the file that before this seizure was effected, some 25 dresses had been disposed of by Miss Larde in spite of her contention that she was wearily waiting at the Chateau Frontenac for the Customs officer to go up and do his duty?—A. Yes; there is evidence on the file that she had previously disposed of some dresses.

Q. Out of that shipment?—A. Out of that shipment.

Q. It is also clear from the file that she had two sets of invoices, one grossly undervalued—as a matter of fact, ridiculously undervalued; the other giving a value somewhat nearer reason, but described as fifty per cent undervaluation even then?—A. Perhaps I might correct here a misapprehension of Sergeant Zaneth.

Q. I wish you would. We want to get the facts.—A. Yesterday he inadvertently referred to the value of some silk dresses on this invoice as low as five francs.

Q. What was it that was five francs? The garters?—A. Bonnets.

Q. A five franc bonnet in France would probably be picked out of the garbage tin.—A. Yes, but not so bad as a silk dress at five francs.

Mr. BELL: And not so low as you suggested.

The CHAIRMAN: You had better describe these goods, because Sergeant Zaneth could not describe them. He knew nothing about women's apparel.

Mr. CALDER, K.C.: Certainly not; he is a bachelor.

The WITNESS: He also inadvertently stated the highest value on a silk dress was 150 francs. I see here (indicating) the highest valued dress is one valued at 1,000 francs, and ranging down from that, of course.

By Mr. Calder, K.C.:

Q. But upon investigation, even the valuation was found to be fifty per cent too low, since you, having calculated the single duty on the invoice, had to have that supplemented by almost an equal sum upon description of the true value—the appraisal value?—A. No, I think that is not quite the condition, Mr. Calder.

Q. What is the condition?

Hon. Mr. STEVENS: There is the appraiser's report.

WITNESS: My recollection is this, that I was asked prior to the receipt of the seizure report to make up a statement showing the duty said to have been evaded. We made a memorandum of that, and based it on 47,185 francs, which appeared in the report of Mr. Zaneth of the 24th September, 1923. After that report of his, there were also received copies of the invoice Larde had which totalled about 67,137 francs.

By Mr. Calder, K.C.:

Q. These two invoices were finally furnished by Miss Larde. When you speak of Sergeant Zaneth's misapprehension you must keep in mind that she produced a set of invoices first and afterwards produced a second invoice. Did you get two sets of invoices?—A. I think there is only one set in duplicate. That 47,000 francs was taken in my office from Zaneth's report without reference, as there should have been, to the details of the invoice. For that I take the responsibility and plead guilty.

Q. You need not plead guilty to that; you put a halo around your head. It shows in the report that the total value of the goods taken by this lady, according to her declaration, amounts to 47,185 francs?—A. We took that in the office as a checking basis.

Q. From this report?—A. To make a statement.

Q. Turn to Sergeant Zaneth's report of the 19th October, 1923, and state what the Customs appraiser's valuation of the goods, with one-third of them sold, was, as regards the balance?—A. $6,791.75.

Q. I think you will find that works out at 47,000?—A. No, the difference between 47,000 and the original invoice which we received in the report, in which 47,000 were mentioned—

By Hon. Mr. Stevens:

Q. Will you please repeat that six thousand figure?—A. $6,791.75.

Q. That was the appraisal of the goods, but did not take into consideration the quantity that had been released and delivered by Miss Larde before the appraisal was made, is that right?

Mr. BELL: There could not be any doubt about that; there was never an opportunity to appraise the others.

By Mr. Calder, K.C.:

Q. It was estimated that one-third of the stuff had been sold?—A. There is a statement that the invoice obtained from Miss Larde did not contain the true value of the merchandise. That is Zaneth's report. It will be seen that the invoice says 47,185 francs, and approximately one-third of the goods had been sold, and yet we found the goods to be worth $6,791.75 as per Mr. S. C. Lacroix' appraisal.

Hon. Mr. STEVENS: That answers that point.

By Mr. Calder, K.C.:

Q. The practice of the department is to release goods, as a rule, upon double duty, pending decision?—A. I cannot say that that is a hard and fast rule.

Q. It is hard and fast in most cases?—A. It has obtained, generally speaking.

Q. Can you tell us why an exception was made in this case?—A. No.

Q. It appears from all that we have elicited now that Sergeant Zaneth by his activity turned in to the Treasury of Canada $1,500, and might have turned in, if the matter had been followed up at once, a further sum of $1,300. Miss Larde herself complains of no indignity in the proceedings. I think it appears that Sergeant Zaneth asked her to step over to the Court House and constitute herself a prisoner. There was no difficulty about bail and the whole matter was done in what appears to be an orderly and decent fashion?—A. Yes, correct.

Q. There has been a letter read into the records during Sergeant Salt's testimony in which the Larde case is made the motive for certain strictures upon the Mounted Police in connection with their Customs duty or in connection with their duty in reference to the Customs. Why was this case made so important under the circumstances? Do you know?—A. That is beyond me, sir, beyond my personal knowledge.

Q. Did you write the letter which was quoted into the records of your own volition or upon instructions?—A. Upon instructions.

Q. Received from whom?—A. The Minister.

Q. Have you got the letter? Was it by letter or verbal?—A. Verbal.

Q. Have you got the letter itself? Was that the only letter which you wrote, the letter quoted in Sergeant Salt's testimony? I will get the letter. You have made a copy of it?—A. Yes sir.

Q. It reads as follows:—

"Colonel STARNES,
Commissioner, Royal Canadian Mounted Police,
Ottawa, Ontario.

DEAR COLONEL STARNES,—I am instructed by the honourable, the Minister of Customs and Excise, that in effecting seizures of smuggled merchandise, for example, under circumstances similar to the Denise 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 direction, 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 she would not decamp. It would have been more advisable if he had reported the facts and awaited instructions regarding prosecution, which undoubtedly would have been given in this instance. By following out the Minister's instructions, I shall be accountable"—

The CHAIRMAN: Not the Minister's.

By Mr. Calder, K.C.:

Q. Will you verify from the original whether it is Minister's or not?—A. This was made in my office this morning from a carbon copy on my file. If this is wrong, I will correct it.

Mr. CALDER, K.C. (Reading):

"By following out the Minister's 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,

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

Mr. CALDER, K.C.: It reads: "By following out the Minister's instructions."

Hon. Mr. STEVENS: There ought to be an errata.

Mr. CALDER, K.C.: We will put in the words, "the Minister."

By Mr. Calder, K.C.:

Q. You say that letter was written upon verbal instructions from the Minister?—A. The Minister verbally instructed me to advise the Royal Canadian Mounted Police accordingly.

Q. And sometime afterwards the Mounties were withdrawn entirely from the Customs service, except under the supervision of the Preventive Service?—A. Yes.

Q. Was this matter at any time referred to or referred by the Justice Department, or did the Department of Justice communicate with the Customs Department, or the Customs Department communicate with the Justice Department at any time?—A. It occurs to me that in my last answer to you about these instructions, the Minister did not tell me, of course, to put in the letter about Larde. He told me, as a result of checking the Larde matter over, I was to instruct the Royal Canadian Mounted Police that no more prosecutions should be made, and that followed immediately upon the discussion of the Larde case.

Q. Those are the circumstances?—A. Yes. It was because of that, that I inserted the Larde case for their guidance. I do not want any misapprehension in regard to the Minister in connection with this matter.

By Mr. Bell:

Q. You merely used that as an illustration?—A. Because it was the illustration mentioned and referred to in the conversation.

Q. But you had the instructions, nevertheless?—A. Quite so; so that a similar instance could not occur I quoted an instance that had occurred.

By Hon. Mr. Stevens:

Q. Is there a letter from the Department of Justice?—A. I see no letter there from the Justice Department, Mr. Stevens.

Mr. CALDER, K.C.: I am getting some names from the file here, if you will excuse me for a moment.

Mr. BELL: If I am not interrupting you, Mr. Calder, I would like to ask the witness a question or two.

By Mr. Bell:

Q. Mr. Calder drew your attention, Mr. Wilson, to the very disproportionate amount collected on goods, I mean, disproportionate to their real value?—A. Yes.

Q. Whose decision was that?—A. As I have explained, before the seizure report came in, this K-9 came from the Royal Canadian Mounted Police. We were asked to make a statement showing the duty said to have been evaded. We made that statement based on the 47,185 francs, I think it was. The duty

calculated on that was roughly, I think, twelve hundred and odd. The papers will show it exactly. That memorandum was handed into the Minister's private secretary, which the file will show. As a result of that, there is a memorandum on the file, signed by the Minister's private secretary, that the $1,500 deposit should be made, and that was followed by a letter to the Preventive Service instructing the release of the goods upon payment of $1,500.

Q. Do I correctly understand you to say that it merely happened because of the misapprehension as to the value?—A. I should think so, yes.

Q. What I want to be clear about is, whether or not, there was any other contributing cause?—A. Not that I know of.

By Mr. Calder, K.C.:

Q. Is there any correspondence on the file from Mr. Taschereau, counsel for Miss Larde?—A. I think not; I have not observed any.

Q. All Mr. Taschereau's communications with the Department seem to have been verbal?—A. Yes.

By Mr. Doucet:

Q. There is one point I am not clear upon, Mr. Wilson, and it is this; this seizure happened in 1922-23?—A. Yes, sir.

Q. On which a deposit of $1,500 was made?—A. Yes.

Q. Is it known to you, or to the Department that Miss Larde later also imported goods of the same nature? (No answer.)

Mr. CALDER, K.C.: Do you mean later, or previously?

Mr. DOUCET: After the seizure was made?

By Mr. Calder, K.C.:

Q. Have you information, or did you derive any information from Messrs. Theberge and Germain that Miss Larde was still trading into Canada with the same kind of goods?

Hon. Mr. STEVENS: No indeed. She wants to get her reputation clear, so that she can resume.

By Mr. Calder, K.C.:

Q. That is a correct statement, is it?—A. Well, I do not think we have had any further complaint about Denise Larde. I did make inquiry in Montreal myself, on one, two or three occasions since.

Q. Do you know whether she has been in Canada since that seizure?—A. That I do not know. The last I heard of Miss Larde was that she had been engaged by some Montreal merchants to purchase goods in Europe, as their local representative. That was the statement made to me in Montreal.

By Hon. Mr. Stevens:

Q. More or less in justification of her act, she cited two other occasions on which she had entered Canada, one in 1921, when she said she paid duty to an officer in Montreal. Just from your memory, or from your file, is that statement correct?—A. That statement is correct. On the 20th of October, 1921, Montreal, entry No. 29948, she paid duty in Montreal on clothing.

Q. How many trunks?—A. Three.

Q. Three trunks, and she paid how much duty?—A. $1,533.86.

Mr. DOUCET: After seizure?

Hon. Mr. STEVENS: No, that was a genuine entry.

By Hon. Mr. Stevens:

Q. What was the date?—A. October 20, 1921.

Q. Then she said she had brought in several trunks in the next autumn, 1922, to Montreal, and you made a careful investigation of them, and what was the result?—A. My recollection is that we could not locate those trunks, or the importation of them.

Q. Does the file not show that those trunks went by Express to Quebec?—A. No, the file shows that there were some trunks went as baggage from New York to Quebec, which we endeavoured to trace.

Q. For her?—A. For her, her trunks. After a considerable search we found that those trunks had been passed as baggage at the Palais station, at Quebec, and, whether they contained dutiable merchandise or not, they were passed without the collection of any duty. We could not identify the officer who passed those trunks, because, on the day they were passed, there would be three officers on duty at that station, and the officer that passed them did not do as he should have done, that is, sign his name on the back of the card manifest passing the trunks.

Q. She made an affidavit showing that she brought in trunks on two occasions; you verified the one in Montreal, and in the other one the trunks came, and the baggage checks are on the file?—A. Correct.

Q. But there is no trace whatever of any duty having been paid?—A. That is correct.

Q. From her own voluntary statement, it would indicate that it was the same class of goods she had on the previous occasion?—A. We were of that opinion.

Q. You think that is a fair assumption?—A. We were of that opinion.

Q. What I am coming to is this: She did not pay any duty, this woman apparently made regular trips, yearly trips, and brought in large quantities of valuable goods; on this occasion, she actually committed an act of smuggling—am I right?—A. Correct.

Q. Her goods were returned to her, and released on the payment of what was admitted to be a single duty—never mind whether the estimate was correct or not, we know now that it was not, but I am not attaching any importance to that—her goods were released to her, after having committed an act of smuggling, on single duty; is that correct?—A. Yes.

Q. Will you tell the Committee first who ordered the release of the goods under those circumstances?—A. The release of the goods on deposit of $1,500 was ordered by a letter addressed to me by the Department, which is on the file.

Q. Will that be on the Customs file?—A. There should be a copy on the departmental file. It is dated the 18th of October, 1923, and reads as follows. (Reads):

"OTTAWA, 18th October, 1923.

W. F. WILSON, Esq.,
Chief Customs-Excise Preventive Service,
Ottawa.

SIR,—I am directed by the hon. the Minister of Customs and Excise to authorize you to release goods seized from Denise Larde, upon deposit, pending investigation of $1,500.

I have the honour to be, sir,

Your obedient servant,

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

Q. Of that letter from Mr. Farrow to you, I do not see the original here? —A. The original is here, Mr. Stevens, on my file.

Q. It reads that on the order of the Minister, Mr. Farrow instructs that these goods are to be released?—A. Yes, sir.

Q. I have one further question to ask you. This is a hypothetical question, Mr. Wilson. When goods are seized, after the act of smuggling, is it not the law, the regulation, or custom of the Department to impose double duty, and forfeiture of the goods?—A. No.

Q. That is frequently done, is it not; what is the law, give us the law? —A. The law is that smuggled goods shall be seized and forfeited.

Q. And a fine or penalty?—A. Yes. The law provides for a fine and imprisonment.

Q. But is it not quite customary to impose a fine of an amount equal to double duty, or to single duty?—A. And retain the goods?

Q. Yes.—A. No, I should not say that that is a custom.

Q. That is done, is it not?—A. I recall no instance of that, at the moment.

By Mr. Calder, K.C.:

Q. Instead of forfeiting the goods, a deposit equal to double duty is made and the deposit is forfeited, being duty and duty again for penalty?—A. But Mr. Stevens says in addition to that that the goods shall be seized and forfeited.

By the Chairman:

Q. No, he means that after goods are seized there is a fine equal to single duty?—A. There may be instances where goods are seized, such as in this instance, and released, some on double duty, some on duty-paid value, and some not released at all, but forfeited.

By Hon. Mr. Stevens:

Q. Suppose in this case the Department had followed its ordinary routine. These goods would have been forefited, would they not?—A. Yes, with possibly the proviso that they may be released upon deposit of so much money.

By Mr. Doucet:

Q. Equal to double duty and sales tax?—A. That depends upon whether it would be single duty and sales tax, or double duty and sales tax. Ordinarily, until a short time ago, I would say that the general practice had been for a period double duty.

Q. And sales tax?—A. And sales tax.

Witness retired.

GEORGE B. FOWLER recalled.

By Mr. Calder, K.C.:

Q. Under the oath you have already taken, Mr. Fowler, you have heard Mr. Wilson quote from your report, that it was you who had placed upon the file a letter addressed by Mr. Dupont to Mr. Langevin, of the C.P.R. at Quebec? —A. Was he looking at the departmental file, or our file?

Q. I am not sure which. At any rate, do you remember whether you secured that copy?—A. I secured the copy; at least on our file there is a copy.

Q. You secured the original, did you?—A. I am not sure. I would like to see both files.

Q. That, (indicating) is a copy?—A. The copy is on this file. (Indicating the Preventive file).

Q. It is also a copy on this (indicating Departmental file)?—A. Yes. I got it at Mr. Langevin's office.

Q. Did you take the original?—A. That is what I am trying to find out now.

Mr. CALDER, K.C.: While Mr. Fowler is looking for this document, if the committee consider it worth while to clear up this whole matter to the bottom, I propose to call the witnesses whose names are on this slip. They appear to be mainly those witnesses whose statements were not taken. The address of the last witness I will take from the file in a few moments. I also propose to call Mr. Blair and Mr. Farrow, but I will not do that until to-morrow, so they will have an opportunity of seeing the file.

By Mr. Calder, K.C.:

Q. Have you found the original?—A. No sir. My report says: "We examined the September 12 trip of the "Empress of France", and obtained a letter written by Mr. Dupont to Mr. Langevin."

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

Winess retired.

ARTHUR C. MOORE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Moore, you accompanied Preventive Officer Fowler in his investigation of the Larde seizure?—A. Yes sir.

Q. Was there a period during that interview with Mr. Bolger when Mr. Bolger and Mr. Fowler were alone in the office, and you and Sergeant Zaneth were outside?—A. No sir, I cannot remember that.

Q. Now, you concurred, I suppose, in the report of Mr. Fowler? You were there for the purpose of corroborating him?—A. Yes sir.

Q. Did you hear the question put to Mr. Bolger by Mr. Fowler which elicited the answer that he would answer that question only to the Minister?—A. Yes sir.

Q. You heard that answer?—A. Yes sir.

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

By Hon. Mr. Stevens:

Q. Just a minute. Mr. Moore, you say you cannot remember the occasion of a private interview. Is that right?—A. Yes sir.

Q. You can remember, though, quite well, this answer of Bolger's?—A. Yes sir.

Hon. Mr. STEVENS: (To witness) You have a very faulty memory. (To the committee) I am getting a little sick of hearing this "I can't remember"; I would far rather men would come out flat footed and say what is in their minds, than to say "I can't remember".

The CHAIRMAN: Sometimes a witness hears things which at the time he does not consider are important, and then is brought in two, or three years afterwards and questioned about them.

By Mr. Bell:

Q. Do you know whether you conferred with Fowler as to what had been gained from Bolger by the examination?—A. How do you mean, Mr. Bell?

Q. Just what I say. Did you talk it over with Fowler as to the nature or the value of the admissions which Bolger had made?—A. No sir; only what is in the report there.

Q. No, no, I am not asking you that. Did you discuss with Fowler the nature and the value of the admissions Bolger had made?—A. We talked it over afterwards, naturally.

Q. To what effect?—A. Just as to what was in the report.

Q. Did you discuss with him the handing over of the Dupont letter?—No sir, not that I remember of.

Q. Do you know whether you did or not? Did you discuss that with him?—A. No sir, not after; not so far as I can remember.

Q. When did you first hear of it?—A. I only knew about that when Mr. Fowler asked Mr. Bolger about it.

Q. You say you heard of it first when Fowler interrogated Bolger?—A. Yes sir.

Q. And the answer given by Bolger was incomplete and unsatisfactory, was it not?—A. So far as I can remember, he said he did not receive any letter.

Q. From certain specific sources?—A. Yes sir.

Q. Did you or Mr. Fowler then ask if he had received any such letter, without limiting it to any particular source?—A. No sir.

Q. Why not?—A. I was with Mr. Fowler as his assistant. Mr. Fowler was doing all the questioning.

Q. And it did not occur to you that the matter might be helped by putting a general question as to whether such a letter had been received, regardless of its source? Is that it?—A. Yes sir.

Q. Then you never discussed afterwards the abortive effort to get that information?—A. No sir.

Mr. BELL: That is all, as far as I am concerned.

Mr. CALDER, K.C.: I have two Customs officers called for this afternoon, and I have another witness. I do not want to broach anything big just now, but there are two cases in the classification made by Mr. Bennett, of which Mr. Wilson has made a precis. I suggest we just have time to put them in before luncheon.

WILLIAM FOSTER WILSON recalled.

By Mr. Calder, K.C.:

Q. Mr. Wilson, will you look at Customs and Excise file 119148 covering seizure of spirits from Geldford Harnish, Hubbards, Nova Scotia, and file 13862 of the Customs Preventive Service detailing seizure of whiskey, 17 cases, from G. G. Harnish, Hubbards, Nova Scotia, and will you state in your own words, guiding yourself by your precis and your file, what is the meat of these files?—A. (Reading): This seizure was made on 11th June, 1925, by officers Healey and Henley from Geldford Harnish, of Hubbards, Halifax County, N.S. It covers seventeen cases Scotch whiskey valued at $425. It is reported that Harnish had been smuggling large quantities of whiskey. He was not at home at the time of seizure, but with his lawyer was met in the Court House at Halifax by the seizing officers and was prepared to plead guilty, but on account of a telegram from me, the officers did not proceed.

Harnish is said to be one of the biggest smugglers on the western shore of Nova Scotia, and should be prosecuted to the fullest extent of the law.

The Preventive Service reported this case to the department 18th June, 1925.

On the 23rd June the Assistant Deputy Minister placed the following notation on the second paper on the file:—

"Case not to be proceeded with until further orders."

On the 11th June seizing officer had telegraphed advising me of seizure and asking if he could prosecute.

June 12th, I telegraphed seizing officer as follows:—

"Proceed re Harnish under section one eight five Excise Act and retain J. E. Rutledge if necessary."

This was sent from my office at 10.45 a.m. At 4.50 p.m., 12th June, the same day, I telegraphed the seizing officer:—

"Do not proceed with prosecution in Harnish matter until further instructed."

The Assistant Deputy wrote the Preventive Service 24th November, 1925, advising charge should be laid against Harnish under section 185 of Excise Act, and that services of J. E. Rutledge, Halifax, should be retained, if necessary.

4th December, 1925, Acting Deputy Minister telegraphed seizing officer:—

"Re Harnish prosecution. Preceedings are to be withheld".

There is a memo immediately after this, made by Assistant Deputy (Reading):—

"Extra copy of letter required for Minister's Office."

December 11th, Acting Deputy wrote Harnish advising receipt and acceptance of $200 as voluntary penalty for infraction of section 185, Excise Act. That the settlement is made in pursuance of section 136 of said act, and that the spirits remain confiscated to the Crown.

There is a copy of a note to the Preventive Service on this copy of letter instructing sale of the spirits. There is also a note on it:—

"Copy to Mr. William Ide."

This is evidently extra copy of letter required for Minister's office.

Letter from seizing officer to Preventive Service dated 5th December, 1925, stating that he followed instructions and laid charge against Harnish, and that case was to come up on December 4th, but shortly before trial, he received telegram from Acting Deputy Minister instructing withdrawal of proceedings, and the officer withdrew them.

Letter from Chairman, Board of Liquor Commissioners for New Brunswick, dated 24th December, 1925, offering $17.00 a case of twelve quart bottles, for eight case Old Epicure Scotch whiskey, six cases Ambassador Scotch whiskey, and three cases Sandy Macdonald Scotch whiskey,—total seventeen cases. This offer is marked, "Accepted", by the Assistant Deputy on the 11th January, 1926.

Letter dated Halifax, 26th December, 1925, from seizing officer to Preventive Service, Ottawa, forwarding tender from New Brunswick Liquor Commission and reporting Nova Scotia Liquor Commission refused to tender.

Letter dated 18th—either 17th of 18th—from Assistant Deputy Minister to Preventive Service, advising acceptance of tender of New Brunswick Liquor Commission, and instructing that proceeds be accounted for as duty. Copy of Halifax Customs entry 20070 showing proceeds of sale of liquor as duty $269.87 on sixteen and one half cases whiskey.

Seizing officer reports, 6th February, on further examination of seventeen cases seized it was found that one case was five bottles short, and one bottle taken for examination, which left sixteen and one half cases. Eight bottles were also broken in transit to Fredericton. There are a few other letters relative to this breakage and will be mentioned if the Committee orders.

By Mr. Calder, K.C.:

Q. There was no prosecution in this case?—A. No.

Q. Although the information was that this man was an habitual smuggler? —A. Yes sir.

Q. By whose order was the prosecution stayed?—A. The Assistant Deputy Minister.

Q. Were any reasons stated why the prosecution should be stayed?—A. The file does not show the reason.

By the Chairman:

Q. Is there any form, K-9?—A. No, there is not, as it is an Excise seizure, which carries another form.

By Mr. Calder, K.C.:

Q. You have an equivalent form?—A. Yes.

By Mr. Doucet:

Q. Mr. Wilson, in the seizing officer's report, you come across a statement wherein you find that returning from Hubbard's Cove to Halifax the seizing officer met a local barrister from the City of Halifax, named Jones, who told you that he was appealing to Ottawa to stop the prosecution?—A. A memo on the seizure report?

Q. On the file. You remember when that was?—A. I do not remember that.

Q. At all events, the prosecution was withheld on two different occasions? —A. According to the precis I have made.

Q. This man was reported, and the information is that he was an habitual smuggler and was seized with the goods, the officer is anxious to prosecute, and you had given orders by telegraph sent at 10.45 A.M. to proceed, and at four something in the afternoon you again wired not to prosecute?—A. Yes.

Q. These instructions came from the Minister's Office?—A. The file does not show, sir.

By Hon. Mr. Stevens:

Q. Read us the instruction, Mr. Wilson?—A. The final instruction not to proceed was sent in a telegram by the Acting Deputy Minister to F. J. Healy, Customs-Excise Enforcement Officer, on the 4th of December, 1925, reading as follows. (Reads):

"Re Harnish, Prosecution Proceedings are to be withheld."

The file does not show any record of the instructions to the Acting Deputy Minister which caused him to send that telegram.

Q. Who makes what we call in the other cases K-9; how do you describe that official report, what is the title of the document?

By the Chairman:

Q. Is it an Excise Seizure Report?—A. It is an Excise Seizure Report.

By Hon. Mr. Stevens:

Q. Just following that wire, or instruction, who by the way, makes that out?—A. The seizing officer.

Q. But the recommendation on the other page; who made that report?—A. The seizure report?

Q. Yes.—A. The seizing officer.

Q. Read that seizing officer's report now, following that telegram. You can leave out all the frills, and read the substance of it in the main paragraph?—A. This seizure report is dated at Halifax, June 11, 1925. Preventive Service seizure 5852. The seizing officers were Healy and Henley. They seized 17 cases of Scotch Whiskey. They report as follows. (Reads):

"On information I received that Guilford Harnish had been smuggling in large quantities of liquor at Hubbard, N.S., I went there, Thursday, June 11th, accompanied by officer Henley and searched his premises. We

found 17 cases of Scotch Whiskey. Harnish was not at home at the time, but we met him and his lawyer in Halifax, at the court house, on Saturday, June 13th. Harnish was prepared to plead guilty, but on account of receiving your telegram, I did not proceed. I might say that Harnish is one of the biggest smugglers on the western shore, and has been in the business for some time. He should be prosecuted to the full extent of the law.

I am enclosing receipt for the liquor seized."

By the Chairman:

Q. Read the rest of it?—A. (Reads):

"Informer, Confidential. Seizing officers, T. J. Healy and W. C. Henley."

Q. Did I hear you well when you said at the first that the seizure was based upon some information he had received?—A. Yes, sir. The seizure was made on information.

By Hon. Mr. Stevens:

Q. The point is, Mr. Wilson, that this was a seizure from a well-known and notorious smuggler, and the seizing officers recommended that he be prosecuted to the fullest limit of the law?—A. Yes.

Q. You sent a wire that under instructions no prosecution should be proceeded with?—A. Yes.

Q. And later another wire was sent by the Acting Deputy Minister to the same effect?—A. Yes.

Q. No prosecution was had?—A. No prosecution was proceeded with.

Q. There is nothing on the file to show where Mr. Taylor got his instructions? —A. No, sir.

By the Chairman:

Q. Harnish lives where?—A. In Hubbards, Halifax County, Nova Scotia.

Mr. DOUCET: Just shortly prior to provincial elections.

By Mr. Doucet:

Q. There is nothing on the Customs files, Mr. Wilson, to show why there should be a change of mind between 10.45 A.M. and 4.15 P.M. of the same day? —A. No, sir, there is nothing on the file.

Mr. DOUCET: We will have to get Mr. Taylor here, to find out why he changed his opinion.

Mr. BELL: They were so charitable that they could not bear to prosecute such a man.

Hon. Mr. STEVENS: That is what they call "humanitarian."

Mr. DOUCET: They were working for a common cause, I suppose.

Mr. CALDER, K.C.: The ordinary advice to Messrs. Blair, Farrow and Taylor, through Mr. Wilson, would be sufficient. We should have them to-morrow morning at half past ten o'clock, and the files concerned should be put into their hands for perusal.

Witness retired.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

THURSDAY, April 22, 1926.

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

ARTHUR JAMES LIVINGSTONE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Livingston, were you employed as a Customs and Excise Preventive Officer at the port of Quebec in the month of September, 1923?—A. I was.

Q. Did you board the Empress of France at Father Point in that month?—A. I did.

Q. That was the 11th or the 12th?—A. Somewhere around that date, sir.

Q. She proceeded from Father Point to Quebec during the night of the 11th-12th of September?—A. She did.

Q. What officers went aboard with you?—A. As near as I can get it, there was officers Moisan, Moore, Morin, Shanahan, and myself.

Q. Was Mr. Bolger with you?—A. Yes sir, he was.

Q. Who was in charge of the party?—A. Mr. Bolger.

Q. Do you remember any conversation between Mr. Bolger and Mr. Moisan while you were at lunch around midnight?—A. The only thing I could remember was that Mr. Moisan asked Mr. Bolger if he had a letter, and Mr. Bolger said yes.

Q. A letter about what?—A. Some party whom I do not know.

Q. To what did he refer?—A. I cannot tell you, sir, because we work in alphabetical order.

Q. You mean to say you do not remember anything else except his asking him if he had a letter?—A. That is all I remember.

Q. You remembered more than that when you were examined on the 26th of September, 1923. Was there any question about passing trunks?—A. Passing trunks?

Q. At the same moment and in the same conversation?—A. There might have been.

Q. I do not want to know whether "there might have been"; I want to know whether there was.—A. I think Officer Moisan said there was some party on board, or something to that effect.

Q. That is a good beginning. He said there was some party on board?—A. Yes.

Q. What else?—A. So far as I know now, I do not know any more about that party. The only thing is, I found out a couple of days afterwards that the goods were in the examining warehouse.

Q. That does not make any sense. First there was something said about a certain party on board, and then the question was asked as to whether or not Mr. Bolger had a letter. What connected up those two? Was there not something about a trunk?—A. The first thing I heard about anything, sir, was at the table, when we were eating.

Q. What did you hear when you were eating?—A. All just about a letter, and that was all that was passed, sir, at the table; nothing more was passed, sir.

Q. Tell us your recollection of the words used?—A. Officer Moisan asked if he had a letter.

Q. In regard to what?—A. In regard to a party, and that was all that was said, sir, for the time being.

Q. What party?—A. Who was on board.

Q. What party?—A. I cannot tell you, sir.

Q. Did you have a good recollection when you made an affidavit on the 26th of September, 1923—some thirteen days afterwards?—A. Yes.

Q. I have before me an affidavit in which you say, in the second paragraph: "At midnight, while having our lunch on board, I heard Customs Officer Moisan ask Customs Officer Bolger if he knew the contents of the two trunks he had had him pass without opening. Bolger replied he had a memo. to pass this baggage, or at least words to that effect."—A. Something like that.

Q. That is something very different from what you have stated to-day. Did you have a good recollection of what transpired when you made this affidavit?—A. I did.

Q. And you stated the truth?—A. I certainly did.

Q. As you then knew it—A. Yes.

Q. And any variation you are making now may be due to a defective memory?—A. That is it, sir. Three years is a long time.

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

Witness discharged.

JOSEPH SHANAHAN called and sworn.

By Mr. Calder, K.C.:

Q. Were you a Customs and Excise Preventive Officer in the month of September, 1923?—A. Yes, sir.

Q. Attached to the port of Quebec?—A. Yes, sir.

Q. Did you board the Empress of France with Mr. Bolger and Customs Officers Livingstone and Moisan?—A. Yes, sir.

Q. At Point au Pere?—A. Livingstone and Moisan.

Q. Yes.—A. Yes, sir.

Q. And Mr. Bolger?—A. Yes, sir.

Q. You boarded the steamer at Pointe au Pere?—A. Yes.

Q. Where did you have lunch that night?—A. In the first-class saloon.

Q. Were all these officers present?—A. Yes, Officer Livingstone was sitting here (indicating), Officer Moisan was sitting here (indicating), I sat here (indicating), and I think Mr. Bolger sat there (indicating).

Q. All close together?—A. Yes.

Q. Each could understand what the others were talking about?—A. I could understand.

Q. Tell us if any mention was made by Mr. Moisan and Mr. Bolger of certain trunks having been passed that day?—A. Well, the only remark that I heard was, "You are sure, Mr. Bolger, you got a letter regarding that."

Q. Regarding what?—A. Regarding, I don't know. I have a sworn statement in the court that I would like to be read. If it is contradictory to what I say, there is something radically wrong.

Q. Or your memory is not as good?—A. No.

Q. What took place?—A. While we were having lunch, I heard Officer Moisan ask Officer Bolger if he had a letter.

Q. That is what you said in your affidavit? And that is this:—"While we were having lunch, I heard Officer Moisan ask Officer Bolger if he had a letter regarding the baggage he had passed." Bolger replied, "Yes."—A. That is correct. If you put it that way, that is correct.

Q. If you put it that way?—A. Yes, sir, I beg your pardon.

Mr. CALDER, K.C.: I hesitate to broach the next case owing to the surplus of car cases that we have had. This supplies the link missing in the other case.

Hon. Mr. STEVENS: That finishes this Denise Larde case.

Mr. CALDER, K.C.: Yes, except for the evidence of Mr. Farrow and Mr. Blair, who will be called to-morrow morning.

Witness discharged.

WILLIAM D. MACWORTH called and sworn.

By Mr. Calder, K.C.:

Q. You are connected with the firm of the MacWorth Adjustment Company?—A. Yes, sir.

Q. And in October, 1923, you were connected with a company called The General Adjustment Company?—A. Yes, sir.

Q. Engaged in investigations and adjustments?—A. Yes.

Q. Did you receive any information regarding a car belonging to a man called Munson of Albany?—A. Yes.

Q. State what the information was?—A. About the end of July, we were instructed by the Atlas Insurance Company of New York City to make investigations, and to endeavour to locate a Cadillac limousine that had been stolen from Mr. S. L. Munson in Albany, New York, the night of April 13-14, 1923.

Q. What were the circumstances of the theft, upon which identification might be based? Give us the particulars.—A. The car had been taken out of Mr. Munson's garage; the door had been forced, and the car taken out. The car itself was locked, and in order to get inside the car, it was necessary to take the front door off the car.

Q. How was that done, chiselled off?—A. Yes, knocked off the hinges.

Q. Was the door left behind?—A. Yes.

Q. Did you locate the car as a result of your investigations?—A. Yes, sir.

Q. Where?—A. In the garage of a man named Brisebois at Saint-Cesaire, Quebec.

Q. Was it identified by you?—A. Yes.

Q. By numbers?—A. Yes, by numbers and by the missing door. As a matter of fact, Brisebois had written a letter to Munson.

Q. Brisebois had written a letter to Munson?—A. Yes.

Q. Is this the original letter?—A. Yes.

Q. Brisebois appears to have written June 27th, 1923, before the car was found?—A. Preceding it.

Q. It appears to have been written to Munson before your arrival on the scene?—A. Yes.

Q. The letter is on the letterhead of Garage Brisebois.

"SAINT-CÉSAIRE, P.Q.,
June 27th 1923.

Mr. S. L. MUNSON,
Albany, New York.

DEAR SIR,—On June 16th a man arrived to my garage with a Cadillac sedan, seven passenger, said car was damaged by collision, and left it for repairs, but before he left he had me loan him the amount of $1,400 on the car, stating he needed this amount to settle for the damage done to the other car he pretended to have hit.

The day after the car arrived, I started to repair car and found the car suspicious, as all tools had been taken away and license also taken away with him.

I wrote to the Cadillac factory at Detroit to find out who had bought this car number, to which letter I received reply of which please find copy enclosed, with copy of letter written to the Cadillac factory. On the receipt for the $1,400 loaned to this man, signature appears as follows, J. Francœur, Riviere du Loup, Que.

As said car is by the Cadillac factory information your car, please take notice that this car is held here at your own risk in case of fire, or further damages, and you are at liberty to take possession of this providing you refund lien on same, which as stated above is of $1,400, plus storage and repairs already made.

The car was in the following condition when arrived. Right front and rear fender smashed, front right door missing, hood and bumper smashed. Motor is in perfect running condition but starter out of order.

Please inform us by wire or telephone when will you come after same, stating if the man comes back if we shall have him arrested, or delay delivery until you arrive.

Hoping to hear from you favourably and regretting to have to write you such bad news, I remain

(Signed J. O. BRISEBOIS."

Q. According to your investigation into similar matters, has it been your experience that car receivers attempt to sell cars back to the owners?—A. Yes.

Q. Under some pretext or other?—A. Yes.

Q. Have you any doubt after your investigation that this was such an attempt?—A. I should say hardly that. I might offer more explanation?

Q. Yes.—A. When we went to get the car, we wanted to guarantee Brisebois for his expense or costs of repairs, for he would not entertain our taking it away, but he wanted a lien on the car.

Q. He had already made a loan on the car and had a lien on it?—A. Yes, the man I sent out, instead of taking possession, came back and reported to me, and I sent the following morning and when the men got to Saint-Cesaire they found that Brisebois had taken the car to the Customs and turned it over in order to protect his supposed lien.

Q. Did you investigate to trace the name as that of the man who drove the car in?—A. Yes, through the postmaster at Riviere du Loup.

Q. What was the result of your investigation?—A. There was no one of that name known there.

Q. Did Mr. Brisebois produce any evidence of his having paid out this $1,400?—A. He had a receipt supposedly signed by Francœur.

Q. Was it an ordinary receipt?—A. No, it would be on his own letterhead.

Q. On Brisebois' letterhead?—A. Yes.

Q. Was it typewritten of fully written?—A. Fully written.

Q. Signed by Francœur?—A. Yes.

Q. Did Francœur state that he was giving the car as a pledge?—A. No.

Q. It simply stayed there, awaiting payment of the money?—A. Yes.

Q. You say that Brisebois took the car to the Customs?—A. Yes.

Q. Had he stated who were the men that he was doing that for?—A. No.

Q. What happened next?—A. Well, we tried to get the car back. We made a trip to the Customs Department, and gave proof to the Customs Department of the ownership and of the theft from Mr. Munson, and abrogation of payment to Mr. Munson, and we were finally notified by the Customs Department, a year later, that they would turn the car over to the Atlas Insurance Company, provided they paid the costs of seizure and storage, and also surrender relinquishment of Brisebois' lien.

Q. In other words, the condition of the release of the car was that you should either pay Brisebois $1,400 plus a certain sum for repairs, or get a relinquishment from him by other means?—A. Yes.

Q. Until the condition was fulfilled, would they consider your claim for the car at all?—A. No.

Q. The position taken by the Customs is this: I will lead this witness a little as it was a case in which I was personally interested. The position taken by the Customs throughout was this, that they could only deal with Brisebois? —A. Yes.

Q. They would only deal with you if you came clothed in the rights of Brisebois?—A. Yes.

Q. At all times, Mr. Brisebois had declared the owner of the car was Mr. Francœur and not himself?—A. Yes. I might add that after the car had first been turned over to the Customs, it was turned back to Brisebois.

Q. How did you discover that?—A. We were in the habit of going down and enquiring at the Customs, looking through their records, and we heard that the car was still there through one of the employees. The next information we got was a man named Cabana, who owned a Cadillac and wanted to buy a right-hand front door of this same model, and on one occasion Brisebois went with it to the Cadillac people.

Q. On receiving information, did you go to the Customs to find if the car was there?—A. Yes.

Q. Was it there?—A. No.

Q. It was released to Mr. Brisebois without any formality?—A. Yes.

Q. Did you make any effort to find the car?—A. We searched quite a few barns around Saint-Cesaire.

Q. Did you see Mr. Brisebois?—A. Not then, after.

Q. What was the statement he made to you?—A. He made the statement in the office of the Dominion Detective Agency in the company of Mr. J. Blais.

Q. Who is Mr. Blais?—A. He is J. Blais of the Tobacco Association of Saint-Cesaire, and claimed that he had advanced money to Brisebois to loan to Francœur.

Q. He stated what?—A. That he had loaned money to Brisebois to loan to Francœur.

Q. Did you investigate to find whether it had been paid by cheque or cash? —A. By cash.

Q. It always is in such cases?—A. It has to be.

Q. Were any documents shown to you in the office of the Dominion Detective Agency?—A. On about October 24th—I am reading from a letter from the Dominion Detective Agency—I met Mr. Blais and Mr. Brisebois in the office in the morning. At the time he showed me a letter, and it was written by the then Minister of Customs, Mr. Jacques Bureau, dated November 23rd, 1923, to a Member of Rouville County, informing him that the car would not be turned back to the Insurance Company or to the owner. It did not mention the Insurance Company, until the lien had been paid, the lien to Brisebois.

Q. You saw the letter yourself?—A. Yes, Brisebois had the letter. On about the same date, perhaps a little later, that was concerning seizure 32036/3500 file 112815, signed by a man named——

Q. What is the date of that?—A. They give it here as July 20th.

Q. 1923?—A. Yes.

Q. Is that letter emanating from the department?—A. Yes.

Q. I am afraid that I have no such letter?—A. You would not have it as it was a letter from Mr. Blair to Brisebois.

Q. That should be on the file?—A. It was in connection with the seizure.

Q. You took a copy of it?—A. I did not.

Q. Have you got the original?—A. No, all I have is the notation in the detective's report. That is all I have; they did not give——

Q. Will you read that please?—A. It was dated July 20th, 1923, and was concerning seizure 32036/3500, file 112815, and signed by a man named "Blair,

Assistant of the Executive." I would imagine that would be only a notification of the seizure.

Q. Did you address yourself to the Department through several firms of solicitors in this connection?—A. Yes, the first firm was the firm of Brown, Montgomergy, McMichael and Company, and then your own, and Mr. Ogden acted.

Q. All three broke their teeth against the proposition that Mr. Brisebois was to be first disinterested?—A. Yes.

Q. The proposition was put up to the Department by the Atlas Company that Mr. Brisebois could exercise the lien by seizure?—A. Yes.

Q. That was not entertained?—A. No.

Q. Do you know what eventually became of the car, or did you give up the matter in disgust?—A. We gave it up

Q. Sooner than be held up?—A. Yes. There is some information in these reports.

Q. I understand that you got information subsequently which contradicted Brisebois' first statement?—A. Yes.

Q. Will you read from the report?—A. Yes. (Reading.)

> "Operative C-9 left Granby at 2:15 P.M. and arrived at Saint-Cesaire at 3:05 P.M. and had an interview with Mr. Benoit, general merchant, who informed him that the car had been in the possession of the Customs authorities for some time. That the car had been sold to Brisebois by an unknown man who had been introduced to him by a man named Theberge of Marieville, P.Q. He also stated that as soon as Brisebois thought that the bargain might give him trouble, he took it back to the authorities here in Montreal and for which he was holding a receipt.
>
> Operative C-9 went to Marieville, P.Q., on Tuesday and seen Mr. Theberge who introduced the man named Francœur to Brisebois. He claimed that he did not know Francœur at all and had met him on the road, and Francœur enquired where he could sell his car. Theberge said that the car was then damaged as one front door was broken, but that it was bought that way by Brisebois. They also interviewed Mr. Benoit, a general merchant at Saint-Cesaire and he said that the car had been in the custody of the Customs authorities for some time. The car had been sold to an unknown man who had been introduced at Marieville. Brisebois took the receipt because he thought he would get into trouble when we went out to take possession."

He got into trouble when we went out to take possession of the car.

By the Chairman:

Q. You are doing investigation work mostly?—A. Yes, sir.

Q. Have you ever done preventive work?—A. Not exactly.

Q. Do you like it?—A. I think I would.

Mr. CALDER, K.C.: Mr. McWorth has generally done curative work, in the shape of punishment.

I think that is all, Mr. McWorth.

Witness retired.

Mr. DOUCET: Before we go any farther, I have here the report of the evidence taken yesterday. At page 1322, line 37, it should read "Shippigan". Here we have it as "Shipman", which is a different place, in New Brunswick.

Mr. CALDER, K.C.: It has been suggested, Mr. Doucet, that from time to time an errata sheet might be put in.

Mr. DOUCET: I want also to call attention to this letter referred to of the 20th of September. It was addressed to the Hon. George Boivin, Minister of Customs and Excise, while the evidence says the Hon. Jacques Bureau. The evidence also does not give any signature, while I am positive you read the signature, as J. G. Robichaud.

Mr. CALDER, K.C.: Yes.

Mr. DOUCET: These are corrections that should be made at page 1322.

Mr. CALDER, K.C.: I would suggest now that the matter is fresh in our minds, that you would write out an errata sheet, hand it to the Clerk, and we will have it inserted in the next day's proceedings.

The CHAIRMAN: An errata sheet from day to day might be bound in a book.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. Mr. Wilson, I now put into your hands Customs Excise Preventive Service file 10191, subject Seizure of 1,690 gallons of smuggled rum, found on the premises of Irwin Stevens, Gorham's Point, N.S., seizure of schooner "D.C. Mulhall," Captain Ed. Dicks. This file refers to both matters?—A. Yes.

Q. That are together in the Department?—A. Yes.

By the Chairman:

Q. Were they seized on the same date? (No answer.)

Mr. CALDER, K.C.: Two seizures of the ship, and one seizure of the liquor.

By Mr. Calder, K.C.:

Q. When did the Schooner "D.C. Mulhall" first get into trouble with the Department, Mr. Wilson?—A. The first intimation on this file is a letter from the Commissioner of the Royal Canadian Mounted Police, addressed to me, on December 13th, 1923.

Q. To what effect? Read it into the record, please.—A. (Reads):

> "Confirming my telephone conversation with you this A.M. I now quote hereunder copy of telegram received from the officer commanding at Halifax referred to:—
>
> > "Approximate two thousand gallons smuggled liquor seized near Lunenburg last night by Blakeney. Rushed our car to scene last night, and I now have three constables guarding same and expect to get seizure to Halifax via Lunenburg. I intend to seize Schooner "D. C. Mulhall" now here and have a warrant out for Captain Dicks whom I cannot locate at present."

Q. Had not the "Mulhall" been in the hands of the Department previous to that date?—A. I think so.

Q. She had been arrested or taken for hovering off Halifax, had she not?—A. I cannot say that without having the previous file.

Q. I now hand you file 113271, subject—Customs seizure of Schooner "D. C. Mulhall", and liquor, and also the departmental file 120285, Customs seizure of Schooner "D. C. Mulhall" from Captain Edward Dicks, seizure No. 332741/4645. The "Mulhall" had been seized previously for hovering off Halifax?—A. Yes.

Q. What was the date of that seizure?—A. September 22nd, 1923.

Q. The excuse made by the Captain of the "Mulhall" was that he was hovering off Halifax because he needed some repairs and he was afraid to go on

shore with his crew, because the crew might require to be paid; that was his statement at the moment. That is a correct statement, is it not?—A. Yes.

Q. The schooner was seized then, and brought into Halifax port?—A. Yes, sir.

Q. Can you find anything on the file that shows that the men demanded payment or left the ship? I think you can safely say "no", because I looked particularly for that point?—A. I think the only evidence of that is the contention of the Master.

Q. The Master contended that, but as a matter of fact, the crew did not, as far as the evidence on the files shows, demand payment or embarrass the Captain in any way, once they did get to Halifax?—A. That is correct, I remember I went through this file the other night.

Q. However, the Captain's story was accepted, was it not, and that seizure was released?—A. No, it would appear from the report of the Commissioner on the K-9, that there was $1,000 deposited, pending the decision.

Q. And she was allowed to go on her way?—A. Yes.

Q. Was not one of the conditions of her being allowed to go that she would produce a landing certificate for the liquors?—A. Yes. I think this is the seizure in which that was done.

Q. So that the position was this. The Schooner left on depositing $1,000, which would go to show probably that the Captain was not financially embarrassed at that time, and the condition of her clearing was that she was to produce a landing certificate?—A. Or evidence that the liquor had been landed elsewhere than in Canada.

Q. What evidence is usually required in such cases?—A. A landing certificate from the Customs in the foreign country.

.Q That is considered to be the proper evidence to produce?—A. Yes.

Q. Now, will you tell us what evidence was produced in this case?—A. I mean the letter from Mr. MacDonald the agent.

By Mr. Doucet:

Q. It would be interesting to have at least a portion of that letter?—A. There is a letter on file here, dated at Gloucester, Mass., on the 7th or 9th of November, 1923, reading as follows: (Reads):

"To Whom it may Concern."

Q. That would be November 23rd, 1923, would it not?—A. That is correct. (Reads):

EXHIBIT No. 135

"To Whom it may Concern:

This is to certify that the Schooner "D. C. Mulhall" landed her cargo south by east 14 miles from Thatchers Island, U.S.A. Agent, Captain W. B. MacDonald, Gloucester, Mass."

Q. Take the liberty of detaching that from the file, and make a note somewhere that it is taken. You now produce a sheet of, I may say without criticism, cheap note-paper, on which an illiterate gentleman signing himself as Captain W. B. MacDonald says that the cargo was landed south by east 14 miles from Thatchers Island, U.S.A. Have you had the Marine Department pick off this point on the chart—that would be at sea, would it not?—A. That would be at sea.

By Mr. Doucet:

Q. Just here, Mr. Wilson, is that not the excuse which is given every time when a landing is made, that it is south by east, 12 or 13 miles off Thatchers Island?

The CHAIRMAN: You see, we are on a special file, Mr. Doucet, and we must judge every case by itself.

Mr. DOUCET: In this case it was Thatchers Island.

By Mr. Calder, K.C.:

Q. It would be a point at sea, anyway Mr. Wilson?—A. Yes, sir.

Q. Was Captain William B. MacDonald of Gloucester, Mass., known as a port authority, qualified to give a landing certificate that would have some chance of being verifiable?—A. There is nothing on the paper to show that.

Q. This memorandum will be Exhibit No. 135. There also was a letter enclosing that certificate, was there not which is on the paper of the Hotel Savoy, European plan, Arthur B. Fraser, Proprietor, Gloucester, Mass., November 12, 1923, addressed to Mr. Acker, Collector of Customs, Halifax, N.S. (Reads):

EXHIBIT No. 136

"DEAR SIR,—We arrived off coast two days ago, having some trouble in unloading cargo, but if weather permits, expect to finish in one week, but will drop about 20,000 (then an illegible word) for our detention. I thought, sir, I would drop you this note to try and convince you I am not so black as pictured.

Yours truly,

Captain ED. DICKS,
Schooner D. C. Mulhall.

P.S. Will write Mr. Dickie later."

Q. Is Mr. Dickie in the service?—A. From the file I would say that Mr. Dickie is a ships' agent at Halifax.

Q. This letter will be Exhibit No. 136. Did you ever take up with Mr. Acker the question after discovering the landing certicate he had allowed to be sent to him, the question as to why he had accepted such a certificate, or even placed it on file as being worth something?—A. That certificate, that letter from MacDonald was reported to the Department by the Collector at Halifax, on the 6th of December. There seems to be no acknowledgment of that letter from the Collector on the file, but on the 13th of December, the Collector wrote again to the Commissioner of Customs in connection with this seizure. (Reads):

"Since writing my letter of the 6th instant, in connection with the above (that is, the D. C. Mulhall, No. 3695), I have the honour to advise you that I now have reports that this schooner did not land the cargo off the American coast. For some weeks after she left here, she was seen off the port of Lunenburg. I have had reports that some of her cargo anyway was landed in Lunenburg Bay. The fact that she was off Gloucester impressed me with the idea that she was landing her cargo there and no doubt intended to, but it being more difficult than Captain Dicks expected he came back off the Nova Scotia coast, and likely landed the bulk of his cargo. The schooner is still at this port, and might be seized if evidence of having landed any part of her cargo in Nova Scotia could be established, but up to the present I have nothing definite under which an action could be taken to establish the fact.

I have the honour to be, Sir,

Your obedient servant,

W. C. ACKER,
Collector of Customs and Excise."

Q. Was any disposition taken by the Department upon that report?—A. There is a memorandum dated the 19th of May, 1924, addressed to the Commissioner by the General Executive Assistant.

Q. Will you read that?—A. (Reads):

"Files 113271/120285, 19th May, 1924. Memorandum for the Commissioner of Customs and Excise, *re* Seizures 32489/395 and 33274/4645."

Q. By that time, the other seizure had taken place?—A. Yes, sir.

Q. Read the memorandum?—A. (Reads):

"Attaching personal letter from F. W. Dickie, Halifax, also letter of Mr. Ide, Private Secretary to Minister of Customs and Excise."

There are two notices, one being seizure No. 32489:

"This is a seizure of the schooner D. C. Mulhall, Master, Captain E. J. Dicks, owner Charles H. Benoit, Charlottetown, consisting of 350 kegs of rum, upon a charge that on or about the 20th and 21st days of September, 1923, the vessel entered port at Halifax, N.S., and by means of vessel's boats communicated with the land without reporting her entry at Customs."

The file reveals that the Captain left his ship hovering off Halifax, and went ashore himself, without reporting to any authority?—A. Yes.

Q. And had got back to his boat when he was seized?—A. Yes.

Q. That is in violation of the Customs Act, is it not?—A. Yes. He should have had no communication with the shore without reporting.

"That rum was thereby smuggled into Canada, and that upon examination by Customs officers of the said vessel found hovering in British waters within one league of the coast and shore of Canada, prohibited goods were found on board. The defense to this charge was that the vessel had on or about the 18th of August cleared from Demarara, British Guiana, with clearance papers for Nassau, West Indies, with this cargo of rum, that through engine trouble and bad weather she was driven off shore, arriving off Bermuda on the 3rd of September, and later, at the time of her seizure, arriving off Halifax, that the vessel had run short of provisions and that the vessel needed repair. The Captain gave as his excuse for not actually going to land with his vessel the fact that his crew were dissatisfied, and that if they had an opportunity of leaving the vessel they would do so. The captain himself had come ashore by means of a boat which he hailed, and there is no doubt he was actually arranging for repairs to his vessel, and for having supplies and food sent out to the vessel. In the meantime, the vessel was hovering about the port of Halifax, sometimes in the outer harbour, and within the three mile limit when the seizure took place.

On the strength of a report from the Collector at Halifax that he believed the statements made by the Master were correct, the vessel was released pending decision, upon deposit of $1,000 and upon the undertaking of the Master that the cargo would not be landed in Canada. The Collector stated that while there was opportunity to have landed liquors at Halifax, if the Master had so desired, by means of boats which were going out to the vessel from time to time with food and supplies, this was not done, and that is pointed out as a circumstance in the vessel's favour.

The Master, however, should have reported at Customs when he came within the limits of the port, and for failure to do this, a penalty should be imposed. If the view be taken that the charge of hovering be sustained, the cargo and vessel are subject to forfeiture.

2. Seizure 33274-4645.

This vessel was again placed under seizure on the 14th of December, 1923, by officers of the Preventive Service at the port of Halifax, the charge being that the vessel had been used in the smuggling into Canada of certain intoxicating liquors.

On the night of November 30th last liquors were landed at or near Gorham's Point, N.S. It believed that the Schooner Mulhall was made use of in this landing and this was part of the cargo which was on the Mulhall when she was released from an earlier seizure at Halifax. Peter and Herbert Thomas were members of the crew of the Mulhall when she cleared from Halifax with this cargo of rum, and they both pleaded guilty to the charge of being on board a vessel at or near Gorham's Point on the night of November 30th, when this liquor was smuggled through. These men were both ashore at Gorham's Point on November 30th, and claimed they had come from a schooner which was then lying a few hundred yards from shore at Gorham's Point, and the description of that schooner corresponded with a description of the Schooner Mulhall.

Captain Dicks was also prosecuted in connection with this landing, and convicted. The conviction was afterwards quashed, he being able to show he was not on his schooner at the time, having left it at Gloucester, Massachusetts some time earlier, and not joined it until after the occurrence charged.

On the morning of December 1st the Mulhall arrived at Indian Point, Lunenburg County, N.S., without cargo, and no other vessel was seen in the locality about that time.

The facts in connection with this second seizure are so fully and succinctly set out in the report of Detective Sergeant Blakeney of the R. C. M. Police on the file, that I attach hereto a full copy thereof. From this report it would appear we have at present no witnesses available who will say these liquors were landed directly from the Mulhall, but on the other hand they say they were transported from the Mulhall to another vessel at sea, and landed by this other vessel, the identity of which has not been disclosed.

When Sergeant Blakeney first appeared on the scene, the witnesses were ready to state that it was the Mulhall which was in shore with the liquors, but after Captain Dicks got among them, and they came to give their evidence in Court, it was a different story, and the story now is that while there is no possible doubt that the Mulhall was guilty of the offence charged, we cannot produce evidence to substantiate the charge. The owner of the vessel should have no complaint with regard to the length of time that has elapsed since the second seizure of this vessel on the 14th of December, 1923, because he has not yet filed any defence to the Notice of Seizure, and the attention of Mr. Powers, K.C. who has been acting for Dicks in the matter, was drawn to this by a letter from the Department, to him, on the 2nd instant. I think Officer Blakeney has gone fully into this situation, and that we will never be able to get any evidence other than has now been brought to light. All the witnesses are adverse to the Crown, and apparently intent upon protecting the vessel and its owner.

Possibly, under the circumstances, the best disposition we could make of the matter would be to release the boat now upon payment of all expenses of seizure and subsequent keep, and after that decision is accepted, to render a decision on the first seizure, keeping thereout the sum of $400 for failure to report.

Respectfully submitted,

General Executive Assistant.

Copy for William Ide, Esq.,
Private Secretary to
Minister of Customs and Excise."

By Mr. Calder, K.C.:

Q. Now, taking that report as a fair summary of the evidence, to put it more briefly, the facts as they are demonstrated by the files are these: The Mulhall was hovering off Halifax, and she had a prohibited cargo on board; she was, therefore, according to Mr. Blair's own opinion as the legal adviser of the Department, subject to seizure, and the goods forfeited, for that alone.—A. Mr. Blair was doubtless of the opinion that the seizure was justified—

Q. I will come to that in a moment. I am putting the facts in. I will hold Mr. Blair—I am not holding you responsible for the decision in any way at all. She was released on $1,000 on condition that she land her cargo out of Canada?—A. Yes sir.

Q. They produced a landing certificate which should have been considered as worthless by the Department, and which was afterwards, according to the report of the Collector, valueless in fact. The mate and one of the crew left with the schooner; they were caught landing rum on the shore of Nova Scotia; a ship answering the description of the Mulhall was within the three mile limit off shore when this rum was landed; the witnesses, until Captain Dicks got at them, appeared prepared to state that it was the Mulhall, and the Mulhall was the only ship sighted off the coast at that time. Those are the facts?—A. Yes sir.

Q. And Mr. Blair said the seizure should be released because there are no witnesses to the landing?—A. He evidently thought there was not sufficient proof which could be produced in Court.

Q. But do you refer matters to the Court automatically, or do you exercise the seizure and leave the other men to get into Court if they can?—A. Or evidently to maintain the seizure before the Department. That was evidently his view.

Q. And the end of it was that she was released on payment of the sum of how much?—A. For the first seizure, $1,000 pending decision.

Q. Yes, but I mean she was released ultimately—was the recommendation of Mr. Blair carried out, and the two seizures resolved as recommended by him?

Mr. DOUCET: How much was remitted, in the first place?

The WITNESS: The first seizure, No. 395, on the 22nd of September, 1923, according to the K-9, had $600 remitted. That would leave a balance of $400 in possession of the Department.

Mr. CALDER, K.C.: That is all that was paid by the ship as a penalty for the two seizures, because Mr. Blair's recommendation was that the first seizure should be released, and the second seizure should be maintained for $400.

Mr. DOUCET: The first $400, and the second released.

Mr. CALDER, K.C.: The last in point of time was released altogether, without conditions; and the first one in point of time was released for $400. Is that right?—A. That appears to be it.

Q. Now, Mr. Wilson, in looking over this file, did you find some evidence of a rather shameful proposition made by the Captain of the ship that somebody also should plead guilty in his stead, and be fined?—A. Yes; that is on the file here somewhere.

Q. The Department had that on their files at least at the time the decision was rendered?—A. Oh, no doubt.

Q. That was that Captain Dicks, furnished a false certificate, undoubtedly landed his cargo—I use the word "undoubtedly" because that is the word used by Mr. Blair—suborned witnesses, and wanted to substitute another man for himself for the purposes of fine and imprisonment, and the Department released it for $400 because they had no evidence of landing. We should have official witnesses accompany the bootleggers in order that these facts might be ascertained beyond doubt.—A. That was in connection with the seizure made on the 14th of December, 1923.

Q. Yes, that is to say, when the prosecution against Captain Dicks was pending, he made the proposition that somebody else should plead guilty to it, and he should be allowed to go free?—A. Yes, that is what the report shows.

Q. Will you also hand that file to Mr. Blair?—A. Yes.

Mr. CALDER, K.C.: I will have to ask for an adjournment now, because we have proceeded a little more rapidly than expected.

Mr. DOUCET: Mr. Calder, I want to ask a question or two in regard to this matter.

By Mr. Doucet:

Q. Mr. Wilson, on your file, or from your knowledge, do you know whether Captain Dicks had been convicted prior to that?—A. Yes.

Q. About what time?—A. Some years prior to that.

Q. If I suggest a date, would that help you to remember?—A. I think it might help.

Q. 1911?—A. That is what I had in my mind. In 1911, the Preventive Service made a seizure of the Schooner "Miantonomaha," of which Captain Dicks was Master.

The CHAIRMAN: What is the date of the last seizure?

Mr. DOUCET: 1923.

The WITNESS: This refers to 1911.

The CHAIRMAN: I mean the one about which you just read the affidavit, the last one.

Mr. CALDER, K.C.: The one just mentioned by the witness, the "Miantonomaha" was in 1911.

The WITNESS: Yes, that would be twelve years earlier. In connection with that seizure Captain Dicks made a false report at the Customs, and I instructed—

By the Chairman:

Q. Which seizure is that? The one of 1911?—A. Yes.

Q. Have you the file before you?—A. No, but I looked it up. I instructed the seizing officer of that time to proceed against Dicks for perjury, and we succeeded in having Dicks convicted, and sentenced to four years in Dorchester penitentiary. I might say, incidentally, it was the first and I think the only conviction for perjury in the Customs history of Canada—certainly, since Confederation.

By Mr. Calder, K.C.:

Q. But it was not for want of material?—A. (No audible answer.)

By Mr. Doucet:

Q. He was convicted and sentenced to four years?—A. Sentenced to four years in Dorchester penitentiary. I think he served about one year and was then paroled.

Q. Yes, he was paroled in 1912.—A. Yes.

Q. Now, Mr. Wilson, on that file the plea is made by the lawyer for the defence that Captain Dicks was not on board the vessel when the D. C. Mulhall unloaded her cargo off Gorham's Point, yet, at the same time, there is no evidence that he was not on board, except his own word.—A. My recollection is that the papers show that that is the statement of Dickie, the agent of the ship, and that is all we have.

Q. He took it from Dicks?—A. He took it from somebody; I do not know whether it was from Dicks or not.

Q. In spite of the fact that he was proven to be a very untruthful witness in 1911, convicted by a Court, and serving a term, his statement was taken by the Department, to allow the release of a vessel in 1923. Those are the facts, are they not, Mr. Wilson?—A. Well, she was released under those conditions, yes.

The CHAIRMAN: But there was an appeal from the conviction against Dicks, and I understand it was quashed.

Mr. DOUCET: When?

The CHAIRMAN: He (the witness) reported that a moment ago.

Mr. DOUCET: In 1923, yes.

The WITNESS: As the result of the seizure made on the 14th of December, 1923.

The CHAIRMAN: The Court has passed judgment upon that record, and quashed the conviction on appeal. I do not know that we can substitute our judgment for the judgment of the Court of Appeal.

Mr. DOUCET: We might regard the facts as they transpired at that time. We have found that Custom officers can upset the judgments of the Court in other cases; they might in this.

The CHAIRMAN: They quashed the previous judgment, because they thought they had reason to do so.

Mr. DOUCET: We had a case where an appeal was made in Prince Edward Island—

The CHAIRMAN: That is another case. In that case the judgment was maintained. That case was disposed of, and I respect the judgment of the Court; to-day, if the Court has quashed a conviction in this Dicks case, I respect that also. The axe must work both ways.

Witness retired.

The Committee adjourned until to-morrow at 10 o'clock a.m.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 36—FRIDAY, APRIL 23, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Bellemare, Manager, Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, Que.

Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. Wilden Creighton, Customs Officer, Quebec, Que.

ERRATA

Page 1316, line 2—Substitute "Mr. Bureau" for "Mr. Farrow".

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

MINUTES OF PROCEEDINGS

FRIDAY, 23rd April, 1926.

The Committee met at 10 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. Taylor submitted Customs departmental file No. 126206, *re* seizure of 95,000 cigarettes from Mr. Dalvigny Archambault of Montreal.

The Deputy Minister of Immigration and Colonization submitted file No. 158020 of that department *re* schooner "Richard B. Moulton."

Moved by Hon. Mr. Stevens,—That the Hydro-Electric Railway Company at Windsor be ordered to place at the disposal of the auditors of this committee, Messrs. Clarkson, Gordon and Dilworth, such records of cars of liquor passing over their line as said auditors may require.

Motion agreed to.

Moved by Mr. Donaghy,—That the department be requested to produce the following files, viz:—

1. Departmental file No. 27579 and also Preventive Service file *re* seizure of liquor made on the Hudson Bay Company of Calgary, Alberta, on December 14, 1920, and also reports of the investigation made by Inspectors Busby and Kennedy.

2. Departmental file No. 27603 and also Preventive Service file *re* seizure from J. E. Cromwell and J. F. Carroll, Montreal, of opium and morphine sulphate smuggled into Canada on December 22, 1920.

3. Departmental file No. 27609 and also Preventive Service file *re* seizure of one Chalmers automobile coupe with liquor therein, made on one, Fred Paquin, 316 Michigan Avenue, Detroit, on December 20, 1920.

4. Departmental file No. 27637 and also Preventive Service file *re* seizure of liquors, two horses, a set of harness, and a sleigh, made on one, Oliver Duroucher of Dundee, Que., on December 25, 1920.

5. Departmental file No. 27635 and also Preventive Service file *re* seizure made on the Sharples Separator Company, 2368 Dundas Street West, Toronto.

6. Departmental file No. 27618 and also Preventive Service file *re* seizure made on the J. M. Stevens Dairy of Vancouver, B.C., on December 20, 1920.

7. Departmental file No. 27631 and also Preventive Service file *re* seizure of five smuggled cars entered the same day, made on one, A. Robbins, Great West Life Bldg., Winnipeg, Man., on November 18, 1920.

8. Departmental file No. 27629 and also Preventive Service file *re* seizure made on one, J. D. Shauch & Co., 70 Lombard Street, Toronto, on December 29, 1920.

9. Departmental file No. 27540 and also Preventive Service file *re* the seizure of rugs on the Hudson Bay Co. of Vancouver, B.C., on December 7, 1920.

10. Departmental file No. 27569 and also Preventive Service file *re* seizure made on one, Harry J. West alias Ray Jackson of New Westminster, B.C., on December 12, 1920.

11. Departmental file No. 27558 and also Preventive Service file *re* seizure of one Cadillac car made on one, Dave Wilson, Winnipeg, Man., about November, 1920.

12. Departmental file No. 27545 and also Preventive Service file *re* seizure of liquors and of the vessel named "P.S. 1500 L." on December 2, 1920.

13. Departmental file No. 27556 and also Preventive Service file *re* seizure made on one, A. Coval or Koval, 79 Lorne Avenue, Winnipeg, Man., on December 7, 1920.

Motion agreed to.

Mr. Doucet gave notice that on Tuesday next he would move,—That the Duncan report and exhibits attached thereto, also the interim report, be produced and incorporated in the record of the evidence before the committee.

Mr. Bellemare, Manager, Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, Que., was called and sworn, and produced bank deposit slips of Mr. A. E. Giroux.

Witness discharged.

Mr. G. W. Taylor, Assistant Deputy Minister, was recalled and examined with respect to the "G. G. Harnish" seizure of whiskey at Hubbards, N.S.

Witness retired.

Mr. William Foster Wilson, Chief of Preventive Service, was recalled and examined respecting the "G. G. Harnish" seizure.

Witness retired.

Mr. G. W. Taylor was recalled and examined further in respect to the "G. G. Harnish" seizure.

Witness retired.

Mr. Wilden Creighton, Customs Officer, Quebec, Que., was called and sworn, and examined respecting the "Denise Larde" seizure.

Witness discharged.

The Chairman read a letter from Dr. J. L. Chabot, Ottawa Ont., stating that Mr. Farrow is confined to hospital through illness, and will be unable to attend the committee until next week.

Mr. Calder received permission to summon witnesses required for next Monday and Tuesday.

The committee adjourned until Monday, 26th April, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, April 23, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.00 a.m., the Chairman, Mr. Mercier, presiding.

J. G. BELLEMARE called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Bellemare, what I think we have asked you to come to the Committee for this morning, is to produce the deposit slips of Mr. Giroux of deposits dealing with these matters, and the deposit slips have not been produced. Have you them with you?—A. Yes.

Q. Will you produce them, please?—A. Yes.

(Deposit slips produced by witness.)

Q. Would you mind consulting with our auditors now for a few minutes?—A. Yes.

Witness discharged.

Mr. CALDER, K.C. (To Hon. Mr. Stevens): There was a matter you wished to take up with Mr. Taylor. It was in the matter of a small case we took up near the adjournment of which a precis was put in.

G. W. TAYLOR, Assistant Deputy Minister of Customs and Excise, recalled.

By Hon. Mr. Stevens:

Q. You are already sworn?—A. Yes.

Q. I wish to ask you about this seizure. Mr. Taylor, you have had this file and have glanced through it. This is number 119148, department file, subject, Excise seizure of spirits from Geldford Harnish, Hubbards, Nova Scotia, seizure No. 5852, P.S. This matter was examined at some length yesterday with the Chief Preventive Officer. There were two telegrams that I wish to speak to you about. This first is a telegram dated June 12th, 1925, addressed to P. J. Healey, Customs and Excise Enforcement Officer, Halifax, Nova Scotia:—

"Proceed *re* Harnish under Section 185 Excise Act and retain J. G. Rutledge if necessary.

(Sgd.) W. F. WILSON."

and it is dated at Ottawa at 10.45 a.m.

The next telegram reads as follows:—

"OTTAWA, June 12, 1925.

P. J. HEALEY,
Customs and Excise Enforcement Officer,
Halifax, Nova Scotia.

Do not proceed with prosecution in Harnish matter until further instructed.

(Sgd.) W. F. WILSON

Time 4.50 p.m."

Q. These are wires Mr. Wilson sent on advice from you, did he not, Mr. Taylor?—A. Not that I am aware of.

Q. Do you know under whose instructions the telegram was sent?—A. What is that?

Q. Do you know under whose instructions it was sent?—A. No.

Q. Would you stand aside a moment and I will ask Mr. Wilson.

(Witness stands aside.)

W. F. WILSON recalled.

By Hon. Mr. Stevens:

Q. This little confusion comes from not completing the matter yesterday. Mr. Wilson, you are already sworn. Tell me under whose instructions that wire was sent?—A. I shall have to have the Preventive Service file to answer that.

Q. We are back on the track again. Just give me an answer to the question.—A. There is a telegram on Preventive Service file 13862 from the Seizing Officer reporting the seizure and asking for instructions to prosecute. In lead-pencil there is a note on the side placed by the officer in my Department who deals with these matters.

"Proceed under Section 185 Excise Act and retain J. G. Rutledge if necessary."

Q. That is the wire I read a moment ago?—A. It says below:—

"Mr. Wilson o.k'd."

I take it from that that Mr. Hunter wrote this and must have received that instruction from Mr. Taylor's office. There is nothing on my file to show why the second telegram of the 12th June was sent to the Seizing Officer not to proceed.

Q. There is nothing on your file to show under what authority that was done?—A. No. I will take it upon myself to say I did not do it without instructions.

Q. There was a final instruction on December 4th, on the Customs file. Will you turn that up? That is all Mr. Wilson.

Witness retired.

G. W. TAYLOR recalled.

By Hon. Mr. Stevens:

Q. Apparently we cannot find that. You do not recall giving any instructions in regard to the other wire?—A. I cannot recall.

Q. Here is a wire to the same officer dated Ottawa, 4th December, 1925:—

"F. J. HEALEY,
Customs and Excise Enforcement Officer,
Halifax, Nova Scotia.

Re Harnish Prosecution. Proceedings are to be withheld.

Acting Deputy Minister."

That is yours, Mr. Taylor?—A. Yes.

Q. Tell us under whose instructions, or by what authority that was sent?—A. It was sent on instructions of higher authority.

Q. Thank you, who was that?—A. It must have been the Minister.

Q. I would like to be definite.—A. I am sure it was.

Q. The Minister, Mr. Taylor?—A. I do not undertake to issue instructions of that kind without consulting either the Deputy or the Minister.

Q. You will make this statement positively that you did not send it on your own authority?—A. Absolutely.

Q. It must have been sent on the authority of a superior officer?—A. Yes.

Q. You were Acting Deputy Minister at the time?—A. Yes.

Q. Your one superior officer was the Minister?—A. Yes.

Q. Who was Minister at the time?—A. Mr. Boivin.

Q. That is all.

By Mr. Doucet:

Q. Mr. Taylor, do I understand that there is nothing on the file leading to the conclusion?—A. Leading to that conclusion?

Q. Immediately preceding the telegram would there be a letter or anything on the file?—A. No. I find a memo on the file here which has endorsed on it:

"extra copy of letter required for Minister's office."

There is no doubt that instruction came from the Minister's office; perhaps I could qualify it to that extent.

By Mr. Calder, K.C.:

Q. Mr. Taylor, you said you had a correction to make on the testimony you gave previously?—A. Yes.

Q. What page of the proceedings is that?—A. I am sorry I have not got a copy, but it was the proceedings of Wednesday last.

By Hon. Mr. Stevens:

Q. On Wednesday?—A. On Wednesday.

Q. Last Wednesday?—A. Last Wednesday. I was referring to instructions received whereby I took no further action with regard to clemencies which were referred to me by the Clemency Branch of the Department of Justice, and I made the statement that in November, 1922, I received instructions from Mr. Bureau to discontinue furnishing any further reports. I find in the Official Report of the Proceedings, Mr. Farrow's name was used. That was not correct.

Hon. Mr. STEVENS: That is another errata which should be made?

By Mr. Bell:

Q. What page is that on, Mr. Taylor? Do you know?—A. I am sorry I have not a copy of the proceedings here.

Mr. CALDER, K.C.: I have Wednesday's proceedings here. (Handing copy to witness.)

Hon. Mr. STEVENS: Let us get the page number and clean it up.

The WITNESS: On page 1316, the first paragraph.

Hon. Mr. STEVENS: The secretary has a note of it.

The witness retired.

Mr. CALDER, K.C.: I understand that Customs Officer Creighton, summoned for Monday, happens to be here to-day. May he be summoned and given an order to attend on Monday, because he might miss his subpoena on his return to Quebec.

Hon. Mr. STEVENS: Why not put Mr. Creighton through now?

Mr. CALDER, K.C.: I can do that; I thought the rising was urgent.

The CHAIRMAN: We will rise at a quarter past eleven.

WILDEN CREIGHTON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Creighton, in September, 1923, were you in the employ of the Customs Department?—A. Yes sir.

Q. Do you remember how the Denise Larde seizure originated?—A. You will find that on my statement, which is on the file.

Q. Yes, but unfortunately we cannot file your statement; we must rely on you as a witness. However, you can guide yourself with your statement. Do you recollect the facts sufficiently well—.—A. I would not care to, sir. I might trip myself. That is pretty nearly three years ago.

Q. Well, I will put your statement in your hands. I show you now Mounted Police file marked "23-D-24-D-70," and entitled "Miss Denise Larde, Quebec, P.Q." and from that file I show you a statement which appears to be signed by W. Creighton. Is that your statement?

By Hon. Mr. Stevens:

Q. Is it your signature?—A. That is my signature, yes. (To Mr. Calder) Yes, sir.

Hon. Mr. STEVENS: Did I understand the witness to say "yes"?

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. The first information you got was from an informant who had seen some correspondence?—A. Yes, sir.

Q. We have been hunting for that correspondence for some time. Do you recollect what the nature of it was?—A. Well, from the information I received, it would appear as though there was correspondence between a Mr. Dupont and Mr. Langevin.

Q. Who was Mr. Dupont?—A. He is, I think, Manager or Managing Director of the Cie Obligations Municipales.

Q. Do you know whether he is still in the country?—A. I cannot say. He takes frequent trips to Europe. He is, at the same time, Belgian Consul—not the Consul General.

Q. The local Consul?—A. Yes.

Q. To whom was this letter addressed?—A. I understand to Mr. Langevin.

Q. Who was Mr. Langevin.—A. He is an employee of the C.P.R.

Q. Is he a higher employee?—A. He is general agent in Quebec, I understand, at the present time—passenger agent.

Q. Was he in the same position at that time?—A. No, he was the local agent.

Q. Did that letter from Mr. Dupont to Mr. Langevin enclose any other correspondence?—A. Ah, that I cannot tell you.

Q. But from your information?—A. No sir.

Q. That is, you cannot tell from your information?—A. No sir.

Q. What was there from that simple statement that a letter had been addressed by Dupont to Langevin that led you to suspect there would be an attempt to pass goods in baggage? There must have been some supplementary information.—A. The party who told me about this letter was the party who wrote the letter.

Q. And consequently she knew the purport of it?—A. She knew the contents of the letter.

Q. And communicated the contents to you?—A. She just made a comment to me. I met her, and was talking with her. As a matter of fact—

Q. Have you a fairly good recollection of the letter?—A. No sir, I never saw the letter.

Q. Will you look at a copy of the letter which has been produced here, dated September 6th, 1923, and which appears to have been a copy struck off from a letter written on the letterhead of the La Corporations des Obligations Municipales Limitée, 116 Cote de Montagne street. Will you read that letter and state if it contains the purport of the information communicated to you by your informant? (Witness complies with counsel's request.)—A. I do not think that is the letter in question.

Q. I beg your pardon?—A. I do not think that is the letter in question.

Q. You did not see the letter itself?—A. No, sir.

Q. I am asking you if that contains the purport of that information as it was quoted to you by your informant?—A. Yes sir.

Q. That is the general drift of the letter?—A. Yes.

Q. You will notice that it says there is a letter enclosed to Officer Bolger? —A. Yes.

Q. Did you see the letter Officer Bolger received?—A. No sir. You must understand I was not on the boat.

Hon. Mr. BENNETT: Who is purported to have written the letter?

Mr. CALDER, K.C.: Mr. Dupont, the Belgian Consul, written to Mr. Langevin at Quebec, and enclosing a letter to be handed to the Customs House Officer at Quebec.

By Mr. Calder, K.C.:

Q. Was that the information that prompted you to act—the tenor of this letter; or was their anything else?—A. This party who spoke to me—

Q. Gave you further information?—A. She spoke to me in a manner that led me to believe there was an attempt to be made to evade the payment of duty. You will mind that this is quite some time prior to this letter.

Q. I do not ask you to tell us exactly what she said, because she probably will be called herself.—A. She said it was not fair the way some people got through the Customs. That is what led to this thing.

By Hon. Mr. Bennett:

Q. To whom did she say that?—A. She inferred as much, although if she was put on her oath, she could not prove it.

By Mr. Calder, K.C.:

Q. The statement was made to you that this letter was written, and also that it was not fair that same people could get through the Customs easier than others?—A. She made the statement about the unfairness first, and I asked her why, and she told me about this correspondence.

Q. And it was in consequence of this information that you proceeded to get in touch with the Mounted Police, and that the seizure was eventually made?—A. Yes, sir.

Q. Now, I am going to show you a letter which you wrote from the Customs House in Quebec, merely to refresh your memory. Will you read that over? (Witness complies with counsel's request). That letter, Mr. Creighton, seems to indicate that pressure was brought to bear upon you, among others, in this matter. Who was it who applied that pressure?—A. How do you means, "pressure"?

Q. Well, something was done, or to be done, according to your letter, to deter or scare you away from the seizure?—A. No, sir; this thing was afterwards.

Q. After the seizure?—A. Yes.

Q. As retaliation?—A. It took them some time to connect me with the case.

Q. But when you were connected up with the case, then something was done either to threaten you or scare you?—A. It was Miss Barthe who told me that the statement was made that they would "get" me.

Q. Who was supposed to have made that statement?—A. Well, there were no names mentioned, but I inferred that Mr. Dupont made the statement. That is the way I took it.

Q. Was it stated at that time by what method he was to "get" you?—A. No, sir; no statement as to the method to be applied, or anything.

Q. And in consequence of that, you asked to be moved to another station?—A. Yes, sir.

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

The CHAIRMAN: This witness is discharged.

The CHAIRMAN: This Committee stands adjourned until next Monday, April 26th, 1926, at 10.30 a.m.

Mr. CALDER, K.C.: In the meantime, Mr. Chairman, will you allow me, if I need witnesses, to summon them subject to ratification afterwards?

The CHAIRMAN: Certainly.

The Committee adjourned until Monday, April 26th, 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. 36—FRIDAY, APRIL 23, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Bellemare, Manager, Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, Que.

Mr. G. W. Taylor, Assistant Deputy Minister of Customs and Excise.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. Wilden Creighton, Customs Officer, Quebec, Que.

ERRATA

Page 1316, line 2—Substitute "Mr. Bureau" for "Mr. Farrow".

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

MINUTES OF PROCEEDINGS

FRIDAY, 23rd April, 1926.

The Committee met at 10 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. Taylor submitted Customs departmental file No. 126206, *re* seizure of 95,000 cigarettes from Mr. Dalvigny Archambault of Montreal.

The Deputy Minister of Immigration and Colonization submitted file No. 158020 of that department *re* schooner "Richard B. Moulton."

Moved by Hon. Mr. Stevens,—That the Hydro-Electric Railway Company at Windsor be ordered to place at the disposal of the auditors of this committee, Messrs. Clarkson, Gordon and Dilworth, such records of cars of liquor passing over their line as said auditors may require.

Motion agreed to.

Moved by Mr. Donaghy,—That the department be requested to produce the following files, viz:—

1. Departmental file No. 27579 and also Preventive Service file *re* seizure of liquor made on the Hudson Bay Company of Calgary, Alberta, on December 14, 1920, and also reports of the investigation made by Inspectors Busby and Kennedy.

2. Departmental file No. 27603 and also Preventive Service file *re* seizure from J. E. Cromwell and J. F. Carroll, Montreal, of opium and morphine sulphate smuggled into Canada on December 22, 1920.

3. Departmental file No. 27609 and also Preventive Service file *re* seizure of one Chalmers automobile coupe with liquor therein, made on one, Fred Paquin, 316 Michigan Avenue, Detroit, on December 20, 1920.

4. Departmental file No. 27637 and also Preventive Service file *re* seizure of liquors, two horses, a set of harness, and a sleigh, made on one, Oliver Duroucher of Dundee, Que., on December 25, 1920.

5. Departmental file No. 27635 and also Preventive Service file *re* seizure made on the Sharples Separator Company, 2368 Dundas Street West, Toronto.

6. Departmental file No. 27618 and also Preventive Service file *re* seizure made on the J. M. Stevens Dairy of Vancouver, B.C., on December 20, 1920.

7. Departmental file No. 27631 and also Preventive Service file *re* seizure of five smuggled cars entered the same day, made on one, A. Robbins, Great West Life Bldg., Winnipeg, Man., on November 18, 1920.

8. Departmental file No. 27629 and also Preventive Service file *re* seizure made on one, J. D. Shauch & Co., 70 Lombard Street, Toronto, on December 29, 1920.

9. Departmental file No. 27540 and also Preventive Service file *re* the seizure of rugs on the Hudson Bay Co. of Vancouver, B.C., on December 7, 1920.

10. Departmental file No. 27569 and also Preventive Service file *re* seizure made on one, Harry J. West alias Ray Jackson of New Westminster, B.C., on December 12, 1920.

11. Departmental file No. 27558 and also Preventive Service file *re* seizure of one Cadillac car made on one, Dave Wilson, Winnipeg, Man., about November, 1920.

12. Departmental file No. 27545 and also Preventive Service file *re* seizure of liquors and of the vessel named "P.S. 1500 L." on December 2, 1920.

13. Departmental file No. 27556 and also Preventive Service file *re* seizure made on one, A. Coval or Koval, 79 Lorne Avenue, Winnipeg, Man., on December 7, 1920.

Motion agreed to.

Mr. Doucet gave notice that on Tuesday next he would move,—That the Duncan report and exhibits attached thereto, also the interim report, be produced and incorporated in the record of the evidence before the committee.

Mr. Bellemare, Manager, Banque Canadienne Nationale, 272 St. Catherine Street East, Montreal, Que., was called and sworn, and produced bank deposit slips of Mr. A. E. Giroux.

Witness discharged.

Mr. G. W. Taylor, Assistant Deputy Minister, was recalled and examined with respect to the "G. G. Harnish" seizure of whiskey at Hubbards, N.S.

Witness retired.

Mr. William Foster Wilson, Chief of Preventive Service, was recalled and examined respecting the "G. G. Harnish" seizure.

Witness retired.

Mr. G. W. Taylor was recalled and examined further in respect to the "G. G. Harnish" seizure.

Witness retired.

Mr. Wilden Creighton, Customs Officer, Quebec, Que., was called and sworn, and examined respecting the "Denise Larde" seizure.

Witness discharged.

The Chairman read a letter from Dr. J. L. Chabot, Ottawa Ont., stating that Mr. Farrow is confined to hospital through illness, and will be unable to attend the committee until next week.

Mr. Calder received permission to summon witnesses required for next Monday and Tuesday.

The committee adjourned until Monday, 26th April, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, April 23, 1926.

The Special Committee appointed to investigate the Department of Customs and Excise, and charges relating thereto, met at 10.00 a.m., the Chairman, Mr. Mercier, presiding.

J. G. BELLEMARE called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Bellemare, what I think we have asked you to come to the Committee for this morning, is to produce the deposit slips of Mr. Giroux of deposits dealing with these matters, and the deposit slips have not been produced. Have you them with you?—A. Yes.

Q. Will you produce them, please?—A. Yes.

(Deposit slips produced by witness.)

Q. Would you mind consulting with our auditors now for a few minutes?—A. Yes.

Witness discharged.

Mr. CALDER, K.C. (To Hon. Mr. Stevens): There was a matter you wished to take up with Mr. Taylor. It was in the matter of a small case we took up near the adjournment of which a precis was put in.

G. W. TAYLOR, Assistant Deputy Minister of Customs and Excise, recalled.

By Hon. Mr. Stevens:

Q. You are already sworn?—A. Yes.

Q. I wish to ask you about this seizure. Mr. Taylor, you have had this file and have glanced through it. This is number 119148, department file, subject, Excise seizure of spirits from Geldford Harnish, Hubbards, Nova Scotia, seizure No. 5852, P.S. This matter was examined at some length yesterday with the Chief Preventive Officer. There were two telegrams that I wish to speak to you about. This first is a telegram dated June 12th, 1925, addressed to P. J. Healey, Customs and Excise Enforcement Officer, Halifax, Nova Scotia:—

"Proceed *re* Harnish under Section 185 Excise Act and retain J. G. Rutledge if necessary.

(Sgd.) W. F. WILSON."

and it is dated at Ottawa at 10.45 a.m.

The next telegram reads as follows:—

"OTTAWA, June 12, 1925.

P. J. HEALEY,
Customs and Excise Enforcement Officer,
Halifax, Nova Scotia.

Do not proceed with prosecution in Harnish matter until further instructed.

(Sgd.) W. F. WILSON

Time 4.50 p.m."

WILDEN CREIGHTON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Creighton, in September, 1923, were you in the employ of the Customs Department?—A. Yes sir.

Q. Do you remember how the Denise Larde seizure originated?—A. You will find that on my statement, which is on the file.

Q. Yes, but unfortunately we cannot file your statement; we must rely on you as a witness. However, you can guide yourself with your statement. Do you recollect the facts sufficiently well—.—A. I would not care to, sir. I might trip myself. That is pretty nearly three years ago.

Q. Well, I will put your statement in your hands. I show you now Mounted Police file marked "23-D-24-D-70," and entitled "Miss Denise Larde, Quebec, P.Q." and from that file I show you a statement which appears to be signed by W. Creighton. Is that your statement?

By Hon. Mr. Stevens:

Q. Is it your signature?—A. That is my signature, yes. (To Mr. Calder) Yes, sir.

Hon. Mr. STEVENS: Did I understand the witness to say "yes"?

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. The first information you got was from an informant who had seen some correspondence?—A. Yes, sir.

Q. We have been hunting for that correspondence for some time. Do you recollect what the nature of it was?—A. Well, from the information I received, it would appear as though there was correspondence between a Mr. Dupont and Mr. Langevin.

Q. Who was Mr. Dupont?—A. He is, I think, Manager or Managing Director of the Cie Obligations Municipales.

Q. Do you know whether he is still in the country?—A. I cannot say. He takes frequent trips to Europe. He is, at the same time, Belgian Consul—not the Consul General.

Q. The local Consul?—A. Yes.

Q. To whom was this letter addressed?—A. I understand to Mr. Langevin.

Q. Who was Mr. Langevin.—A. He is an employee of the C.P.R.

Q. Is he a higher employee?—A. He is general agent in Quebec, I understand, at the present time—passenger agent.

Q. Was he in the same position at that time?—A. No, he was the local agent.

Q. Did that letter from Mr. Dupont to Mr. Langevin enclose any other correspondence?—A. Ah, that I cannot tell you.

Q. But from your information?—A. No sir.

Q. That is, you cannot tell from your information?—A. No sir.

Q. What was there from that simple statement that a letter had been addressed by Dupont to Langevin that led you to suspect there would be an attempt to pass goods in baggage? There must have been some supplementary information.—A. The party who told me about this letter was the party who wrote the letter.

Q. And consequently she knew the purport of it?—A. She knew the contents of the letter.

Q. And communicated the contents to you?—A. She just made a comment to me. I met her, and was talking with her. As a matter of fact—

Q. Have you a fairly good recollection of the letter?—A. No sir, I never saw the letter.

Q. Will you look at a copy of the letter which has been produced here, dated September 6th, 1923, and which appears to have been a copy struck off from a letter written on the letterhead of the La Corporations des Obligations Municipales Limitée, 116 Cote de Montagne street. Will you read that letter and state if it contains the purport of the information communicated to you by your informant? (Witness complies with counsel's request.)—A. I do not think that is the letter in question.

Q. I beg your pardon?—A. I do not think that is the letter in question.

Q. You did not see the letter itself?—A. No, sir.

Q. I am asking you if that contains the purport of that information as it was quoted to you by your informant?—A. Yes sir.

Q. That is the general drift of the letter?—A. Yes.

Q. You will notice that it says there is a letter enclosed to Officer Bolger? —A. Yes.

Q. Did you see the letter Officer Bolger received?—A. No sir. You must understand I was not on the boat.

Hon. Mr. BENNETT: Who is purported to have written the letter?

Mr. CALDER, K.C.: Mr. Dupont, the Belgian Consul, written to Mr. Langevin at Quebec, and enclosing a letter to be handed to the Customs House Officer at Quebec.

By Mr. Calder, K.C.:

Q. Was that the information that prompted you to act—the tenor of this letter; or was their anything else?—A. This party who spoke to me—

Q. Gave you further information?—A. She spoke to me in a manner that led me to believe there was an attempt to be made to evade the payment of duty. You will mind that this is quite some time prior to this letter.

Q. I do not ask you to tell us exactly what she said, because she probably will be called herself.—A. She said it was not fair the way some people got through the Customs. That is what led to this thing.

By Hon. Mr. Bennett:

Q. To whom did she say that?—A. She inferred as much, although if she was put on her oath, she could not prove it.

By Mr. Calder, K.C.:

Q. The statement was made to you that this letter was written, and also that it was not fair that same people could get through the Customs easier than others?—A. She made the statement about the unfairness first, and I asked her why, and she told me about this correspondence.

Q. And it was in consequence of this information that you proceeded to get in touch with the Mounted Police, and that the seizure was eventually made?—A. Yes, sir.

Q. Now, I am going to show you a letter which you wrote from the Customs House in Quebec, merely to refresh your memory. Will you read that over? (Witness complies with counsel's request). That letter, Mr. Creighton, seems to indicate that pressure was brought to bear upon you, among others, in this matter. Who was it who applied that pressure?—A. How do you means, "pressure"?

Q. Well, something was done, or to be done, according to your letter, to deter or scare you away from the seizure?—A. No, sir; this thing was afterwards.

Q. After the seizure?—A. Yes.

Q. As retaliation?—A. It took them some time to connect me with the case.

Q. But when you were connected up with the case, then something was done either to threaten you or scare you?—A. It was Miss Barthe who told me that the statement was made that they would "get" me.

Q. Who was supposed to have made that statement?—A. Well, there were no names mentioned, but I inferred that Mr. Dupont made the statement. That is the way I took it.

Q. Was it stated at that time by what method he was to "get" you?—A. No, sir; no statement as to the method to be applied, or anything.

Q. And in consequence of that, you asked to be moved to another station?—A. Yes, sir.

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

The CHAIRMAN: This witness is discharged.

The CHAIRMAN: This Committee stands adjourned until next Monday, April 26th, 1926, at 10.30 a.m.

Mr. CALDER, K.C.: In the meantime, Mr. Chairman, will you allow me, if I need witnesses, to summon them subject to ratification afterwards?

The CHAIRMAN: Certainly.

The Committee adjourned until Monday, April 26th, 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. 37—MONDAY, APRIL 26, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Ide, Private Secretary to Hon. Mr. Boivin, Minister of Customs and Excise.

Miss Juliette Tremblay, Stenographer, Department of Customs and Excise, Ottawa, Ont.

Hon. Mr. G. H. Boivin, Minister of Customs and Excise (Statement).

Mr. Charles A. Langevin, Passenger Agent, Canadian Pacific Railway, Quebec, Que.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

Mr. Samuel Francis Racicot, Montreal, Que.

Mr. William Lionel Hicklin, Chief Clerk, Customs Preventive Service, Montreal, Que.

Mr. Charles H. Firminger, Purchasing Agent, Dominion Glass Company Limited, Montreal, Que.

Mr. William S. Weldon, Collector of Customs, Montreal, Que.

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

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

MINUTES OF PROCEEDINGS

MONDAY, 26th April, 1926.

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

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

Committee counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting were read and adopted.

The auditors submitted their Fourth Interim Report.

The Chairman read a letter, dated April 23, 1926, from Mr. J. W. Wardlaw, General Manager, Central Vermont Railway Company, offering all possible assistance of that company to the committee auditors.

The Chairman read a letter, dated April 24, 1926, from Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise, requesting the return of the departmental files Nos. 118274 and 112083, respecting the Noel Bonded Warehouse, Montreal (Imperial Export Company), for the further use of the Montreal agents for the Department of Justice. It was ordered that the committee retain these files until the Noel case is closed.

Hon. Mr. Boivin produced,—

File No. 124604—Seizure of liquor from officers of the Royal Canadian Dragoons.

File No. 124609—Seizure of auto from Nicholas Marthos.

File No. 124608—Seizure of auto from Moses Ralph.

Statement dated Gaugers' Division, Montreal, April 14, 1926, signed by R. P. Daigle, Chief Gauger, showing quantity of liquors and wines imported through the Gaugers' Division at Montreal for years 1923-24, 1924-25, and 1925-26.

Moved by Hon. Mr. Stevens,—That the calling of Mr. Samuel F. Racicot of Montreal as a witness to-day by Mr. Calder, counsel to the committee, be approved.

Motion agreed to.

Moved by Hon. Mr. Stevens,—For the production of the W. Noel Bond file, loaned to Messrs. Weir & Moyse, Barristers, Montreal, and now in the possession of the Department of Customs and Excise.

Motion agreed to.

Moved by Mr. Donaghy,—That the department be requested to produce the following files, both departmental and preventive, viz: Customs number file: 104-548; 104-610; 104-524; 103-739; 103-725; 103-760; 103-781; 103-804; 103-505; 103-457; 104-644; 103-069; 103-309; 103-348; 103-339; 103-354; 103-114; 103-495; 103-458, and serial No. 277-34 Jan. 27-21 (Customs number missing).

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following witnesses called by counsel for Monday and Tuesday, April 26th and 27th, be approved, viz: Mr. W. S. Weldon of Montreal; Mr. A. E. Giroux of Montreal; Mr. C. H. Ferminger of Montreal; Captain A. L. Lucouvee of Quebec, Que.

Motion agreed to.

Moved by Mr. Donaghy,—That the following witnesses be summoned for Tuesday, April 27th, next, viz: Civil Service Commissioner Jamieson; Civil Service Commissioner LaRochelle; Inspector R. P. Clerk, Montreal; Robert P. Daigle, Gauger, Montreal; Zoel Corbeil, Gauger, Montreal; R. R. Farrow, Deputy Minister, Customs and Excise; W. F. Wilson, Chief of the Preventive Service, Customs and Excise; A. Raymond, chauffeur, Department of Customs and Excise, Ottawa; J. E. Bisaillon, Montreal; W. L. Hicklin, Montreal; Lionel Poirier, Montreal.

Motion agreed to.

Mr. William Ide, Private Secretary to Hon. Mr. Boivin, Minister of Customs and Excise, was called and sworn, and examined in reference to a memorandum dated September 29, 1925, on file No. 125042, concerning the "Moses Aziz" seizure of whiskey at Caraquet, N.B.

Witness retired.

Miss Juliette Tremblay, stenographer, Department of Customs and Excise, Ottawa, Ont., was called and sworn, and examined respecting the writing of the memorandum dated September 29, 1925, on file No. 125042 in regard to the "Moses Aziz" seizure.

Witness retired.

Mr. William Ide was recalled and examined further respecting the memorandum dated September 29, 1925, on file No. 125042.

Witness retired.

Hon. Mr. G. H. Boivin, Minister of Customs and Excise, asked permission to make a statement, and was heard in respect to the suspension of proceedings in the "Moses Aziz" seizure.

Mr. Charles A. Langevin, Passenger Agent, Canadian Pacific Railway, Quebec, Que., was called and sworn. He was examined respecting the delivery by him of a letter from Mr. Rene Dupont to Miss Denise Larde, on board of ss. Empress of France.

Witness discharged.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled and examined respecting the following seizures, viz.:

"Denise Larde," schooner D. C. Mulhall, Brisebois.

Witness retired.

Moved by Mr. Donaghy,—That Collector Mr. C. R. Kendall of Barrie, Ontario, be summoned to appear before the Committee on Friday next, April 30th, and bring all letters and papers relating to the Weisberg case, of a trunk of smuggled silk.

Motion agreed to.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Mr. Charles P. Blair was recalled and examined further respecting the Brisebois seizure of an automobile.

Witness retired.

Mr. Samuel Francis Racicot of Montreal, Quebec, was called and sworn. Witness asked for the proteetion of the Committee which was granted. He was examined in regard to the Noel Bondel Warehouse at Montreal, and with respect to smuggling.

Witness discharged.

Mr. William Lionel Hicklin, Chief Clerk, Customs Preventive Service, Montreal, Quebec, was recalled and examined respecting a conference of Messrs. Weldon, Firminger and Giroux in Mr. Weldon's office.

Witness retired.

Mr. Charles H. Firminger, Purchasing Agent, Dominion Glass Company Limited, Montreal, Quebec, was called and sworn, and examined as to meeting Mr. Weldon and Mr. Giroux in connection with the payment by the Dominion Glass Company of duty on a cargo of coal.

Witness discharged.

Mr. William S. Weldon, Collector of Customs, Montreal, Que., was called and sworn, and examined as to the conference held in his office between Mr. Giroux, Mr. Firminger and himself respecting the duty on coal imported by the Dominion Glass Company Limited, Montreal.

Witness discharged.

Mr. Albert E. Giroux, Superintendent of Customs and Excise, Montreal, Quebec, was called and sworn. He was examined respecting his banking account, and also as to the meeting in Mr. Weldon's office.

Witness discharged.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

MONDAY, April 26, 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.

WILLIAM IDE, Private Secretary to the Minister of Customs and Excise, called and sworn.

By Hon. Mr. Bennett:

Q. Mr. Ide, I hand you a memorandum dated September 29th, 1925, which is on file No. 125042, purporting to be signed by you. Will you be good enough to look at it and see if that is your signature?—A. Yes, sir, it is.

Q. And the words "William Ide, P.S." are in your handwriting?—A. Yes, sir.

Q. What Minister is referred to there?—A. The Hon. Mr. Boivin, I think.

Q. These figures "September 29th, 1925" are part of the memorandum?—A. Yes. That is the date. It is usual to put the date in.

Q. I offer that in evidence. Will you read it into the record?—A. (Reads):

"Minister of Customs and Excise,
Canada.

Memorandum from Mr. Farrow, Re *Case of M.A.M. Aziz, Caraquet, N.B.*

The Minister desires that execution of the warrant of commitment be stayed, pending further investigation in this case.

September 29, 1925."

WM IDE, P.S.

Q. This is no part of it, but the two letters "P.S." mean Private Secretary?—A. Yes, sir.

Q. How long have you been private secretary?—A. Since 1911. I was private secretary in 1895 and 1896 for a short time.

Q. You have a stenographer in your department whose initials are "J.T."?—A. Yes, sir.

Q. Who is she?—A. Miss Juliette Tremblay.

Q. She is here, I take it?—A. Yes, sir.

Witness retired.

JULIETTE TREMBLAY called and sworn.

By Hon. Mr. Bennett:

Q. Miss Tremblay, you are employed in the Customs and Excise Department?—A. Yes, sir.

Q. As a confidential stenographer, I understand?—A. Yes, sir.

Q. In the Minister's office?—A. Yes.

Q. And in the private secretary's office as well?—A. Yes, sir.

Q. Miss Tremblay, I hand you file No. 125042. Will you look at what purports to be a copy of a letter upon it, written in French; would you mind

reading that letter in French if you please, and then you can read a translation of it if you desire. Read it out so that it will be on record here?—A. (Reads letter in French. Translation on page 1323 of printed evidence.)

Q. Did you write that letter?—A. The letter was dictated in English to me, and I translated it into French.

Q. It was dictated in English?—A. Yes, sir.

Q. Who by?—A. Mr. Ide.

Q. Mr. Ide dictated it to you?—A. Yes, sir.

Q. He dictated it to you in English, and you translated it into French?—A. Yes.

Q. Who signed it?—A. I do not know. The Minister is supposed to sign it.

Q. It was written for his signature?—A. Yes.

Q. Would you mind reading an English translation of it?

The CHAIRMAN: It was taken in shorthand, in the regular way.

Hon. Mr. BENNETT: I asked her if she wrote the letter, and she said "yes."

By Hon. Mr. Bennett:

Q. Miss Tremblay, you wrote the letter from your shorthand notes?—A. Yes.

Q. When you finished it you handed it to the private secretary?—A. Yes.

Q. Mr. Ide?—A. Yes.

Q. You were through with it then?—A. Yes.

Q. I only mention this to you for your future guidance. Might it not be well to put a stamp on all copies of letters you write, so that you may see who signs them, because the file does not show who signed this. You understand what I mean?—A. A stamp?

Q. A stamp showing who signs a letter?—A. I do not know who signs the letters. I am not there when they are signed.

By the Chairman:

Q. Who has to put the letters on the file, when they are marked "confidential"?—A. The filing clerk.

The CHAIRMAN: I find that very, very strange. Of course any man is entitled to have confidential correspondence, any man on earth, whether he be a private citizen, a member of Parliament, a trader, or a business man.

Hon. Mr. BENNETT: I doubt whether or not a letter which asks a man to interpose between a sentence and the execution of it can by any stretch of the imagination be made "confidential."

The CHAIRMAN: But if the letter was marked " confidential " it would not be in the general file. They should use more brains than that.

Hon. Mr. BENNETT: They use less brains in the public interest, in this case; otherwise we would not have known about it.

By Hon. Mr. Bennett:

Q. By the way, there is another letter on that file, with your initials on it, that I would like to have some information about. I saw another letter there, dated when?—A. November.

Q. What date in November?—A. The 18th of November.

Q. I thought it was December?—A. No, sir, it is November.

Q. Would you read that letter, please?—A. (Reads letter in French). (Translation on page 1324 of printed evidence).

Q. That also was written by you?—A. Yes, sir.

Q. Who dictated that letter, do you remember?—A. Mr. Ide dictates all the letters.

Q. Do you recollect that he dictated that one?—A. It was dictated in English.

Q. And you put it in French?—A. I put it into French.

Q. The initials "J. T." indicated that you were the young lady who wrote it?—A. Yes, sir.

Q. You do not know who signed it?—A. I do not know.

Q. That is not your business?—A. No, sir.

By the Chairman:

Q. Are you in a position to say that you made an exact translation in French of what was dictated to you in English?—A. I think so.

The CHAIRMAN: It is very good French.

Hon. Mr. BENNETT: The Chairman is better able to judge than I am, and I will take his word for it. The translation is already in the record, I understand.

Witness retired.

WILLIAM IDE recalled.

By Hon. Mr. Bennett:

Q. Mr. Ide, would you be good enough to look at file No. 125042 again? You are already sworn?—A. Yes.

Q. You have heard read two letters in French?—A. Yes, sir.

Q. By Miss Tremblay?—A. Yes, sir.

Q. One dated on the 29th of September, and the other on November 18th.. Perhaps you will be good enough to look at them?—A. The first is September 29th, yes, sir.

Q. Miss Tremblay states that you dictated that letter in English, and that she translated it into French, is that correct?—A. Yes.

Q. Who signed the letter?—A. The Minister, the Hon. Mr. Boivin, so far as I know.

Q. He is the man to sign?—A. Yes.

Q. Does the Minister sign the letters?—A. It would be the Minister or the Acting Minister. In the memorandum which was written on the same day, I used the term "Minister". I would have used the term "Acting Minister" if it had been the Acting Minister.

Q. So that, so far as you recollect, and from looking at the file, the Minister at that moment was the Hon. Mr. Boivin?—A. Yes.

By the Chairman:

Q. Do you always put "Acting Minister" when you write a letter?—A. Not in the Minister's office. In the memorandum which was written the same day, I used the word "Minister"; otherwise I would have used the words "Acting Minister".

By Hon. Mr. Bennett:

Q. Would you look at the second letter, the letter of the 18th of November? —A. Yes, sir.

Q. Who was then the Minister of Customs and Excise?—A. The Hon. Mr. Boivin.

The CHAIRMAN: I knew it, because the letter was dictated in a very prudent way, in the sense of a departmental letter.

Hon. Mr. BENNETT: I am surprised at the Chairman expressing his judgment before the evidence is completed.

The CHAIRMAN: We like to summarize, Mr. Stevens and I, and make everybody understand.

By Hon. Mr. Bennett:

Q. You think the Hon. Mr. Boivin was the Minister then, on the 18th of November?—A. Yes, I think so.

Q. Miss Tremblay's memory is that you dictated both this letter and the other in English, and that she translated them into French in the course of her duties. After the letter was typewritten, and handed to you, you would as secretary, pass it on to the Minister for signature; is that the idea?—A. Yes, sir.

Q. May I suggest that the course followed in offices now would be very desirable to follow in the Customs Department, namely to have a rubber stamp put over the copies, so as to indicate whether it is the Minister or the Acting Minister who signs?—A. Yes.

Q. I notice the discretion of the Minister is exercised very freely in your office, with a rubber stamp; I notice a large number of files in which the names "Jacques Bureau" and "W. Ide" are in a rubber stamp?—A. Yes.

Q. Approving of these recommendations or otherwise, on the seized properties?—A. Yes.

Q. And I take it that as private secretary, these are your initials?—A. Yes.

Q. That was observed during the time the Minister was ill?—A. Yes.

Q. Or the Acting Minister; and you were instructed to put his signature on with a rubber stamp, and your initials under it, to indicate that you had done that?—A. Yes.

By the Chairman:

Q. You have been in the service how long, Mr. Ide?—A. Since 1919.

Q. As private secretary?—A. Yes. I was in the Agriculture Department four years before that.

By Hon. Mr. Bennett:

Q. You would hardly describe the placing of a rubber stamp upon a letter a very good method of writing a signature, would you?—A. It is like placing the signature of a financial officer of a bank; he puts his name on, on the signature of the accountant.

Q. You adopted the recommendation of the assistant, who in turn turned it over to the Deputy Minister?—A. Yes.

Q. I notice in more than one case the signature of the Deputy Minister, with a rubber stamp as well?—A. It was, but it was discontinued.

Q. In no inconsiderable number of cases, the forms K-9 were signed with a rubber stamp, and you put your initials on?—A. Yes.

Q. And following that, in many cases, there are the signatures of the Minister, with a rubber stamp?—A. Yes.

Q. Practically all of those are predicated by the report of the general executive assistant, which bore his real initials?—A. Yes.

Hon. Mr. BOIVIN: As I happen to be before the committee, if Mr. Bennett will allow me, I might perhaps clear up the question of who signed these letters. At least I would be very glad to do so. If I may be allowed, Mr. Chairman, I saw in the evidence that was given when this Moses Aziz case was first before the committee that a reference was made to a statement of mine at the beginning of the inquiry, that I had been appointed on the 4th September, sworn in on the fifth and had taken over the complete administration of the department on the 31st October. If the committee will look two pages further down in the same evidence they will find that I took good care to say, before leaving the

box, that I did not want to mislead the committee, that I had been in Ottawa on two or three occasions to attend Council meetings, and when here, had gone to the office and attended to some routine matters. The 29th September, or 28th and 29th September was evidently one of those occasions. I remember very well having seen a telegram, or a letter of the 21st September which was on my desk when I arrived. I might say I was at the office only in the evening. My private secretary, Mr. Ide, was there with me assisting me to clean up correspondence, and when I saw the letter of September 21st, without taking the time to go through the file I was informed by Mr. Ide in a previous message sent by the—I cannot remember.

By Hon. Mr. Bennett:

Q. Saying the Minister was out of town.—A. I am referring to a previous message sent by the Minister or Acting Minister, before I was sworn in, promising that a revaluation of the liquor would be made. I asked Mr. Ide if a revaluation had been made, without going into details, and he told me it had not and I authorized the private secretary to dictate a letter on September 29th and I signed the letter on the following morning before leaving Ottawa.

When I returned in the month of November, to actively take over the duties of the office, the files were placed before me and on the 18th of November, I wrote the letter which bears that date or rather had Mr. Ide, after discussing the matter with him, dictate it and I signed it. In reply to that letter I received one from Mr. Robichaud, dated 25th November, asking me to suspend proceedings until he could see me personally upon his return to Ottawa. I did not reply to that letter but the file was left upon my desk.

At that time we expected Parliament to meet on the 10th of December, but the date of the calling of Parliament was necessarily postponed, and very shortly after the opening of Parliament Mr. Robichaud came to my office one night at eight o'clock, or about that time, for the purpose of discussing another very important matter in which he was interested. The matter is not before the committee and I would prefer not to give any details concerning the discussion.

Q. Is this a Customs matter also?—A. Yes, it is.

Q. I know about it.—A. For about two hours we discussed this other matter, with the result that I was obliged to refuse Mr. Robichaud's request. The name of Moses Aziz was mentioned but not desiring to refuse the request of Mr. Robichaud twice the same evening, and owing to the lateness of the hour, I told Mr. Robichaud we would take the Moses Aziz case up on another occasion. Since that time the file has remained on my desk until it was called for by the committee.

Q. So, you are not involved in the matter? I appreciate your desire not to mention what it was, but the matter is mentioned in some of the correspondence. What Mr. Robichaud was talking about with you is a matter affecting his own brother, that is the transaction you refer to?—A. Yes.

Q. Mr. Boivin, I want to merely observe that at that time you wrote the letter of 18th November, the conviction had been made?—A. Yes.

Q. And the sentence had been imposed against Moses Aziz?—A. Yes.

Q. In looking through the papers, Mr. Boivin, I do not quite understand how you interposed yourself between the sentence and the execution of it?—A. I did not. If the warrant had been executed and if it had been in the hands of any prosecuting officer for the arrest, I would not have interposed.

Q. The fact is, this man was convicted and sentenced to imprisonment?—A. But sometime previous to my entering into the department, a considerable time.

Q. But the warrant had not been executed when you happened to be up here on 28th or 29th September?—A. No.

Q. That is a fact?—A. Yes.

Q. Mr. Robichaud, who was a candidate in Gloucester, in the then pending election, was pressing at the time for action to assist him in having Moses Aziz not interfered with? That is a fair way to put it.—A. I will have to look at the letter before agreeing entirely with you.

Q. I can read you the letter if you desire.—A. I have it here, September 21st:—

> "Will you please consult with 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."

Q That is his letter of the 21st September?—A. Yes.

Q. That is one of the letters which was before you on the 28th and 29th?—A. That is the letter I replied to on the 29th.

Q. At that time, did you see Mr. Lapointe about it?—A. No.

Q. Did he speak to you about it?—A. No.

Q. The file sufficiently indicated at that time, that Moses Aziz was under sentence of imprisonment in addition to his fine which had been paid? I observe that myself.—A. The file indicated, at the time, that the sentence had been imposed.

By Hon. Mr. Stevens:

Q. He was sentenced on the 8th August. I have a copy of the judgment before me.—A. I do not remember.

By Hon. Mr. Bennett:

Q. The fact is, Moses Aziz has not yet been imprisoned?—A. No, he has not.

Q. And so far as the records show he has not been imprisoned because of the intervention of the Minister of Customs and Excise?—A. Well, I would not like to admit that the intervention of the Minister was the sole cause of his not being imprisoned.

Q. It is the causa or causan, speaking as a lawyer, of his not being imprisoned.—A. Possibly. I am sure the Committee will appreciate that seeing this letter as I did on the 28th or 29th of September, having just entered into my duties and not knowing the rules and regulations, I was asked to consult the Honourable Mr. Lapointe who was not in Ottawa at the time, and whom I could not consult.

Q. But you had the information that the Acting Minister or the Minister had previously promised a revaluation of the liquor?—A. Yes.

Q. That is a fair statement.—A. It was pointed out to me at the time, that a promise had been made, and I took it upon myself, and did not make any request to the Department of Justice for a remission; but I merely took it upon myself to retard the execution, and if it was not in my power to do so, I conceived it to be my duty.

Q. If you will look at the telegram of the 18th November, you will see, having carefully perused the file, that you come to the conclusion the sentence was just and proper sentence, and should be executed, but nevertheless you say further, to use your own words, you will see that the execution is retarded?—A. In the letter of the 18th November.

Q. I do not say you used the word "retard," but why was the execution of the warrant of arrest temporarily retarded?—A. It was temporarily retarded. I did not promise to retard it at all.

Q. See what you did in the closing paragraph.

Hon. Mr. STEVENS: The fact is, it is still retarded.

The WITNESS: The fact is, it has not yet been executed.

By Hon. Mr. Bennett:

Q. If you do not mind, just look at the letter, the closing paragraph, in which you say, "nothing will be done until you see me."—A. In the closing paragraph?

Q. The one before the last: "I have examined this case with care and I can find no reason why the sentence imposed should not be executed, but I will hold the matter in suspense until I receive from you an answer in case you have some other representations to make."—A. I thought it was only fair to hear the Member before I disposed of it, or changed the promise given by my predecessor to stay the execution of the warrant.

By Hon. Mr. Stevens:

Q. You gave an order?—A. No, I gave an order to continue postponing.

Q. I think perhaps, your memory might be a little at fault. Here is a copy of the sentence which was imposed on August 8th, and then on September 16th the Chief Customs and Excise Preventive Officer gave instructions in regard to the matter. This is to Mr. Stewart, the Customs Officer:—

> "Referring to the fourth paragraph of your report of the 5th instant, wherein you suggest that Magistrate Sutton be instructed to have the warrant of commitment executed as soon as thirty days are up, in connection with sentence imposed upon Moses Aziz on the 18th ultimo, you are instructed to see the Magistrate and have the commitment executed without any further delay. Report to me when this has been done."

On September 29th, you wrote a letter and I see on file a telegram from Mr. Wilson:—

> "Am directed to request you to stay execution of warrant of commitment against Moses Aziz pending further investigation. stop. Arrange with Magistrate accordingly. stop."

There is a letter by Mr. Blair to Mr. Wilson:—

> "Minister desires that execution of warrant of commitment be stayed pending further investigation. I beg to confirm instructions given to you this afternoon by wire—"

That is dated 29th, the same day on which the letter was written, which was signed by you?—A. Quite true.

Q. That is your instructions?—A. Yes, quite true.

Q. That is what stayed execution means?—A. I was under the impression that it had been previously stayed and a request had been made at that time for execution, and I directed to hold it in abeyance. However, whether it was the first time that the execution of the warrant was stayed or whether it was the second time, I want to say that I take the responsibility for it because I happened to be in the office at the time, and I want to clear the Acting Minister of any responsibility in connection with the matter. I have explained, as well as I can, why I gave the orders staying proceedings.

Q. That may be, although it seems that there is a difference between staying proceedings against a man, that is holding up prosecution, and interfering with commitment after sentence has been pronounced.—A. I am quite willing to admit that. I admit I did not understand this case very thoroughly, as I did not think it was within the power of a Minister to stay proceedings on a warrant of commitment.

Q. You must have understood that after you read the last letter.—A. When I read the last letter I certainly did.

Q. The question is still open, and I think you from the files satisfied yourself that the man should go to jail, but you held it up until Mr. Robichaud came to see you, and still the man is walking the streets and defying the laws of the country.—A. I want to be fair to Mr. Robichaud and I want the Committee to be fair with me. I wanted to keep the promise with Mr. Robichaud, but I am willing to admit there may have been negligence on my part in not bringing Mr. Robichaud to my office. I want the Committee to realize that since Parliament opened the Minister of Customs has been exceedingly busy.

Q. Why not issue the writ of commitment now?—A. I will be very glad to after I have heard Mr. Robichaud. If he has nothing further to say, there is no reason why it should not be issued.

Q. What right have you to interpose yourself between a warrent issued by the Court and its execution?—A. I do not pretend to have that right, but whether right or not I promised Mr. Robichaud I would hear him before I withdrew the order.

Q. Surely, you realize this, that you are a Minister, and have your duties to perform as Minister of Customs and Excise?—A. I do not think for a moment I have a right to withhold it. I stated very clearly in my letter that I think the man should go to jail. I said that on the 28th of September or the 29th.

Q. Mr. Boivin, you are exceeding your power?—A. I do not believe the Minister has the right to withhold execution of a warrant but the bald fact remains that I promised Mr. Robichaud that before I took action I would hear him. Surely there is no harm in hearing him.

Q. Mr. Boivin, your position is a very unhappy one.—A. It is very unhappy.

Q. You are placing yourself in between a sentence of the Court of this land and the execution of the sentence and you are doing it for one reason, and that is that an individual member of the House has asked that you do so. That is a very serious position for any Minister to take, and I say now, this is something which you have no right to do as Minister.—A. I do not pretend that I have, and I have made the statement three times.

Q. Surely, your public duty must come before the convenience of Mr. Robichaud, when this matter has been standing for the last four months. Surely a man with three convictions should not be allowed to walk the streets in defiance of Canadian laws because of the fact that a whim of a Member has to be met.—A. I appreciate that, but I am quite sure that my letters in this matter show that there was never any intention on the part of the Minister Customs to allow Mr. Aziz to walk the streets with impunity forever. That was never in my mind, never in the mind of the Minister.

Q. He has been doing it since the 18th of August and you are preventing the application of a just sentence because of your interference. You admit now you have no right as Minister to interfere. I say to you, in the face of these facts, should not the writ of commitment be issued at once?—A. I think it should. I do not think it should ever have been withheld.

Q. I must admit I cannot understand the persistent delay. It is pretty serious.—A. I still state that I do not think that the telegram sent in my name or at my request, to the Officer of the Court was worth the paper it was written on.

The CHAIRMAN: That is my opinion.

By Hon. Mr. Stevens:

Q. That may be. You now say, or you said a moment ago, you will not lift this stay until you have talked with Mr. Robichaud?—A. I stated, I would see Mr. Robichaud and I promised to see him. I never said, I would not. If the Committee so desires that it should be done I will give the order this afternoon.

By Hon. Mr. Bennett:

Q. I am sure, I have a very high respect for your ability. Surely, you must realize how serious it is. You said a moment ago, you proposed to still implement your promise which was given to Mr. Robichaud before this warrant is executed?—A. Yes.

Q. Speaking to you as one professional man to another you realize as Minister of the Crown, of Customs and Excise, that you have not the right to arrogate to yourself, the power of His Excellency, the Governor General to change or deal with the findings of a court. You say, you propose to further exercise these powers, and you think you have that right, but I cannot understand it, or cannot understand your mental process.—A. But Mr. Bennett, I do not say that, I do not say that.

Q. I am sorry, Mr. Boivin, I followed you with great care.—A. I realize, Mr. Bennett, you are a very, very able attorney. I realize that. I state as one professional man to another, or as a Minister of the Crown, that I never thought at any time I had the right to withhold the execution of the sentence. I have made that clear very, very many times. When the original order was given to withhold the sentence, it was given without thought and without consideration on my part, and when I was only in the office as Minister for about eight hours.

By Mr. Kennedy:

Q. You see, Mr. Boivin, that the execution was stayed because of the telegram?—A. I think it was stayed because of the telegram which was then sent.

Q. Is not the best thing to do to clean it up right away?—A. Absolutely; I agree with that. I think the man should go to jail, or he should lodge an appeal if he does not want to go to jail.

Hon. Mr. BENNETT: It is too late now to lodge an appeal. He paid the fine immediately it was imposed, and thereby precluded himself from an appeal.

Hon. Mr. BOIVIN: I think, in fairness, it is well to have on the record the fact that the file was not pigeon-holed, and that the matter was not definitely disposed of.

Hon. Mr. STEVENS: I fail, Mr. Boivin, to follow your reasoning that there is any excuse whatever for interfering in the execution of that sentence. There is no justification in that.

Hon. Mr. BOIVIN: I agree entirely, Mr. Stevens, that the only person who could interfere with the execution of that judgment is His Excellency the Govenor General, upon the recommendation of the Minister of Justice. The name of the Minister of Justice was mentioned in that letter, and I was asked to see him. I do not know what for. He was supposed to have information concerning this case which I did not have. I never saw Mr. Lapointe and never discussed this matter with him.

Hon. Mr. STEVENS: I think you will find that the reason you were asked to see the Minister of Justice was because the Honourable Mr. Veniot had written to him.

Hon. Mr. BENNETT: There is a memo. there, Mr. Boivin, from the clerk of the Remission Branch, pointing out, of course, that the power of the executive cannot be invoked unless there is something upon which to invoke it.

Hon. Mr. BOIVIN: Quite true.

Hon. Mr. BENNETT: And apparently—at least, so I judge—Mr. Lapointe had mentioned it to the Remission Branch in the furtherance of what Mr. Robichaud had mentioned to the Minister of Justice. I suppose that is what you would think yourself, would you not?

Hon. Mr. BOIVIN: Undoubtedly.

Hon. Mr. STEVENS: From references made in this file by the officers having to do with this, they were for the carrying out of the sentence. There was no question in their mind.

Hon. Mr. BOIVIN: There was no question in the minds of Mr. Wilson and Mr. Blair, I think, who both dealt with this matter, that the sentence should be carried out. If any of you gentlemen have sat in the Minister's chair in the Department of Customs you will realize that it is not the officers who can follow the letter of the law, who have the hardest task.

Hon. Mr. BENNETT: That is quite true, Mr. Boivin, in matters where there is a proper discretion for the Minister, but in this case you admit yourself there is no right of discretion on the Minister's part whatsoever.

Hon. Mr. BOIVIN: There may have been a mistake on my part, in connection with the delay granted in the Aziz case. I am quite willing to admit that.

The CHAIRMAN: Mr. Minister, you never had an idea of delaying or preventing Aziz from going to jail?

Hon. Mr. BOIVIN: Not the slightest. The only reason for delay was that I hesitated exceedingly about giving two absolutly definite refusals to two separate requests by the same Member of Parliament on the same night.

Hon. Mr. BENNETT: A supporter, in any event. We are all human.

Hon. Mr. BOIVIN: I think you will find cases on the files, Mr. Bennett, where men who were not supporters of the government, but very high in the ranks of the Conservative party, have received favours from my predecessor, the Honourable Jacques Bureau.

Hon. Mr. STEVENS: Your answer to Mr. Robichaud was not that you would turn this down on the ground that you had no discretion or no right?

Hon. Mr. BOIVIN: Quite true.

The CHAIRMAN: It was only a statutory offence.

Hon. Mr. STEVENS: There was a third conviction.

The CHAIRMAN: No, a second conviction.

Hon. Mr. STEVENS: One against the Provincial law, and two against the Federal.

The CHAIRMAN: You did not know the man had been sentenced before?

Hon. Mr. BOIVIN: No, I did not know at the time but I have ascertained since that it was the third conviction.

The CHAIRMAN: I think we can summarize the whole thing, if we have the idea that the Minister is human. Mr. Robichaud had written to him asking him to reconsider the case, and being a new Minister in the Department, not acquainted with the contents of this file, and the change in the facts, he took the word of Mr. Robichaud and wanted to hear from him before putting the man in jail.

Hon. Mr. BOIVIN: That is all.

The CHAIRMAN: There is still an officer in that province who can execute that commitment?

Hon. Mr. BOIVIN: There is one more word that I would like to say, if I may, to clear the employees of the Department of any responsibility in connection with the confidential letters which may be found upon the file. When the file was called for by this committee, the two files—that is to say, the Minister's private file and the departmental file—were lying together upon my desk. I knew that the telegram sent to Mr. Robichaud by my private secretary, and to the officer by Mr. Wilson, and the telegram received from Mr. Robichaud by our office, were already filed before this committee. Those telegrams referred to correspondence, and the correspondence referred to telegrams, and I considered

it my duty, in view of the fact that part of the confidential proceedings were already filed, to place the whole matter before the committee, and I myself take the responsibility of having placed those letters upon the file in order that the committee might make sure we had nothing to hide.

Hon. Mr. BENNETT: I regret to say, Mr. Boivin, that in the province of New Brunswick, in the county of Gloucester, and the surrounding part of the north shore, the matter was very well known, and it would make no difference whether you produced the file or not.

Hon. Mr. BOIVIN: Quite so.

Hon. Mr. BENNETT: But unfortunately, it has brought a very considerable amount of—shall I say—criticism, upon the administration of justice, for reasons which I think you, as a skilled lawyer, will at once admit. That is what has given me a feeling of apprehension about the whole matter.

Hon. Mr. BOIVIN: Quite true.

The CHAIRMAN: You will have to be careful in the future.

Mr. ST. PERE: He will have to get away from the common law that every Minister has to follow, that is, that he has to give a hearing to every Member of Parliament who comes along.

The CHAIRMAN: That will be forbidden in the future.

Hon. Mr. BOIVIN: I think, Mr. Chairman, that my name was also mentioned by Mr. Taylor in his evidence the other day concerning a fine of $200 which was accepted in the case of Harnish. In the Harnish case, I think it was pointed out, and quite correctly, by the Acting Deputy Minister, that the man had not been prosecuted before the Courts, but that he had paid a penalty of $200. So that there may be no doubt in the minds of the committee as to who might be responsible there, I will say that I accepted the penalty of $200 on the advice of the officers of my Department, because it had been pointed out to me that the action had been taken under Article 185 of the Excise Law.

Hon. Mr. BENNETT: And was not a judicial proceeding?

Hon. Mr. BOIVIN: Well, it could have been a judicial proceeding.

Hon. Mr. BENNETT: Yes, but it was not.

Hon. Mr. BOIVIN: But under Article 136 the Minister is given the right to accept the fine without sending the accused before the Courts, and the request was made by A. W. Jones, Barrister, of Halifax, on December 10th, 1925.

Hon. Mr. BENNETT: And you exercised your ministerial discretion in making the fine what it was.

Hon. Mr. BOIVIN: It is the minimum fine for a first offence.

Hon. Mr. BENNETT: There is no question but what you had the discretion, Mr. Minister, and you exercised that inasmuch as no judicial proceedings had been taken, which is, in my judgment, an entirely different thing—

Hon. Mr. BOIVIN: From the Aziz case—the "As Was" case.

The witness retired.

CHARLES A. LANGEVIN called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Langevin, in September, 1923, what was your occupation?—A. City Passenger Agent of the Canadian Pacific Railway at Quebec.

Q. Did you at that time know a Miss Denise Larde?—A. No sir.

Q. You had never met her up to that time?—A. No.

Q. Did you know Mr. Rene Dupont?—A. Yes sir.

Q. What was Mr. Dupont's position in Quebec?—A. President of La Corporations des Obligations Municipales Limitée. He was also the Consul for Belgium.

Q. Is Mr. Dupont in Quebec now?—A. No; I do not think so. I understand he is not in Quebec at the present time. In fact, I believe he is in Europe.

Q. He is in Europe?—A. I heard he was in Europe.

Q. When did he leave?—A. Over a month ago.

Q. Is he presumed to be there permanently?—A. I cannot say.

Q. Will you look at a letter, of which unfortunately I have only a copy, which is the first paper on Customs Excise Preventive Service file 956-113550, titled "Customs Seizure of Clothing from Miss Denise Larde," and state whether you received that letter?—A. That is a translation of the letter.

Q. Do you know who made the translation? The letter sent you was in French, was it?—A. Yes sir.

Q. Will you read over the translation and state whether it is a satisfactory translation of the purport of the letter as you recollect it?—A. Yes.

Q. Now, you will find by the letter—

Hon. Mr. BENNETT: Was that read into the minutes?

Mr. CALDER, K.C.: Yes. This is a letter of the 6th of September, addressed to Mr. Langevin by Mr. Rene Dupont, on the letterhead of La Compagnie des Obligations Municipales Limitée, already read into the record.

The WITNESS: That is right.

By Mr. Calder, K.C.:

Q. You will notice in the second paragraph, he says:

"As I asked you yesterday, I would be glad if you would also hand Miss Larde the enclosed letter addressed to Mr. Bolger."

Apparently there was a conversation between you before that?—A. Yes sir; Mr. Dupont telephoned me the day before.

Q. Will you tell us what the purport of his message was?—A. It is usual for railroad or steamship companies to deliver mail to passengers when it is addressed in their care, and Mr. Dupont knew that I went down to meet steamers occasionally, and he said "You are going down to meet this steamer; would you mind taking these letters?"

Q. So he gave you a letter for Miss Larde?—A. Yes; at least, he sent me the letter the following day.

Q. It was a letter which he himself had written?—A. I cannot say that he wrote it himself, but it was a letter addressed to Miss Larde.

Q. Did it bear a postmark and a stamp, or was it a letter per bearer?—A. Just an ordinary letter, without postmark or stamp.

Q. Then it would be a letter originating in Mr. Dupont's office?—A. I suspect so.

Q. He also handed you a letter to be given to Miss Larde for Customs Officer Bolger?—A. Yes, there were two letters sent.

Q. That also was without a postmark?—A. Yes.

Q. And originated in Mr. Dupont's office?—A. I suspect so.

Q. Now, Mr. Langevin, upon your oath, was the purpose of these two letters discussed between you and Mr. Dupont?—A. None whatever, with me.

Q. In the telephone conversation, do you swear that he did not say that this was to facilitate the entry of Miss Larde's goods?—A. No, it had no reference at all to baggage; simply an ordinary request to render assistance such as is usually made by certain people who have friends coming over.

Q. Is it your statement under oath, that Mr. Dupont did not tell you to hand these letters to Miss Larde for the purpose of getting her baggage through without examination—on oath?—A. There is no question about that.

Q. There is no doubt in your mind that the second letter handed to you was addressed to Mr. Bolger?—A. Well, I would not say that there is no doubt in my mind, Mr. Calder. This is nearly three years ago.

Q. Mr. Langevin, you receiving a letter from Mr. Dupont in which he tells you that he encloses a letter for Mr. Bolger—A. There were two letters alright.

Q. Telling you that he enclosed a letter for Mr. Bolger, would that not strike you at the moment, if the letter had not been for Mr. Bolger?—A. Not particularly.

Q. You got a letter addressed to you, in which Mr. Dupont says, "I enclose two letters?"—A. Sure.

Q. One for Miss Larde, and one for Mr. Bolger?—A. Yes.

Q. If the letters had not been for Miss Larde and Mr. Bolger, you would have called up Mr. Dupont and said "You have made a mistake and sent me a letter for another party?"—A. Yes.

Q. You have no doubt that the letter was for Bolger?—A. I have every reason to believe that that was the case.

Q. How did you mean to hand these to Miss Larde; did you meet the steamer?—A. Yes.

Q. The "Empress of France?"—A. Yes.

Q. Where did you find Miss Larde at the moment you handed her the letters?—A. I could not tell you that.

Q. Was Bolger there?—A. He was on the steamer.

Q. Was he near you and Miss Larde when you handed her the letter?—A. No. I do not know, as a matter of fact, whether I handed those letters to Miss Larde myself, or one of the staff of the purser's office. I have every reason to believe that Miss Larde got the two letters, either from me or one of the staff from the purser's office.

Q. You cannot recollect whether you handed them to her yourself, or not?—A. No sir, I cannot recollect that.

Q. Did you know Miss Larde?—A. No sir. There was an investigation about three or four days after that. Mr. Sergeant Zaneth and two Customs Inspectors were in. I do not remember the names.

Q. Fowler and Moore?—A. Yes. They got some information from me. It was fresh in my mind then, but what it was I could not say to-day. I believe I gave them all the information I had at the time. It is a very usual thing for us to deliver mail on board. I must say that I was a little surprised when I heard that Miss Larde was getting into trouble.

By the Chairman:

Q. Who?—A. When I saw this investigation going on about Miss Larde, I immediately connected the letter from Mr. Dupont with it, but I had no further inkling about it.

By Hon. Mr. Bennett:

Q. The mere handing of letters to incoming passengers is very common?—A. Yes, surely. There were five hundred passengers on that boat that day, and I do not recollect who we handed letters to.

By Mr. Calder, K.C.:

Q. Was that the only telephonic communication you had with Mr. Dupont?—A. Yes, sir.

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

The CHAIRMAN: You are discharged, Mr. Langevin.

Witness discharged.

Mr. CALDER, K.C.: The only thing that remains to be cleaned up in this matter is the action of the Department, in regard to which I will call Mr. Blair presently.

You will have noticed, Mr. Chairman, that in Miss Denise Larde's affidavit, which was read into the record, there is mention that Mr. Andre Taschereau has a copy of the letter to Mr. Bolger. I am getting on the line with Mr. Taschereau, by telephone, and will ask him whether he has that letter, and if so, I will have it sent down here and will produce it.

C. P. BLAIR recalled.

By the Chairman:

Q. Mr. Blair, you are under the oath already taken by you?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Mr. Blair, will you look at the Customs seizure report K-9, two of which appear to be on this file, both of them containing a report signed "R. R. Farrow" by a rubber stamp, and initialed "C. P. B." Not both of them; the first one of them bearing a rubber stamp, with the initials "C. P. B.," the second one signed "R. R. Farrow" bearing a date mark and your initials "C. P. B." Will you state whether you drew up these reports?—A. Yes, they are both my reports.

Q. The first thing I would like to ask you, Mr. Blair, is this: why does it take so long to reach a decision in this matter? I believe nearly a year intervened. If you would like to have the assistance of the files, you may look at them?—A. I could not tell you that, Mr. Calder, they just had not been reached, had not been attended to. I presume there was nothing to do but keep what we had.

Q. I suggest to you, Mr. Blair, that Miss Larde having pleaded guilty, and having been fined $50, the seizure having been released for $1,500, and all that almost within a momth after the seizure and arrest, the only thing remaining on the file to be investigated, was the value of the goods. When was the value of the goods ascertained?—A. Well, I would not be sure. I think that evidence has been taken from Mr. Wilson, has it not? His statement of that would be right. Of course, I do not know.

Q. You have no idea why this matter took so long to be brought to a conclusion?—A. No. You can see that there was nothing to do except to keep what we had. There is such a congestion of work in that office, that it takes a long time, in some cases.

Q. Is the congestion in the Department such that the normal time of reaching a decision is nearly a year?—A. No. They would give their attention particularly to things that required some further attention, for some further action to be taken.

Q. But a seizure which involved $1,500 simple duty, and which was afterwards raised to $2,000 and odd, simple duty was a matter of sufficient importance to be attacked at once?—A. Well, the goods had been released, sir.

Q. I know the goods had been released upon a $1,500 deposit?—A. Yes.

Q. Which was afterwards found insufficient, and I put it to you that it was owing to delayed action that the balance of the money is still uncollected?—A. I do not think so.

Q. What other reason is there?—A. I do not think we ever had any chance to collect the balance of the money.

Q. That brings up the next question; why were these goods allowed to be released on single duty, contrary to the practice in every case that has been

before the Committee?—A. There is a little misunderstanding, Mr. Calder. They were not released on what was thought to be single duty; they were released upon duty based upon a value which was first reported, plus a penalty of approximately $300. That amounted to the $1,500.

Q. Why was the penalty fixed at $300 instead of being the single duty over again?—A. I do not know. That was not done by me.

Q. Was that not referred to you for an interim decision?—A. No.

Q. Who makes the interim decisions, as to the amount of the deposit?—A. There was no interim decision as to the amount of the deposit. I understand that that was released on the order of the Minister.

Q. You understand that the goods were released on the order of the Minister, on $1,500 deposit?—A. Yes.

Q. Being $1,200 duty?—A. A little more than that.

Q. Probably, and $300, or approximately that sum, penalty?—A. Yes.

Q. The practice of the Department being to release goods upon double duty, which would have made it $2,400?—A. Yes. I would not say that that was the actual practice.

Q. But it is the actual practice, is it not? That has been the fact, elicited in almost all similar seizures here?—A. It is very often done, yes.

Q. The other alternative is, to exact duty paid value, which is usually more than double the duty?—A. Except in the case of cigarettes, or something of that kind. It is almost always more than double duty.

Q. Why was the amount reduced to $1,500?—A. I could not tell you.

Q. Look at the file. I think I mentioned it to you; it was for the purpose of answering an awkward question arising?

Hon. Mr. BENNETT: Which court is this, Mr. Calder, Quebec or Montreal?

Mr. CALDER, K.C.: Quebec. This is still the Larde case, Mr. Bennett.

Hon. Mr. BENNETT: The case in which Mr. Langevin spoke of the investigation three or four days afterwards?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: I understand, Mr. Calder, it was not so much the name of Miss Larde which was at stake, it was the name of the Maison Elise Poret, in Paris, France.

Mr. CALDER, K.C.: The point I am trying to make now is that two sets of invoices were found upon this person; one was very, very low, the other approximated more closely the value of the goods, although it was still 50 per cent undervalue, yet she was allowed upon her own second valuation to take the goods out upon single duty and a very slight penalty, and if the double duty had been exacted, every cent of the duty would have been acquired.

Hon. Mr. BENNETT: Because the goods were worth it.

Hon. Mr. STEVENS: One-third of the goods were delivered, and a further appraiser's report came in a day or two after this release, but no appraiser's report prior to the release or the fixation of the price.

Mr. CALDER, K.C.: Exactly.

WITNESS: What was the question, Mr. Calder?

By Mr. Calder, K.C.:

Q. My question was this: who was the person in authority who ordered the release for $1,500?—A. I see a note on the file, which says that the Minister authorizes the release of the goods upon payment of $1,500, duty, sales tax and penalty.

Q. Who was the Minister then?—A. That would be the Hon. Mr. Bureau.

By Hon. Mr. Boivin:

Q. What is the date of that?—A. It is dated 18/10/23, the 18th of October, 1923.

By Mr. Calder, K.C.:

Q. Had you made any representations to the Hon. Mr. Bureau which led to the decision?—A. I knew nothing about the case at all then.

Q. Will you turn to the document prior to the date of the slip you have just read—the others are subsequent—and see whether there is any report here, or any report required by the Minister before making his decision?—A. I see a memorandum for the Minister, made by Mr. Wilson, on the 12th of October.

Q. Read it into the record?—A. (Reads):

> "*Memorandum for the Hon. Mr. Bureau, in connection with the Denise Larde Seizure in Quebec.*
>
> I beg to hand you as directed the following papers:—
>
> Copies of affidavits made by officers Moison, Creighton, Livingstone, and Shanahan.
>
> Translation of affidavit made by Miss Larde and (I handed the original to you on the 2nd instant) copy of report of investigatoin made by special officers Fowler and Moore, copy of declaration made by officer Bolger, copy of letter written by surveyor Hannon.
>
> Translation of a letter written by Mr. Rene Dupont, Belgian Consul, to C. A. Langevin, C.P.R., Quebec.
>
> In 1921 Miss Larde entered three pieces of baggage at the Customs, Montreal, on entry No. 29948. This baggage entered Canada at Lacolle, on the 19th of October, 1921, and was received at Windsor station the same day, and all three of the baggage numbers appear in the Montreal book of records entitled 'Record of Bonded Baggage received.'
>
> Entry No. 29948 is dated the 20th of October and is stamped duty paid the following day.
>
> The seizure is being reported to the Department. Enclosures 9.
>
> W. F. Wilson,
> *Chief, Customs-Excise Preventive Service.*"

Q. So that the seizure was being reported to the department direct, and there was a memorandum for the Minister also?—A. Yes. This memorandum is for the Minister.

Q. Mention is made of the affidavits of Moisan and of Shanahan, and a third Customs officer; Miss Larde's affidavit is also mentioned. So that at that moment, the Minister must have known that Miss Larde, in addition to passing the goods in without paying the duty, had handed a letter to Customs officer Bolger which could have no other object than to facilitate that entry without duty?—A. I have nothing to say as to that, Mr. Calder.

Q. That results from a perusal of the document?—A. You take that inference. I do not think I should be asked to say.

Q. Do you say that that is an inference?—A. What would you call it?

Q. Have you read Moisan's affidavit?—A. Yes.

Q. After I asked you to peruse the file?—A. Yes.

Q. Does not Moisan state under oath that Bolger, having a paper in his hand at the moment, told him not to examine the trunks. That is not an inference, is it?—A. I do not think we understand each other in that way, Mr. Calder. I thought you were wanting me to draw some conclusions.

Q. No, I am merely asking you to summarize certain facts?—A. The Minister had before him, no doubt, the affidavit of Mr. Moisan.

By Hon. Mr. Bennett:

Q. Did the Minister himself sign, or is it a rubber stamp?—A. No, it is a note from Mr. Ide.

Hon. Mr. BENNETT: I mean the K-9.

Mr. CALDER, K.C.: The K-9 in question is signed by Mr. Farrow, by his own hand, and in the other a rubber stamp.

WITNESS: The K-9 is signed by Mr. Farrow, and the fifty, in a little matter of that kind, I might have Mr. Farrow's permission.

By Hon. Mr. Bennett:

Q. But the Minister's signature, is it a stamp?—A. It is a stamp, on both seizures.

By Mr. Calder, K.C.:

Q. Is there any signature of the Minister on any instrument ordering the release for $1,500, or is there just that memorandum you have just read?—A. That is all.

Q. The next question, Mr. Blair, is this; before making your recommendation, you undoubtedly perused the file?—A. Yes.

Q. It must have been apparent to you that the integrity of Mr. Bolger was being questioned?—A. It was.

Q. And that there was very, very strong evidence from Miss Larde's affidavit, Mr. Shanahan's statement, and Mr. Moisan's statement, from the letter produced by Mr. Langevin enclosing the letters to Mr. Bolger and to Miss Larde that the investigation had proceeded to a certain point; did you order any further investigation?—A. That would not be part of my duty.

Q. Did you have any duty, when you read over the file, to recommend something in the interest of the department?—A. This had been investigated by Mr. Wilson and myself, and his officers, and by Mr. Farrow. If I asked Mr. Wilson, he would say that these were port officers and not within his jurisdiction.

Q. As executive assistant to the department, if you find any rottenness anywhere in the department, do you not feel any alarm and make a recommendation?—A. Yes, I do, and I always draw the attention of the Deputy to it, unless I know his attention has already been drawn to it.

Q. In this case, it has never been drawn to it?—A. Not only that, but the Minister had had his attention called to it.

Q. Is that the degree to which his attention had been called?—A. I do not know anything further.

Q. Is that what we are to take for granted, in the department, that you call the attention of your superior and you put the papers before him?—A. I discussed this question with Mr. Farrow, in regard to Mr. Bolger, but I could not take any action.

Q. You did not recommend anything to Mr. Farrow?—A. I would not recommend anything to Mr. Farrow.

Q. Or to the Minister?—A. No.

Q. Well then, in what sense were you executive assistant?—A. Not in that sense of having any control over the staff.

Q. When a file is brought to you, or brought to your attention, you peruse it carefully for the purpose of making recommendations, and if you find something wrong with the Department, isn't it part of your duty to say, "I have found so and so and some action should be taken"?—A. Well, I do not make any recommendation in regard to the staff, I would draw attention to the fact.

Q. Where, in any of the documents did you draw attention to the fact, that there was a state of affairs in Quebec that should be attended to?—A. I did not draw attention in any document; it was discussed with Mr. Farrow personally. It was a matter of general discussion in the Department.

Q. Did Mr. Farrow come to any decision?—A. I do not know what happened.

Q. Will you look at the file and state whether there has been even an admonition to Mr. Bolger?—A. That would not be on this file.

Q. The other file is before you. What files in the matter are there except the Mounted Police file, which you can take as well?—A. This is Mr. Wilson's file.

Q. Take anything which was done in the way of reprimanding or suspending an officer in the port of Montreal?—A. It would be on the staff file for the port, it would not be on either of these files. There is nothing on either of these files, I can tell you that.

Q. What file would it be on?—A. On the staff file for Quebec port.

Q. Will you produce that, please?—A. Yes, I can get it.

Q. Can you, from your own recollection say whether or not there was any admonition or reprimand addressed to Mr. Bolger?—A. I know of none.

Q. Now, was the question of reasoning with the Belgian Consul taken up? That would not be on the police file.?—A. The question of what?

Q. The question of reasoning with the Belgian Consul who wrote letters to your Customs Officers that led to the baggage not being examined?—A. I do not know anything about that.

Q. There was a matter shown to you in the Denise Larde affidavit which she handed to her solicitor; did you ask the solicitor for the letter?—A. No, I did not have anything to do with that.

Q. Who has that?—A. I never saw the solicitor.

Q. There is an affidavit of Miss Larde on the file.—A. Yes.

Q. You read over the file and you must have seen the affidavit?—A. I did, yes.

Q. In the affidavit there was mentioned the document which we have been hunting for for three days, namely, a letter which Dupont asked Langevin to hand to your Customs Officer. Did you require the production of the letter in order to be used in connection with that case?—A. I did not ask for any letter.

Q. In order to be used in connection with the Belgian Consul?—A. No.

Q. Did you direct that it should be asked for?—A. No.

Q. Why not?—A. When this came to me the goods had been released and we had $1,500.

Q. The integrity of the Customs was not thought of importance?—A. You are speaking of the Customs officer.

Q. Yes.—A. I told you I would not have anything to do with that.

Q. Even incidentally?—A. I presume the matter was discussed, but I did not have anything to do with taking action.

Q. Who would have the duty of coming to a decision?—A. As a rule, the Deputy Minister and Minister.

Q. You said it was the Deputy Minister who would make a recommendation to the Minister.—A. I wish to make a statement. I would want him to make it himself. It has never been done in anything I have touched.

Q. We will now take the Mulhall file, which you have read over.—A. Yes.

Q. Will you turn to your decision on file, 113271/120285?—A. Yes.

Q. Turn to your memorandum for the Commissioner which has been read into the record at pages 1392, 1393 and 1394, now, in regard to the Mulhall—A. Which seizure?

Q. The first seizure in order of date.—A. The September seizure?

Q. Yes, the September seizure. The boat, according to your own report, was found hovering off Halifax with a prohibited cargo on board. Your statement reads as follows:—

> "Upon examination by the Customs Officer the said vessel was found hovering in British waters within one league of the coast and shore of Canada. Prohibited goods were found on board."

That is the evidence?—A. Yes.

Q. And that is an offence under the Statute?—A. Yes.

Q. What is the penalty for it?—A. Forfeiture of the vessel and cargo.

Q. There was no doubt as to the facts there, that was certain, except that the Captain put in the plea that he was there for repairs and was obliged to touch port because he feared his crew would "levant" or demand payment of wages. She was released upon $1,000 deposite and the condition was that the cargo would be landed at some point outside of Canada or its territorial waters; that is right, is it not?—A. Yes.

Q. Now, having read the file, I think you will admit that the condition was never fulfilled.—A. That she did not land her cargo outside of the shores of Canada?

Q. Yes, or rather, I will put it differently, you never got sufficient evidence that she had done so?—A. They did produce some documents.

Q. Will you look at the documents? Any schoolboy could have written the document and it could have been just as convincing?—A. The only evidence we have is, that only a portion of the cargo was landed in Canada, and that is the evidence arising out of the second seizure.

Q. You never received satisfactory evidence on the first seizure, that the cargo had been landed outside of Canada?—A. We received certificates that it had been.

Q. What certificate?—A. The certificates you speak of. They are not on the file.

Q. They are on the file.—A. I think they have been taken off.

Q. Yes, they were put in as an Exhibit. Now, Mr. Blair, can you by the broadest interpretation construe that into evidence of landing, that is that would be satisfactory to the Department? Would you really, if you were consulted by subordinates in the Department, rule that that was satisfactory evidence of landing?—A. What were the terms? I would have to look and see the terms of release.

Q. Look at the K-9 and see what the terms of the release were?—A. The terms were apparently that the Master was to produce satisfactory proof that the goods were not hereafter landed in Canada.

Q. Would you consider the document that you have now before you, as satisfactory proof?—A. Well, it is something in that direction. Is says, Captain Macdonald of Gloucester says: "Schooner D. C. Mulhall south via east, fourteen miles Thackers Island."

Q. Who is Captain Macdonald?—A. I do not know.

Q. What evidence is there that that is not a forged letter?—A. I might say: What evidence is there it is a forged letter?

Q. In other words, it is a document you cannot control? I submit, Mr. Blair, from a professional point of view, that that would not be accepted as satisfactory evidence in any court whatsoever, or in any department whatsoever, except the Department of Customs?—A. (No audible answer.)

Q. Mr. Blair, there must be something that you can trust if you have any doubts as to its authenticity and as to the truth of its contents. Should it not have that character?—A. That would be desirable.

Q. It would be desirable?—A. Yes.

Q. Have many such certificates been filed with the Department?—A. I do not think we ever have had an occasion similar to that, sir.

Q. Now, subsequently, you got evidence that not only did she not land the cargo outside of the limit but that she did land it in Canada?—A. We never got proof, we got very strong suspicions.

Q. Let us see if you did not get proof. The mate and another member of the crew, left the Mulhall. The Mulhall was off Gloucester and dropped her captain, at least, so it is said. A ship resembling the Mulhall was seen

off the point where rum was landed and the mate and a number of the crew, pleaded guilty to smuggling?—A. The Mulhall did not defend the case. Looking at it judicially, I do not want you to leave that impression.

Q. A ship resembling the Mulhall was seen off that point?—A. Yes.

Q. And no other ship was seen off the point?—A. I don't know.

Q. It is in the file?—A. Well then, it is true.

Q. The mate and a member of the crew left the Mulhall and it had a cargo of rum on board, and it was later smuggled in and they pleaded guilty to smuggling and the Mulhall put into Lunenburg harbour a very short time afterwards empty with the mate and crew on board? I believe that is true?—A. Lunenburg or Halifax?

Q. I think Lunenburg, but it does not matter, we will say, a Nova Scotian port.

Mr. DOUCET: After the liquor was seized.

By Mr. Calder, K.C.:

Q. She put into Nova Scotia port empty?—A. Yes.

Mr. DOUCET: It was Lunenburg.

By Mr. Calder, K.C.:

Q. You had evidence on your file that the witnesses were prepared by precognition to say it was the Mulhall, and after the captain had seen them they changed their story?—A. Yes.

Q. You also had evidence that the master of the vessel had previously been convicted of perjury and you had not proof worth a button, that the condition had been fulfilled but a strong presumption it had not been fulfilled. Under these conditions, why was the first seizure maintained for $400?

By the Chairman:

Q. Just wait a minute. Now, is it on file that this man was found guilty of perjury?

Mr. CALDER, K.C.: Yes.

The WITNESS: I do not notice it in this file, but I think it is true, as a matter of fact.

By Mr. Calder, K.C.:

Q. Let us suppose that element is missing?—A. Yes.

Mr. DOUCET: It is on the file.

Mr. CALDER, K.C.: There are a number of files, and it may be on any one of them.

By the Chairman:

Q. In getting confirmation from the file, did you see a letter of Captain Dicks?—A. I didn't notice it on the file.

Q. The Department file—you say that letter was not on file?—A. I did not notice it.

Q. You did not have the Preventive Service file, it was not sent to you?—A. No.

By Mr. Calder, K.C.:

Q. I am often misled by the fact, that in every well regulated office there is a unit file which provides any alibis. We will leave that out. You had a strong presumption in your mind, according to the report, that the rum had not been landed outside of the limits, but had been landed in Nova Scotia?—A. I believe that.

Q. You had no satisfactory proof of landing, that is true, is it not?—A. Satisfactory proof of landing, I don't think we had.

Q. Outside of Canada?—A. No.

Q. The condition of the release of the vessel was, that satisfactory proof of landing should be furnished. Under these circumstances, why was the seizure maintained only for $400?—A. The vessel was released upon a deposit of $1,000 and upon an undertaking to produce evidence.

Q. Why was not the entire deposit confiscated?—A. We imposed the extreme penalty for not landing.

Q. You had seized the boat for hovering?—A. If you will allow me to explain, I have always regarded penalties imposed for hovering as being predicated upon the intention to land goods. We thought, in the Department, and the Collector at Halifax thought, that the Captain had that in mind. His vessel had been tacked in and out outside the three mile limit, and he was sometimes outside the three mile limit and sometimes inside, for several days. Boats had been going out from the shore and the Captain had come to the land and had arranged to put machinery on the vessel. The Captain gave a satisfactory reason for not bringing his boat to dock. I thought, in these circumstances, the penalty for hovering should not be imposed.

Q. Yes, but did you not enlighten your mind as to his intention by the subsequent seizure in which the facts convinced you he was landing his cargo in Nova Scotia?—A. It was his intention at the time that must govern, not his subsequent intentions. I think, Mr. Calder, you will agree with me that that man would never have landed these goods in Canada if he could have succeeded in landing them in the United States. He left Halifax intending to sell them there, whether he did or not, because he could get a much greater price—

Q. And would also have much greater difficulty?—A. That was the trouble then, yes. They had not been having so much difficulty, but the United States was enforcing its patrol, and my own idea is that he failed to land it all, and very likely landed some in Canada.

By Hon. Mr. Stevens:

Q. Just a minute. Did I understand you to say that the release was given on the condition that he produce satisfactory evidence that he had landed it outside of Canada?—A. No, the vessel was released upon a deposit of $1,000, and the Captain gave an undertaking—

By Mr. Calder, K.C.:

Q. That is a condition. If you give an undertaking that you will do a certain thing in order to be released, that is a condition.

By Hon. Mr. Stevens:

Q. Was that undertaking ever fulfilled or discharged?—A. No, I do not think so; in any other way except by the production of these certificates, and I came to the conclusion we had no right to hold the vessel for anything else than the failure to report at Customs, and that offence was pretty clearly proven, although the vessel had not come into dock. The Master of the vessel had communicated with the shore, and I thought he was certainly guilty of not reporting at Customs, and he got the extreme penalty for that.

Q. Who were the owners?—A. I do not know that. It may show on the file.

By Mr. Calder, K.C.:

Q. Will you look at the beginning of the memorandum; (reading):

> "I attach personal letter from Mr. F. W. Dickie, of Halifax, and also a letter from Mr. Ide, Private Secretary to the Minister of Customs."

Will you read those letters into the record?

The CHAIRMAN: (To Mr. Calder) Now, we have two or three questions; one from Mr. Stevens, and a couple from you.

Mr. CALDER, K.C: I am sorry, Mr. Chairman. It follows right on with Mr. Stevens. You see, there was no answer from Mr. Blair, and I thought I might give him a leg-up on it. We all need that at times, especially with voluminous files.

The WITNESS: That would be the letter of the 29th of September?

Mr. CALDER, K.C.: I don't know. You say you attach a personal letter from Mr. F. W. Dickie. I cannot tell. You say also a letter from Mr. Ide, the private secretary to the Minister of Customs and Excise. I cannot find them in close juxtaposition, and as they were not dated—

The WITNESS: That is in the same memorandum, I guess. I don't see them on the file of the second seizure. "I attach personal letter from F. W. Dickie"?

By Mr. Calder, K.C.:

Q. Yes.—A. This is a memo. to the Commissioner of Customs. "I attach personal letter to you from F. W. Dickie, of Halifax, and also a letter from Mr. Ide, private secretary to the Minister of Customs and Excise." You would not find them on this file, because they accompanied the original memorandum to Mr. Farrow.

Q. The original memorandum is attached to the K-9?—A. No, it is a departmental memo.

Q. The memo. is attached to K-9 too?—A. Oh, no sir.

The CHAIRMAN: Not all the time.

By Hon. Mr. Stevens:

Q. Where are these letters? Never mind if they are not there; where are they?—A. I have not them, sir, they went with the original of that memorandum back to Mr. Farrow. It was a personal memo. to Mr. Farrow.

Q. But they apparently bear an important part in the decision arrived at. They ought to be here. If they are worthy of the memorandum from the Chief Executive of the Department, they are worthy of being on the file. Where are they?

Mr. CALDER, K.C.: Copies should be on the file, at any rate.

Hon. Mr. STEVENS: The letter is unintelligible without them. It has no meaning if you do not attach these other two letters.

The CHAIRMAN: It is not complete.

The WITNESS: It does not show it was in Mr. Dickie's letter at all. I presume Mr. Farrow could produce that.

By Hon. Mr. Stevens:

Q. Mr. Farrow is in the hospital, is he not?—A. He is, I think; or was, last week. I don't know how I could get them for you.

Q. Mr. Wilson could 'phone over and get them. It is nearly one o'clock, but we could get them here this afternoon. Mr. Calder, let us have those letters produced this afternoon. They are not on the files now, and we want them produced.

The WITNESS: I don't know how I could get them in Mr. Farrow's absence.

Hon. Mr. STEVENS: Somebody ought to be able to get them.

Mr. CALDER, K.C.: Let us drop that point for the time being.

Hon. Mr. STEVENS: With the understanding that they will be produced this afternoon.

By Mr. Calder, K.C.:

Q. Mr. Blair, all the facts you have pleaded in paliation of Captain Dicks appear before the release upon deposit and condition?—A. Before the decision—

Q. Not the decision. Before the release upon condition and deposit. All these facts of paliation—that he put in for repairs; that he communicated with the shore; that he did not dump any liquor into boats he used for communication; that he had no intention of landing in Nova Scotia;—all those facts appeared—if they were facts—before you released the vessel?—A. Yes, sir.

Q. Then why did you exact $1,000 deposit when you were convinced that it was merely neglect in not communicating with the Customs authorities at the port?—A. That is a business proposition; taking enough to make sure you are safe, in case things go wrong. That is all. You would not calculate that $1,000 as $400 for this, and $400 for that, and $200 for something else; you have to say " That man has to pay $1,000." I do not know what the upshot would be.

Q. Why was not the K-9 changed forthwith, which was the basis of the seizure, instead of leaving it for "hovering" and having prohibited liquor on board?—A. We would not do that. We would not change a K-9.

Q. You would not put in another K-9 relating to the offence?—A. No. We have charged every offence we could think of, like a lawyer does in a statement of claim; whatever holds, holds, and that is all.

Q. At any rate, what is true is this, that you told Captain Dicks "You can leave the port, provided you deposit $1,000." which he did, and "provided you produce a satisfactory certificate of landing," which he did not. Having failed in the condition, why did you not maintain the seizure against him, especially in view of the fact that he afterwards appears to have landed the cargo?—A. Well, because I think the matter depended upon his intention at that time.

Q. The only man who could swear to his intention at that time was himself?—A. That is hard to prove.

Q. Did you take his word?—A. The accompanying actions at that time were indications of his intention. I think if he had been intending to land any of that liquor in Halifax, he could easily have done it, and the collector at Halifax was of the same opinion.

Q. Coming to the second seizure, why was that released without penalty at all?—A. Well, we had Mr. Blakeney, who, as you are aware, is one of the very best detective sergeants in the employ of the Mounted Police, or one of the very best operating on our work, and he reached the conclusion that he could get no positive evidence.

Q. That is, satisfactory to a court?—A. Yes. He tried in the case of Captain Dicks to get a conviction, but the higher court upset it. I am free to admit that if that case were arising to-day, with the light we have obtained in the case of rum-running—this was in the early days of our troubles—I would have recommended in that case that it be referred to the court; there was such a strong presumption that liquor had been landed, although we could get no positive proof.

Q. Do you not think a still better way would have been to confiscate the vessel, and let them ask for a reference to the court?—A. It might probably have been done in that way. I think the law reads that if the Minister is unable to come to a conclusion himself, he can refer it to the court for decision. It is not helped any by the Minister's decision, when it gets to court.

Q. I know that, but if you confiscate a vessel, and then say "Go to it in law," as you told me upon one occasion to which we will refer presently, and if you confiscate, and exercise your discretion, and leave the burden of going to law on the other party, you will probably deter a great many cases; if

these cases were up now, the seizures would be maintained or referred to the courts?—A. I think the second seizure would.

Q. But the first one?—A. I do not think there was any offence but the failure to report.

Q. Do you not think that if you were referring one you might refer both at the same time?—A. I would like to say, so that the Committee may have it, that references to the Exchequer Court have been very rare in the practice of the Department, but within the last two or three years, we have had more references to the Exchequer Court than we have had in the fifteen years preceding that I have been there, and only in connection with liquor cases.

Q. Is there any method by which the man against whom a seizure is levied can force you into the Exchequer Court?—A. Yes, he can always force us there, if the Minister of Justice would give him a fiat, and we never find him refusing a fiat.

Q. You have refused fiats?—A. We have never refused one in our Department, that I know of.

Q. Do you not remember upon one occasion, the case of the Plush?—A. No, I do not remember that.

Q. Do you not remember the one about the men's hats?—A. That was not a seizure, was it?

Q. No.—A. Was that someone applying for a refund?

Q. Yes?—A. I would not know anything about that. I am speaking about the Customs seizures.

Q. The capacity of the Department for refusing redress is very great?—A. The situation is that if the Minister gives a decision, and the man appeals, the man may give a notice of non-acceptance and the Minister may refer it to the court, and it goes by petition of right.

Q. When the initiative is on the other man, and you can refuse him access to the courts, because you know he has been suborning the witnesses, and laying himself out of a position, having that power, you did not exercise it in this particuluar case?—A. It was not referred to the court, it was decided by the Minister.

Q. You could have seized the vessel and have refused a reference to the court—and I think you would have been justified in that case?—A. I am satisfied a fiat would have been granted. They have granted fiats in cases where there was no possible chance to win.

Q. That is why I say that these people have more influence than I have, because I have applied for fiats repeatedly, and have never got one. This Brisebois seizure, you remember my taking that case up with you?—A. I believe I do.

Q. Mr. McWorth was here as a witness on Thursday or Friday last, and swore that he went down to St. Cesaire to exercise a revendication against a car that was there, and when that was said, the man who had the car in his possession said "I will invoke the help of the Customs, and will ask them to seize the car and keep it from you", or words to that effect; that the car was seized or alleged to be seized; at any rate it was put in the custody of the Customs, and a short time afterwords he went out again to St. Cesaire and they were fitting a door on it. Will you look at the file and see whether you find any evidence of that, please?—A. I read this file through the other night, and I did not notice any release until after it was sold.

Q. There is no evidence of an interim release, is there?—A. I do not think so. It is news to me now.

Q. It is not news to you, Mr. Blair, because I wrote to the Department. The car appears to have been released prior to the decision and sale, to the man from whom it was seized, and he was fitting a door to it. There is no evidence of that release on the file?—A. No sir.

Q. You say it is news to you now?—A. It is an explanation now of something you wrote in the letter. I put a notation here that I could not understand, and seeing that it went in one day and out the next. That was not on any instructions of the Department.

Q. When I wrote you at the time, did you investigate the statement made by me about the car going in and out of the Customs?—A. I did not understand what it meant.

Q. Why did you not ask Mr. Bisaillon to explain, or Mr. Heavers, the Seizing officer? I am going to read to you a letter which I think fairly summarizes the facts, and I am going to ask whether you got communication of it, and whether anything was done in consequence of it?—A. Is it on our file?

Q. I want to find out whether you got communication of it, and whether anything was done in consequence of it; I want to know whether you got any communication of it, and I think you will recollect when I read it, that it contains the substance of what I told you and Mr. Farrow at our interview. This is a letter addressed to Mr. Jacques Bureau, dated November 1st, 1923. I do not say you ever got it. I merely use it as a summary of the facts:

Re Seizure 32036-3500, file 112815.

"DEAR MR. BUREAU,—I believe it to be my duty to lay before you the following state of facts:

On the night of April 13th, 1923, a cadillac suburban automobile, factory serial 61-Z-3256, belonging to one S. L. Munson was stolen from his garage at 99 Jay Street, Albany, New York. After a prolonged search, the Atlas Insurance Company, under policy 698068 paid Mr. Munson $4,000 and became subrogated to him in the ownership of the car.

On June 16th, the car above described was brought to a garage in Sainte Cesaire, belonging to one Brisebois.

On June 29th the Atlas Insurance Company were advised that the car was at Sainte Cesaire and they began proceedings to resume possession.

Brisebois claimed a lien upon the car for the sum of $1,400, which Brisebois alleged to have loaned to the driver of the car who had given his name as J. Francouer of Riviere du Loup. No such person exists.

Brisebois also claimed for repairs and storage. The Atlas Insurance were prepared to pay storage and repairs and indeed were bound to do so, but they held, we think rightly, that a loan of $1,400, under such circumtances, was out of the question and lacked the necessary element of good faith.

We believe the Insurance Company is well founded in its contention that the $1,400 was the purchase price of the car."

I want to stop here. What evidence did Mr. Brisebois ever furnish the Department that the lien was in existence, except his own statement?—A. I do not think any.

Q. You had none?—A. I do not think so.

Q. Now, there has been an investigation since by Mr. McWorth, who gave us the results, and it bears out our belief that the $1,400 was the purchase price and that there never was a lien. The car was purchased by Brisebois and it was a $4,000 brand new Cadillac.

"Upon threat of Court proceedings in revendication Brisebois revealed to the Customs Department the presence in his garage of a car that had not paid duty and the Customs Department thereupon seized and possessed the car."

Will you read the first document in order of date, which reports the seizure? I do not mean the K-9?—A. Mr. Hunter's report?

Q. Yes.—A. Read it aloud?

Q. Yes, into the record.—A. The letter was dated at Montreal, July 24th and addressed to Mr. Weldon:

"DEAR SIR,—I beg to hand you seizure report covering one Cadillac sedan automobile, the property of J. O. Brisebois, Sainte Cesaire. The facts are as follows:—

On July 19th, 1923, Mr. Brisebois telephoned me to Sherbrooke, Quebec, stating that he had this car in his possession and that he had taken same over for a loan of $1,400 in good faith from one, J. O. Francoeur, who gave his address as Riviere du Loup, P.Q. I advised him to take the car on to Montreal and hand the same to the Collector of Customs and Excise. This, Mr. Brisebois did, on the 20th instant. I also understand that the Insurance Company are also claiming the car as being stolen. However, sir, as this car was evidently smuggled into Canada and no duties having been paid on same, I placed the car under detention, pending decision.

Yours very truly,
(Sgd.) THOMAS HEAVERS."

Q. Was there a K-9 turned in at the time?—A. There is no K-9. The K-9 is not here.

Q. I have the K-9. There is nothing particular in it, but I was wondering what date it was put in.—A. Is it the 20th?

Q. July 21st. What is the date of the first report?—A. The first report of Heavers is 24th July.

Q. There was a K-9 put in at the very beginning, when the car was under seizure. This was not received until the 25th and it is dated the 21st, so from the very, very first moment there was a K-9?—A. Yes, apparently, the date is shown.

Q. (Continues reading):

"The matter was taken up."

I am reading from the next paragraph of this letter.

"Upon threat of court proceedings Brisebois revealed to the Customs Department the presence in his garage of a car that had not paid duty and the Customs Department thereupon seized and possessed the car.

The matter was taken up with the Department on behalf of the Atlas Insurance Company, first by Brown, Montgomery, McMichael, and then by ourselves. In each instance we were informed by the Department that they could take no official cognizance of us unless and until we discharged Brisebois' lien, that they would deal only with him, and the writer was personally informed by Mr. Farrow that the Insurance Company had to regard the operation of the Government of Canada as an act of God, to be classed with fire and flood."

You remember that being stated?—A. I do not recall that.

Q. (Continues reading):

"We were informed by Mr. Farrow that you would grant a reference to the Exchequer Court and were prepared to act upon this advice when our principals were informed that the car had left the Customs warehouse and was now in the hands of one Cabana, a gentleman of unsavory reputation in the matter of automobile trade.

This was confirmed by an order given the Cadillac Company in Montreal, by this Cabana for a door to fit a Cadillac answering the description given above. The Cadillac claimed was short a door while in the Brisebois garage.

Upon receiving this information and an intimation that the car was located in a barn at Sainte Cesaire revendication proceedings were initiated. The car was not found upon the first attempt, and upon a second attempt the seizing bailiff and his recors were informed that the car had gone back to the Customs. Writ and revendication issued from the Superior Court at St. Hyacinthe on October 12th, 1923."

Q. You say there is no evidence on the file?—A. No.

Q. Mr. McWorth has stated, under oath, that he went to the Customs Department at one time and saw the car, and he went another time and did not see the car. He went down a third time and it was there.—A. There were no instructions from the Department to release the car.

Q. Was any investigation made of the release?—A. Not that I am aware of.

Q. Why not?—A. It is really news to me now. I can see what you mean by the letter.

Q. If it was so mysterious, why was it not referred back to you for instructions, or for explanation?—A. Possibly that might have been done.

Q. (Continues reading):

"Since the date last stated the Agent for the Atlas Insurance Company has been approached by Mr. Blais of Sainte Cesaire, who holds himself out as the Bailleur de Fonde in connection with the sum of $1,400 paid in respect to the car. Mr. Blais exhibited a letter purporting to come from yourself, assuring Mr. Blais the car would not be released unless and until the sum of $1,400 were paid. This letter was signed on your behalf by one, Blair, Assistant of the Executive."

I must say, in justice to Mr. Bureau, I received a letter in which he said this was not true. (Continues reading):

"Blais told the Agent of the Atlas Insurance Company that if he would pay the sum of $1,400 the car would be released, and that he would have no trouble with the Customs authorities. The Agent has not conferred with his principals on the point, and we have advised him to refuse this offer, and in giving this advice we are actuated by consideration of public policy.

The car is now in the hands of the Customs, in the particular charge of an employee called Bisaillon. It is not in the place where the Customs have kept it hitherto.

I venture to suggest to you that the foregoing reveals a very peculiar state of affairs in the Department, and one which brings the whole system under suspicion and disgust. I think that the matter should have your personal attention, and that some means should be found to rectify what is evidently a great injustice to the present owners of the car. They have had no part in the violation of our Customs laws. On the contrary they are eager and anxious that the car should be returned to its proper place, and yet they are the only ones hampered and impeded in the exercise of their rights by minor officers of the Department who seem to be doing all they can to assist the claimant upon whom rests the grave suspicion of being a receiver of stolen goods.

Will you please order a thorough investigation into all circumstances attending this deal in order that the matter may be cleaned up in the interest of right and justice.

Yours truly,"

Q. Did you ever see that letter?—A. I could not say we have.

Q. It was never referred to you?—A. No.

Q. And no investigation of the points raised was ever made?—A. No.

Witness retired.

The Committee adjourned until 4.00 p.m., April 26, 1926.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, presiding.

CHARLES P. BLAIR recalled.

By Mr. Calder, K.C.:

Q. We had reached this point, Mr. Blair, that apparently the letter which I wrote to Mr. Bureau was not passed on to you, or, as far as you know from the files, to anyone, for further investigation, and the matter was, in fact, not investigated?—A. I believe not. I do not see anything on the file to show that.

Q. When was this car finally declared to be forfeited?—A. The decision was on the 1st of October, 1923.

Hon. Mr. STEVENS: What is this file?

Mr. CALDER, K.C.: This is the Brisebois matter.

By Mr. Calder, K.C.:

Q. When was it ultimately disposed of?—A. It must have been in November 1924.

Q. In what way was it disposed of?—A. By sale to Brisebois.

Q. Sale by tender or sale by auction?—A. Private sale.

Q. What was the rule obtaining in the Department at that moment?—A. The rule already obtained that the Minister could, if he wished, sell these cars in any way he wished. They are usually advertised for sale by auction.

Q. And previously to that time it was by tender?—A. They are now by tender. They are advertised always for sale by auction in Montreal, where there is a big business, and good auctioneers; in smaller places, they are usually advertised by tender.

Q. That car was brought to Montreal and that was the locus of the seizure? —A. Yes.

Q. Can you turn up the Minister's authority for selling this car to Mr. Brisebois by direct sale?—A. Yes. It is endorsed on a memorandum from the Deputy Minister to the Minister, dated the 17th of October, 1924.

Q. Was that the Minister's decision, or Mr. Farrow's decision? Where is it endorsed?—A. (No audible answer.)

Mr. CALDER, K.C.: The final memorandum of Mr. Farrow, previous to the sale, reads as follows:

OCTOBER, 17, 1924.

Memo. for the Hon. Jacques Bureau,
Minister of Customs and Excise.

This is the seizure of a Cadillac automobile, seized from J. O. Brisebois, St. Cesaire, P.Q., which he claims has been taken by him as security for a loan of $1,400 made to J. A. Francoeur, Riviere de Loup, following which a claim was made by the Atlas Assurance Company, and proceedings instituted against Mr. Brisebois to recover the car which was claimed to have been stolen from S. M. Munsen, Albany, New York. When Brisebois learned of the intended proceedings, he communicated by telephone with the Custom officers at Montreal, advising them of the circumstances. As it was evident that the car had been smuggled into Canada, he was instructed to bring the car to Montreal, and deliver it to the Customs officer. This was done, and the seizure was reported. At the time of the seizure, the reciprocal return of stolen cars was not being carried out by this Department, and the claim of the insurance company was not recognized."

The next sentence shows Mr. Farrow had his wires crossed a bit (Continuing reading):

"Mr. Briebois and his attorney, R. L. Calder, had several interviews with officers of this Department"—

He means Mr. Brisebois and somebody else as his attorney, because I was acting for the Atlas Assurance Company.

The WITNESS: Were you not acting for Brisebois at one time?

Mr. CALDER, K.C.: Never, at any time. (Continuing reading):

"Had several interviews with officers of the Department, and as the car was liable to be taken from him through process of law, should he take release of it on terms offered by the Department, decision was rendered whereby the car was forfeited, this being done at his request, as he expressed his willingness to protect his interest by being willing to purchase the car after its forfeiture by the Department.

The decision was rendered on October 22, 1923, and negotiations between this Department and the United States government were started shortly after this in regard to a reciprocal agreement concerning stolen goods, and the sale of cars was held up for a time.

On July 2, 1924, Messrs. Brown, Montgomery, and McMichael, who were representatives of the Atlas Assurance Company, were advised that they might obtain release of the automobile, conditional on exportation to the United States, on payment of expenses of seizure, and subsequent keep, on their filing with the Department a relinquishment of the claim of Mr. Brisebois. No acknowledgment was received to this letter, and on August 22, as no action had been taken on their part, they were advised that this car could not be held an indefinite length of time, and if steps were not soon taken along the lines indicated in letter of July 2, the car would be disposed of by sale.

This letter was acknowledged on August 25, by Messrs. Brown, Montgomery and McMichael, who advised they had written their clients enclosing copy of letter from this Department, and as soon as they heard from their clients they would communicate with the Department. This is the last communication received on behalf of the Atlas Assurance Company. Several letters have been received from Mr. Brisebois, who advises that the adjusters for the Atlas Assurance Company have informed him they will not take advantage of the offer made by the Department, as the disbursements would be greater than the price they could realize for the car on its return to the United States. Under the circumstances I would suggest that the Department either offer to sell the car to Mr. Brisebois for a sum equal to duty, taxes, and expenses payable, or the automobile be sold at public auction, in which event Mr. Brisebois would be advised, in order that he might make an offer on the car.

Your instructions in the matter are respectfully requested.

Respectfully submitted,

(Sgd.) R. R. FARROW."

Now, in the marginal note, you say "The Minister concurs; W. I." underlining the one alternative, the offer to sell the car to Mr. Brisebois for a sum equal to duty, taxes, and expenses payable. Did it ever occur to you, Mr. Blair, in this connection, to recommend that Mr. Brisebois be informed by the Department that, seeing he had produced no proof of his lien, and had rested entirely upon his word, the car would be released to the owners, advising him so that he could exercise his rights by seizure? That alternative never occurred to the Department?

The WITNESS: No. We have always adopted the principle of releasing a car to the person from whom it was seized, or to somebody else with his sanction.

By Mr. Calder, K.C.:

Q. Look at the first report of the seizure, under the K-9, in which it is stated that the owner of that car was Francoeur. That is the person from whom the car was seized. The other was merely the depository other.—A. He was the owner under the lien.

Q. Of which there was no proof except his statement?—A. It was from his possession that the car was seized.

Q. Is not the seizure levied against the owner? Supposing I am a garage man, Mr. Blair, and I have a car which does not belong to me, but which is in my garage. It is there in the name of a certain definite party—a nominated party. On my information it is seized. Against whom, technically, is that seizure levied; against the garage man or against the owner?—A. I think they are usually reported against the garage man, stating who is the owner, and we send a notice to both.

Q. That is rather convenient, in view of the developments here.—A. We try to avoid disputes between the owners and lien holders.

Q. Did not the Atlas Assurance Company produce abudant proof that they were the owners of the car?—A. Prior to its importation.

Q. They were the owners of the car anyway?—A. No; the Crown was the owner of the car.

Q. After forfeiture?—A. The car was forfeited at the moment it was smuggled.

Q. The Crown was the owner of the car?—A. Yes.

Q. Absolutely?—A. Yes.

Q. And without lien?—A. And without lien.

Q. Why then did not you release it to the proper owner, when you discovered who it was?—A. The Minister did put through a formal decision, declaring the car forfeited to the Crown.

Q. Well, I cannot follow you in that very, very easily. You say you were dealing with Brisebois because he has such an eminent claim that you have to satisfy his rights before dealing with the Customs at all; then you declare the Crown owns the car without lien.—A. We send a notice to any person we think has an interest in it, in order that they may make any statements they choose.

Q. But it never occurred to you to release the car to the proper owner, notifying Mr. Brisebois that if he had a right, he could exercise it?—A. At the time we were not returning stolen cars; the proper owner was in the United States.

Q. At any rate, Mr. Brisebois accomplished in the process what he told the Atlas Assurance Company he would do? Through the Customs he defeated the Atlas Assurance Company?—A. If there had been no seizure, I assume they could have recovered the car, but still, it was the duty of the department to seize the car when we found it was smuggled. We get information from all sorts of sources, and if they are true, we have to act on them.

Q. Did not the Atlas Assurance Company offer to pay the government whatever was due; to pay exactly what Mr. Brisebois was called upon to pay by way of duty?—A. They made some offer, but it was not sufficient to satisfy the lien.

Q. Let us leave Mr. Brisebois' lien alone for a minute. I am assuming the Customs Department was acting for Canada, instead of Mr. Brisebois. That is a very large assumption in this case, I know. Did not the Atlas Assurance Company offer to pay all government charges?—A. As I recall it, they did.

Q. Why did the government prefer to have the legitimate charges of the government paid by Mr. Brisebois,—whose circumstances of possession were suspicious, to say the very least—instead of accepting them from the proven owner?—A. Well, just merely as I have stated, that we never offer a release prior to forfeiture unless we can get the claim of the party disposed of from whom we seized the car, from whose possession we seized it.

Q. That is the rule?—A. That is the rule.

Q. And, it is operative in every case we have had here, without any exception?—A. Yes.

Q. Against the owner of the car, and invariably in favour of the receiver?—A. Of the foreign owner of the car.

Q. I cannot distinguish between a foreign owner and a home owner. If I own a car in the United States, and it is stolen, and brought over here by a thief and it is in the garage of a receiver, it is still my car, although I am an American; I am still the absent owner, subject to the rights of the Crown?—A. Subject to the rights of the Crown, and you can plead ownership.

Q. The rule has worked out in this way, that it has been constantly invoked by car thieves and receivers, who get the benefit of it, and the owner, who is constantly defeated—the foreign owner?—A. Yes. Well, I would not say constantly.

Q. Do you know of any circumstance in which he was not defeated?—A. Well, there was only a short time that we were not returning cars reciprocally to owners.

Q. In every case we have had here, the true owner has been defeated?—A. There are hundreds of cases in the departmnt where the car was returned to the owner upon proof of ownership, in the United States.

Q. When there was a claim by receivers and thieves and they have had a lien on it?—A. In that case we would send it to the United States on payment of the seizure, and getting the forfeiture foreclosing the right of the party from whom we seized the car.

Q. That was exactly the case here; Brisebois alleged a lien, you forfeited the car, and never offered it to the owner on payment of seizure charges, duty or anything; and your main condition, the one to which the owner would not subscribe, was that at all times they must pay $1,400 to Brisebois?—A. That was a reciprocal arrangement on the return of cars. It was not in operation at that time, but it is in full operation now.

Q. The value of that car was $4,000, according to the statement of the Atlas Assurance Company?—A. Yes.

Q. They paid him over $4,000 for his loss?—A. Yes.

Q. And Brisebois got it for $1,091?—A. When it was imported, it was valued at $2,595, when it was seized.

Q. In Brisebois' hands?—A. Yes.

Q. The importer?—A. That was declared to be the value.

Q. You had evidence on your file that it was worth $4,000?—A. That he had it insured for $4,000.

Q. That the Atlas Insurance Company actually paid $4,000?—A. To the man who held the insurance policy.

Q. That was the value of the car?—A. It may have been more than the value of the car.

Q. Mr. McWorth swore that it was a brand new Cadillac car?—A. It was under repair before we seized, and there would be some depreciation on it.

Q. The thief had taken a door off the car. Would that depreciate it $2,000? Mr. McWorth said the condition of the car was excellent, except that a door had been taken off. He got it for $1,091?—A. The Customs appraiser fixed the value of the car finally at $2,051.

Q. Who was the appraiser?—A. Mr. Guy Clark, an appraiser in Montreal.

Q. He got it for $1,091?—A. I do not know what the amount was.

Q. I think that was the sum, but you can see the disposal of it?—A. $2,015.17, representing duty and taxes on the re-appraised value of the car; then there would be storage charges amounting to $102, so that it would be $1,117.17.

Q. And all this time Brisebois was urging seizure, urging forfeiture, and you were taking your information as to the attitude of the Atlas Insurance Company from him, according to the file?—A. We were not treating with the insurance company at all at that time.

By Hon. Mr. Stevens:

Q. You take your information upon which you make your decisions from the officers at the particular point, say Montreal, or any other place?—A. The only information I had before me—I had not this letter that Mr. Calder speaks about; I had just Heaver's report.

Q. You took the information supplied by Bisaillon or Heavers, or any of these men who seized these cars?—A. Yes, that is what we take. I would not take his report to-day on a car.

Q. Not here, but you have done so?—A. They were trusted.

Q. Where a responsible party like an insurance company files a counter claim, what course does the Department pursue in a case like that?—A. Well, if it were a Canadian company, and it was not a question of the car having been forfeited by the act of smuggling into Canada, they would treat with the insurance company.

Q. All through these files, and I have gone through hundreds of them, I found case after case where apparently the report of a minor officer would be taken against all comers; insurance companies, Canadian owners or American owners, claiming a right, seem to have no consideration at all. That is the part that puzzles me?—A. This must have occurred during the period the reciprocal arrangement was not in operation.

Q. I am not interested in that; I am speaking from the standpoint of common sense and common justice?—A. We are returning these cars every day.

Q. Surely there could have been some investigation into the case, where there was a counterclaim for that car?—A. I think it is a hard law, forfeiting a stolen car to the Crown, but we had to have it tried out in the Exchequer Court, in the case of Nicholl re the King, I think it was.

Q. Do you give fiats readily; you grant a fiat readily, to carry it to the Exchequer Court?—A. Well, the granting of a fiat lies with the Minister of Justice; I think he grants them in that way.

Q. It seems to me that the whole system narrows itself down to this: that a thief has ninety-nine chances out of one hundred to get away with a car, where an honest owner deprived of his property has one chance?—A. In some cases at that time it might seem to work out that way.

Q. I do not see any improvement?—A. Well, Mr. Stevens, we are returning cars every day; the minute they prove title, if they get a relinquishment from the party, we forfeit the car.

Q. That is the point. Why do you ask that the responsibility of getting a relinquishment be placed upon those parties?—A. We do that to save ourselves from any possible right of action.

Q. Take the case of Brien and his brother-in-law; in that case you insisted that he should have a relinquishment; that the proper owner should have a relinquishment from Brien while his evidence was as clear as day on the file that the car had been stolen?—A. In a case like that, there would be very little danger of an action against the Crown.

Q. But a thief gets away with it, and an honest man does not get his car; that is what "gets my goat", if the Chairman will allow me to express it in that way?—A. It operated that way, I am satisfied. Since that time, of course, that is absolutely cured by the present arrangements.

By Mr. Calder, K.C.:

Q. Should you not at least have exacted some evidence of the existence of this lien. There was only his word; any man could say he had loaned $400 on a car, and you would believe him implicitly?—A. The fact that he was in possession of it was surely some evidence that he had some right to it.

Q. Do you think possession of a stolen car is prima facie evidence of the thief having some title to it? You had ample evidence of it being a stolen car and recognized that the Atlas Insurance Company were the legitimate foreign owners of it, if you please, before you made the decision?—A. A person may surely obtain a right to a stolen car.

By Hon. Mr. Stevens:

Q. He ought to be made to prove it as against the real owner?—A. If he were a bona fide purchaser, or a bona fide lien holder?

By Mr. Calder, K.C.:

Q. This man appears to have said just that he had a lien, and then purchased for the same amount, and invented and brought forward a man to whom he had never spoken as being the lender of the money; the list brought forward did not mention lien or pledge, that is was a straight loan. Do you notice that Heavers has overwritten his signature over the seizing officer's in the K-9?—A. Yes. I cannot make out the name that is underneath.

Q. Mr. Ducondu is the man whose name is underneath?—A. Yes.

By Mr. Doucet:

Q. Not dealing with this case, but arising out of the Mulhall inquiry of this morning, it struck me that a little information might be useful to the Committee in order to make recommendations later on. When liquor is shipped out of bond to a foreign port, say from Halifax for instance, you require a bond, do you not?—A. Yes. That is required by the Customs Act, by an amendment to the Customs Act a few years ago.

Q. And that bond is not cancelled until such time as a satisfactory landing certificate at the port of destination is produced?—A. Yes.

Q. When a vessel such as the "Mulhall" is given a release on deposit of a stated fine, provided the cargo of liquor is taken to a foreign port, you ask an undertaking from the Captain to land it there?—A. Yes. This bond of a guarantee company is something that is required by special statute on taking liquor out of the Customs bond. Liquors coming in transit, say from Great Britain, calling at Halifax, going on from there to Havana, I do not know that we have any authority, but we do take an undertaking from the party to produce a foreign landing certificate. But, we cannot take a bond.

Q. Do you think the law should be amended?—A. Yes, I think so.

Q. When a vessel leaving a European port bound for Nassau gets to Sydney, Halifax, or Canso and gets out of her course, claiming that she is bound for Nassau, she should, before being given a clearance, furnish a bond for a satisfactory landing in the foreign port?—A. That is a difficult thing to do. There are many legitimate transactions in the shipment of in-transit liquors to Canada. They are shipped from Great Britain to China and Japan, and to other countries, going across Canada, or calling at some Customs port, and perhaps it would be regarded by the public as an undue interference with shipping, if we were to insist upon a bond of the guarantee company.

Q. It would not create any hardship if the liquor was to go to its ultimate destination, but in the case of making Halifax or any Canadian port a port of call for the purpose of getting provisions, and making arrangements to land their cargo off Canadian coasts, then the exacting of a bond would certainly work out in the interests of the Department?—A. Yes.

By the Chairman:

Q. The bond should be returned only on the certificate of landing?—A. Yes.

By Mr. Doucet:

Q. And not by any letter written by some schoolboy in Boston or anywhere else?—A. They could not get any landing certificate in the United States. It would just divert into some other route.

Q. When the "Mulhall" left port, it was in contravention of the United States' law?—A. I do not know where she took her clearance from, when she left Halifax; probably Nassau.

By the Chairman:

Q. Bound for a point about thirteen miles from the American coast?—A. That is where she went, but she was bound for Nassau.

Mr. DOUCET: She landed thirteen miles north by east of Thatcher's Island. That is all.

Hon. Mr. STEVENS: Is Mr. Ferminger here?

The CLERK: He said he was coming this afternoon, sir.

Hon. Mr. STEVENS: There is no use going on with the others until he is here. I do not want to put the other witnesses on first.

Mr. CALDER, K.C.: I have Mr. Racicot here. We can hear him now.

Witness retired.

S. FRANCIS RACICOT called and sworn.

WITNESS: Mr. Calder, have I the protection of the court in whatever I shall say?

Mr. CALDER, K.C.: You can apply for it. This witness Mr. Chairman, applies for the protection of the Committee.

The CHAIRMAN: Protection is given to him.

By Mr. Calder, K.C.:

Q. Mr. Racicot, do you know a bonded warehouse which was operated by one V. M. Noel?—A. Yes, sir.

Q. Where was that bond?—A. On St. Lawrence Main. I think the number was 2717, but I am not sure, because it is quite a while since I have been up there.

Q. Between what streets on St. Lawrence?—A. Just below St. Zotique.

Q. On which side of the street?—A. On the East side.

Q. Were you ever employed in that bond?—A. Yes. I worked for Mr. Noel there.

Q. You say you worked for Mr. Noel there?—A. Yes, sir.

Q. I understand it was you who conveyed certain information to the Mounted Police, which was afterwards verified?—A. Yes, sir.

Q. How did you come to discover how the fastenings of the doors were, in the bond?—A. I was working for Mr. Noel at the time, and Mr. Noel would take me up, and others that were with me—Mr. Asselin—and he showed us how the fastenings of those hasps worked.

Q. What was the purpose of his showing you that?—A. He wanted us to be able to go in with him, and he could not open them without us seeing it, so he wanted us to go in with him to take out this alcohol.

Q. His proposition was first, that you should go with him and help to remove that alcohol?—A. Yes.

Q. And going in you could not help seeing the fastenings on the door?—A. No, sir.

Q. When did you go in, day or night?—A. Sometimes day and sometimes night. Sometimes in the last part of the afternoon, early in the afternoon, and at other times around eleven o'clock at night.

Q. Did you, as a matter of fact, remove alcohol from the bond?—A. No, sir, I didn't remove it from the bond, I helped change it from barrels into five gallon and one gallon tin cans.

Q. Where was the alcohol from from which the tin cans were filled?—A. The alcohol was in the big room in the bond in barrels, which had Custom seals on all the time.

Q. How did you remove the seals?—A. The seal has a plug fastened over with a wire, and the wire fastened from one plug and goes around the tin and into the middle of the bung to a third and the wire continues around and we take it out of the bung with an awl, with which we turn back the wire, spread the wire back so the bung would come out freely, and after we would put it back again.

By the Chairman:

Q. Are they lead seals?—A. No, sir, I think they are some sort of wax seals and they are very easily broken. If you pull the wire too hard the seals would come apart.

Q. These were distillers' seals?—A. Yes, distillers' seals, I am pretty sure.

Q. By lifting the bung and unwinding the wire you could get the seal off the barrel?—A. Yes, and empty it back in the same way.

Q. Did you remove large quantities?—A. Yes, sometimes we would take all but a few gallons from a barrel, and sometimes eight or ten at a time; eventually it all went out.

Q. What was being manufactured in the bond?—A. It was supposed to be a chemical substance called textalon.

Q. What was it supposed to be used for?—A. I think it was supposed to be used for cleaning purposes.

By the Chairman:

Q. For cleaning purposes?—A. Yes.

The CHAIRMAN: For cleaning the stomach.

By Mr. Calder, K.C.:

Q. You would not use it to clean the stomach?—A. Not if I could help it.

Q. Perhaps you could tell us how it was made up, not according to the formula, but the way it was shipped out?—A. In the first place, the alcohol which was in the barrels was supposed to be mixed with three chemicals, I do not know the names of the chemicals, I know one was a very dark bluish substance. It was supposed to be mixed up and supposed to be shipped into the States as a cleaning compound.

Q. What was the method of shipment? Before that, you say the alcohol was supposed to be mixed with certain chemicals?—A. Yes, sir.

Q. Was that done?—A. No, sir.

Q. What was done, as a matter of fact?—The alcohol and samples were replaced with water, and others replaced with wood alchol.

Q. The other stuff was mixed with wood alcohol?—A. Yes, and the rest was a formula.

Q. Was there anything peculiar about the method of shipment, to your knowledge?—A. In the first place, the stuff was supposed to be mixed and inspected by a Customs Officer.

Q. Who was the Customs Officer there?—A. Mr. Beriault.

Q. Then, after the wood alcohol, or the water was put into barrels, were they shipped to known consignees or existing consignees?—A. No, sir, they were shipped to fictitious characters or firms.

Q. Were there any suspicions aroused about that at one time?—A. I do not know as it was aroused before it was reported to the Mounted Police. I do know that there was suspicion aroused after.

Q. Was there anything done by Mr. Noél to counter that suspicion?—A. No, the Mounted Police—

Q. I am talking about the consignees.—A. That was at the time of the Murray Chemical Company.

Q. The Murray Chemical Company were operating?—A. Yes.

Q. Was it the same bond?—A. I am not sure about the bond. At that time in the United States at the other end of the line, but I knew what was going on here.

Q. You were at the other end of the line?—A. Yes.

Q. What were you doing for Noel?—A. I was not working for Noel, but the boy, my partner at the time, was working for Noel, and the other man at Rouse's Point got samples of textalon, and they were supposed to be shipped to Washington. In the early days this was a fair paying proposition, to ship alcohol into the States. When this would be shipped down, there would be one barrel made up properly and the other barrel would be of alcohol, and one barrel would be—

By Hon. Mr. Bennett:

Q. Inspected by the officer, by the American Officer?—A. Yes, samples would be taken from all other barrels and they were supposed to be shipped to Washington. These were mailed at Rouse's Point Customs House, and when they were in the Customs House the samples would be changed.

Q. Textalon substituted?—A. Yes. There were two different coloured samples which would be sent down, and one day the man that was supposed to be changing, drank too much alcohol and made up the wrong colour.

Q. With the kind Murray had there?—A. Yes.

Q. They kept the man there for the purpose of deceiving the American Customs?—A. Yes.

Q. At that time, the percentage of alcohol would be, I suppose, about 90 per cent?—A. Yes, perhaps a greater percentage than that.

Q. What were you doing, helping on the job?—A. I was not interested as far as that was going on. I was watching.

Q. You were watching?—A. Yes.

Q. One day they got the samples mixed?—A. Yes. About that time it failed to be a paying proposition because alcohol was worth more in Canada than in the United States; in fact they were taking it into Canada.

Hon. Mr. BENNETT: That is when they were mixing it too much.

By Mr. Calder, K.C.:

Q. The shipments would be made to fiictitious consignees?—A. Yes.

Q. And suspicions were aroused?—A. Yes.

Q. What was done to lull the suspicions?—A. Shipments were to be sent to Mr. John Burgess at Washington.

Q. Washington?—A. Yes, in the States. He was supposed to have his headquarters at Schenectady, in the Elks Club. Mr. McLaughlin was not sure that there was a Mr. John Burgess, and he made an appointment, through Mr. Noel, to meet Mr. John Burgess at Schenectady, at the Elks Club. Mr. Noel, knowing what was going on, sent another man down to act as Mr. John Burgess.

Q. Who was the man?—A. Asselin.

Q. And Mr. McLaughlin was quite satisfied that everything was all right? As a matter of fact, he was satisfied?—A. Yes, he was very much satisfied.

By the Chairman:

Q. Was the product very well advertised?—A. Quite a few people knew the name of it, that is the bootleggers' and smugglers' name.

By Mr. Calder, K.C.:

Q. They knew, if they bought textalon, they would have saleable article? —A. Yes.

Q. You have said, practically all the alcohol in the V. M. Noel bond was taken out in the way you have described?—A. Yes.

Q. Now, can you tell us, of your own knowledge, whether Beriault knew of this?—A. I can tell you that there were keys that were used when I was present, by Mr. Noel, on the locks of the bonds. Mr. Noel made the statement to me he had received the keys from Mr. Beriault.

Q. Be careful, that would be hearsay.

The CHAIRMAN: Speak only of what you know yourself.

By Mr. Calder, K.C.:

Q. Did you hear Beriault himself discuss the matter?—A. No, sir.

Q. At no time?—A. No, not of the keys.

Q. Did you hear him discuss with Mr. Noel, at any time, what was going on?—A. That might be hearsay. I was in the office, in the Drummond Building.

Q. Did you hear Beriault say anything?—A. I heard voices; I did not see Mr. Beriault.

Q. Did you know he was in there?—A. They told me he was, I don't see him.

Q. Did you recognize his voice?—A. No, I did not, and I would not recognize it now.

By Hon. Mr. Bennett:

Q. You heard it then?—A. I heard voices, if you will pardon the expression, he says, he was getting hell because of things going on in the bond. He had been balled out because the Mounted Police had been put on the job.

By the Hon. Mr. Stevens:

Q. This was after they were actually on the job?—A. Yes.

By Mr. Calder, K.C.:

Q. When you reported to the Mounted Police, did you observe any change of conduct?—A. Yes.

Q. What was the change?—A. In the first place, about two days, probably three or four days after the Mounties had been put on, Mr. Noel came and told us the bond was being watched by the Mounted Police.

Q. He told you?—A. Yes, sir.

Q. Did he say how he knew that?—A. He said, that Mr. McLaughlin had asked him what he was doing at his bond, that the Mounted Police had to watch it.

Q. Did you, afterwards—you knew where the shadow was to be posted?—A. Yes.

Q. Did you notice any of the people in the bond directing their gaze to that point?—A. Yes, I did.

Q. Did the taking out of alcohol at nights cease completely?—A. No, sir, there was a reason they did not. Mr. Noel was broke, and needed money and he took out a little alcohol.

Q. At night?—A. Yes.

Q. In spite of the shadow?—A. Yes, I think he did not know the shadow had been withdrawn.

Q. The shadow had been withdrawn?—A. Yes.

Q. He did not know it was withdrawn and he took the risk?—A. Yes, he needed money very badly, a small matter of $100 or $125.

Q. Did you see the manner in which the samples were taken by Beriault? —A. No, not by Beriault, no, sir.

Q. Was anybody else taking samples there?—A. No, sir, no one else was taking samples there?—A. No, sir, no one else was taking samples. I had been to the bond a few times, in fact about four times, when a special lot was mixed up for samples.

Q. When a special lot was being mixed up?—A. Yes, for samples.

Q. What do you mean by that? They mixed up a lot for the purpose of taking samples specially?—A. Yes, only a small amount.

Q. Was Beriault there, when that happened?—A. No, sir.

Q. Do you know what was done with the specially mixed samples?—A. No, sir, I was told that is what it was for.

Q. They made up textalon according to formula for the purpose of constituting a sample?—A. Yes, sir.

Q. What quantity did they make up?—A. Possibly, not quite a quarter of a barrel.

Q. All in the same barrel, or distributed?—A. They mixed it in a separate dish, not in the barrel at all.

By Hon. Mr. Bennett:

Q. What are you doing now?—A. I am a musician in Montreal.

Q. I thought you probably would be making music of a different quality.

By the Chairman:

Q. Where do you play?—A. At a club, in Montreal.

Q. Which Club?—A. At the New Inn, it is a night club.

By Mr. Calder, K.C.s.

Q. Did you know, whether at any time, whether there was a seizure practised on the Murray Chemical Bond?—A. Yes, sir, there was a seizure, I think it was sixty barrels.

Q. Do you know whether that seizure was fictitious or whether the alcohol was got back?—A. The alcohol was got back. I know positively it was alcohol, because it became yellow with age at the time it got back and it was not good to sell to bootleggers in Montreal.

By the Chairman:

Q. You could secure a better brand than that?—A. It was good, it did not look good, it was yellow.

By Mr. Calder, K.C.:

Q. Did you hear Beriault discussing what McLaughlin had said, discussing with Noel, what McLaughlin had said?—A. I am not sure, as I told you before it was Mr. Beriault—

Q. That is what you have mentioned?—A. Yes, sir.

Q. Did Beriault, in your hearing, talk of samples?—A. No, sir.

Q. Did he ever mention samples?—A. I did not know Beriault.

Q. Beriault?—A. No, I did not know Mr. Beriault, I know him to see him, but I never talked to him.

Q. Or overheard him talking?—A. No.

Q. Do you know whether he knew that the door was fixed?—A. He did not know that the hasps were fixed, he did know the stuff was being taken out, and towards the last—

Q. How do you know that he knew the stuff was being taken out?—A. He gave the keys to Mr. Noel.

Q. Do you know that personally?—A. I saw the keys, in fact I was there when they were used on the locks, and I do not know of any other way they could get them. I was told by Mr. Noel that Mr. Beriault had given them to him.

Q. You saw the keys actually working on the locks?—A. Yes.

Q. You saw the keys used to open the locks?—A. Yes.

Q. These are the keys which should have only been in the possession of Mr. Beriault and the Chief Locker?—A. Yes, or at least in the possession of the Customs.

Q. Did you ever do any smuggling?—A. Well, I bootlegged and smuggled on the American side, for about two years and a half.

Q. Taking things from the United States to Canada?—A. No.

Q. The other way?—A. I took things from the middle section of the States to the Canadian border.

Q. For delivery over the border?—A. Yes, Canadians would come and get them.

Q. What was the method used?—A. They did not need much method. All they do is load cars and take it to Montreal. The only thing they watch out for —they knew pretty near where all officers were, and there were never any officers on the road. The only ones they were afraid of, they would ask to find out if the Mounties were on the road. If the Mounties were not on the road, they would go right through.

By Hon. Mr. Bennett:

Q. With high power cars?—A. Cadillacs, Packards and Wintons.

By the Chairman:

Q. No Fords?—A. Fords were used, they did not need much speed.

By Mr. Calder, K.C.:

Q. Were these cars smuggled and stolen cars?—A. I couldn't say all were, I know quite a few were in operation on the border, smuggled and stolen cars.

Q. Do you know whether there is a practice among the more active smugglers of stealing a car each way?—A. Yes.

Q. You know of that?—A. I worked for Captain Carter, who was head of the Automobile Detective Bureau, in Montreal, because of the—

Q. What kind of goods were you taking to the border?—A. I was bringing alcohol from the Fleischman Yeast Company, at Poughkeepsie, and bringing alcohol from New York. That was always shipped in black cans. I brought platinum parts for automobiles for garages.

Q. Anything else?—A. Radio parts. There was not much being done in radio parts when I was running—

By Hon. Mr. Bennett:

Q. When you were running in the business?—A. Yes.

By the Chairman:

Q. Diamonds?—A. No, diamonds are smuggled over there.

Q. No silk?—A. I saw silk smuggled, I never brought any silk up.

By Hon. Mr. Stevens:

Q. You never brought a cargo of silk?—A. No.

By Mr. Kennedy:

Q. Why did you quit the bootlegging business?—A. I got into a little trouble with the American Customs and it was through Sergeant Salt that I met the Chief Special Agent from the United States, and that is why I was willing to go in for Sergeant Salt and help him in this Noel affair.

By Mr. St. Pere:

Q. Safety first?—A. No, he had done a personal service for me.

By the Chairman:

Q. You were pretty successful?—A. I never was caught but once, and that was after two years and a half.

By Mr. Calder, K.C.:

Q. Would you say, by far the greater bulk of smuggling across the Canadian border, from the United States, is done in cars than on the railway?—A. I am not sure, I know there is a large amount done by cars.

Q. It is the way that is the easiest and the least liable to detection?—A. Yes.

Witness discharged.

WILLIAM LIONEL HICKLIN recalled.

By Hon. Mr. Stevens:

Q. Mr. Hicklin, you have been already sworn?—A. Yes.

Q. I merely want to ask you a brief question in connection with an interview held in Mr. Weldon's office, I understand. Were you attached to Mr. Weldon's office?—A. I was, for three and a half years, sir.

Q. Do you recall Mr. Firminger and Mr. Weldon having a conference there one afternoon, or one day?—A. I recall Mr. Firminger going into the office.

Q. Just tell the committee briefly what occurred, following that?—A. I showed Mr. Firminger into Mr. Weldon's office, and Mr. Weldon then sent me downstairs to get Mr. Giroux.

Q. Did you get Mr. Giroux?—A. Yes sir.

Q. Did Mr. Giroux come up?—A. Yes.

Q. And went into the office with Mr. Firminger and Mr. Weldon?—A. Yes sir.

Hon. Mr. STEVENS: All right, that is all, Mr. Hicklin.

Witness retired.

CHARLES H. FIRMINGER called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Firminger, were you here before giving evidence in connection with this matter?—A. Yes sir.

Q. You are with the Dominion Glass Company?—A. Yes sir.

Q. And you recall, of course, this incident where your company paid a sum of some $2,600, I think it was, for duty on a cargo of coal?—A. Quite correct.

Q. Which Mr. Giroux, Junior—Antonio Giroux,—the broker, did not turn in to the Customs authorities? You recall that?—A. Yes.

Q. Did you call on Mr. Weldon in connection with this matter?—A. Yes. At the time I was trying to get the details of the entry about—I cannot give a definite date, but some time between the 10th and 20th of December.

Q. Nineteen twenty—?—A. Nineteen twenty-three. I went down to see Mr. Weldon. In fact, I went down with the cheque which was attached to the back of our vouchers.

Q. The returned, cancelled cheque?—A. The returned cancelled cheque; and Mr. Hicklin was in the outside office, and he took me in to Mr. Weldon.

By Hon. Mr. Bennett:

Q. At the Customs House in Montreal?—A. In Mr. Weldon's own office; and after talking with Mr. Weldon for a moment, he sent for Mr. Hicklin and asked him to go down and get Mr. Giroux.

By Hon. Mr. Stevens:

Q. That is Mr. Giroux, Senior?

By Hon. Mr. Bennett:

Q. Is that the man here (indicating A. E. Giroux, Superintendent of Customs examiners, Customs and Excise, Montreal).

The CHAIRMAN: Stand up, Mr. Giroux.

The WITNESS: Yes. That is the man. I did not know Mr. Giroux at all. That was the first time I had seen him.

By Hon. Mr. Stevens:

Q. Mr. Giroux came up to the office?—A. Yes.

Q. And discussed the matter with you and Mr. Weldon?—A. Yes, with Mr. Weldon. I was talking to Mr. Weldon, and Mr. Weldon was talking to him. I had no conversation with Mr. Giroux at all.

Q. This theft on the part of the broker was then disclosed to Mr. Giroux, in your presence?—A. I would not say the "theft," but Mr. Weldon drew Mr. Giroux's attention to the fact that this cheque had gone through, and he had better see his son, and get the thing fixed up.

Q. What did Mr. Giroux say?—A. He said to leave the matter in his hands; that it would take two or three days, but he would see that the matter was straightened up.

Q. Did Mr. Giroux ask for time in order to get the money to replace this? —A. I do not recollect that particular question at all.

Q. Do you recall the conversation in any of its details?—A. I did not pay any particular attention to it at the time, beyond the fact that I wanted to get our end of it straightened out, but I think Mr. Giroux said he would like to have two or three days, and he would see that the matter was straightened out.

Q. And he undertook to straighten it out, did he?—A. That was my impression of it.

Hon. Mr. STEVENS: I think that is all, Mr. Ferminger.

By Hon. Mr. Bennett:

Q. Did he say he wanted two or three days to straighten out, or he would see that it was straightened out?—A. I would not make any definite statement as to that; the details are so far back—

Q. I know. Mr. Goodison drew my attention to the fact that the statement were not quite the same—the suggestion that he would see that it was straightened out, or would straighten it out.—A. I would not put myself on record to be exact on that.

By the Chairman:

Q. You do not remember exactly?—A. No. I am a pretty busy man, and I do not remember all these details.

Witness discharged.

WILLIAM SMILEY WELDON called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Weldon, you have heard the evidence given by Mr. Ferminger and Mr. Hicklin?—A. Yes, sir.

Q. Is that correct?—A. I can corroborate that.

Q. You recollect sending for Mr. Giroux?—A. I do.

Q. And that Mr. Giroux came to your office in response to this request? —A. Yes.

Q. Could you tell us briefly what occurred at that conference, from your recollection?—A. To the best of my recollection, the moment I found out what the trouble was, I told Mr. Giroux he would have to get after that, and see that it was settled.

Q. Well, what did Mr. Giroux say?—A. In as many words, he wanted time to turn around, so to speak, to get the money.

Q. Indicating that he would see that this amount of $2,600 was repaid to the Customs?—A. I think I stated to him at the time that it was his son who happened to be the broker, and for all purposes, it would be very necessary that the thing should be settled up immediately, and, so far as I remember, the money was forthcoming shortly after that.

Q. That was about—?—A. Some time in December, 1923.

Q. It took you a couple of weeks to get the money?—A. It might have at that.

Q. Who paid the money in? Do you remember?—A. I really do not know, sir.

Q. By the way, is this man Giroux—that is, Antonio Giroux—still doing business with the Customs Department?—A. I see him around there, but I cannot positively say whether he is registered and doing business there or not.

Q. He would have to be registered, in order to do business, would he not? —A. He would have to be registered by the firm for whom he works?

Q. Do you know for whom he works?—A. St. Arnaud and Bergevin.

Q. Is he working for that firm?—A. Yes.

Q. His license as a broker was cancelled, was it not, Mr. Weldon, after this exposure?—A. I am not quite sure if it was cancelled, but the firm went out of business. That being the case, the license would automatically be cancelled.

Q. Mr. Farrow gave evidence that the punishment of this man was to cancel his license. I understand you issue the licenses?—A. Yes.

Q. And do you recall if this license was actually cancelled or not?—A. I positively do not remember, because the whole thing happened together—the order of cancelling the license, and the dissolution of the firm.

Q. In view of that cancellation, should Antonio Giroux be permitted to do business with the Customs?—A. If he has not a Power of Attorney from his firm, he should not be permitted to do business with the Customs, in view of the order of cancellation.

Q. But you cannot say positively as to that?—A. I cannot say positively as to that.

Q. But you will check up to see?—A. Yes.

Witness discharged.

[Mr. W. S. Weldon.[

ALBERT E. GIROUX called and sworn.

By Hon. Mr. Stevens:

Q. Mr. Giroux, you can give your evidence in English?—A. I will do my best.

Q. If you find any inconvenience in understanding me, refer to the interpreter, and he will fix you up.—A. All right, sir.

Q. When you were here before, on March 14, Mr. Giroux, you positively swore that you never met Mr. Firminger?—A. I am still of that opinion; I cannot remember.

Q. You cannot remember? That is pretty good. You also swore that Mr. Weldon had not called you to his office.—A. I thought I went up myself. I thought Mr. Weldon called for my son at his office; that was my impression.

Q. Do you now recall Mr. Hicklin bringing you to the office?—A. That Mr. Hicklin came down?

Q. Yes.—A. I cannot remember, Mr. Stevens, for sure, upon my oath. This thing is all upset in my mind. I have been very sick since that time, and I do not feel well yet, and I cannot remember that occasion at all. When I said I never saw Mr. Firminger, I told the truth to my best knowledge.

Q. You also swore you had nothing to do with the repayment of that money?—A. Oh, absolutely not.

Q. Absolutely not?—A. Oh no.

Q. You also swore that—

Hon. Mr. BENNETT: What does the "not" mean?

The WITNESS: I did not pay a cent, and I did not furnish a cent of that amount.

Hon. Mr. Stevens:

Q. You also swore that you had no business transactions with Antonio Giroux and Company?—A. Antonio Giroux and Company? I have nothing to do with it—with Antonio Giroux and Company.

Q. Did you ever have any business transactions with them?—A. Any transactions in the Custom House, or between father and son? That is quite different.

Q. Well, I mean this. Had you any business associations with them?—A. No sir, not myself.

Q. Did you have a partnership in it?—A. Myself?

Q. Yes.—A. No sir.

Q. Now, we have checked up your bank account, and I ask you to recall what you have just said regarding the raising of the money to repay this $2,600, of which the Dominion Glass Company and the Customs had been defrauded. By the way, before I ask you that question, I have in my hand a license for the L'Agence Douaniere Canadienne Enregistree, of Montreal. That is the Canadian Customs Agency?—A. Yes sir.

Q. In Montreal?—A. Yes.

Q. Do you know that firm?—A. I did. It does not exist any more. I might tell you the story—

Q. Just a minute. Just answer my questions as they come along. That firm was organized to take the place of Antonio Giroux and Company?—A. This firm was organized to liquidate the firm of Antonio Giroux and Company, because my son had orders from the Minister to close up, and an office cannot be closed up in three or four days, so my wife took in hand L'Agence Douaniere Canadienne Enregistree, and closed up the office.

Q. They have a customs broker's license?—A. Surely; she had to.

Q. She did not have to have that to liquidate the other company?—A. Because we were still passing a few entries. We had about $5,000 or $6,000 on the books, I think.

Q. Now, this L'Agence Douaniere Canadienne Enregistree,—this Canadian Customs Agency—repaid the money, did they not, that Antonio Giroux had defrauded the Dominion Glass Company and the Customs of?—A. No. I think the cheque was signed "Antonio Giroux and Company." The Giroux Company was closed up, and after that L'Agence Douaniere Canadienne Enregistree was organized, if you like, to liquidate and close up Antonio Giroux and Company. It lasted only a few months.

Q. You had a partnership in that company, had you not?—A. No, sir.

Q. The company got a license on March 19, 1924?—A. I cannot remember the exact date.

Q. That is the date the Customs Department have on this license. Now, on April 14, 1924, you gave L'Agence Douaniere—I can't pronounce it; the Customs Agence, $400?—A. I gave it? I gave a cheque?

Q. Yes.—A. It may be. But if you see the next day it was paid in. I might have given that cheque, or a couple of cheques in that way. (Remainder of the answer was given in French and interpreted by Mr. Beauchamp, official Interpreter). In the afternoon my son called me up, and told me he was short of money to pay certain duties. "Could you send me a cheque for $300 or $400?"; "I don't know; I don't have that money in the bank." I made out a cheque which I sent to the office to cover a certain sum that had not been collected. (The witness resumed in English). I sent him a cheque to allow him to pay the duties that he had to pay that day for his different clients.

By the Chairman:

Q. In his daily transactions?—A. In his daily transactions. The collections did not come in that day quick enough, and he asked me to send him that cheque, and I did, and the following day the amount was placed to my credit at the bank.

By Hon. Mr. Stevens:

Q. Now, Mr. Giroux, I will read a list of seven cheques?—A. Maybe.

Q. Then I will ask you to explain them. I will not go through each one of them. On April 14, 1924, you paid to this company "l'Agence Douaniere Canadienne Enregistree" $400?—A. Maybe.

Q. On May 27th, $600, on June 5th, $300, on August 16th, $250, on September 5th, $400, on October 20th, $300, on October 17th, $300, a total of $2,550. Now, I am going to ask you this: were those not monies that you raised for the purpose of repaying this sum that was short at the Customs?—A. No, sir. All those cheques were in 1924, the last months that that office was in existence. The money was not coming quick enough to close up the day's work, and any time he was short, he asked me to give him a cheque, which I did, and the following day, if you see my bank statement, that money was repaid to my credit at my bank. It was just an accommodation cheque for the present time, as a father would do for his son, to help him. I had no connection with the office.

Q. It is very hard, Mr. Giroux, for us to understand that. You say you had no connection with the office?—A. I had connection with my son, but not with his office.

Q. Your son was a Customs broker; that is correct, is it not?—A. He was.

Q. You were the superintendent of Customs in that district?—A. I was.

Q. And you still are?—A. Yes.

Q. This difficulty arose with the Dominion Glass Company, whereby a cheque for $2,600 was withheld over a year?—A. Well, that was said before.

Q. The papers were in your hands during all that year; that is true, is it not?—A. I explained that in my first evidence.

Q. But that is true, is it not?—A. Not a year, it was not there a year.

Q. Yes, over a year?—A. Not over a year.

Q. You had it all through the winter in 1923, the summer of 1923 until the winter of 1924?—A. Yes. I explained why. I explained as best I could.

Q. You also swore on the last occasion you were here that you had no financial transactions with your son's business?—A. Those cheques were not financial business with the office. I will not have it that way.

Q. The fact remains that you paid those cheques to your son's business?—A. Yes, but it was refunded the following day to me.

Q. Let us turn back to another list I have here of seventeen cheques, amounting to, without giving them in detail, $2,533.66, paid by you to Antonio Giroux & Company?—A. To Lachance.

Q. Not to Lachance, paid to Antonio Giroux?—A. You say that.

Q. There was a series of cheques?—A. In what year?

Q. Different years, 1919, 1920, 1921, 1922 and 1923?—A. I might make the same explanation as I am giving now.

Q. The fact remains that you paid large sums of money?—A. Yes, but if you check up my account with those cheques, you will see that all those cheques had been refunded the following day to cover them, because I had no money in the bank.

Q. But the fact remains that you were intimately associated in your son's business?—A. I was interested from father to son, not in business, as anybody would.

Q. Your son was the Customs broker, and you the Customs superintendent? —A. It happened that way. That is not my fault, if he was a Customs broker.

Q. You also swore the other day that you had no business transactions with Mr. Brien?—A. No, I did not say that. I said I had a lot of transactions. I had notes with him, and I paid him a lot of money. I paid him lots of cheques; in fact I paid him everything I owed him, besides the $300 in question, and that $300 has not been settled, but I have made arrangements to pay it.

Q. Ludger Brien and Bisaillon were in the liquor business during the years 1919, 1920 and part of 1921, were they not?—A. I did not know anything about that until after; I think in 1921.

Q. You were about the only man in the whole of Montreal who did not?— A. I never questioned them, and they never told me anything of their activities. I knew Mr. Brien was in charge of the Canal office, but I did not know of his business. He had quite a lot of duties outside the office, and of course I could not watch him, I could not follow Mr. Brien every minute of the day. But he was there.

Q. And you signed overtime slips for him?—A. I did?

Q. When he was not there?—A. I don't know.

Q. Be careful, we have evidence before us?—A. That is all right.

Q. We have evidence by Parizeault that he put in time slips for Brien, and you signed them?—A. No, he made time slips for Bisaillon, not for Brien.

Q. Well, what is the difference?—A. There is a big difference.

Q. One is probably a bigger crook than the other?—A. That is not for me to judge.

Q. You did it for Bisaillon, then?—A. Certainly I did.

Q. You are not proud of it, are you?—A. If you deduct that bill for Bisaillon, Bisaillon was allowed two hours a day, one hour in the morning and one hour at night, and the Canada Steamship Company paid one man on Sunday; we did not pay the man on Sunday, the Canada Steamhip Company paid; it was paid by the Canada Steamship Company.

By Hon. Mr. Bennett:

Q. The Government does not pay it?—A. No. It is refunded. They used to have Sunday about, Bisaillon and Parizeault, and they were charged two

Sundays each in the month. It was nothing to me if it was Bisaillon who was there, or Parizeault who was there on Sunday, as long as there was one man there. Then, on Sunday I cannot go around very much, because that is my busiest day in the week. We always have two or three vessels arriving with passengers, and I am busy with passenger traffic especially on Sunday. So long as there was a man there it was all right, because the company would have told me right away if there was nobody there, and they would not have paid the money.

By Hon. Mr. Stevens:

Q. The other day you told us, Mr. Giroux, that you had no other business but your Customs business, your Customs salary and Customs work?—A. I have no other business.

Q. You have no other business?—A. No, sir.

Q. How do you account for those cash deposits and so on that are shown in your account?—A. Well, it will take me about an hour to give you the story of my whole life.

Q. We do not want that?—A. It is very illuminating to me, at my age, to start and say what I have done since 20 years. If you want to know where I got my money, I will tell you. My brother was general manager of the Banque d'Hochelaga, and he died fifteen years ago. He left me a few thousand dollars, and that was the start.

Q. Now, Mr. Giroux, nobody is asking you to give us your intimate family history?—A. Well, you want to know where I got my money.

Q. What I want to know is this; your account does not agree with your evidence given to us the other day?—A. What is that?

Q. I have shown you where you paid into your son's business large sums of money?—A. Yes, but it was repaid the following day. I never disbursed a cent. Check my account properly, and you will see that these bills have been paid right away from the office. I never spent a cent of that company, and never disbursed a cent.

Q. Regarding the return of $2,600 I spoke about, your account shows deposits along that time of sums of money?—A. I never had a cent at the end of each month. I would never get a cent. Sometimes I had a balance of thirty cents. That is a poor account, it is a small account of a small-salaried man.

Q. You bring this on yourself, as far as that is concerned. If you had told us the other day frankly what your statement was, this would have been avoided?—A. You asked me what my statement was, just when I was leaving.

Q. But during your evidence, you made certain statements on oath that were inconsistent with other statements, and if it is embarrassing to you, it is brought on by yourself?—A. It is not embarrassing to me. I am telling the truth, and I am telling you what I know.

Q. Here is a deposit of $5,900?—A. I will tell you the story of that.

Q. You need not tell the story, just give a brief explanation of it; it is on March 20th, 1923?—A. I sold a house on St. Hubert Street, and this was the profit I made on that house, and a few days afterwards, there is a cheque for $5,500 in the Rock Montbriand.

By the Chairman:

Q. To pay the mortgage?—A. No, to buy another house, on the 8th day of May, 1923.

By Mr. St. Père:

Q. You knew other people who sacrificed themselves for their families. That happens in the best families, does it not?—A. Yes.

By Hon. Mr. Stevens:

Q. Will you make an explanation of those transactions with Brien?—A. Because I needed money. I have known Mr. Brien since 20 years, and always found him a very good fellow. I started to borrow money from Mr. Brien, it may be since 15 years, I do not remember exactly, but I always paid him back. You must see at least fifteen or twenty cheques to the order of Mr. Brien. That was paying what I had borrowed from him.

By Hon. Mr. Bennett:

Q. There was a note for $200, which you paid off?—A. I do not remember.

By Hon. Mr. Stevens:

Q. You did not tell us that the other day?—A. I did if I was asked.

Q. You were asked. Furthermore, Brien was in the bootlegging business?—A. I did not know Mr. Brien's activities.

Q. While he was under your direction and control?—A. His work was done very well.

Q. I see he was absent 103 days in a year?—A. He was sick. There is a doctor's certificate. I do not know how long or how many days, but I know he was a very sick man. I cannot remember everything that happened three, four or five years ago.

By the Chairman:

Q. That was in 1919?—A. I know he has been very sick.

Q. Seven years ago?—A. Yes, and he has been very sick.

The CHAIRMAN: Have you any more questions to ask of this witness, Mr. Calder?

Mr. CALDER, K.C.: No, Mr. Chairman, I think not.

The CHAIRMAN: You may go, Mr. Giroux, you are discharged.

Witness discharged.

The Committee adjourned until 10.30 a.m. Tuesday, April 27, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 38—TUESDAY, APRIL 27, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que.
Mr. Walter Duncan, Special Investigator, Department of Finance, Ottawa, Ont.
Mr. Clarence Jameson, Civil Service Commissioner, Ottawa, Ont.
Mr. R. S. White, M.P. (Statement).

EXHIBIT FILED

No. 137—Twenty Quebec Liquor Commission Transportation Permits, 19 of which were issued in favour of Mr. R. P. Clerk, and 1 in favour of Mr. C. Jameson.

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

MINUTES OF PROCEEDINGS

TUESDAY, April 27, 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. W. F. Wilson submitted the following information and files, in response to the motion of Mr. Donaghy of the 23rd April for the production of thirteen specified departmental and Preventive Service files, viz:—

1. Preventive Service file No. 3758, Sharples Separator Co., Toronto, Ontario.
2. Preventive Service file No. 5067, J. M. Steves' Dairy Co., and The Purity Dairy Co., Vancouver, B.C.
3. Preventive Service file No. 5088, A. Robbins, Winnipeg, Man.
4. Preventive Service file No. 5077, Bogos Dedidjan, Vancouver, B.C.

No Preventive Service files exist in regard to the other nine cases.

Moved by Hon. Mr. Stevens,—For the production of the financial report of the Customs Department as prepared by the department for its own use.

Motion agreed to.

Moved by Mr. Donaghy,—That the department be requested to produce the following files both departmental and preventive, viz: Customs file numbers 104-399; 104-400; 104-430; 104-446; 104-504; 104-529.

Motion agreed to.

Mr. Doucet moved, in accordance with notice of motion given by him on Friday, 23rd April,—That the Duncan report and exhibits attached thereto, also the interim report, be produced and incorporated in the record of the evidence before the committee.

At the request of the Chairman, Mr. Calder, counsel for the committee, read both the Duncan reports.

Mr. Robert P. Clerk, Inspector of Customs and Excise, Montreal, Que., was recalled and sworn and examined as to liquor shipments made by him to persons named in the Duncan report, and others.

Witness retired.

In connection with the "Denise Larde" seizure, Mr. Calder stated that he had been in communication with Mr. Andre Taschereau, Advocate, Quebec, respecting the letter from Mr. Dupont to Mr. Bolger and that Mr. Taschereau was under the impression that he had returned it to Mr. Dupont, as it is not in his records, nor can he fully recall the purport of it.

The committee rose at 1 p.m.

The committee resumed at 3.30 p.m.

Mr. Robert P. Clerk was recalled and examined in respect to recommendations made by him in connection with promotions of Montreal officials and also with regard to liquor shipments made by him.

Witness retired.

Mr. Walter Duncan, Special Investigator, Department of Finance, was recalled and sworn, and filed,—

Exhibit No. 137—Twenty Quebec Liquor Commission Transportation Permits, 19 of which were issued in favour of Mr. R. P. Clerk, and 1 in favour of Mr. C. Jameson.

Witness retired.

Mr. Robert P. Clerk was recalled, and further examined respecting shipments of liquor made by him.

Witness retired.

Mr. Clarence Jameson, Civil Service Commissioner, Ottawa, Ont., was called and sworn, and examined as to receiving liquor from Mr. Robert P. Clerk.

Witness retired.

Mr. R. S. White, M.P., asked permission to make a statement, which was granted; Mr. White was sworn and heard respecting receipt by him of liquor while he was Collector of Customs at Montreal.

Mr. White retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, April 27, 1926.

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

Mr. DOUCET: Mr. Chairman, pursuant to notice given last Friday, I move that the Duncan Report and Exhibits attached thereto, also the interim report, be produced and incorporated in the record of the evidence before the Committee.

The CHAIRMAN: This motion was presented last Friday and continued until to-day for adjudication upon it.

After deliberating, the Committee has come to the following conclusions: This report was handed to the Minister after an investigation made by Mr. Duncan at Montreal, and its surroundings, dealing with Customs and Excise matters.

The report was handed to the Minister of Customs, and, through him, was produced before this Committee in order to help the Committee in its work of investigation.

Now, I think we all admit that this Committee agree that this report is an ex parte report presented to the Minister of Customs and Excise, and the parties mentioned therein have had no opportunity of presenting their own case and offering a defence in order to justify themselves. This report in itself is hearsay, it is incomplete, and is even partly contradicted by the evidence which has been offered before this Committee.

We should like everybody to hear our contention just now, which is that this report is not a judgment; that it was only produced to the Minister of Customs and Excise to help him reorganize the service, in the administration of his Department, as well as to help the Committee to properly conduct this investigation. The judgment of the Committee will come later when this Committee reports to the House, and it will also study the Duncan Report then when deliberating upon its final decision, as it has been of help to this Committee to bring witnesses in an endeavour to find wrongdoings, and to help this Committee to make a recommendation in order that the Minister may be assisted in the reorganization of his Service, if there is need for reorganization.

With this reservation the Committee has unanimously decided to allow this Duncan Report to be laid before this Committee.

On the other hand, the Committee appreciates that this Report and this investigation of Mr. Walter Duncan, Special Investigating Officer for the Department of Finance, was made as the result of an order given by the Honourable, the Minister of Customs and Excise, and this Report is now only actually before this Committee.

I understand that the Honourable Mr. Boivin personally has no objection to this document being read.

Hon. Mr. BOIVIN: Just a moment, Mr. Chairman, I would not like to have it said that I have no objection to the document being read.

I do not rise for the purpose of discussing the result of the vote upon the motion submitted by Mr. Doucet, and I realize that whether I objected or whether I did not, the Committee is supreme in this matter.

I generally take responsibility when responsibility should devolve upon me, but in connection with this report which was made to me in a confidential manner by Mr. Walter Duncan and submitted to this Committee at the opening of its sittings, it was so submitted with the understanding on my part that it was produced, but not filed; in other words, that it was before the Committee for the purpose of examination and for the purpose of enabling the members of the Committee to summon and bring before this Committee, not only every witness who had been examined by Inspector Walter Duncan, but also every person whose name had been mentioned in the report, and every person against whom a charge had been laid, either by himself in the report or inferentially through the evidence taken.

The report was accepted, as I understood it, in that way by the Committee, and the Committee has proceeded to examine the majority of the witnesses and the persons whose names are therein mentioned.

The report itself, as the Chairman has very aptly pointed out, is to a certain extent a hearsay report. There are persons accused in that report who were not summoned and who were not heard. There are persons inferentially accused in the report who have been cleared of all blame and all suspicion by this Committee, and by the evidence rendered before this Committee also.

Personally, I do not want to object to the reading of the report, but I want to waive responsibility, and I want to say once again that when this confidential report was placed in the hands of the Committee for its assistance, I believed and I understood that it was produced for the benefit of the Committee and that it was not placed here to be broadcast to the people of Canada, published in the press, containing as it does accusations against persons who so far have not yet been here and who have had no opportunity of defending themselves when the investigation was made.

Hon. Mr. STEVENS: Just one correction, Mr. Chairman. This Committee has not passed a decision on any one's actions, so you are inaccurate in saying that this Committee has exonerated anybody.

Hon. Mr. BOIVIN: I have not been present all the time, Mr. Stevens. I have read the reports of the evidence before the Committee quite thoroughly, and I do remember that Mr. McLaughlin of Montreal, who appeared before this Committee, and who, according to the report, was exonerated by yourself of any wrongdoing.

Hon. Mr. STEVENS: That was a correction of a statement alleged to have been made by me over which there was a dispute and had nothing to do with the Committee's decision at all. It is merely a matter of accuracy in our statements; that is all.

The CHAIRMAN: To say that any part of this report is contradicted will be stated further by the final report of the Committee.

I will ask Mr. Calder to read the report.

Mr. DONAGHY: You had better read the interim report.

Mr. CALDER, K.C.: The interim report is summarized on the first page. Am I to read the interim report which is summarized also.

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: (Reading):

"Confidential

The Hon. GEORGE BOIVIN,
Minister of Customs and Excise,
Ottawa.

SIR,—Acting under your instructions, I have the honour to advise you that I held an investigation into the conduct of J. E. Bisaillon, special inspector of Customs and Excise in charge of the Preventative Service of the Province of Quebec, on the 1st., 2nd., 3rd. and 4th. of the present month. All the evidence was taken under oath in Room 1119, Windsor Hotel, Montreal, and in the presence of your chief Customs-Excise Preventative Officer, Mr. W. F. Wilson. I am sending this Interim Report for your consideration without waiting until the evidence taken under oath is transcribed. In my judgment the sworn testimony will establish the following offences:—

(1) Procuring Customs-Excise officer Ralph Garceau to commit forgery on the 12th of September, 1924. Garceau under oath admits that he did commit forgery.

(2) Uttering a forged document on the Customs Department, Ottawa, so as to mislead and cover up the disposition of a Dodge Sedan automobile on the 12th of September, 1924.

(3) Theft from a Cadillac automobile, under seizure, of a large number of parts of that automobile.

(4) Theft from a seized automobile of an automobile door.

(5) Releasing without authority from seized automobiles license plates and battery.

(6) Releasing without authority seized automobiles.

(7) Wrongfully signing seizure reports as seizing officer when he did not take any part in the seizures.

(8) Allowing other Customs-Excise officers names to be entered as Assistant Seizing officers knowing that they did not take any part in the seizure for the purpose of them receiving moieties so that he might receive from the officers part of the moieties.

(9) Forwarding false returns to the Department at Ottawa, re Miss Roy, as to her absence from duty and with reference to her bonus.

(10) Attempting to procure several officers to commit perjury in connection with the barge Tremblay.

(11) Gross neglect of duty in not effecting the seizure of the barge "George Cochrane", believed to be loaded with a very large quantity of smuggled liquor when at anchor at Long Point, and allowing the barge to escape with its cargo.

I have the honour to be,

Sir,

Your obedient servant,

(Signed) WALTER DUNCAN,
Federal Police Officer and Special Investigating Officer for the Department of Finance.

Department of Finance,
Ottawa, December 10th, 1925."

"Dated 8th February, 1926.

In the Matter of Investigation into the Administration of the Department of Customs and Excise in the Port of Montreal.

"REPORT OF WALTER DUNCAN, SPECIAL INVESTIGATING OFFICER FOR THE DEPARTMENT OF FINANCE.

1-18

MONTREAL, P.Q., February 8th, 1926.

Hon. GEORGE H. BOIVIN,
Minister of Customs and Excise,
Ottawa, Ont.

SIR,—I have the honour to report that, acting under your instructions, I commenced an investigation under oath, into the conduct of J. E. Bisaillon, Officer in Charge of the Preventive Service in the Province of Quebec, with headquarters in the City of Montreal.

I am now submitting a file of evidence, taken under oath, from many witnesses, which covers 319 pages, taken between the 1st day of December, 1925, and the 1st day of February, 1926.

After hearing evidence for four days, i.e., December 1st to December 4th, I forwarded to you an Interim Report, enumerating the following offences, namely:—

(1) Procuring Customs-Excise Officer Ralph Garceau to commit forgery on the 12th of September, 1924. Garceau under oath, admits that he did commit forgery.

(2) Uttering a forged document on the Customs Department, Ottawa, so as to mislead and cover up the disposition of a Dodge Sedan Automobile on the 12th of September, 1924.

(3) Theft from a Cadillac automobile, under seizure, of a large number of parts of that automobile.

(4) Theft from a seized automobile of an automobile door.

(5) Releasing without authority from seized automobiles license plates and battery.

(6) Releasing without authority seized automobiles.

(7) Wrongfully signing seizure reports as seizing officer when he did not take any part in the seizure.

(8) Allowing other Customs-Excise officers' names to be entered as assistant seizing officers, knowing that they did not take any part in the seizure, for the purpose of them receiving moieties so that he might receive from the officers part of the moieties.

(9) Forwarding false returns to the department at Ottawa, *re* Miss Roy, as to her absence from duty and with reference to her bonus.

(10) Attempting to procure several officers to commit perjury in connection with the barge "Tremblay".

(11) Gross neglect of duty in not effecting the seizure of the barge "George Cochrane", believed to be loaded with a very large quantity of smuggled liquor when at anchor at Longue Pointe, and allowing the barge to escape with cargo.

In support of offence No. 1: See pages 45 to 48 and 72 to 74; No. 2: See pages 8, 45 to 48 and 53 to 55. Your own official records in Ottawa will show that the document was sent there; No. 3: See pages 56 and 57; No.

4: See pages 56, 57 and 59; No. 5: See pages 18-20 and 35-39; No. 6: See pages 1-8, 18-20, 21-24, 25-31, 32-34, 35-39, 233 to 243; No. 7: See pages 25 to 31; No. 8: See pages 9-11, 12-13, 16-17, 21-24, 25-31, 35-39, 49, 51-52 and 233-243; No. 9: See pages 14 and 15.

I am attaching hereto certified copies of Bonus Declaration and a certified copy for the month of October, 1925, of Miss Roy's cheque receipt which shows that she received full pay for that month, although she was absent from the office for part of the month. The original documents are on the official file at Ottawa. Attached are 3 reports of Officer Knox, dated 23rd Dec., 1925, also a memorandum bearing on Miss Roy's brothers and sisters. I further attach copies of correspondence that took place between Ottawa and Bisaillon relative to Miss Roy's bonus.

In support of offence No. 10: See pages 16-17, 60-61, 65-66; No. 11: See pages 40-44, 50, 63-64, 89-90, 169-174, 307-309.

Again referring to offence No. 6, releasing cars without authority, I would like to dwell on that offence for a moment. I would refer you to Exhibit " E ", referred to in the evidence of W. Duval, on page 24, which shows that a Jewett sedan automobile, valued at $2,000, was seized by this officer and that Inspector J. E. Bisaillon released this car before Officer Duval had time to make out his seizure reports and when he made out his seizure reports and submitted them to Bisaillon he was ordered to release the car as Legault had Customs entries to cover the car and Duval carried out his instructions.

I would refer you now to pages 244 to 246 where you will observe that Inspector Bisaillon tore up Duval's seizure reports, threw them in the waste paper basket and said that Duval could go to hell and that he would show Duval where he was getting off at.

In view of the extraordinary stand taken by Inspector Bisaillon, in connection with this seizure, I deemed it advisable to institute a rigid investigation into the facts of this case and much time was spent in that investigation, which resulted in the arrest of Zephirin Legault, who is believed to be one of the most extensive automobile smugglers and dealers in stolen cars in the city of Montreal. After his arrest, and in my presence he admitted that the Customs papers he produced, covering the Jewett sedan car, at the time the seizure was made by Duval, had no connection whatever with the car under seizure and he admitted further that at a subsequent interview with Officer Knox he produced the same faked papers purporting to cover the car in question. Legault admits that the car under seizure was smuggled into Canada and that no duty was paid. He is now before the Montreal courts on that charge.

I attach hereto, for your information and perusal, a statement obtained from Legault after his arrest was made by myself. You will observe that this was a rather intricate and difficult case to bring home to Legault, but I was determined, if at all possible, to show some evidence of the intricate and difficult task it was to get evidence against the men who are believed to be in a large scale in the smuggling of automobiles in the city of Montreal. I have other cases of a similar character under review.

Before leaving the offences enumerated in my interim report, I would draw your attention to the conduct of Bisaillon when in charge of the office in Montreal. I would refer you to pages 1/8, 12-13, 32-34, 72-74-75, 84 to 87, 69-70 and 103 to 107.

Re *J. E. Bisaillon*

Since my Interim Report the evidence, taken under oath, discloses the following offences:—

(1) Theft of five (5) automobile tires from a seized car. See pages 233-243 and 307-309.

(2) Gross neglect of duty in allowing two women to escape when found in possession of $35,000 worth of narcotics. See pages 95-102, and 283 to 305.

I am of the opinion that these two women were well-known to Inspector Bisaillon and Superintendent Giroux.

(3) Wrongfully removing from a port seizure two barrels of whiskey into a Bond, of which he had control, and, during the period that they were in Bisaillon's custody, there was stolen from these two barrels of whiskey some 42 gallons. See pages 208-217 and 164-168.

(4) Wrongfully being engaged in the trafficking of liquor for at least two years while in the Government service as a Customs officer, and neglecting his duties during that period as such an officer. See pages 169-174, 95-102, 103-120.

To my mind, only one inference can be drawn. That Bisaillon was doing this business with the knowledge of his superior officers. One witness who has purchased a large quantity of liquor from Bisaillon, has stated that he had a turnover in the two years of $1,500,000.

(5) Illegally removing liquor and gasoline from the Government warehouse. See pages 139-151, 233-243 and 181-193.

Re *A. E. Giroux, Superintendent of Customs Examiners, Port of Montreal.*

The evidence given under oath establishes the following offences against this officer:—

(1) Releasing dutiable goods without collecting customs duties thereon. See pages 152-155, 283-305. In connection with this case, I would call your attention to Exhibit "Q" referred to on page 152.

(2) Making a false entry *re* shipment of coal and stealing in collusion with his son. See pages 103-120, 203-305.

In connection with this charge, I might say that I received information from Charles H. Ferminger, of the Dominion Glass Company, Limited, Montreal, to the effect that his company had purchased a cargo of small gas coal from the W. R. Brace Company, and, on checking up the cargo, some nine or ten months after they had paid the duty thereon, $2,600, he found that the cargo was short, and he at once applied to the Collector of the port of Montreal for a refund of the excess duties he had paid. The true situation was then discovered as to the theft of this money and the false entry. An investigation took place, and I would refer you to your official file in Ottawa in connection with this investigation.

I would also draw your attention to an interview which took place in your office in the presence of R. R. Farrow, Deputy Minister, on the 22nd January last, in which this matter was discussed and Mr. Farrow admitted, in my presence, that Giroux should have been dismissed in connection with this case as the result of the investigation which was conducted some two or three years ago.

(3) Gross neglect of duty in allowing two women to escape after they were found in possession of smuggled narcotics of the value of some $35,000. See pages 95-102 and 283-305.

In regard to this offence, you will observe from the perusal of his own evidence, on pages 283-305, that he could not deny allowing these two women to escape; in fact he stated that he had never arrested anyone in connection with smuggling.

I would particularly draw your attention to Mr. Pariseau's evidence, on page 101, in which he states that Giroux is the very officer who asked him, after the trunks had been carted from time to time to the court, to leave them in the custody of the High Constable. Every person knows what happened to them after they were left there. They were stolen, and so far as the theft of them from the High Constable's vault is concerned—the guilty parties have not been brought to justice.

(4) Receiving large quantities of liquor from the Customs house. See pages 121-131, 137-183 and 201 to 207.

I would particularly draw your attention to page 203, in which the carter swears that he took to Giroux's residence never less than two cases and on one occasion at least four cases, each ease containing twelve bottles.

(5) Receiving a cheque for $300 from Ludger Brien, a former Customs officer, who was in partnership with Bisaillon, in the trafficking in liquor, in connection with which he could not give a reasonable explanation. See pages 102-120, and 283-205.

I would draw your attention first to exhibit "S", photostatic copy of the check in question, which is definitely referred to in evidence on page 298. Giroux in giving his evidence, first swore positively that he never received a cheque from Ludger Brien, but afterwards, on being confronted with the photostatic copy, admitted that the endorsement was in his own handwriting, and that he had received that cheque. He could not give any reasonable explanation as to what he had received the cheque for; he admitted that he got the cheque, that he never paid Brien back the money, that Brien never asked him for the money, although he knew at the present time that Brien was a poor man financially.

I leave you to draw your own conclusions after reading this evidence, as to what this cheque was for.

After admitting receiving the $300. cheque, he would not swear that he did not receive similar cheques, but claimed he did not remember.

Re R. P. Clerk, Inspector of the Port of Montreal.

The evidence discloses:—

(1) Receiving wholesale quantities of liquor from the Customs house for a number of years, and large quantities of sugar and molasses. See pages 121-131, 201-207, 181-193, 257-268, 269 to 277, 306, 103-120.

(2) Using a smuggled and stolen car and illegally removing the tires from a car under seizure that had been sold by tender to H. Provencher. See pages 103-120, and 233-243.

This offense, to my mind, is a most serious one.

I would draw your attention first to the following pages: 114-115 and 238, which evidence shows that new tires were removed from a Studebaker car that had been sold by tender to H. Provencher, and worn-out ones substituted with, it is alleged, the consent of the Minister then in power.

Officer Duval, under instructions from Inspector Clerk, removed these tires, and substituted worn-out tires. This was done, according to Duval's evidence, with the consent of the Minister of Customs then in power. The smuggled and stolen car that these tires were put on was afterwards seized from Inspector Clerk through the original owner who resided in Putenham, Mass. The owner, I believe, was unable to obtain possession of his car through a ruling given at Ottawa that inasmuch as he did not claim the car within thirty days after forfeiture to the Crown, he could not obtain possession of the car; but how could this man, the owner, claim the car within thirty days when he did not know where the car was?

I attach hereto a copy of the complaint forwarded to R. R. Farrow, Deputy Minister of the Department, Ottawa, by Mr. H. Provencher.

(3) Bringing liquor into the city of Ottawa, and the province of Ontario in his car, and delivering the same to R. R. Farrow, Deputy Minister, in contravention of the Canada Temperance and Ontario Temperance Acts. See pages 269-22, 280-282 and 258 and 306.

(4) Shipping out of the province of Quebec, a large quantity of liquor through W. F. Wilson, Chief Preventive Officer to Hon. Jacques Bureau, former Minister of Customs and Excise, R. R. Farrow, Deputy Minister of Customs and Excise, and M. J. Larochelle a member of the Civil Service Commission.

I would particularly draw your attention to page 278 of Inspector Clerk's sworn testimony. After a great deal of hedging, he finally had to admit that the liquor was for these gentlemen.

The first shipment that Mr. W. F. Wilson, the Chief Preventive Officer received was one case containing 25 bottles; a few days elapsed, and he received another shipment of five cases, which contained at least one dozen bottles in each case, and then a third shipment of four cases of one dozen bottles in each case, which makes a total of at least ten dozen bottles of liquor.

Mr. Wilson, the Chief Preventive Officer, objected as to the medium through which this liquor was being sent to these gentlemen and Inspector Clerk admitted that he then entered into an arrangement to have at least four or five cases sent to the Deputy Minister's chauffeur, one Raymond. How many more cases went after Mr. Wilson's objection, so far, I have been unable to ascertain. Inspector Clerk, in his evidence, admits that the liquor was duly received by the persons in Ottawa already named: Honourable Jacques Bureau, Ex-Minister of Customs and Excise; R. R. Farrow, Deputy Minister of Customs and Excise; M. J. Larochelle, Member of the Civil Service Commission.

(1) Receiving liquor that they knew was being shipped from the Government warehouse in the province of Quebec, City of Montreal. See pages 269-227, 258, 280-282 and 306.

(2) Contravening the Canada Temperance and Ontario Temperance Act in transporting liquor through the province of Quebec into the Province of Ontario. See pages 269-277, 258, 280-282 and 306.

Inspector J. A. Bernier, Inspector of outparts of Port of Montreal. See pages 127-128.

(1) Receiving liquor knowing that it came from the Government warehouse.

R. P. Daigle, Chief Gauger of the Port of Montreal.

(1) Selling two barrels of Bourbon Kentucky Whiskey, believed to be taken from a shipment of liquor belonging to the Quebec Liquor Commission.

(2) Delivering large quantities of liquor, sugar and molasses to Inspector Clerk and others, from the Government warehouse, during the past two years. In these two offenses see pages 132-136, 137-138, 181-193, 257-268, 277-280, 269-277, 121, 131, 201-207, 156-163.

W. Duval, Customs Officer.

(1) Making and uttering a false document on the Department at Ottawa, and receiving $21.50 hotel expenses on the strength of this false document. See pages 310-315 and Exhibit "W" referred to on page 315.

Let me say, in connection with this case, that the matter was investigated in the city of Quebec, and it was found that no such person even registered at the Victoria Hotel, as the document indicated, and Duval, when confronted with the document and certain facts in connection with the room mentioned, frankly admitted that he wrote the document himself, and that it was at the instigation of Inspector Clerk of the Port of Montreal.

Henry McLaughlin Surveyor of the Port of Montreal

(1) Accepting liquor knowing that it was coming from the Government warehouse. See pages 121-131.

At this point I would like to make an observation with regard to liquor which found its way from the King's Warehouse into the possession of many of these Government officials. It may be said that it was regulation samples taken by the Gauger but I want to point out that there was stolen from the Gauger's quarters 385 gallons from one consignment of liquor, 42 gallons stolen from Bisaillon's Bond, six dozen bottles of June Wine stolen from another Bond and I am satisfied a large quantity of the Barge " Tremblay " liquor was also stolen while in bond. A perusal of all the evidence will show that there were many samples taken outside of the regulation samples; for instance, there was taken from 105 drums of the Barge Tremblay alcohol one witness states three samples from each drum, another witness put it down at two or more samples. See pages 229-231, 225-226, 218-222.

In this abominable trafficking in liquor by high officials of the Government, let me say this: grave suspicion points to their receiving liquor stolen from the King's warehouse, but, if they did not receive that, then they certainly received regulation and illegal samples which to one's mind, is about as serious; knowing very well that it was against the law to receive samples of any kind. On this point I would respectfully draw your attention to Departmental file 51336, Memorandum No. 1136-B, which commences as follows:—

Memo.—Customs Department, Canada, Ottawa, 30th April, 1901.

To Collectors of Customs:—

CONSOLIDATED AND AMENDED INSTRUCTIONS RESPECTING THE GAUGING AND SAMPLING OF LIQUORS AND THE WEIGHING OF CIGARS AND CIGARETTES.

On page 6, paragraph 23, subsection " B " that Memorandum reads as follows:—

> ' Samples of spirits drawn from casks and tested at the Port—are to be returned to the casks or to the Importer in due course.'

Paragraph 23, subsection " C " reads as follows:—

> ' Bottles and samples taken from cases spirits are to be returned to the case, except wines—which are to be destroyed in distillation.'

This Memorandum is signed by John McDougald, Commissioner of Customs.

I would ask you, sir, what excuse or defense can these high officials offer in the face of their own Regulations?

I desire to explain that it was while attempting to trace what had become of all the liquor that was stolen from the King's warehouse that evidence was disclosed as to liquor finding its way into the possession of the various Government officials.

Dealing further with the liquor situation in Montreal, I desire to draw to your attention some facts in connection with a cargo of liquor on a tug known as the " Frank H.", which was loaded with 1,918 cases

of whiskey. It is believed that her manifests showed that this cargo of liquor was billed through to Yokohama, Japan, via Great Lakes to Port Arthur and C.P.R. beyond. This tug "Frank H" was seized or detained in the Port of Montreal and held for about two days about the 4th October, 1924, when it was released in the Port of Montreal. See exhibit "V" and evidence on page 309. This cargo, of liquor, I believe, did not proceed to Port Arthur but was discharged somewhere else in the province of Ontario. An investigation, I believe, was conducted by Inspector Clerk, of the Port of Montreal who had an interview with the Captain, who, I have reason to believe, admitted where he discharged the cargo of liquor from the vessel. After being seized in the port of Montreal, the vessel was released under instructions from Mr. McLaughlin, Surveyor of the Port of Montreal. Your official file in Ottawa will, no doubt, give you full information as to what became of this cargo of liquor.

I particularly draw your attention to page 308 in which a statement is made by the Captain of the "S.S. George Cochrane", who had been fined $100 for not reporting inwards at the Port of Montreal at the time he escaped with a cargo of liquor. This statement was made to Mr. Hicklin and was as follows:—

> 'Don't forget Mr. Hicklin we are not going to allow this matter to drop; if the Hushion and George gang can go up the canal we are going to do the same or know the reason why.'

I would draw your attention to the following pages of evidence: 169-174, 307-309, and 316-319.

Re J. W. Gaunt Case

This case was discussed with you in your office in the presence of R. R. Farrow, Deputy Minister, on the 22nd day of January last. In this discussion I complained that I had not been furnished with a statement prepared by the Accountants assigned by the Deputy Minister to prepare a statement of the amount of the duties Gaunt should have paid covering a certain period so that court action might be taken against Gaunt. I stated that when Gaunt pleaded guilty to having in his possession blank invoices a statement was made by Gaunt and his partner that a settlement had been made in Ottawa for $3,400 and that the $20,000 worth of goods previously seized had been released. My information at that time was that the three accountants had prepared such a statement, and this statement showed the amount of Customs duties that should have been paid by Gaunt, the amount involved being some $64,000. To this complaint, your Deputy replied that no such statement had been prepared.

On my return to Montreal, I took the evidence, under oath, of two of the Accountants, which will be found on pages 247-250 and 253-255, and I also took the evidence of officer Knox as to the statement made at the time that Gaunt pleaded guilty to having in his possession blank invoices signed by the exporter in Germany. See pages 251-253. This clearly establishes that I was right in what I said and that your Deputy was in error.

Before closing my report I desire to make a few more observations relative to matters that have come under my notice, but which, so far, I have not had time to investigate.

The first case I would touch on is that of J. H. Ducondu, which, to my mind is very far reaching and serious. I find that on May 31, 1924, this man made a number of serious charges against Inspector Bisaillon, one of them being that he did not file true Income Tax returns, that he

made approximately $50,000 out of his liquor interests, that he was receiving protection from his superior officers and that he neglected his duties as a Customs officer. Ducondu at this time, I believe, was a Customs Officer of some twelve years standing in the Government Service. Ducondu made these complaints, under his signature, on the 31st May, 1924, to the Hon. the Minister of Justice; on the 24th of June of the same year he repeated the charges to the Hon. Jacques Bureau, Minister of Customs, and on the 28th of August, 1924, he wrote R. R. Farrow, Esq., Deputy Minister of Customs and Excise, Ottawa, Ont., as follows:—

> On June 24 last I wrote the Hon. Jacques Bureau as follows:—
>
> On May 31 I wrote as follows to the Minister of Justice:—
>
> I am writing you this letter to inform you that a member of the Civil Service, Mr. J. A. E. Bisaillon, Acting Chief Preventive Officer of Customs, Montreal, to the best of my knowledge did not file a true return of his income tax statements for the years 1920 and 1921. It is reported that Mr. Bisaillon in those two years made approximately $50,000 derived from his connection with liquor interests. Part of these profits were invested in the purchase of a farm on the International Boundary, and a house and store was erected on the half of one and the half of the other line. These undertakings were carried on while a Civil Servant and the time devoted to them was time for which he was being paid from the Government exchequer. Worse, he was receiving protection from his superior officers.
>
> According to the laws of the Dominion a Civil Servant's time belongs to his employer. There are therefore two charges pressing against him; dereliction of duty and false returns.
>
> Will you please give necessary instructions for an investigation. The matter of the income taxes will call for proof and such proofs as are necessary I am ready to furnish. My co-operation is cordially extended.
>
> More comment would be superfluous. I have already laid charges with the Commissioner of Customs against Mr. Bisaillon but have received no advice that they would be given attention.
>
> Following this letter I have waited for developments but have not been called upon as yet to substantiate my charges.
>
> Yours very truly,
>
> (sgd) J. H. DUCONDU.

To my surprise, after Inspector Bisaillon had been dismissed by Order in Council passed on the 12th December, 1925, when searching a safe in his office I found the original communication that was sent to the Deputy Minister of Customs. I also found in Bisaillon's possession in that safe, copy of the Deputy Minister's reply, which reads as follows:—

> DEPUTY MINISTER,
>
> September 3, 1924.
>
> J. H. DUCONDU, Esq.,
>
> Montreal, Que.
>
> DEAR SIR:—I beg to acknowledge the receipt of your letter of the 28th ultimo in which you quote a letter which you wrote to the Honourable the Minister of Customs and Excise on the 24th day June last.
>
> Yours truly,
>
> *Deputy Minister.*

These documents are attached to a backing with the following markings:—

B. 2429—11—10
Part File No. 5.
Staff at Montreal
File with Mr. Patten.

Is it to be wondered that serious threats have been made about bringing gunmen in from New York to put a stop to those who are making complaints? I might say that anonymous threats have reached myself.

I would draw your attention to page 112 of Ducondu's evidence in which he quotes a letter written to R. R. Farrow, Deputy Minister, on May 13, 1924, in which he informs the Deputy in these words: "Inspector Clerk may make threats in regard to this officer when he says that if I expose him he will have two gunmen to settle my hash."

How did these documents leave the possession of the Deputy Minister of Customs?

Who conveyed them and handed them over to Bisaillon, the very man that the accusations were made against?

These documents are filed in connection with other evidence and marked as exhibit "P".

I am attaching hereto a letter found in the office of Inspector J. E. Bisaillon, Montreal, which apparently should have never left the office of the then Minister's Secretary or his possession. This letter is written in pen and ink and reads:

Minister of Customs and Excise
Canada.

Mr. IDE:—This is to remind me when I return I have in my possession, in my private files, two cheques which were sent to me re Gagnon matter. I would like to return them and look in.

J. B.

This, I believe, is in the then Minister's own handwriting. Attached to that letter were several other papers, including a receipt from one A. St. Onge for two cheques, one of which was for $500.00 and the other for $572.00. This receipt was writen on Customs & Excise letter head and is dated 17th March, 1925. Attached to the Honourable Mr. Bureau's letter is the original receipt, dated 16th October, 1922, given by Oscar Gagnon to A. St. Onge, also attached is a photostatic copy of this receipt and photostatic copy of each of the two cheques, showing the front and back of each cheque.

Bisaillon apparently had these cheques photographed, but for what purpose I do not know, as indicated by an account which he also attached.

How did the Honourable Mr. Bureau's letter to Mr. Ide find its way into the possession of Bisaillon?

Let me draw your attention to the loose methods in which goods are placed in the bonds in Montreal; as an example I quote from an original receipt given by two Customs Officers, B. Balthazzard and A. Gendreau, to W. Conway. I quote it in full:

CUSTOMS AND EXCISE CANADA

Port of Montreal, September 28, 1925.

Received from Mr. W. Conway, on September 28, 1925, 12 barrels in good condition, contents unknown.

(Signed) B. BALTHAZZARD,
Examining Warehouse Keeper.
(Signed) A. GENDREAU.

These 12 barrels, as far as the record shows, may contain good Scotch whiskey or they may contain Nitro Glycerine.

On a private file in Bisaillon's office I found a copy of a letter, dated Montreal, July 8, 1924, addressed to the Honourable Jacques Bureau, Minister of Customs and Excise, Ottawa, Ont., it reads:—

> *Confidential.*
>
> Dear Mr. BUREAU,—Confirming our conversation over the telephone on the 3rd instant, I have the honour to inform you that I have chosen an automobile, as you had advised me to do, and which you are good enough to put at my disposal; that car is a Cadillac Sedan, 4 passenger, bearing number of seizure 32700/3568, and in which a decision was rendered on the 14th January last. That car is in very good condition and it does not bear any numbers, so that we shall not be annoyed by the Insurance Agents. Then if you will be good enough to render a decision to this effect you will oblige me greatly.
>
> I have the honour to be, Sir,
> Your obedient servant,
> *Officer in charge.*

This clearly indicates that the then Minister was fully aware of Bisaillon's using a car that had been seized; this is the same car as referred to in previous evidence in which Mr. Bisaillon had dismantled from another Cadillac car a large number of parts and placed them on this car. Bisaillon continued to use this car up till the time he was dismissed on December 12th last, the parts removed from the other car remaining on the car that Bisaillon was using.

It is a well known fact that the higher officials, including the Deputy Minister, the Surveyor of the Port of Montreal, the Inspector of the Port of Montreal, and others were using cars that had been seized—believed to be with the full consent of the then Minister of Customs and Excise. There have been numerous thefts from the King's warehouse besides those of liquor, including silk and other materials. I am going to give you a couple of instances:

One theft occurred in the Bonded Warehouse in the month of December last—known as the Linetzky Silk. This silk was an exhibit of the Court and while in this bond part of a web was cut off by some person who undoubtedly had access to that bond.

Another complaint was made to me, dated 19th January, 1926, by the Collector in the Port of Montreal. The letter of complaint reads as follows:—

> "I beg to enclose herewith copy of a letter received by me to-day from E. Russell, Customs Broker, Montreal, in connection with 5 pieces of silk and cotton goods from two cases which were in the Examining Warehouse and consigned to Messrs. Textiles Limited, Montreal.
>
> (Signed) W. S. WELDON,
> *Collector of Customs and Excise.*

The value of this, I am informed, would be in the neighbourhood of $400 or $500.

I desire to touch briefly on the Barge Tremblay seizure and J. E. Bisaillon's conduct in connection therewith. There is no doubt, to my mind, that had it not been for the seizure made by the Quebec Liquor

Commission Police this barge would have been allowed to pass through Montreal. The Quebec Liquor Police's interference caused Bisaillon to send one officer with his wife to effect the seizure. This officer is classified as a labourer. Why did not Bisaillon go himself? The Informer in that case was his personal friend and co-partner in the liquor business, Ludger Brien. Brien, no doubt, thought that he would be put in as the Informer so that he would get something out of it as a moiety. When Bisaillon took the barge, containing the liquor, away from the Quebec Liquor Commission something was said, I believe, about two strangers that were on board, and Bisaillon's reply is believed to have been "I will deal with them from a Federal standpoint."

Who were these strangers and why did Bisaillon allow them to escape?

Then we have Bisaillon arrested and during the period that he is out on Bail, on a serious criminal charge, he is not even suspended but allowed to direct the destinies of the Preventive Service in the Province of Quebec.

I did not intend to touch upon this barge Tremblay affair until I found a letter in Bisaillon's office, on a private file, after he was dismissed, which indicated to me that he was interested again in the disposal of the alcohol. This was a copy of a letter sent to Henry McLaughlin, Surveyor of the Port of Montreal, by G. A. George, a Director of the Dominion Distilleries Products Company, Limited, and a copy of a letter sent by Bisaillon to the Chief Preventive Officer at Ottawa. These letters read as follows:—

THE DOMINION DISTILLERIES PRODUCTS COMPANY LIMITED

MONTREAL, Nov. 14th, 1925.

Mr. HENRY MCLAUGHLIN,
Department Customs-Excise,
Montreal.

DEAR SIR,—In reply to your recent letter re alcohol, that you have in Government Warehouse.

We beg to make offer of thirty-five cents (35c) per re-gauge Imperial Gallon, proof strength, the alcohol to be of the standard or grade of No. 1. Cologne spirits and to test not less than 65 O.P.

Terms will be prompt cash.

If this price would be acceptable to your Department, please advise us.

Yours truly,
THE DOMINION DISTILLERIES PRODUCTS CO. LTD.
Per G. A. GEORGE,
Director, Preventive Service, Montreal,

NOVEMBER, 27th, 1925.

W. F. WILSON, Esq.,
Chief, Customs-Excise Preventive Service,
Ottawa, Ont.

SIR:—I beg to forward herewith communication from the Dominion Distilleries Products Company Limited, Montreal, transmitted to me through Mr. Henry McLaughlin, Surveyor of the Port, respecting the spirits covered by the "Barge Tremblay" seizure.

I have the honour to be, Sir,
Your obedient servant,
J. E. BISAILLON,
Special Inspector Customs and Excise,

In connection with this attempted sale of liquor I would draw your attention to Mr. Hicklin's evidence on page 33 in which he says: Mr. Bisaillon instructed me to send this communication to Mr. Wilson marked "Personal and Confidential" and to keep the letter in my pocket until posted and not to let any one see it. Mr. Hicklin in his evidence on this same page states that he told Mr. Bisaillon that they had received no instructions from Mr. Wilson to ask for tenders for the spirits in question and that Mr. Bisaillon replied that it was all right, that some person would be in Ottawa on arrival of the letter. You will also note that Mr. Hicklin states he asked Mr. Bisaillon whether George meant 37c duty paid and to which Mr. Bisaillon replied, raising his hand, "the liquor is for export." I am led to understand that Mr. Wilson, Chief Preventive Officer, held up this tender and that the liquor was afterwards sold to the Dominion Distilleries Products Limited without his being consulted in the matter.

The intrigue of Bisaillon again asserts itself inasmuch as when removing the liquor from the Barge "Tremblay" to the King's warehouse he departed from the practice in not employing the regular transfer contractors; instead he got his friend Arbour, a noted bootlegger, so that they might save some of the alcohol from the barge. This bootlegger Arbour did steal a considerable quantity and the Quebec Liquor Commission, having made a search of his premises, discovered the alcohol belonging to the barge "Tremblay", prosecuted him and he was fined $1,000 and the alcohol which was in his possession was confiscated as it rightly belonged to the barge "Tremblay."

Following up my remarks on the Dominion Distillery Products Company, Limited, a report is found—which reads as follows:—

"PORT OF MONTREAL, AUGUST, 19th, 1924.

J. E. BISAILLON, Esq.,
Officer in Charge Preventive Service,
Montreal.

SIR:—I have just received information that the Dominion Distillery was smuggling liquor, that the Dominion Distillery received and reloaded with liquor during the night ships for other places. There is actually in the Bond of the Government (not closed by a padlock) 400 cases of imported liquors.

I have the honour to be, Sir,

Your obedient Servant,

(Signed) W. BROSSARD,
Preventive Officer.

On which no action was apparently taken, although received by Bisaillon from one of his own officers.

Touching further on this Distillery: Between the 7th and 19th January, 1926, there were 5 cars of liquor shipped by rail. The Bills of Lading covering the shipment reveals the following information:

1. January 7, 1926. Shipped from Distilleries Corporation Limited, Montreal, To M. Green, Mexico. Via C.N.R. to Ford City, Ont. Walkerville Siding to Paquette's Docks, Ford City, Ont.—thence by boat to destination. 208 packages imported liquors complying with Ontario and Dominion Temperance Acts.
2. January 9, 1926. Shipped from Dom. Distilleries Prod. Co. Ltd. To G. Schere, Mexico. C.N.R. to Walkerville—Boat Killarney —for export to Mexico City, Mexico. 1,000 cases whiskey. Shipped under conditions permitted by law.

3. January 9, 1926. Dominion Distillery Products Co. Ltd. To G. Scherer, Mexico. C.N.R. to Walkerville—boat Killarney—for export to Mexico City, Mexico. 1,300 cases whiskey. Shipped under conditions permitted by law. Papers to be supplied at Port of Exit.
4. January 19, 1926. Shipped from Dominion Distillery Products Limited. To G. Scherer, Mexico. C.N.R. to Walkerville—Boat Killarney—for export to Mexico City, Mexico. 600 cases of whiskey. Shipped under conditions permitted by law.
5. January 12, 1926. Shipped from Distillers Corporation Limited To A. J. Klix, Mexico. C.N.R. to Ford City, Ont., Walkerville Siding to Paquette's Docks—Ford City, Ont. Thence by boat to destination. 188 packages imported liquors. Complying with Ont. and Dom. Temperance Acts.

You will observe from the Bills of Lading what appears to be absurd statements. The liquor is to go to Ford City and Walkerville and it is to be shipped there by rail, and thence by a boat known as the Killarney to Mexico City. Can any intelligent person tell me how that boat is going to get through the Upper Lakes in the month of January with perhaps two feet of ice then and now on the Upper Lakes?

The question arises are we keeping faith with the treaty entered into by Canada and the Great Republic to the South?

Is this in compliance with Articles 1 and 2 of the Treaty? Perhaps the desired information was given; I am not in a position to say.

Another bit of information was given to me. Quite recently this same Distillery shipped from either the Province of Nova Scotia or New Brunswick 600 cases of whiskey to Windsor, Ont. I have been unable to take any action to verify that information, but I believe the Collector of the Port of Montreal can give valuable information as to this particular shipment.

Please see Evidence on page 67.

On the 1st instant I received a telegram from your Deputy reading as follows:

OTTAWA, Ont., 3.15 p.m., Feb. 1st.

WALTER DUNCAN,
Government Inspector, Customs House,
Montreal, Que.

Minister instructs me to ask you to call on him at Ottawa and bring your report so far as it has been completed.

R. R. FARROW,
Deputy Minister.

3.30 P.M.

to which I replied:

MONTREAL, Feb. 1st, 1926.

R. R. FARROW,
Deputy Minister of Customs and Excise,
Ottawa, Ont.

Transcription of Stenographer's notes not completed; therefore impossible to submit report. Will arrive Ottawa twelve thirty Tuesday unless otherwise advised.

WALTER DUNCAN.

Collect
6 P.M.

Acting on the information contained in your Deputy's telegram I proceeded to Ottawa and, on the 2nd instant, I called at your office in the Parliament Buildings a little after three o'clock but found that you were in the House of Commons. I again called at your office the same evening, a little after six o'clock, when you at once told me that you did not ask me to come to Ottawa. I then returned to Montreal and proceeded with my investigation. Upon reading your remarks on the floor of the House, which appeared in the issue of the Montreal "Star" of the 3rd instant, but which was not noticed by me until my attention was called to it on the 4th, I immediately wired you early on the morning of the 5th:

MONTREAL, Feb. 4th, 1926.

Hon. GEORGE H. BOIVIN,
Minister of Customs and Excise,
Ottawa.

Having just read in the Montreal Star your remarks on the floor of the House of Commons yesterday, which remarks I strenuously resent, I hasten to advise you that from this very moment I withdraw from the investigation, which I have been endeavouring under great difficulties to conduct, into serious conditions that prevail in the Port of Montreal. My reasons for withdrawing from the investigation will be fully explained in my official report.

WALTER DUNCAN.

Rush and collect.

and received your reply which reads:

OTTAWA, Ont., Feb. 4th.

Inspector WALTER DUNCAN,
Windsor Hotel, Montreal.

Received your message with regret and hope you will reconsider decision Stop You must make allowances for my difficult position without copy of evidence taken or detailed report from you.

GEO. H. BOIVIN.

4.20 A.M. 5

to which I replied on the same date:

MONTREAL, Feb. 5th, 1926.

Hon. GEORGE H. BOIVIN,
Minister of Customs and Excise,
Ottawa.

Your telegram received. My decision is final unless retraction is made by you on the floor of the House. I have done my duty fearlessly, honestly and indiscriminately. Is my reward for doing my duty to be slandered in the Public Press from Coast to Coast through a statement made by an Honourable Minister of the Crown on the floor of the House? I realize the difficulty you had in meeting the Honourable Mr. Stevens' charges inasmuch as you did not have the evidence or a full report from me. Am I to blame for this? The blame rests with your Department and the Department of Justice in refusing to grant me the assistance I asked for. I await your decision in this regrettable affair.

WALTER DUNCAN.

Rush and collect.

I have waited three days for a reply to this message but none has been forthcoming.

Nothing remains for me now but to tender my resignation as a Customs-Excise Enforcement Officer and I ask that the same be accepted forthwith. I return, attached hereto, my letter of Appointment and also surrender my Writ of Assistance granted to me by the Honourable, the President of the Exchequer Court of Canada on the application of the Attorney General for Canada.

Under separate cover, registered, I am sending you, in one envelope, complete copy of the evidence in connection with my investigation, between the 1st day of December, 1925, and the 1st day of February, 1926. You will find an alphabetical index and an index by subject with the evidence. In another envelope I am sending you, under separate cover, registered, the original Exhibits and the index pertaining thereto.

I am also sending you a complete index for the evidence already in your hands.

I have the honour to be, Sir,

Your obedient servant,

(Signed) WALTER DUNCAN,
Special Investigating Officer for the Department of Finance.

WD-K
Enclosures."

R. P. CLERK recalled.

By the Chairman:

Q. Do you wish to speak in French or English?—A. It is immaterial.

(Witness sworn.)

By Mr. Calder, K.C.:

Q. You were present, I believe, when Mr. Daigle, the Chief Gauger, rendered his evidence?—A. Part of it.

Q. I mean particularly that part which referred to the Gauger's perquisites consisting in his right to get samples and give them or sell them?—A. Yes, sir.

Q. A practice which had obtained for quite some time in the Port of Montreal, I think it was prior to the McDougal circular?—A. Yes, sir.

Q. Did you ever get from Mr. Daigle any of that liquor?—A. Yes.

Q. Was it for your own use?—A. Well, I was supposed to dispose of it as I wanted, I suppose.

Q. Was it at your request or upon Mr. Daigle's offer?—A. Mr. Daigle offered me some, and if I wanted—well, in some instances, I told him that I would like to get a few cases to send to some parties or friends when I was requested to do so.

Q. When did you first start getting this liquor from Daigle?—A. From Mr. Daigle, I think in 1923. I first started to get liquor in 1900 when I went in the Customs.

Q. From whom did you get it then?—A. From Mr. Corbeil who had been the Inspector of Customs in the Port of Montreal.

Q. Did you get it continuously?—A. Absolutely, yes, every year. When I first started there—in November—

Q. What is that?—A. It was not only I, but every officer of the Port was getting it.

Q. We will confine the enquiry to yourself just now. You say from your first coming into the Customs in 1900, you got into the practice that had been set up first by Mr. Corbeil and then his successor?—A. Yes. I did not know anything about Customs rulings when I went in. I went in in October, 1900, and at Christmas time, just before Christmas, I was given some liquor by Mr. Corbeil.

Q. About what quantity would you get during this long period of time, on an average yearly?—A. Oh, well I used to get about a dozen bottles every year, a dozen or perhaps sometimes two dozen, about a dozen or two dozen.

Q. When did you get that?—A. Mostly at Christmas times.

Q. At Christmas you would get, say a case?—A. Yes, about.

Q. How was the liquor put up, in sample bottles or regular bottles?—A. Mr. Corbeil used to put it in regular bottles, not in sample bottles.

Q. Were they labelled?—A. Just a little ticket on the bottle marked Scotch, or brandy, or wine.

Q. There were no brand labels?—A. No.

Q. You told us that you got some of this liquor for the purpose of sending it to people who had requested you to send some?—A. In some instances, yes.

Q. Tell us who were the people who requested you to send them liquor? —A. It is a pretty hard position to say such a thing.

Q. Start with those you recollect and probably your memory may get better as you go along. Tell us the names you recollect, and if any others are recollected, you can put them in.—A. First of all, may I be allowed, Mr. Calder, to make a statement?

The CHAIRMAN: Yes.

WITNESS: Since the very first day I went in the Customs, I was told that this liquor belonged to and was the property of the gauger, so therefore the gauger could dispose of this liquor as he thought fit, either by giving it away or by destroying it, or by using it himself.

By Mr. Calder, K.C.:

Q. We concede that point.—A. Therefore, that made my mind clear. What I want to establish is that for thirteen years I was Chief Locker and had to deal with all bonded warehouses in the City, not only in the City, but the district of Montreal. As I did not wish to be under any obligation to any of the merchants, who were then dealing in liquor, I always declined even at New Year's or Christmas to accept a case or even a bottle of whiskey from any party. But I had in mind that, knowing as a fact, that the gauger could dispose of his own samples, I mean not samples which were supposed to be of a commercial value but samples that were taken out of casks, a small quantity in one and a small quantity in another cask, and I thought he could dispose of that and therefore I accepted that without any bad thought in my head. When I wanted to give some to my friends, it was not the Customs that was giving it; it was R. P. Clerk as an individual. Anyway, when Mr. Daigle, or other parties, have given me any liquor it was done openly in the Customs. It was put up in sample cases which were used for sampling, and it was sent to my own private house in broad daylight by the Customs carters, brought to my private house at 3712 St. Denis, and from there I used to buy bottles out of my own pocket and send cases to whoever I cared to do so.

Now, I used to go to the Quebec Liquor Commission and say to Mr. Cordeau, "Mr. Cordeau, I want to ship to ship to some friend of mine a few cases of liquor from my house. Will you please give me a permit", and the permit always read: "Ship to Mr. so-and-so at such a place so many cases of liquor from R. P. Clerk, 3712 St. Denis," and therefore the parties to whom I sent the

liquor, I must say they did not receive the liquor from the Customs, but received the liquor from R. P. Clerk, and R. P. Clerk sent the liquor because he thought that he had a right to do so.

By Mr. Kennedy:

Q. Who are they?—(No answer).

By Mr. Calder, K.C.:

Q. Let us get back to the question I asked you before you made the statement. I will concede that point. Who were the persons to whom you sent the liquor in this way?—A. I sent the liquor to the Honourable Minister, if I remember well, the only quantity I have ever sent for the personal use of the Honourable Minister of Customs, Mr. Jacques Bureau, was only two cases, one case containing Scotch and brandy, and the other case containing sherry and port wine. I mean that is the only goods that I have sent for the personal use, as far as I can recollect. I may be wrong; it may perhaps be a little more, but I do not think so, so far as my memory serves me. I sent these to Hull so the Minister could get the cases transfered here. I have sent some to Mr. R. R. Farrow, Deputy Minister, and have also sent some cases to Mr. LaRochelle of the Civil Service Commission, to Mr. Jameson of the Civil Service Commission, and I must say I think also when Mr. R. S. White was Collector of Customs in Montreal, I daresay I have sent him between thirty and forty gallons at a time.

Q. At his request?—A. Yes, at his request, in his own private house.

Q. In the case of the other parties, was it sent at their request?—A. I can not say exactly. I told you how it is. When I saw Mr. Farrow, for instance, I would ask: "How are you fixed up, Mr. Farrow, just now. Have you any liquor at your disposal?" He would probably say, "Well, I am running short." "All right, Mr. Farrow, I will send you a case. Where do you want me to send the case?" and he said, "You will send this case addressed to W. F. Wilson."

Q. Which Mr. Wilson?—A. Chief of the Preventive Service, and he gave me an address, I think, if I remember well, it was on Aylmer Road, but I do not know what took place. I sent a shipment or two to Mr. Wilson, and after I was told by Mr. Farrow to address any more liquor to a chauffeur, Mr. Raymond, in Hull. When I was sending any liquor to Mr. LaRochelle, I was sending it to the Golf Club in Hull, and the same for Mr. Jameson.

Q. Now, Mr. Clerk, let us take these various persons. You stated in connection with Mr. Farrow that you sent to Mr. Farrow for his own use only two cases?—A. I may explain—

Q. Wait a moment, did you send him any for the use of others?—A. If I remember well, Mr. Calder, there was a shipment of four or five cases, maybe six, but it was understood with Mr. Farrow, because I have never—

Q. I am not talking about Mr. Farrow?—A. It was understood with Mr. Farrow that he was to divide this, that is to hand so many bottles to Mr. Bureau, that is both, and to keep so many bottles for himself and give so many to Mr. LaRochelle.

Q. Now previous to the appointment of the Liquor Commission, I do not suppose that there are any office records of these shipments, or of any arrangement that may have been made previous to the establishment of the Liquor Commission?—A. I do not know.

Q. Since the establishment of the Liquor Commission, such shipments as were made were controlled by shipping permits?—A. I had nothing whatever to hide; everything was done in the open; it was on the permit.

Q. We will assume, in order to avoid too much testimony, that you had nothing to hide, that you had or thought you had a right to do that; we will

assume that and let us get down to the question: the shipments of liquor would be controlled, seeing that you have already said that this was following up the practice, these shipments were controlled by permits of the Liquor Commission? —A. In every case.

Q. Now I ask you to recollect whether it was only two cases you addressed to Mr. Jacques Bureau?—A. I have never addressed any cases to Mr. Jacques Bureau as I told you a few minutes ago. I addressed and sent cases to Mr. Wilson. I sent cases to Mr. Wilson, and Mr. Farrow was to get hold of the whole lot and make the division. I have never taken a permit to ship to Ottawa some liquor to Mr. Bureau, addressed to the name of the Honourable Jacques Bureau.

Q. Now, I see here a permit, a copy of a permit from the Commission, the Liquor Commission of the Province of Quebec. I may say that it was delivered by the Commission itself to Mr. Duncan for his investigation, and the permit is dated 8th November, 1924, and is for five cases of Cognac, Scotch and wine, appearing to be shipped by you from 590 St. Denis, addressed to the Honourable Jacques Bureau?—A. To the Honourable Jacques Bureau?

Q. That is the way it reads. And on July 26th, 1924, a permit which authorized you to ship from 590 St. Denis, Montreal, to the Honourable Jacques Bureau, Three Rivers— —A. That is different.

Q. You were making that distinction?—A. Yes.

Q. Twenty cases of wine and brandy?—A. I am sorry to tell you that I am moving just now in Montreal, and that permit for twenty cases you have there has not been acted upon. I have still the permit, but unfortunately this permit was packed up. I do not know how it is packed up, but now it is in the warehouse of Bergeron, and packed up in a case where I can not put my hands on it.

By the Chairman:

Q. It was never sent to Three Rivers?—A. No.

By Mr. Calder, K.C.:

Q. I have here, 6th November, 1923, permit to R. P. Clerk to ship three cases of Scotch whiskey, and three cases of brandy, one case of wines and assorted liquors, to the Honourable Jacques Bureau, Three Rivers, on the 20th December, 1923?—A. That is all right, sir.

Q. I have here on the 23rd July, 1923, a permit to ship six cases of wine and assorted liquors to the Honourable Jacques Bureau at Three Rivers on the 30th July?—A. That is all right, sir. I do not recollect ever taking any permit to ship liquor addressed to the name of Mr. Bureau in Hull; in Three Rivers, it is all right.

Q. I have here a shipping permit 20th July, 1925, for one case addressed to Mr. Raymond in Hull. That would be for Mr. Farrow and for distribution by him?—A. If there is only one case, it is for Mr. Farrow.

Q. I have on the 6th day of March, 1925, a shipment permit to Mr. Clarence Jameson, Country Club, Aylmer, Quebec, two cases of liquor?—A. For his own use. Two cases; there was one case for Mr. LaRochelle and one case for Mr. Jameson.

Q. It was a commission shipment?—A. Because you see I had not the address of Mr. LaRochelle, so I sent the two cases to Mr. Jameson, and sent a letter stating that there was one case for Mr. LaRochelle, and one for Mr. Jameson.

Q. Then I have on the 26th February, 1925, a shipment of five cases of assorted liquors for A. Raymond, whose address is 111 Laval Avenue, Hull, Que.?—A. That would be for Mr. Farrow.

Q. Then I have another case shipped; the permit I see is dated December 22nd, 1924, for one case to Mr. A. Raymond. That would also be for Mr.

Farrow?—A. I want to make a correction there. Once I have shipped a shipment, I do not inquire which shipment it is. Once I had made a shipment of five cases here in Hull, addressed to Mr. Wilson; Mr. Wilson I suppose was not aware who those goods were for, but he knew they were for Mr. Farrow. There were two cases, one case containing six bottles of French brandy and six of Scotch, the other case six of Sherry, and six bottles of Port Wine. They were intended for the Hon. the Minister of Customs then, the Hon. Mr. Jacques Bureau. Otherwise the shipments that were addressed to Mr. Raymond, Mr. Farrow's chauffeur, were intended for Mr. Farrow's personal use, with the exception of the one case that was to be given on a certain day to Mr. LaRochelle.

By Mr. Kennedy:

Q. Why didn't you ship under Mr. Wilson?—A. I do not know. I got my shipping instructions from Mr. Farrow.

By Mr. Calder, K.C.:

Q. The cases shipped to Mr. Wilson were not covered by permits?—A. Yes, sir.

Q. I have no permits here?—A. That is not my fault. I had them.

Q. Mr. Duncan will speak about that. I have on the 22nd of December, 1924, two cases of assorted liquors to Clarence Jameson, the Country Club, Aylmer Road, Hull, Que.?—A. Yes.

Q. Then I have on the 12th of November, 1924, one case of Cognac and Scotch to Mr. Michael J. LaRochelle?—A. Yes.

Q. Then I have on the 12th of November, 1924, one case of cognac to C. J. Jameson, Country Club, Aylmer Road, Hull, Que.?—A. Yes.

Q. On the 8th of November, 1924,—I think I spoke of the 5 cases shipped to Mr. Farrow. There is no address for the Hon. Jacques Bureau, for the shipment of the 8th of November?—A. No. I just took his address as Three Rivers.

Q. There is no address on the permit?—A. That is an oversight on the part of the Commission, because they knew it was for Three Rivers.

Q. On the 16th of October, 1924, one case of Cognac, and Rhum, addressed to M. Clarence Jameson, C/o Country Club, Aylmer Road, Hull, Que.?—A. Yes.

Q. On the 16th of October, 1924, one case of Cognac and Rhum, addressed to Michel LaRochelle, Rivermead Club, Aylmer Road, Hull, Que.?—A. Yes.

Q. You appear to have been holding the balance very finely between these two gentlemen?—A. I did not want to make anybody jealous.

Q. Tell me this: There is a permit here which was not delivered to you, and may not be relevant to this inquiry; it is a permit issued to Clarence Jameson to transport into the province of Quebec, five cases of fine brown Scotch, two A. & M. Special Liqueurs, two Greenless Dry Gin, six bottles Ed. Dupuy & Co., 1900, and three bottles M. & R. Vermouth?—A. I can explain that perfectly, Mr. Calder. One day I was in Ottawa, and Mr. Jameson told me he had this liquor in his own private house in Nova Scotia, and asked me if I could secure a permit for him to remove it from Nova Scotia to the Golf Club in Montreal.

Q. Why was a permit necessary to remove it from Digby?—A. To go across the province of Quebec. I got in touch with Mr. Cordeau, the president of the Liquor Commission.

Q. The Club is in Quebec?—A. Yes. I got in touch with the president of the Liquor Commission, and simply told him the facts, that it was whiskey Mr. Jameson had bought long before prohibition had come into force in the province of Quebec, and that he had it in his house in Nova Scotia, that he

wanted it to be removed to the Country Club. The president told me that he could only vouch for the province of Quebec, and that he would give me a permit to transport it in the province of Quebec, but in Nova Scotia he had nothing to do with it.

Q. On the 10th of October, 1924, there is a shipment of one case of Cognac and assorted wines to A. Raymond, 111 Laval St., Hull, Que.?—A. To Mr. Farrow.

Q. On July 26th, 1924, twenty cases of wine and brandy, that was not acted upon?—A. No, I had that permit.

Q. Did you have a permit for this quantity when you shipped it?—A. No sir.

Q. When you went to get a permit for twenty cases, you must have had some belief that you could lay your hand upon it?—A. I can explain that very easily.

Q. I wish you would?—A. Mr. Daigle told me that there was a large quantity of sherry, port wine and Sauterne coming in, that he expected lots of sherry and that he could perhaps fix me up with twenty cases of sherry, port wine and Sauterne.

Q. That must have been a tremendous shipment, the samples of which would make up twenty cases?—A. You must remember that Mr. Daigle had some previous to that. That might cover a year. I do not need to say that Mr. Daigle will take that in a month, or five days, or two months. At any rate, I did not take hold of the shipment; I never moved it, and I have still the permit.

Q. Let us stick to Daigle's word. Daigle said there was a large shipment of sherry, port wine and sauterne coming in, and, "I can fix you up with twenty cases," was that what he said?—A. No.

Q. Give us his exact words; there is no hurry, take your time about it?—A. My answer to the question is this, that Mr. Daigle had on hand—

Q. First will you give us Daigle's exact statement to you, his very words, and then go on?—A. I cannot, I do not remember, I cannot remember three years back word for word what Mr. Daigle told me, but I can explain to you the circumstances.

Q. What did you state at first, until I put a rather embarrassing question subsequently; was it not this, that Daigle had told you that there was a large shipment of sherry, you said that Daigle stated there was a large shipment of sherry, port and sauterne coming in "and I can make you up twenty cases."' I just put to you the question that it must have been a tremendous shipment; then you surmised that he must have had a stock accumulated and that this was as it were, only the top. Do you want to withdraw that statement?—A. I want to make it like this that Mr. Daigle had accumulated for quite a long time some port wine, some sherry and some sauterne; more than that, that there were some very large importations of that coming up, of the same class of goods, and Mr. Daigle might have said to me something like this: "With what I have already on hand, I can make up a total of twenty cases." Perhaps there were two or three cases missing in what he had on hand, I do not know anything about that. I never saw the goods, and, "you can make up twenty cases if you like." Those were never received by me. I obtained a permit to move them, they were never sent to Mr. Bureau, and I never sent them there.

Q. The statement was that there was a very large shipment?—A. If you are going to play upon words, Mr. Calder—

Hon. Mr. STEVENS: Perhaps the best way is to have the reporter read what the witness said.

The CHAIRMAN: This witness is testifying hurriedly, and tells first about a permit obtained from the Quebec Liquor Commission but that it was never

used by him; he says he changed his mind, and Daigle told him this. Perhaps he explained himself badly, but he has always the right to correct himself. Sometimes, not always, if necessary a witness can correct himself. You must give him a chance to explain himself in a proper and suitable way.

Mr. CALDER, K.C.: Mr. Chairman, whatever reputation I have established at the Bar, I think I have an enviable reputation for fairness. There are two statements made by the witness, and I am trying to find out now which one is the likelier to be the correct one. I remember his previous statement, which contained these words, "I expect a very large shipment, and I expect to be able to make up twenty cases."

Mr. BELL: The suggestion is that if Mr. Calder is playing upon words, the witness will take it upon himself to explain what he said, if you will allow him to do so.

WITNESS: I will simply state this, that, to complete this shipment of twenty cases he might have had eighteen cases or seventeen cases, and with the other shipment that was coming up, it would have made up the three cases, which would have made the twenty. I never got them, and never took them.

By the Chairman:

Q. You were never fixed up, and you did not make it up?—A. I never got it.

By Mr. St. Pere:

Q. Why do you not give your answers in French?—A. Through courtesy to the Committee, I would rather speak in English.

Q. We had this before. This witness is entitled to, and has the right to express himself in French?—A. But it is with the understanding that I will speak in English. If I have not got the proper expression or the proper word, as I said before, I can explain in French better. I hope the Committee will understand what I have said there.

By Mr. Calder, K.C.:

Q. Will you tell us the expression he used, in French, that Daigle used when he suggested that he would probably have twenty cases which you might ship if you chose?—A. I can answer that perfectly.—R. Je puis parfaitement repondre à cela.

(The following questions and evidence translated from the French by Mr. Beauchamp, Official Interpreter.)

Q. Would you tell us the exact words used by Mr. Daigle?—A. Mr. Daigle might have told me something in this line, to this effect. "If you want to send about twenty cases of wine, I already have some here in my possession; I have a fairly large number in my possession here, and I could complete the shipment to the extent of twenty cases in all, which you can then send."

Q. Did he state that he expected a large shipment or delivery of wine? —A. Yes. The wines I received arrived all together. The importations of wines always come in large shipments.

M. Calder, C.R.:

Q. Dites-nous les paroles exactes dont s'est servi M. Daigle.—R. M. Daigle m'aurait dit quelque chose dans ce sens-ci: "Si vous voulez envoyer une vingtaine de caisses de vin; j'en ai déjà ici, en ma possession, un nombre assez considérable, je pourrais parfaire un lot, jusqu'à concurrence de vingt caisses, que vous pourriez envoyer."

Q. A-t-il dit: "Je m'attends à une livraison ou à un déchargement considérable de vins?"—R. Oui, monsieur. Les vins arrivent toujours tout à la fois. Les importations de vins sont toujours très considérables.

Now, to finally put these into the record; you have on the 12th of June, 1924, a case of alcoholic liquors addressed to Mr. M. G. LaRochelle. On the same day a case of alcoholic liquors to C. J. Jameson, Country Club, Aylmer. On the 6th September, 1923, a shipment of five cases of Scotch, brandy, and assorted liquors, of which we were speaking, to the Hon. Jacques Bureau?—A. Not addressed to the Hon. Jacques Bureau?

Q. Yes, addressed to the Hon. Jacques Bureau, Three Rivers?—A. Yes, but not here in Hull.

Q. On 15th of August, one case of wine and assorted liquors to David E. Clark?—A. Yes.

Q. On the 23rd of July, 1923, another case of assorted wines and liquors to David Clark. On the 23rd of July, 1923, another case of wines and assorted liquors to David E. Clark.—A. No, only one case shipped.

Q. There are three permits here?—A. There was only one case shipped. I do not know how you get three permits, as there was only one case shipped.

Q. And finally, there is a shipment of six cases of wines and liquors, of which we spoke before, to the Hon. Jacques Bureau, Three Rivers?—A. Yes, sir.

Q. Did you ever bring liquor to Ottawa, in an automobile?—A. Yes, sir.

Q. In what quantities?—A. Mr. Farrow told me his wife was sick and she could not take anything, that the only thing she could take was a little Sherry and Port Wine, and he asked me if I would be kind enough, on my next trip, to bring two bottles of Port Wine from the city of Montreal.

Q. Did you purchase that liquor from the Liquor Commission?—A. Yes. He also said, "I am suffering from heart trouble and would like to get a bottle of either Sherry or brandy. I take this as a tonic." I said "Surely, Mr. Farrow, I will." I went to the Quebec Liquor Commission and bought a bottle, put it in my grip and when I came to Ottawa I gave it to Mr. Farrow. I did not charge him anything, I paid for it out of my own pocket.

Q. Is that the only shipment?—A. Absolutely the only shipment. Then I consider that more as drugs than anything else, because it was for sickness purposes.

Q. Now, Mr. Clerk, you were saying that for a long period of time this practice was followed, and you have mentioned the names of those to whom you sent liquors; you have mentioned Mr. White, Mr. Farrow, Mr. Bureau, Mr. LaRochelle, Mr. Jameson—

The CHAIRMAN: Mr. Calder, you have not given Mr. White's initials.

By Mr. Calder, K.C.:

Q. Which Mr. White is that?—A. Mr. R. S. White, formerly Collector of Customs, and now Deputy, of Mount Royal.

Q. Now, is there anybody else to whom you sent liquor, in this period of time, and let us restrict ourselves to people who were officially your superiors?—A. No, sir, not that I am aware of.

Q. During this entire period you say there is nobody else to whom you sent liquor?—A. During my twenty years in the Customs I do not think I have given liquor to anybody else; I mean officials of the Customs; I may have given, to a friend who may have come to the house, a bottle.

Q. I am talking about gifts to your superiors, particularly.—A. No, sir.

Mr. BELL: You only picked the important ones.

By the Chairman:

Q. We like to select our friends through life?—A. Sure. I did not make a trade of that.

By Mr. Calder, K.C.:

Q. Have you sent any shipments since the Duncan report was made?—A. No, sir.

Q. Has your testimony covered all the shipments so expressed?—A. I beg your pardon?

Q. Do these slips cover all shipments made by you while the Quebec Liquor Commission was in operation?—A. Yes.

Q. Before the Quebec Liquor Commission operated, did you send any liquor to these same gentlemen?—A. No, sir.

Q. Why not?—A. Because I had no occasion.

Q. The occasion arose through request, or was it your own volunteering? —A. As I said a few minutes ago—

Q. Have you got any letters from any of the people to whom you sent liquor, either asking you to fix them up a little bottle, or letters thanking you for having fixed them up?—A. I have received letters reading something like this:

"We thank you very much for your kind shipment, and we appreciate it."

Q. Have you got those letters with you?—A. No, I did not know that I would be called in Ottawa; I left them in the office.

Q. Whom did you receive those letters from?—A. Some from Mr. La-Rochelle, some from Mr. Jameson; they do not mention liquor, just that they have received something.

By the Chairman:

Q. They mention they are satisfied?—A. They would say, "I thank you for the magnificent gift you sent me."

By Mr. Bell:

Q. That was the only kindness they had an opportunity of showing?—A. Yes.

By Mr. Calder, K.C.:

Q. Did you get an acknowledgment in each case?—A. For every case I sent to the parties I would say, "I am sending you this." And they were gentleman enough to acknowledge receiving them.

Q. You got an acknowledgment each time?—A. Yes.

Q. Would you mind sending those up to Ottawa, please, for production?—A. Yes, whatever I have.

Q. Send them in care of Mr. Todd.—A. I did not keep a record to serve in the future, I just happened to find trace of it in my own home. I have a few, but I do not know how many.

By Hon. Mr. Stevens:

Q. Some of these shipments were case goods. Suppose, it were cognac, or brandy, it would be bottled goods?—A. I had to buy cases and I had to buy bottles and straws to pack them, with the exception of one time, when I went to Mr. Seymour, President of the Quebec Liquor Commission, and he gave me some cases, and he gave me some straws to pack these in, because I suggested to Mr. Seymour that I had no straws, and had no empty bottles.

Q. Who used to do the packing and bottling for you?—A. Samples were sent to my private house and my servant girl used to wash the bottles, and used to pack them in the cases, or the children might pack them in the cases.

Q. That is quite a little task?—A. Whenever you want to oblige a friend, you are always ready to do anything.

By Mr. Bell:

Q. How old were the children who did the packing?—A. One twenty-four, and the other twenty. But they are something like their father, absolute tee-totallers.

Q. Children of twenty-four?—A. I do not take anything.

By the Chairman:

Q. A man always looks on his children as if they were ever young?—A. Yes.

By Hon. Mr. Stevens:

Q. Shipments of wine come in bottled form?—A. What do you mean?

Q. You mentioned a while ago, about a large shipment of Port Wine and Sherry, which was expected; that would be in bottled form, wouldn't it?—A. I don't know how it would come in; it never came in, so, therefore, I cannot say, I can't imagine.

By the Chairman:

Q. You cannot describe a bottle you have not seen?—A. I cannot describe a shipment I have not seen.

By Hon. Mr. Stevens:

Q. That is not a fair answer.—A. What would be a fair answer?

Q. I am not here to answer questions, but to ask them. I asked you with regard to a shipment of Sherry and Port Wine, as to whether it would be bottled goods, and I asked you that question as the Inspector of the Port of Montreal, whether such a shipment would not come in bottled form.—A. There is some Sherry and some Port Wine that comes in bottles. But those are samples of commercial value, and we never touch those. When I got it, the Sherry was liquor contained in a cask, then abstracted with a syphon and placed in wine bottles containing sixteen ounces.

Q. You never got a bottle of Sherry, or Scotch whiskey, or brandy, without a label on it?—A. Casegoods, I never got.

By Mr. Donaghy:

Q. You spoke of some deliveries being made in quantities of forty or fifty gallons at a time to gentlemen whose names you gave?—A. I beg your pardon.

Q. You spoke a while ago of some delivery of liquors in quantities of forty and fifty gallons at a time to gentlemen you named a while ago?—A. Yes.

Q. It struck me that was a tremendous shipment for a gauger or sampler to send?—A. I do not know how long it took to pack that up, but it was put in a quarter cask and sent to Mr. R. S. White's house in Montreal. That was the only shipment that was not shipped in bottles.

By the Chairman:

Q. Mr. White was an old friend of yours?—A. Yes, we had been working—I had been working with Mr. White for thirteen or fourteen years, and I know Mr. White's a perfect gentleman and will not deny the fact that he has received it.

Q. You sent it on account of your friendship?—A. Yes sir, and I knew that Mr. White was not doing anything wrong in accepting that. He was Collector of the Port of Montreal.

By Mr. Donaghy:

Q. That would be a barrel of whiskey?—A. Yes, that was a barrel.

By Mr. Doucet:

Q. How many gallons?—A. About thirty gallons.

By the Chairman:

Q. Friendship never measures alcohol or cigars?—A. No sir.

By Mr. Donaghy:

Q. Another little thing I want to ask you about; when you were examined on oath before Mr. Duncan, that is last January I think, is that right? You told Mr. Duncan that you would prefer not to give the names of the gentlemen you have given to-day?—A. Sure, I thought it was ungentlemanly on my part to give the names, but I was forced to do so as somebody had given the names, and I did not see that I should give the names, because that was not liquor that belonged to the Customs; it belonged to me.

Q. The point is this, that you say you were forced at the Duncan enquiry to give certain names of gentlemen to whom you gave intoxicants?—A. Yes.

Q. You told us the names to-day?—A. Yes.

Q. We find a name now on the list that you did not give when you were giving the others. Do you know whose name you concealed?—A. Yes.

Q. Who?—A. Mr. R. S. White.

Q. Who else?—A. Mr. Jameson.

Q. You gave Mr. Larochelle's name, and he was one of the Civil Service Commissioners. Why did you conceal the name of his confrere, Mr. Jameson? That is what I would like to know.—A. I will tell you. When this question was put up to me by Mr. Duncan, I said that I would rather answer this question to the Minister alone.

Q. That applied to them all?—A. Yes.

Q. I am speaking of one?—A. Yes.

Q. Why did you not speak of Jameson?—A. I was so puzzled and so nervous because I thought it was ungentlemanly on my part to give the names of anybody. When I saw that these names had been given, I said, "Yes," and I never thought of Mr. Jameson and never thought of Mr. R. S. White, under the circumstances.

Q. You told us to-day that you were making a very even division of the liquor between Mr. Jameson and Mr. Larochelle. They are both members of the Civil Service Commission. I take it that they are the men who appoint officers in your Department, and if you thought of Mr. Larochelle's name, one of the Civil Service Commissioners, surely you do not want us to believe that at the same time you were telling his name, you completely forgot Mr. Jameson? Surely you do not want us to believe that?—A. I will go further than that; I was forgetting the name of Mr. Larochelle, but I was called in the corridor by Mr. Wilson when I was giving my evidence, and he said: "You are forgetting one name," and I said, "Who is that?", and he said, "Mr. Larochelle." Is not that right, Mr. Wilson?

The CHAIRMAN: We want to get the truth. In the evidence, Mr. Wilson was given a coat of varnish.

Mr. BELL: He is not going to interrogate him as he is sitting there.

By Mr. Donaghy:

Q. At any rate you told us, and you want us to believe, that Mr. Larochelle's name was called to your attention by Mr. Wilson, but it did not occur to you to say that you had also sent it to Mr. Jameson?—A. I was very indignant over this question. I am telling you under oath, I forgot absolutely.

Q. I did not ask you how indignant you were. Do you say you forgot?—A. Yes.

Q. It is rather a singular lapse of memory?—A. Singular or not, I am telling the truth under oath.

Q. Did Mr. Wilson know to whom you had been selling liquor?—A. Did what.

Q. I do not want to shout at you?—A. I beg your pardon, I have been sick.

Q. You will have to come here closer, or get an ear trumpet. Everybody seems to be talking in the room, and you are probably right?—A. I have been sick, and am still sick, and I have a bad cold, and I am very hard of hearing.

Q. Let us have a little quietness and I will ask the question quietly. Did Preventive Officer Wilson know to whom you had been sending the intoxicating liquors?—A. To this question, I will answer like this: Mr. Farrow, Deputy Minister, told me, "You will ship to this address", and he gave me a little paper on which the address of Mr. Wilson was given, and I have not approached Mr. Wilson on the subject or anything of the kind, except after the liquor had been shipped, sent here, I said to Mr. Wilson: "Mr. Wilson, I have shipped at your place some liquor, and if you want to have a few bottles for your personal use, you are quite welcome to do so." He said, "No thank you, I have some already."

Q. I am not interested in that. It is very hard for me to get my question. I will ask it again quietly, and take all the time and think it over. Did the Preventive Officer know the names of the persons who were getting intoxicating liquor from you? Take your time and think it over.

By the Chairman:

Q. Do you want me to put it in French?—A. No, it is all right. It is very hard for me to answer that, as I did not see Mr. Wilson before I shipped the liquor. I only saw Mr. Farrow who gave me the address. He said: "You send the liquor there." I did not get in touch with Mr. Wilson, and I did not see Mr. Wilson or say to him, "I am going to ship you some liquor." Therefore did Mr. Wilson know who it was for? I do not know if Mr. Farrow told him. He told me to address that to Mr. Wilson and he, would look after it. You ask me how it got in Ottawa and I do not know, sir.

Q. Was it Preventive Officer Wilson who reminded you that Civil Service Commissioner Larochelle had received liquor from you?—A. No, sir.

Q. Well, then perhaps you have not thought over your answer carefully. Let me remind you, a moment ago when I asked you why you had not mentioned Mr. Jameson's name, you told me that you had forgotten about both Jameson and Larochelle, and Preventive Officer Wilson spoke to you and said, "See here, you did not tell about the liquor you sent to Larochelle."

Mr. BELL: He said that he had forgotten.

Mr. DONAGHY: He mentioned Larochelle's name. I said: "Did Mr. Wilson notify you that Mr. Larochelle had received whiskey," and the witness said, "No sir, he did not notify me."

Just a minute. We will settle this. I will ask the reporter to turn back to this question again, where I was asking why he did not mention Mr. Jameson's name with Mr. LaRochelle, and he said he had forgotten. I want to get what he said before. Will you look that up, Mr. Reporter?

Mr. FOOT: (Official Reporter). (Reading):

> "Q. At any rate, you told us that it did not occur to you at some time to send some to Mr. Jameson?—A. I was very indignant over this question. I am telling you under oath that I forgot absolutely."

Mr. DONAGHY: You did not quite get what I was asking you. I was asking you (To Reporter) to turn to the question where he said he had forgotten about this until he went out, and then Mr. Wilson reminded him of it, and mentioned a name. Then it came back to him. I want you to look up that note.

By Mr. Kennedy:

Q. Mr. Clerk, I would like to ask you a question while we are waiting. Did I understand you to say there was just one shipment of 30 or 40 gallons to Mr. White?—A. Yes; that is the only one I ever made.

Q. Did that shipment go out before or after the McDougall circular?—A. I do not exactly remember in what year it was shipped to Mr. White, but it was a few years before he left the Customs.

Q. About what year?—A. I think that Mr. White left in 1913, if I remember well, and it must have been two or three years previous to that.

Q. The date of the McDougall circular was about 1901?—A. Yes.

Mr. FOOT (Official Reporter): It must have been another reporter who took that note, Mr. Donaghy.

Mr. DONAGHY: We will have the reporter look that up a little later on. In the meantime there is something else I want to ask the witness.

The CHAIRMAN: Proceed.

By Mr. Donaghy:

Q. Were you from time to time asked by the Civil Service Commission to make recommendations as to persons whom you thought were fit and proper to be appointed to positions in the Customs service?—A. I was never asked by the Civil Service Commission.

Q. Then by whom were you asked?—A. By the Minister Mr. Jacques Bureau.

Q. And did you, from time to time, make recommendations to the Civil Service Commission?—A. Yes sir, because I have had 127 promotions from French-Canadians in the port of Montreal, about 40 for the Irishmen—

Q. I was not asking you that—

By the Chairman:

Q. Did they take them?—A. Yes, they did.

Mr. BELL: I resent that—

The WITNESS: They were very glad to get them, too.

By the Chairman:

Q. Did the Englishmen accept the promotions?—A. Sure.

By Mr. Donaghy:

Q. Did the Civil Service Commission ever turn down any of your recommendations for promotion?—A. Once.

Mr. DONAGHY: Just once? Thank you. I will have that question read after luncheon.

Mr. CALDER, K.C.: While we are waiting for the reporter, may I complete one matter?

The CHAIRMAN: Certainly.

By Mr. Calder, K.C.:

Q. The shipment to Mr. Wilson did not appear to be covered by permit, and I may say I asked the Commission to extend full facilities for consultation with their records. Can you tell us from what point the shipment to Mr. Wilson was made? Was it not directly from the Custom House, being packed by Mr. Daigle at your request?—A. These goods to be packed up were sent to my house, and were packed in my house.

Q. I am speaking about the Wilson shipment.—A. Yes, I am going to tell you about that. I packed it up in my house, and I had to buy some soap cases

to put them in. There were no more on the market in Montreal, and there were no more whiskey cases, so this shipment was taken down to the Customs—it was packed in cases—just to have a piece of scrap iron put across it, and it was then handed to the Express by Mr. Daigle.

Q. That was the extent of Mr. Daigle's intervention in the packing?—A. Exactly, that is all.

Mr. CALDER, K.C.: I would like Mr. Chairman, to complete one thing which has been at a loose end for a while, that is, in the Larde case.

The CHAIRMAN: Can you not leave it until after lunch?

Mr. CALDER, K.C.: It is not evidence, it is a statement as to the result of an inquiry I made. I got into communication with Mr. Taschereau, who told me that he did not have the letter for Mr. Bolger, that he returned it to Mr. Dupont, as far as his present recollection goes. At any rate, it is not in his records, and he cannot safely recall the purport of it.

The CHAIRMAN: Mr. Dupont is in France?—

Mr. CALDER, K.C.: Yes. That closes the Larde case.

The CHAIRMAN: This Committee stands adjourned until 3.30 this afternoon.

Mr. JAMESON: May I make a statement, Mr. Chairman?

The CHAIRMAN: Mr. Jameson, this Committee has adjourned until half past three o'clock. You will then have an opportunity to make your statement, and, your statement will be recorded in the evidence.

Mr. DONAGHY: And on oath.

The CHAIRMAN: Yes.

The Committee adjourned until 3.30 p.m.

AFTERNOON SITTING

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

ROBERT P. CLERK recalled.

The CHAIRMAN: Mr. Donaghy would like to ask you a question.

By Mr. Donaghy:

Q. Mr. Clerk, the reporter has looked up the question and your answer from this morning. I will read the question first:

> "Q. You told us to-day that you were making a very even division of the liquor between Mr. Jameson and Mr. Larochelle. They are both members of the Civil Service Commission. I take it that they are the men who appoint officers in your Department, and if you thought of Mr. Larochelle's name, one of the Civil Service Commissioners, surely you do not want us to believe that at the same time you were telling his name, you completely forgot Mr. Jameson? Surely you do not want us to believe that?"

That is the question. Now, here is your answer:

> "A. I will go further than that; I was forgetting the name of Mr. Larochelle, but I was called in the corridor by Mr. Wilson when I was giving my evidence, and he said 'You are forgetting one name,' and I said, 'Who is that?' and he said 'Mr. Larochelle.' "

Q. Is that right?—A. Yes.

Q. That was your answer?—A. Yes, sir.

Q. Now, the question I was asking you was; have you any idea how Mr. Wilson knew the names of the persons to whom you were sending liquor?—A. Well, he must have known that through Mr. Farrow, and, as I said this morning, I told him that once the goods were shipped, there were some of these goods that were to be divided, and he could help himself to a few bottles, if he cared to.

Mr. DONAGHY: That is all we were waiting for.

By Mr. Kennedy:

Q. Mr. Clerk, I understood you to say you had made about 136 recommendations?—A. Yes sir.

Q. For promotion in the port of Montreal, and that only one was refused. Is that right?—A. These promotions were advertised by the Civil Service Commission in the regular way. And after the applicants applied for promotion, these applications were sent to the Collector of Customs in Montreal, who made his recommendation; then they were sent to me to approve the recommendations made by the Collector. After I had approved the recommendations made by the Collector—because our recommendations had to agree—they were sent to the Department and submitted to the Minister and the Deputy Minister, who made their own recommendations. So, therefore, the Civil Service Commission did not do me any turn, but they simply went by the recommendations that were made by the Collector, by myself, by the Deputy Minister, and by the Minister himself. They were not doing any favour to R. P. Clerk, the Inspector; they were taking, as a whole, the recommendations that were made in the regular way. I never imposed my views, and I do not think they would have paid any attention to me if I had pressed upon them that I wanted so-and-so to be appointed.

Q. Do you mean to tell the Committee that Mr. Weldon, yourself, the Deputy Minister, and the Minister, were all in agreement in regard to the 136 cases—?—A. Yes sir.

Q. —with one exception?—A. Yes sir.

Q. And the Civil Service Commission, of course?—A. And the Civil Service Commission took the whole of that, and gave the promotion to whoever they thought fit.

Q. What about new appointments?—A. I have nothing whatever to do with new appointments, sir. I am never consulted.

By Mr. Donaghy:

Q. Now, Mr. Clerk, you say the Minister and the Deputy Minister would join in the recommendation of these promotions? Is that right?—A. Yes sir.

Q. Do you want us to believe that they would have any personal knowledge of the individuals whom they were considering, or were they just acting upon your report?—A. I do not know if they had; I cannot answer for them. I do not know whether they would know the parties who were applying for promotion; perhaps in some cases they did, and perhaps in other cases they did not, but they took into consideration the recommendations made by the Collector, Mr. Weldon, and the recommendations I made personally.

Q. In other words, it was merely formal for the Minister to approve them?—A. Well, the Minister always told me to try and get efficiency in the service; whenever any applicant made application for a promotion, to try and select the very best man, the man most capable of filling the position, and to the best of my knowledge and ability, that is what I have always done.

Q. However, you were the man who knew the applicants? They were under you?—A. I am supposed to know them, because I have lived with them for the last 26 years.

Q. The Deputy Minister would not know these men?—A. He would know a few, but not all, intimately.

Q. He would have to rely on your report?—A. He would have to rely on the recommendations made by the Collector and myself.

By Mr. Bell:

Q. Mr. Clerk, I have seen on the files a number of forms which purported to show the record of any applicant for promotion. Was that a invariable practice? Did they always have a written report such as I have seen on a number of the files, as to how a man conducted himself down to the time application was made for promotion?—A. No sir; the only thing we got in Montreal was the application of the applicant, and we used to rate them "Very Good", "Good", "Fair", and so on. Now they are rated "100 per cent efficiency"; "90 per cent", "80 per cent", "70 per cent", "60 per cent", and so on. I have nothing before me to go by but the ratings of the Collector. When an officer makes an application for a promotion, I always, in every instance, take into consideration the ratings made by the Collector; then I call on the chief of the Department in which that officer is working at the present moment, and I enquire from his chief what his conduct has been in general, and what his ability is. Furthermore, I call them on the chief of the Department where he is to be promoted, and I say "So-and-so have made application for this promotion in your Department. Now, you have known these men for many years. If it was left to you, which one would you pick out," and I take into consideration always what they tell me, and from that I find out if this man is in the habit of signing the book regularly, if he is in good health, if he is sober, if he is attentive to his duties, and I make my recommendation from that.

Q. Reasonably sober?—A. Yes, reasonably sober. After six, I don't care.

Q. We are to understand that in any case in which you have dealt you have had before you a recital of each man's record, his performance, his conduct; is that correct?—A. Yes, sir. I wish to point out that whatever I said this morning does not reflect, I hope, on any Commissioner of the Civil Service, because I never imposed my views upon the Civil Service Commission; I have never insisted that the Civil Service Commission should appoint one man rather than another, because they would simply tell me, in blank, to mind my own business. And I think they would have been right. I never used my own judgment. If I thought they had appointed parties whom I had recommended, it is in my favour, because the parties that I have recommended have proven to be efficient since they have been in their positions.

By Mr. Kennedy:

Q. I understand, as far as the Port of Montreal is concerned, Mr. Weldon and yourself made the recommendations?—A. Absolutely, yes, sir.

Q. You do not seem to have had the same co-operation when it came to getting rid of some of the inefficient clerks. Mr. Weldon, for instance, complained that he made certain recommendations to the Department that a certain clerk should be fired.—A. I also have made some recommendations that certain clerks be fired; I was told they were to be fired; I do not know the reason why they have not been; they are still there.

Q. In spite of the recommendation of Mr. Weldon and yourself?—A. In spite of the recommendation Mr. Weldon made, and which I made myself.

By the Chairman:

Q. You know something about giving a man a last chance?—A. Yes. I can tell you of a good many cases I have seen. Mr. Bureau has told me to be

lenient with the officers and try to persuade them to perform their duty, because patience is better than breaking the glass. I know of some officers who were not properly doing their duty, and after being called upon and showed how ridiculous it was for them to act in such a way, they have now become very good officers, and very efficient officers.

By Hon. Mr. Stevens:

Q. That has improved things?—A. It has improved things, I am sure.

By Mr. Kennedy:

Q. How many chances would you give an inefficient person?—A. I have asked the Deputy Minister, as well as the Minister, to allow me to reprimand an officer at least three times before placing him in suspension, unless it was a question of theft; if it were a question of theft, if I found an officer stealing goods or money from the Customs, I have, in each case, asked the Minister to take immediate action against the officer. But for any dereliction of duty, to be lenient, as much as possible, and give him a chance by reprimanding him at least three times before taking action against him.

By Hon. Mr. Stevens:

Q. Mr. Clerk, this liquor was all secured from Mr. Daigle, the Chief Gauger, is that right?—A. Yes, sir.

Q. When was Mr. Daigle appointed as Chief Gauger?—A. As far as I remember, in 1923.

Q. Did you recommend him?—A. Sure.

Q. After he received his appointment as Chief Gauger, was he not sent to some technical school to qualify him for the position?—A. He went to the technical school before he secured the appointment.

Q. After the previous Chief Gauger had retired?—A. He was then working as Assistant, as a helper, in the office, and as the gauger, Mr. Adamson, was getting old, and Mr. Daigle was in sight of promotion, he might have a chance to get the position, he went to a technical school. There are very few gaugers, I must tell you, who will take the time and trouble of doing so.

Q. I am not complaining of it at all. I understand he went to the technical school to prepare himself for the prospective vacancy of the position of Chief Gauger, that is right?—A. Yes, sir.

Q. And he received that position through your recommendations?—A. Not only through mine.

Q. And others?—A. Through the general routine.

By the Chairman:

Q. Through his ability?—A. Through his ability and capacity.

By Hon. Mr. Stevens:

Q. Mr. Clerk, I think you are very modest, this afternoon; you are belittling your own recommendation, when, as a matter of fact, your recommendation was really a very important factor.

The CHAIRMAN: When the man is bigger than the recommendation, you do not need to recommend him.

By Hon. Mr. Stevens:

Q. Quite so. It was your recommendation, along with others?—A. I am not ashamed to say that I have recommended him.

Q. I am not saying that you should be ashamed, but will you answer the question yes or no?—A. Yes, my recommendation helped to secure the position for him.

By the Chairman:

Q. Because he deserved it, according to your opinion?—A. Yes, sure.

Q. A man is always entitled to perfect himself?—A. If every officer would take a special course in his line, the service, as a whole, would be improved. When a man will do that I can only congratulate him. I do not mind saying that Mr. Daigle, before he went to take the special course, was entitled to fill this position, his experience qualified him, but he wanted to have more technical knowledge, and that is why he went to study. I could only approve of him and congratulate him, when I was informed of his decision. Mr. Farrow also said: "this young man is doing well and he deserves to be looked after".

By Hon. Mr. Stevens:

Q. And he was looked after?—A. Surely, he was.

Q. After you had had a talk with Mr. Farrow?—A. Yes, sure.

By the Chairman:

Q. As a reward for his energy and studies?—A. And his honesty.

By Hon. Mr. Stevens:

Q. Subsequent to that, you became, in a sense, the chief agent for the dispensing of surplus liquors?—A. I want to ask the Chairman if I am to answer that question here. I have the utmost respect for the Committee, but I do not want to be obliged to answer any question that will throw any reflection on my character. I did it once, but I will not be thrown down twice. I am not an agent.

Q. You were the main agency through whom this liquor was distributed?—A. Mr. Chairman, I absolutely refuse to answer such a question.

Hon. Mr. STEVENS: I do not know that he has any right to refuse to answer the question.

The CHAIRMAN: You can go by facts, and if you want to make such evidence, the facts may bring a conclusion later on, based on those facts.

The WITNESS: I am not going to serve your political end, and the other day, you said I was a political tool.

The CHAIRMAN: It is only a question of words. Mr. Stevens, will you try to put the question in sweeter words?

By Hon. Mr. Stevens:

Q. The question is this: That Mr. Daigle, the Chief Gauger, turned over to you liquor in considerable quantities; is that right?—A. Mr. Daigle gave me some liquor which I could do whatever I thought fit with it.

Q. Never mind that part. He did that, didn't he?—A. Yes, sir.

Q. And you distributed that liquor to others?—A. If I thought it fit to give any to somebody it was my own private business.

Q. No, is is not your own private business, it is the concern of the public, and a mighty important public concern. It is all nonsense this talking about a gentleman's arrangement, and so on. It is a long way from being a gentleman's arrangement, and I am pretty nearly sick of these little lectures.

The CHAIRMAN: Let us wait for the answer.

By Hon. Mr. Stevens:

Q. I again ask you whether you are not the general agency through which this liquor was distributed to various high officials of this Government?—A. I refuse to answer.

Q. That is a fair question and I insist upon your answer.

The CHAIRMAN: I do not think it is a fair question; and it is only a question of words; everything is in the words. You are asking if this witness sent liquor to some officer.

Mr. BELL: Perhaps the witness might tell us who was a more important agent in the distribution of liquors than himself?

The CHAIRMAN: I do not see it that way. You ask for the proving of a thing which is not proven. We have the fact that Mr. Clerk receives a sample from Mr. Daigle, which is sent to his house, and he sends some liquor to his many friends. That is the situation. The Committee will appreciate this evidence later on, and render judgment as they see fit on the evidence.

Mr. BELL: Perhaps Mr. Clerk would be glad to tell us who was a more important agent than himself.

The CHAIRMAN: He cannot answer that question, because he received a sample and sent it to whom he saw fit.

Mr. BELL: If Mr. Clerk is not able to tell us who was more active than himself, we have to draw our own conclusions from his refusal.

The CHAIRMAN: Why talk of his doing more than he was doing? I do not see any evidence of sending whiskey to high officials.

Hon. Mr. STEVENS: We will put this question in the form of statistics, if you want it that way.

The CHAIRMAN: Let us put a fair question, let us get the true answer, and then we will appreciate the evidence. Do not let us put the question and draw a conclusion, and put the conclusion into the mouth of the witness. No court would do that, and we, as a committee, should deal fairly with everybody.

By Hon. Mr. Stevens:

Q. Now then, I have before me, Mr. Clerk, certain permits showing liquor sent to different parties by you from the port of Montreal. I exclude from that list one permit of eighteen cases, and another permit of twenty cases—

Mr. CALDER, K.C.: There are three permits of one case each, to one official personally.

By Hon. Mr. Stevens:

Q. I have taken off thirty-eight and two, a total of forty cases, which leaves thirty-seven cases of liquor that you have sent to different parties—I am not going to mention at the moment who the parties are—but is there any one else in the service, known to you, who has distributed more liquor than this number of cases?—A. I do not know if anybody else has sent any liquor, I did not inquire, sir.

Mr. KENNEDY: What period of time does that cover?

Mr. CALDER, K.C.: From July, 1923, to July, 1925.

By Hon. Mr. Stevens:

Q. Are you not the chief medium—I will leave out the word "agency"—through which this liquor was distributed?—A. I will not answer this question as to chief medium, that I am the only one who was distributing some liquor. I will not answer this question.

Mr. BELL: He is the chief, if he is the only medium.

By Hon. Mr. Stevens:

Q. You received this liquor from Mr. Daigle?—A. Yes.

Q. That is correct?—A. That is correct.

Q. And you told us a moment ago that out of one hundred and thirty-six persons recommended to the higher authorities for promotion, only one whom you favoured to be recommended fell by the wayside; that is correct, isn't it?—A. Yes.

Q. Well, is not it a fair inference to say that this large quantity of liquor at least played some part in influencing those higher up in accepting your

recommendations?—A. Well, I hold Mr. Jameson and Mr. LaRochelle in too high esteem to think that they would be influenced by a case of liquor.

Q. Just a moment; I did not mention Mr. Jameson, nor Mr. LaRochelle. What about your Minister, and your Deputy Minister, and superiors in the department; that is what I am talking about.—A. The same answer, I hold them in too high esteem to think that they would be influenced by a few bottles of liquor.

By Mr. Calder, K.C.:

Q. Did you ever receive written or verbal acknowledgment from Mr. Bureau, Mr. Farrow, and Mr. LaRochelle that they had received the liquor you shipped to Wilson?—A. No, sir.

Q. You never received any acknowledgment at all?—A. That they had received liquor that I sent to Mr. Wilson? No, sir.

Q. I may point out to you that in Mr. Duncan's report, there is a statement that you did receive such an acknowledgment; did that apply to that shipment or a later shipment?—A. I told you this morning, and you asked me to send letters, which I will send to the Honourable Minister of Customs, who will send them to you. I have received letters thanking me for the kind shipment I have made.

Q. Did you receive any such letter in the case of the earlier shipment to Mr. Wilson?—A. No, sir.

Q. Mr. Clerk, just getting away from the liquor for a moment, I want to ask you a question about one other matter. Did you have occasion, not long ago, to report a clerk in the Postal Department of the Customs for theft?—A. Yes, sir.

Q. What was his name?—A. Well, I have reported several. Which one do you want?

Q. Was there one in particular called Cassidy?—A. There are two brothers called Cassidy; I have reported both of them.

Q. And reported that they had committed theft in the Postal Department? —A. Yes, one of them.

Q. The other you reported for theft also?—A. Yes.

Q. What happened these men upon your report?—A. The one in Windsor Street Station was placed under suspension, and I have heard that he sent in his resignation since.

Q. What happened the other, the one in the Postal Department?—A. The one in the Postal Department, I reported him for converting some money, and he had been placed under suspension, but reinstated.

Q. When you speak of converting some money, you mean diverting some money which belonged to the Department, and he returned it when he was discovered?—A. Absolutely.

By Mr. Bell:

Q. You are aware of the fact that there is a minimum penalty of three years in the penitentiary for that?—A. There might be a penalty, but my duty only consists of reporting these things to my superior, that is the Deputy Minister of Customs, and it is for the Deputy Minister to take whatever action he things fit.

Mr. CALDER, K.C.: I may say, Mr. Bell, that it was not a diversion of postal matter. It was a diversion of duty paid on this stuff coming in through the postal parcel department.

Mr. BELL: I thought you meant theft from the Post.

Mr. CALDER, K.C.: No, theft from the Customs Department.

Hon. Mr. BENNETT: When was it?

WITNESS: The file is here, and I was asked for the file, and I have nothing left in my office. I was asked for the duplicates and I cannot give the dates from memory. You have the whole file here.

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

WITNESS: Am I discharged?

Mr. CALDER, K.C.: You might stay here a few moments.

Witness retired.

WALTER DUNCAN, recalled and sworn.

By Mr. Calder, K.C.:

Q. Upon my instructions, Mr. Duncan, did you proceed to the Liquor Commission office, in the City and district of Montreal, for the purpose of securing copies of the shipping permits to Mr. Wilson, Mr. Jameson, Mr. Raymond, Mr. LaRochelle and Mr. Farrow?—A. I did.

Q. And Mr. Bureau?—A. Yes.

Q. And you also asked for shipping permits with Clerk as consignor?—A. Yes, all that was shipped by Clerk.

Q. Was the information furnished to you by the Liquor Commission?—A. The President, Mr. Cordeau, furnished me with those you have.

Q. Will you now produce, to go in as one exhibit, twenty shipping permits, being copies delivered to you by Mr. Cordeau?—A. Yes.

Q. You asked Mr. Cordeau to institute a search for shipping permits under these names?—A. Yes. I might say that the ten cases to Mr. Wilson—there is no permit covering ten cases.

Q. There are no permits in the name of Mr. Wilson at all?—A. No.

Q. I will file these as Exhibit 137. Did you specifically ask for shipments to Mr. Wilson?—A. I mentioned Mr. Wilson's name.

Q. Among others?—A. Yes, I asked if there were ten cases shipped to Mr. Wilson.

Witness retired.

R. P. CLERK, recalled.

By Mr. Calder, K.C.:

Q. Mr. Clerk, with reference to the question that I asked a short time ago, with reference to the shipments through Mr. Wilson, at page 278 of the testimony taken by Mr. Duncan, I find the following:—

"Mr. Duncan to Inspector Clerk:

In view of the Chief Gauger stating under oath that you told him that the liquor sent to Mr. Wilson was for the Deputy Minister and the Minister of Customs, I want to ask you if that statement that you gave is true or false?—A. Owing to the fact that as I have already stated, it was a recognized privilege for the Chief Gauger to dispose of his legitimate samples taken for analysis purposes, I want to state that the above declaration of Mr. Daigle is true.

Q. Being as we have it on the record, is there any objection in stating that the various shipments went to the same person?—A. The shipments addressed to Mr. Wilson were intended for the Minister, the Honourable Mr. Bureau, for the Deputy Minister, Mr. R. R. Farrow, and Mr. M. J. LaRochelle, a Commissioner of the Civil Service.

Q. In justice to the Chief Preventive Officer, Mr. Wilson, did the Honourable Mr. Bureau, and Mr. Farrow, and Mr. LaRochelle of the Civil Service, acknowledge to you that they received the liquor sent

through Mr. Wilson?—A. Yes, I have received thanks and acknowledgments."

When I came back, Mr. Farrow told me that he had received the goods.

Q. So you received verbal acknowledgments?—A. Yes, verbal acknowledgment. Mr. Farrow never wrote to me about acknowledging anything I had sent.

Q. Did you receive acknowledgment from all three, Mr. Bureau, Mr. Farrow, and Mr. LaRochelle?—A. Mr. Bureau did not say a word about it, or Mr. LaRochelle.

By Hon. Mr. Bennett:

Q. You said that all the liquor you had came from the gauger?—A. Sure, the gauger gave it to me.

Q. Do you want anybody to believe that all these cases of liquor came from the gauger?—A. Do you think I stole them?

Q. Answer me that, do you expect any one to believe that they came from the gauger?—A. Once I am speaking under oath, yes sir.

Q. Who bottled them? How were they bottled?—A. How were they bottled?

Q. Yes.—A. They came in in sample bottles and I bottled them in bottles that I bought.

Q. You and your family bottled them by hand?—A. Yes, by hand.

Q. Had you no machine?—A. I had a machine to put the cork in.

Q. You say that all this liquor and all these cases that these shipments represented, came from the gauger?—A. Yes.

Q. You are sure?—A. Yes, I am telling you under oath, and I am not telling a lie.

Q. You have told many things under oath here, and do not think I am not experienced with men of your type?—A. You have no right to make any reflection on my character.

Q. I asked you if you, yourself, and family, bottled all the liquor, sixty or seventy cases?—A. Yes, I have said that the cases I have sent were bottled in my own home.

Q. Where did you get the labels?—A. We paid for them.

Q. Where did you get them?—A. It was a little outfit.

Q. Where did you get them?—A. I got them at the drug store.

Q. What drug store?—A. Pharmacie Martin.

Q. Where?—A. St. Denis Street.

Q. What kind of labels?—A. White label with red turned over.

Q. How did you get a label showing that a particular kind of liquor was 1900 vintage?—A. What's that?

Q. How did you get labels showing 1900 vintage?—A. That is a different thing altogether.

Q. Of course it is?—A. They were little ones, I had nothing whatever to do with them.

Q. How did you get the label for the cognac and brandy?—A. It was all the same, a little label. It is a little label that they use in drug stores.

Q. I should judge from looking at these that there are seventy or eighty cases, and it commenced in 1923 on the 12th of June and it ends July, 1925, and in that interval you were engaged in bottling and packing all these cases. That is what you want us to believe?—A. What do you want to believe, what do you want to come at? I am telling you that I have received samples from Mr. Daigle, Chief Gauger, and I have bottled some of those samples, and I have sent some cases. What is there in that but the truth? Do you think I have a still at my place and I am manufacturing whiskey?

Q. No, Mr. Clerk, I am not bound to answer you. I am delighted to tell you that I do not think you would have a still, but something much more convenient. What I desire to ask you is this: do you want this Committee to believe that all this liquor, some seventy cases or more—

Hon. Mr. STEVENS: Forty-seven cases without eliminating twenty and eighteen.

By Hon. Mr. Bennett:

Q. Between forty and fifty cases of brandy, rum and whiskey being bottled and corked, and the tinfoil that you put on the top of the bottle—

The CHAIRMAN: No.

By Hon. Mr. Bennett:

Q. No tinfoil put on?—A. I am not a manufacturer. I put the corks on, and I did not take the trouble to write to the manufacturers of the whiskey to get their labels.

Q. So you got the liquor from the gauger?—A. Where should I have got it, then?

Q. How did you get it transported to your house?—A. In open daylight, by the regular carters of the Customs.

Q. What in, contained in what?—A. In boxes, sample boxes made specially and furnished to the Department for sample bottles.

Q. The sample bottles were conveyed to your house?—A. Yes.

Q. Did you mix the various brands together?—A. No, I took the bottles as they were filled for the other bottles.

Q. How could you tell what was in the sample bottles; how did you know that they were the same?—A. Because Mr. Daigle always got good bottles here. I never took the trouble to taste it, if it was Scotch or not, because I do not drink it.

Q. They all came from Daigle?—A. They all came from Mr. Daigle.

Q. Nobody else?—A. Nobody else.

Q. No other gauger?—A. No other gauger.

Q. When you boxed them up to ship them to your various patrons, what kind of box did you use?—A. Any kind of box I could get in a grocery store.

Q. Are you sure of that?—A. If I am sure? How would you want me to send it, in bags? I am not a bootlegger, to take it in a bag. I put them in cases and sent them in cases.

Q. What marks were on the cases?—A. Search me, I do not know. There were all kinds of cases, soap cases and so forth.

By Mr. St. Pere:

Q. Soap boxes?—A. Soap boxes, whatever cases I could get.

By Hon. Mr. Bennett:

Q. So your story is that you took this liquor down to your basement—you and your family?—A. No, sir. I have no basement.

Q. Down to the kitchen, or was it to the parlor?—A. Would that be very important, if I took it in my boudoir, or the kitchen, or the parlor, as long as I admit that it came into my house.

Q. Who assisted you to bottle the liquor?—A. It was done before my sons.

Q. What are their names?—A. Jack and David.

Q. How old are they?—A. One is twenty-four, the other is twenty-one or twenty-two.

Q. Do they keep establishments of their own, or do they live at home?—A. They live at home with me.

Q. They assisted you in bottling it?—A. Yes.

Q. Where did you buy the bottles?—A. I bought them everywhere; I bought them at the grocery store, I bought them at the drug store, wherever I could get bottles.

Q. You bought bottles with labels at the drug store? You have given me the names of some whiskey labels, and brandy labels?—A. No. I only got the plain little labels that can be used for anything at all, on any bottles.

Q. What label was on the bottles before you put the new labels on?—A. There were some empty vichy bottles, some beer bottles, all kinds of bottles.

Q. So you packed the champagne—

The CHAIRMAN: No champagne.

By Hon. Mr. Bennett:

Q. Well, the wine. You seem to think it is rather a joke, Mr. Clerk?—A. I think the questions you are asking me are pushing me to the wall. I do not understand that, when I come here to say whatever I have done. I do not know for one thing whether it is important to know whether the liquor was bottled in my boudoir, my kitchen or my parlour. It is not important for the Committee to know which room in my house it was bottled in, as long as I say frankly it was bottled in my own home.

Q. Who repaid you for the money you expended in bottles and labels?—A. Nobody repaid me. It is not my custom, whenever I do a favour for somebody, to collect money from him.

Q. You paid for the bottles?—A. I paid for them, and paid for the freight too.

Q. And the labels?—A. And the labels.

Q. And the cartage?—A. And the cartage.

Q. You prepaid the expressage?—A. Absolutely.

Q. How much did it all cost?—A. Well, when I sent a case to Ottawa, it cost me sixty cents, seventy cents, or one dollar. It all depended on the weight of the case. Sometimes I had to take a heavy case, and sometimes it cost me one dollar, sometimes sixty cents, sometimes seventy cents.

Q. Your story is that you had 47 cases. How many bottles in a case?—A. In some cases, nine bottles, in some cases ten bottles, and in some cases fourteen bottles.

Q. All told about 500 bottles of liquor?—A. About 500 what?

Q. About 500 bottles of liquor?—A. About, I suppose.

Q. You want us to understand, according to your story, that filled with a noble zeal to oblige your friends you packed this liquor up night after night, and day after day?—A. No, sir, it did not take me day after day, and night after night. It only took me a few hours at a time, whenever I took something.

Q. How did you happen to ship it?—A. By express.

Q. But how did you happen to do it; why did the mood suddenly seize you to ship it? How is it you suddenly got the inspiration to ship it; you do not drink?—A. I do not drink.

Q. How did you suddenly get the idea that you wanted to ship to the Hon. Mr. Bureau, or to somebody else?—A. Because I wanted to be agreeable, although I do not take any.

By Mr. Bell:

Q. You knew he would not take it in the wrong way?—A. Sure, I knew he would not abuse it.

By Hon. Mr. Bennett:

Q. You wanted to make yourself agreeable, not drinking any yourself? How did you know it would be agreeable to the people whom you sent it to?—A. Because I have often seen a lot of people like that.

Q. How did you select these few?—A. I was not a wholesaler, sending liquor to everybody, and I knew I was not an agent.

Q. Why select just a few outside of town. Had you no friends in town?—A. Sure I have, I have friends everywhere.

Mr. DONAGHY: Some of his friends do not drink, Mr. Bennett.

By Hon. Mr. Bennett:

Q. Was any of it ever returned to you?—A. What is that?

Q. Was any of it ever returned to you, on the ground that they had no use for it?—A. No, sir.

Q. How is it you happened to select these few, without knowing their habits or tendencies?—A. Because I suppose I knew.

Q. That seems reasonable too, but how did you know?—A. How did I know?

Q. Yes, how did you know?—A. How do I know that a friend of yours would like to have a glass of Scotch?

Q. Is that the only explanation you can give of how you happened to make this selection?—A. Well, I suppose if I had sent some liquor to somebody else it would have been the same. You might ask me why I should select this party instead of another. It so happened, circumstances led me to make this pick of parties to whom I should send liquor. If it had not been to these parties, it might have been to some other parties, that is all.

Q. I am simply trying to ask you how it happened that it was not to other parties, but to these parties?—A. I am telling you plainly in one instance how it happened. In the case of the Hon. the Minister, I knew he had to buy some liquor one day, and I told him "Mr. Bureau, I do not see why you should go to the expense of buying that liquor, I will give it to you." That is one instance.

(Loud laughter in the audience.)

The CHAIRMAN: We have been working seriously here since February 9 last, and I hope we will get through with it soon. We must have order.

By Hon. Mr. Bennett:

Q. Well now, Mr. Clerk, you are seized with a noble zeal to befriend your Minister. You wanted to help the Minister you say?—A. I tell you I held the Minister in very high esteem. I have known him for many years, in fact I go out of my way to be agreeable to my friends and parties whom I have known for many years. I am always willing to do anything I can, to go the limit.

Q. That is what I thought?—A. I go the limit to oblige any friend of mine, not only to oblige the Minister, the Hon. Mr. Bureau, but anybody I can help, anybody I care for. I will do anything at all for a friend.

Q. Thus far I have been a total abstainer, and if you send it to me, I have friends who are not, who would be otherwise deprived of the benefit of it. Now, Mr. Clerk, it seems to me that you realize this was a public matter?—A. The only way I realize it is this, that I was under the impression, for it has been the rule since Confederation to give away liquor that was tested, after it has been tested by the Chief Gauger, and I saw no harm whatever in it. As I said this morning, for thirteen years I was chief locker, and I have never accepted a gift from any merchant who offered me liquor, because I did not want to be under any obligation to him or to them. I thought there was no harm in this.

Q. You did not want to be under any obligation yourself?—A. Not to the merchants.

Q. And you realized the desire to place your friends under obligation to you?—A. I think more of my friends, the parties to whom I have sent a few

cases of liquor, than to think that about them. They are men of too big character to be bought with a cigarette or a bottle of whiskey.

Q. Did you send them cigarettes too?—A. No, that was only an expression I used.

Q. I thought you never sent them cigarettes?—A. I do not send them cigarettes. That is only an expression I used. I do not think any of these parties I sent liquor to would be influenced, and I have never taken advantage of it to ask a favour.

Q. You are suggesting that you are too big to be influenced by the men to whom you would send liquor?—A. I never wanted to become under any obligation to the merchants. As I said a few minutes ago, these people would not be influenced by a few bottles or a few cases of liquor that they might have received from me.

Q. What I cannot get away from is this: why did you limit your selection?—A. Did you want me to send it to everybody?

Q. I beg your pardon?—A. Did you want me to send it to everybody? First of all, I had not enough.

By the Chairman:

Q. Mr. Clerk, I want to put one question to you. I see by these shipping exhibits from the Quebec Liquor Commission in Montreal, that if you bottled all that stuff, it would take you two years?—A. What do you mean?

Q. The question put to you a moment ago, about bottling the stuff and shipping it?—A. You mean to say to bottle forty cases would take about two years?

Q. According to your answers?—A. That forty-seven cases would take two years of a man's time to bottle them?

Q. These exhibits show that the cases were sent within 1923 to 1925?—A. Yes, sir, in two years.

Q. That is what my question is?—A. I understand it now.

Q. You shipped forty-seven cases in two years?—A. Forty-seven cases in two years.

By Hon. Mr. Bennett:

Q. That is two a month, not very much?—A. If you take it by months, it is not a very heavy thing.

By the Chairman:

Q. I thought at first it was bottled all in one night?—A. No sir.

Q. As I drew your attention to it, these cases were shipped in two years?—A. During a period of two years.

The CHAIRMAN: That is all, Mr. Clerk; I have no other questions.

Witness retired.

CLARENCE JAMESON called and sworn.

By Mr. Calder, K.C.:

Q. What is your occupation?—A. Civil Service Commissioner.

Q. Were you a Civil Service Commissioner in 1923?—A. Yes.

Q. And 1924 and 1925?—A. Yes.

Q. There has been produced here, among others, a shipping permit issued from the Liquor Commission of Quebec, on the 12th of June, 1923, to R. P. Clerk, authorizing him to ship one case of alcoholic liquors from 590 St. Denis Street, Montreal, the residence of Mr. Clerk, to C. J. Jameson, Country Club, Aylmer Road, Hull, the shipment to be executed between the 12th of June, and the 22nd day of June. Did you receive that case?—A. I did.

Q. Had you suggested this case should be sent to you?—A. No; if I may be permitted—

Q. You may make any statement at the end of your interrogatory, if you don't mind. Had Mr. Clerk suggested he should send it to you?—A. Yes, he did.

Q. Of his own motion?—A. Yes.

Q. Without any solicitation on your part?—A. Absolutely.

Q. Did you acknowledge receipt of it?—A. I think I spoke to him. I do not think I acknowledged receipt of it in writing. I think he was usually in town—

Q. But you told him you had received it?—A. I told him I had received it.

Q. You did not tell him not to do it again?—A. Not on that occasion; I did later.

Q. Now, I have a similar shipping certificate dated the 16th of October, 1923, at Montreal, authorizing R. P. Clerk to ship one case of cognac and rhum, the property of R. P. Clerk, 590 St. Denis Street, Montreal, from his residence at that address to Clarence Jameson, care of the Country Club, Aylmer Road, Hull; shipment to be made between the 16th and 18th days of October, 1923. Did you receive that also?—A. I did.

Q. Was that at your request?—A. No.

Q. Was it of his own motion again?—A. Yes.

Q. Had you spoken to Mr. Clerk between those two shipments?—A. Yes.

Q. Between those two shipments, you did not intimate to him that it was not to be done?—A. No.

Q. Did you write a letter thanking him for the second shipment?—A. I may possibly have done so, but I scarcely think I did.

Q. Did you thank him verbally?—A. Yes, I thanked him verbally; he used to be in town frequently.

Q. He was in town frequently?—A. Yes.

Q. Did he usually call upon you on such occasions?—A. Generally—I would not say " generally ", but he called on me on a number of occasions.

Q. On official business?—A. Yes.

Q. What official business would bring Mr. Clerk to the office of the Commission?—A. Well, there was a certain reorganization going on in the port of Montreal—

Q. At that time?—A. At or about that time, and Mr. Clerk, I think, used to come to the Deputy Minister on frequent occasions, and sometimes he came over to the Commission to explain certain matters in connection with the reorganization.

Q. Was it not the rule of your Department to deal with Mr. Clerk through the Department instead of directly?—A. Well, we do, as a matter of fact; but we cannot prevent people from calling.

Q. You can tell them not to call again?—A. Well, we very frequently do so.

Q. Did you do so in this case?—A. On several occasions I told him not to bother about these things; that they would have to come through the Department.

Q. On the 12th of November, 1924, there is a similar shipment, the same shipper, to the same consignee, for one case of cognac and wine. Did you also receive that?—A. I think probably I did.

Q. Did you acknowledge receipt of it, either verbally or by letter?—A. What is the date of that, did you say?

Q. The 12th of November, 1924.—A. No, I cannot say that I did. I may have done so. I cannot say. I have no recollection of it.

Q. Then on the 22nd of December, 1924, approximately a month later, you have a shipment from the same shipper, to the same consignee, same address,

two cases of assorted liquors. Did you receive that?—A. I think one of those was for another person.

Q. Mr. LaRochelle?—A. I am disposed to think so, sir.

Q. One of these was for Mr. LaRochelle? On the 12th of November, 1924, Mr. LaRochelle got one case at the same time, on the same date as you were getting one case, and then on the 22nd of December, you say these two cases were for both of you—or one each?—A. That is the way I remember it.

Q. This must have brought you in contact with Mr. LaRochelle; there must have been some discussion or mention, at any rate, between Mr. LaRochelle and yourself, of this shipment.—A. Yes, that is so.

Q. You told Mr. LaRochelle you had received it?—A. I think he probably had advices.

Q. And did he call on you, asking for his shipment, or did you tell him it had arrived?—A. I think probably I told him it had arrived.

Q. And it was understood that one case was for you?—A. Yes.

Q. Understood between whom?—A. I think the two parcels were sent to my address, and one of them was marked for him.

Q. Had it been understood you should receive it for him?—A. No, but it was convenient to send it to the same place.

Q. In that case, you just notified him and handed him over the parcel?—A. That is my recollection.

Q. At that time, did you mention to Mr. LaRochelle, or did Mr. LaRochelle mention to you, that probably it would not be seemly to receive such shipments?—A. We discussed that later on.

Q. But until the 22nd of December, 1924, there had been no discussion?—A. No discussion as to that.

Q. And no protest on your part to Mr. Clerk?—A. No.

Q. On the 6th of March, 1925, there is a similar shipping permit, same shipper, same consignee, same address, two cases of assorted liquors. You received those too?—A. Yes; one of those was for Mr. LaRochelle.

Q. One of those was also for Mr. LaRochelle?—A. Yes.

Q. And you handed it over to Mr. LaRochelle?—A. Surely.

Q. Were you aware that Mr. LaRochelle had received shipments direct at that time?—A. No, I was not aware of it.

Q. Did you mention to him that you had received shipments direct, yourself, which were only for yourself?—A. No, I don't think so.

Q. And at that time, on the 6th of March, 1925, was there any discussion between you as to the seemliness of these proceedings, and the necessity for causing them to stop?—A. Yes, there was.

Q. At this time?—A. Yes.

Q. For the first time?—A. Yes.

Q. Why did the discussion arise then instead of arising at the first shipment, nearly two years before?—A. Well, if I may be permitted—

Mr. CALDER, K.C.: May I say it takes a long time for the seemliness to become apparent.

Mr. DONAGHY: How long?

Mr. CALDER, K.C.: Nearly two years; a year and a half to be exact.

The WITNESS: Just at this juncture let me say that at this time, in the course of the reorganization of the port, Mr. Clerk's case was likely to come before the Commission.

By Mr. Calder, K.C.:

Q. How do you mean "his case"?—A. I mean the question as to an increase in salary, or a promotion.

Q. You mean on the 6th of March, or earlier?—A. After the 6th of March. I have not the file, but I believe it is here. If you will give it to me, it will refresh my memory.

Q. I think you told us that at the time the first shipment was made, the reorganization of the port of Montreal was being mooted?—A. Yes.

Q. It had been on the tapis for some time?—A. Yes; it is a slow process.

Q. And the first shipment coincided with the raising of the question?—A. Oh, no, no.

Q. When did you begin the reorganization of the port of Montreal? When did the question first arise?—A. That has been in process for the last six years.

Q. For the last six years?—A. Yes.

Q. And there was a possibility of promotion, or of maintenance of Mr. Clerk, likely to arise under the scheme of reorganization?—A. Not as I understood it.

Q. Well, as you understood it, under the reorganization he was either to go, or to remain, or to be promoted? If it was a reorganization at all, he had to be in one of those three positions.—A. Perhaps I should have said in the application of the new classification of the Service, there were people being placed in different grades; that is to say, they came out of the old-fashioned grades and went into other grades.

Q. Did that affect Mr. Clerk?—A. No, I think not.

Q. Was there not the possibility in the case of the reorganization of his place being made a vacancy, or his receiving a promotion upon a vacancy being created otherwise? There was always that possibility until the scheme became crystallized and definite?—A. Of course, he might have been retired or might have been retained in his position, as you say.

Q. Or promoted?—A. It did not happen that he was; it happened that he was not, as a matter of fact.

Q. Until the reorganization was completely settled, and crystallized, he might have the hope of promotion?—A. Hope springs eternal, we are told.

Q. Yes, especially as long as the event was open.—A. In this case, it did not materialize, unfortunately for Mr. Clerk.

Q. You said the reorganization of the port and the possibility of maintaining or dismissing or promoting might have been in Mr. Clerk's mind when you started to receive in 1923, around the month of July, shipments of liquor from Mr. Clerk, and you did not protest at the time?—A. Yes, I told him at the time, when he came to my office; and I was about to make this preliminary statement which I should have been obliged to make had you permitted me—

Q. I do not want to interrupt you, but it seems to me that you said you did not protest at that time?—A. Excuse me. If you will refer to the record you will see it there.

Mr. CALDER, K.C.: (To Reporter) Turn back and read that portion of his evidence.

Questions and answers read as follows:

> Q. There has been produced here, among others, a shipping permit issued from the Liquor Commission of Quebec, on the 12th of June, 1923, to R. P. Clerk, authorizing him to ship one case of alcoholic liquors from 590 St. Denis Street, Montreal, the residence of Mr. Clerk, to C. J. Jameson, Country Club, Aylmer Road, Hull, the shipment to be executed between the 12th of June, and the 22nd day of June. Did you receive that case?—A. I did.
>
> Q. Had you suggested this case should be sent to you.—A. No, if I may be permitted—

Q. You may make any statement at the end of your interrogatory, if you don't mind. Had Mr. Clerk suggested he should send it to you?—A. Yes, he did.

Q. Of his own motion?—A. Yes.

Q. Without any solicitation on your part?—A. Absolutely.

Q. Did you acknowledge receipt of it?—A. I think I spoke to him. I do not think I acknowledge receipt of it in writing. I think he was usually in town—

Q. But you told him you had received it?—A. I told him I had received it.

Q. You did not tell him not to do it again?—A. Not on that occasion; I did later."

By Mr. Calder, K.C.:

Q. Now, on that first occasion to which the questions re-read apply, did you protest against the sending?—A. Now, if you will permit me to make the explanation which I desired to make in the first place—

Q. If you will just answer the question, and then you can amplify it. Did you or did you not protest?—A. I protested before it was sent.

Q. You protested before it was sent?—A. Yes.

Q. Had he proposed before hand to send it to you?—A. When he made me the offer.

Q. He made you the offer before he sent it?—A. Yes.

Q. Did you protest then?—A. May I make the explanation now, which you did not want to hear before?

Q. It was not that I did not want to hear it, but it must be given in its proper place.

The CHAIRMAN: The question as put, is easy to answer.

By Mr. Calder, K.C.:

Q. There are some things I want to find out. My method may appear to be unfair, to you, just now, but I have no personal sense of unfairness; I am just trying to find out, and there will be ample time for cleaning up everything. I am pursuing a line of thought, and if you will let me continue I think we will get along very well. He proposed to send this liquor to you?—A. Yes.

Q. Where did this take place, at Montreal or Ottawa?—A. Ottawa.

Q. Upon one of his visits?—A. Yes.

Q. Concerning the reorganization of the port?—A. No, I do not think it had to do with that, on that occasion; he called in at the office casually.

Q. Will you tell us, as far as you can recollect, exactly how he put the proposition to you?—A. Yes, he came to my office one day and after discussing various casual incidental matters said, "I would like to make you a present of some wine and spirits." I said, "Well, in these days, any man who has any of those commodities can generally put them to a very good use himself." And Mr. Clerk replied that he was a non-user of spirits, they did not agree with him, and he had a considerable quantity. He said he proposed to give it to his friends and acquaintances, and I said, "I can scarcely claim sufficiently long acquaintanceship with you to warrant that. No doubt there are other friends of yours who would be glad to receive them." He then affected to be offended and observed that it was a strange thing if I would not receive a gift from him such as he proposed. He wanted to know if I regarded myself as too proud to accept a gift from a man like him. I said, "not at all, quite to the contrary. If that is how you think of it, I withdraw my objection."

Q. And you did withdraw your objection?—A. I withdrew my objection.

Q. And it was sent on?—A. It was sent on, yes.

Q. Did he tell you, at the time, this was Gauger's sample stuff?—A. He did not, I thought it was from his own cellar.

Q. When you got the first case, you must immediately have noticed it was not regularly bottled stuff. I understand, if Mr. Clerk is correct in his statement, that it came in blank bottles with simply a druggist's label?—A. That is the case.

Q. When you opened the case did not it become clear to your mind that this was Gauger's stuff?—A. No, I had not the faintest suspicion of that. I have myself, in the old days in Nova Scotia, been accustomed to purchase whiskeys in the wood and draw it off from time to time into bottles as required for my own purposes and uses; so it did not appear to me at all unlikely that this may have been stored in his cellar. In other words, he may have had it in his cellar and was getting rid of it.

Q. Was that the basis upon which you accepted subsequent shipments?—A. Yes, it was, until the last.

Q. What led you to change your mind?—A. I thought it was an extraordinary thing that a man's cellar should be so substantial.

Q. Inexhaustible?—A. Yes, inexhaustible. The thing did not look good to me, as a matter of fact. Up to that time I had not had any suspicion at all; I had not the vaguest idea it was Gauger's samples, not the very slightest idea.

Q. What suspicion, or what deterrent entered into your mind when you finally decided that it was not to be done any more?—A. As I have said, because the quantity seemed to be so great, to come out of a man's cellar, in the ordinary way. And furthermore, because some application for promotion of Mr. Clerk was likely to come before the Commission, which I did not anticipate before.

Q. Did it ever strike you, Mr. Jameson, that as a matter of ordinary practice it was not proper for a man who might ultimately be before you in the status of an applicant, to send you presents—as he put it himself?—A. Well, I confess that it did not, in the first instance. The only reason I objected in the first instance was, on the ground that our acquaintanceship was not sufficiently long, or our friendship sufficiently established.

Q. Did you look at it in this way, that you had been receiving a present from a person who would possibly be an applicant, and whom you would know sufficiently well?—A. Oh, no, not at all. I think one uses one's discretion in such matters.

Q. Do not you think that the rule that obtains in a military organization, that no present is acceptable from an inferior or a dependent to a superior, or to a man on whom the inferior person depends, would be an excellent rule to have observed in your case?—A. Well, sir, there is a vast difference between the Civil Service Commission and the military service; and while that rule may obtain in the military service, it does not exist at the present time in the Civil Service.

Q. Let us go back to the reason why it is an established custom in the army that there must not be the giving of presents from an inferior to a superior, as it would disrupt discipline; do not you think that that is a good rule to apply in connection with the Civil Service, especially in connection with the Civil Service Commission?—A. Let us proceed to see what occurred in connection with Mr. Clerk's case.

Q. Yes, tell us what occurred?—A. May I have the file?

Q. You mean Mr. Clerk's personal file?—A. Yes.

Q. I understand it was upon the last shipment reaching you on the 6th of March, 1925, that you decided it was not seemly, in view of the application that was coming?—A. Yes, and the fact that the quantity was getting so great.

Q. When did you send back the cases?—A. It was not coincident with the receipt of the shipment, but shortly afterwards, subsequent to that.

Q. How long?—A. I cannot say as to that.

Q. What was Mr. Clerk applying for?—A. I would like to look at the file before I answer.

Q. Can you tell me from memory?—A. Our difficulty is that the Department of Customs in the distribution of departments amongst various members of the Commission comes under the immediate purview of one of my colleagues consequently I am not as familiar with it as I might be.

Q. Surely, you are able to tell us whether Mr. Clerk was applying for a certain position? There are not so many positions superior to that of Inspector; there are not so very many notches that you could help to fill.—A. He was applying for an increase in salary based on the bi-lingual inspectorship of Quebec.

Q. It was not for promotion, but more pay?—A. Well, pay, based on certain enlarged duties which had been placed upon him by the Department.

Q. Can you tell us when he made that application?—A. No, I cannot tell you from memory; I would have to consult the files.

Q. About when was it?—A. I cannot really say.

Q. We will get the file. Is this the file you mean, the Civil Service Commission file *re* R. P. Clerk? (Hands to witness)—A. I find upon loooking at the file, on May 26th, 1925, the Department of Customs wrote to the Commission as follows:

> "Referring to previous correspondence respecting classification of various positions of the outside service it is requested that a note be added to the class—Inspector of Customs and Excise—as follows: Note: Inspector of Customs and Excise, bilingual, assigned to supervise inspection work in the Province of Quebec shall receive $600 per annum in addition to the above compensation."

Q. Would all increases of salary to Mr. Clerk be subject to the ruling of the Commission?—A. The practice is this, if I may explain it to the Committee: The Department, when it finds that the work in any particular branch of the Service has increased, requests the Commission to make an investigation. One of the officers of the Commission is despatched to the Department to investigate and report upon the volume of work, the change in the character of it, increased improvements, or otherwise. That report is made in writing and the recommendation of the chief of the investigators is sent up to the Commission for their consideration. In the present instance, after some correspondence, the report of the investigators came up to the Commission for consideration and the Commission decided that they were unable to meet the request of the Department, for the reason, amongst others, that to do so would throw the inspectoral classification out of alignment. Consequently an increase in salary was not given.

By the Chairman:

Q. Will you answer this question: What is the date of the decision mentioned?

Mr. CALDER, K.C.: October 1, 1925, is it not?

By the Chairman:

Q. Is the date October 5, 1925, correct?—A. I do not see the decision on this file. Is there another file there?

By Mr. Calder, K.C.:

Q. There is a record, but it is for my own purpose and I am keeping it before me just now. Now, this first shipment to yourself was on the 12th of June, 1924?—A. I am obliged to take those records.

Q. You do not contest these records?—A. No.

Q. The second one was on the 16th October, 1924. In 1924 was there any application before the Commission for Mr. Clerk?—A. I would have to look at the file again.

Q. I see here, Mr. Jameson, on October 1, 1924, there is an increase from $2,880 to $3,060, C. S. C. Certificate 27/1024. Will you verify that from the file of yours?—A. No, I can not unless I have it back again.

Q. C. S. C. would be the Civil Service Commission, would it not?—A. Yes.

Q. As this statement was not prepared with a view to this examination, but before February 11, 1926, I daresay you will be inclined to grant that will be correct?—A. I have a record here.

Q. On October 1, 1924, he was increased from $2,880 to $3,060?—A. Yes.

Q. When was the application put in for an increase?—A. Well, the record I have here is to the following effect:

> "Inspector Customs and Excise, Montreal. This position was advertised throughout inspectional district No. 3, Division B, and applications were submitted by two prominent employees. As J. P. R. Clerk, who is the senior employee and has secured a higher rating, possesses the required education and experience for the Inspector of Customs and Excise, the examination branch recommends that his promotion to this position be approved.
>
> (Signed) C. H. B."

That is C. H. Bland, and Examiner H. R. McNaughton.

Q. What is the date of that?—A. September 29, 1923.

Q. I am alluding to the promotion in pay of October 1, 1924. When was the application made for the additional increase? I have the following notice.—A. Let me finish please. This is signed by J. W. R.—Dr. Roche and C. J., that is myself.

Q. What would you call the document under your procedure, a certificate?—A. No, that is not a certificate; that is a report to the Civil Service Commissioners from the Examination Branch.

Q. Is that the branch you were in, the Examination Branch?—A. No, I am not in the Examination Branch.

Q. It is signed "C. J.", that is your approval?—A. Yes, the Commissioner approved of the report.

Q. I do not see either on the file. From what we have now from comparison of the two documents, exhibit 8, being the staff record of R. P. Clerk, it appears that between the first shipment to you and the second shipment there was an increase of salary granted to Mr. Clerk?—A. I do not think that it was granted by the Commission.

Q. That is what I would like you to verify. I thought the increase could not be verified without the Commission's intervention, which is correct?—A. They are sometimes included in the estimates.

Q. Even when included in the estimates, I dare say it must always be included in the estimates or they would have great difficulty in being paid, as counsel has?—A. I do not mean that. There are two ways of granting increases; one is by means of promotion, and the other is by means of including in the estimates the names of persons whom the department or the Minister is desirous of increasing the salary.

Q. That is in the estimates?—A. Yes.

Q. Without intervention?—A. Without the intervention of the Civil Service Commission.

Q. Can you tell us how the increase of pay of about $180 was got?—A. No, I cannot possibly tell you.

Q. There is nothing on the file?—A. No, the Examiner, Mr. Brown, gave me a memorandum with regard to this case:

> "Mr. Robert P. Clerk was originally appointed to the Outside Service of the Department of Customs and Excise in 1922, at which time this division was not under the jurisdiction of the Civil Service Commission.

He was subsequently promoted from Principal Clerk to Inspector of Customs and Excise, September 20, 1923."

That is "W. J. R." and "C. J."; it is the report of Doctor Roche, and was on the basis of recommendation by responsible officers of the department and on the recommendation of the department.

Q. In the entry of his service record of October 1st, 1924, an increase is shown from $2,880 to $3,060, Civil Service Commission's certificate 27/1024?—A. Is not that his annual increase, the annual increase of the class in which he was?

Q. It was granted by certificate; will you get that certificate? Will you pass the file to Mr. Donaghy; he knows the file better than either of us? Will you look at the recommendation? That is not the one I was talking of.

Mr. CALDER, K.C.: Mr. Jameson has stated that when this application was pending, he refused to receive any more shipments.

By Mr. Calder, K.C.:

Q. We have here, Mr. Jameson, the following documents:—

"GOVERNMENT OF CANADA

Recommendation for salary increase
Department No. 1561, September 15th, 1924.
To The Civil Service Commission.

The salary increase specified below is hereby recommended for the employee named.

Name in full—Clerk, R. P.
Customs and Excise Branch, Inspection.
Organized unit and position number C-1/79.
Classification title of position—Inspector of Customs and Excise.
Present Salary, $2,880.
Proposed Salary, $3,060.
Amount of increase, $180.
Date of last promotion, September 1st, 1923.
Date increase should become effective—October 1st, 1924.
Certificate of Deputy head:

I hereby certify that the above-named employee has performed and is performing meritorious service and has increased his usefulness in the Service."

(Signed by stamp) "R. R. FARROW,
Deputy Minister."

Q. Where would the disposition of this recommendation be entered?—A. The disposition? I do not quite follow?

Q. Here is a recommendation for a salary increase; it is either turned down or adopted; where would that appear?—A. I do not think that it appears anywhere. These are purely formal matters. At the time of the recommendation for the increase, they are merely reported to the Commission. As a matter of fact there is not one recommendation in my experience that ever came into the Commission for an annual increase that was turned down.

Q. Apparently it was neither turned down or approved. I dare say the hard-hearted Chancellor of the Exchequer would turn it back as it was not authorized?—A. The legal formalities had been observed, but the custom is in the Service that when a man enters a class he enters at the minimum and there are a number of steps or increases of salary which go on annually until he reaches the maximum.

Q. That was an automatic increase?—A. Yes.

Q. You could have refused it?—A. I do not think we could refuse it, as a matter of fact; at all events, we never have.

Q. Are you aware whether a recommendation was pending between these two shipments?—A. I never saw them. They go through as a matter of simple routine.

Q. This would be a permit of a special class, dated 16th October, 1924, to Clarence Jameson, Esquire—I am translating it:

> "You are authorized to transport within the Province of Quebec two barrels containing liquor, five cases of best Brown Scotch quarts, two A. and M. special liquors, 1900, three M. and R. vermouth, coming from your residence at Digby, Nova Scotia, and belonging to you, to be delivered to your name, care of the Country Club, Aylmer Road, Hull, Quebec, from this day to the 15th November, 1924."

How did you come to employ Mr. Clerk in getting this?—A. Well, I think it is very unfair in the first place to have read into the record a matter which is entirely extraneous, in my judgment, to this whole thing. That liquor I purchased, I think in 1921 or 1922, long before prohibition, and shipped it down to Digby, Nova Scotia, where I resided, and it was not used. It was left there. I was living mostly away from there, and on the date of which you speak I decided that I had better get it transferred up here. There was a question of getting it through the Province of Quebec, and as Mr. Clerk was one of the few men in Montreal whom I knew, I asked him, at one time, if he thought the Liquor Commission would have any objection to granting me a permit. He said that he did not know, but he would ask them. I did not have it transported until a few months ago. I got a permit from the Chairman of the Liquor License Commission of Quebec in Montreal and also obtained a permit from the government of New Brunswick and Nova Scotia.

Q. Did the shipment ever take place?—A. The shipment has taken place, and the goods have arrived in safety.

Q. Would you mind producing the shipping bill?—A. I will be glad to. I cannot say that I can produce the shipping bill, but I can give you the evidence of the facts as I have stated them.

Q. That is all?—A. Well now, Mr. Clerk made some reference to the number of promotions which had gone through on the recommendation of Mr. Ide and himself and of the Deputy Minister. I heard him give his evidence this morning and was a little surprised at the statement he made. I have asked our chief examiner to turn up the file with respect to these, and if I may be permitted on a future occasion, I should like to give evidence with respect to that, or one of my clerks will do that.

By Mr. Donaghy:

Q. Do you know Mr. Bisaillon, formerly Chief Preventive Officer in the Port of Montreal?—A. Yes.

Q. You do not know him very well?—A. Not especially. I have met him I think on three or four occasions.

Q. Where?—A. I met him in Ottawa, and I met him in Montreal.

Q. Where did you meet him in Montreal?—A. I met him at the Windsor hotel.

Q. Any place else in Montreal?—A. Yes.

Q. Where?—A. I was at his house, in Montreal.

Q. What was the cause of your visiting Mr. Bisaillon's house in Montreal? —A. Well, I have for the last fourteen years owned a piece of property in Montreal, which I purchased about fourteen years ago. The last few years the taxation has increased very substantially, and I thought that possibly the value

of the land was increasing likewise, and that it might be useful for me to see whether I could make some disposition of it. I spoke to Mr. Clerk one time when I was in Montreal respecting the values of properties in that neighbourhood—I just forget the name of it, it is out towards Westmount, Notre Dame de Grace. He said that he did not know anything about the value of property in that direction, because he lived East, but that Mr. Bisaillon, who lived out towards Westmount, would probably know. So I asked him where he could be seen. He gave me his number, I called him up, he came to the Windsor Hotel and paged me; then we took his car and went out to look at this property, but we were unable to locate it; the location had changed so much since the time I first saw it. After that Mr. Bisaillon said he wanted to show me his house.

Q. Before we get to his house, you wanted to get a valuation on the land; was that the idea?—A. Yes, I wanted to get his idea of what the value might be.

Q. What made you think Mr. Bisaillon's opinion as a real estate valuator would be of any great worth, rather than the valuation of a real estate broker, for instance?—A. Well, I just casually asked Mr. Clerk this question, and he suggested Mr. Bisaillon.

Q. He had no special qualifications, had he?—A. Well, I do not know about that.

Q. Not that you know of?—A. Not that I know of. I mean that I wanted to see the place any way, and see what it looked like.

Q. Mr. Bisaillon took his car and took you around to find your property? —A. Yes.

Q. Nobody discovered it?—A. No. I knew the street it was on, but I did not remember what the lot was, and I did not happen to have the papers with me.

Q. You went to his flat or apartment, or was it a house?—A. A house.

Q. Was that the only time you had been at his house or flat?—A. Yes.

Q. Just the once?—A. Yes.

Q. You know Mr. Clerk, of course?—A. Yes.

Q. You had several conversations with him?—A. Yes.

Q. He told us that he frequently called at your office in Ottawa when he was in town?—A. Yes.

Q. In Ottawa?—A. Yes.

Q. And he used to discuss promotions in the Service with you in Montreal? —A. He used to discuss Departmental matters.

Q. What had you to do with the Department, outside the men employed, promotions, grading and so on? What do you mean by departmental matters? —A. Let me give you an illustration. On one occasion he was having a good deal of difficulty owing to the fact that some returned soldiers who had been appointed in a temporary capacity were not satisfied with remaining in a temporary capacity; they wanted to be made permanent, and he did not seem to understand what the situation was, he did not seem to understand how to answer them. He asked me about that, and I explained to him that these appointments were based on the establishment, and that no soldiers' new appointments could be made by the Department in a permanent capacity until the Department or the establishment was changed, and that that action must emanate from the Department, so that we had an explanation to take to those people.

Q. That was on one occasion only?—A. Yes.

Q. Why did you discuss promotions with him on the other occasions that you met him?—A. I do not think I discussed promotions with him.

Q. You told me what he was calling on you for. Was it to discuss whiskey, or promotions?—A. To discuss departmental matters, as I have said, to give the soldiers a reasonable explanation.

Q. You told us before that he called frequently? Now, you say you do not think he discussed promotions with you. What was discussed on the other occasions, the delivery of this whiskey?—A. No, it was not.

Q. What was it, then?—A. I cannot bear in mind every observation any person wishes to make to me.

Q. You cannot remember?—A. I say he came to discuss departmental matters.

Q. You cannot remember what they were, outside of the incident of the soldiers?—A. Well, I think I could probably turn up the files of one or two cases with which I am familiar.

Q. Did you make a written memorandum of it, and put it on the files?—A. No.

Q. You see, here is the position; you told us first of all that he called frequently on you to discuss promotions, and that on one occasion you discussed with him the returned soldiers; then you say you did not discuss promotions on any other occasions, and that is not consistent. I am asking you whether he did discuss these things with you when he came to see you at Ottawa?—A. Departmental matters. Promotions are not the only form of discussion—that departmental matters may take. On one occasion, I cannot think of the returned chap's name, he was employed in the Department, and the Department desired his services to continue.

Q. You discussed that subject?—A. Yes.

Q. That was another occasion?—A. Yes.

Q. Two occasions, but that does not cover frequent interviews?—A. I could not really remember.

Q. During the time he was calling on you frequently in Ottawa, it covered the same period you were receiving these shipments of whiskey from him?—A. During the same time.

Q. It ran along for two years?—A. Not two years.

Q. A year and a half?—A. You corrected that before.

Q. Did it not strike you at all as rather a shock to your conscience that you should be receiving so much whiskey gratis, freight paid and everything, from one man?—A. Well, as I told you, when it did finally shock my conscience—if you like to put it that way—or rather when I began to think it was unseemly, I told him to discontinue it.

Q. You had received several shipments before you arrived at that stage?—A. I had.

Q. Those shipments did not consist of whiskey alone, did they?—A. No.

Q. What else?—A. There was some wine, on one occasion, some gin, some rum, and port.

Q. And brandy?—A. Yes.

Q. Five different brands?—A. Yes.

Q. You knew the salary Mr. Clerk was getting?—A. Yes.

Q. How much?—A. It has been read here just now.

Q. What was it?

Mr. CALDER, K.C.: $3,060.

By Mr. Donaghy:

Q. $3,060 a year, and you thought a man with that salary had a wine cellar sufficiently large to make you presents like that?—A. That was my opinion.

Q. Of gin, whiskey, rum, wine and so on?—A. Yes.

Q. You do not think many Civil Servants drawing that salary have wine cellars, with such elaborate varieties of liquors making such presents?—A. At

the time of the collapse of the liquor business in Montreal, before liquor licenses were established, people put in great quantities of it, which they had purchased at very low prices. They were exceedingly fortunate people who did so.

Q. Did it not strike you, Mr. Jameson, as a Civil Service Commissioner, that a man with that salary could not afford to give you presents like that? —A. No, not if he was breaking up a cellar.

Q. Why should he be giving it to you? Was he an intimate personal friend of many years' standing?—A. Not of many years' standing, no, sir.

Q. Not even being a personal friend, did it not strike you as a singular thing that he should be giving you, a member of the Civil Service Commission, presents of this kind, he himself being a Civil Servant; did that not strike your conscience?—A. No.

Q. Did you ever have a talk with him about getting an automobile?—A. Yes.

Q. You did?—A. Yes.

Q. Another favour he would do to you. What was he going to get you, one of these Customs cars, seized by the Customs?—A. No. I telephoned to him one time after seeing advertisements in the newspapers, and asked him if he could have his driver, or his man look over those advertisements in the "Gazette" and in the "Star" and let me know whether—they would be second-hand cars—they would be worth purchasing. After a day or two he telephoned me that he did not think there were any there that would be useful, that his man reported that they were rather run-down, and did not think it would be desirable to take one of them. I then asked him if he would have his man keep his eye out for any that might be available.

Q. Did you ever write him a letter about that?—A. Yes, I wrote him.

Q. Have you the letter?—A. I have a copy of it.

Q. Will you produce it?—A. I will be glad to do so to-morrow.

Q. A copy of the letter you wrote him about the automobile?—A. Yes.

Q. Do you think he had any special knowledge of automobiles?—A. No, I thought his driver would; he told me that his driver had.

Q. Did you discuss with him the possiblity of purchasing a car seized by the Customs?—A. I asked him whether or not there were going to be any sales. I had seen where there had been sales, and that the automobile agents were rather annoyed, because it was cutting into their business.

Q. You asked him if there were going to be any sales of seized cars?—A. I asked him if there were going to be any sales of Customs seized cars, and he replied that he did not know, that he could not say.

Q. We will revert to the question of the liquor which you had transshipped from Nova Scotia to Quebec. Did you have it shipped to Montreal, or to the Country Club?—A. I had it shipped to Hull.

Q. Direct from Nova Scotia?—A. Yes.

Q. On a through bill of lading?—A. On a through bill of lading.

Q. Where did you have this liquor stored in Nova Scotia?—A. I had it stored with a friend.

Q. Will you give us his name. We want to check these things up, and we are going right back over the route—A. If you wish it, I will be glad to do so.

Q. Give us the name, please?—A. H. E. Jones.

Q. What is his address?—A. Digby, Nova Scotia.

Q. His occupation?—A. He is a druggist.

Q. Was it stored in his house, or in his place of business?—A. He had it stored in his place of business.

Q. From whom did you purchase this whiskey?—A. I purchased it from Larry Wilson, of Montreal.

Q. Where was it situated when you purchased it?—A. In Montreal.

Q. Was it bought in Montreal?—A. It was bought in Montreal.

Q. You had it shipped to Nova Scotia?—A. Yes.

Q. In what year did you buy it?—A. In 1922, I think.

Q. Have you any of the documents relating to it now?—A. I have.

Q. Will you bring them up as well?—A. I will be glad to produce them.

Q. You also called on Mr. Clerk to negotiate this affair for you?—A. Yes. As I have explained to Mr. Calder, I asked him if he thought the Liquor Commission would have any objection to giving me a permit.

Q. In fact, when you wanted anything done in Montreal, you apparently called on Mr. Clerk or Mr. Bisaillon to assist you?—A. I called on Mr. Clerk.

Q. Mr. Clerk arranged to get the permit?—A. He said he would inquire if it could be obtained, and if so, he would attend to it.

Q. Where is the office of the Quebec Liquor Commission, where is the Commissioners' office?—A. I really do not know. It is in Montreal, I think, but I am not certain.

Q. You were in Montreal yourself frequently, were you not?—A. Yes.

Q. Could you not have stepped into the office and asked them if they could arrange this little matter for you?—A. I suppose I could have done so—

Q. You would rather have Mr. Clerk fuss around about it?—A. No, I did not regard it that way at all.

Q. How did you happen to be calling on Mr. Clerk about this whiskey? Was it about this whiskey he was sending to you?—A. No. I asked him if he thought there would be any objection to my bringing it through Quebec.

Q. It came to the Country Club?—A. Yes.

Q. Was put into your own locker there?—A. Yes.

Q. All of it?—A. Yes.

Q. Now, you told us a little while ago that before receiving any shipment of liquor from Mr. Clerk, you and he had discussed the question of him sending liquors to you. Do you remember telling us that?—A. Yes.

Q. You remember telling us that?—A. Yes.

Q. What was said at this interview before Mr. Clerk started the practice of shipping you liquor, regarding the proposal he was going to suggest and carry out? What did he say and what did you say?—A. Well, I have already stated that Mr. Clerk asked me if I would accept from him a gift of some wine and spirits.

Q. And what did you say?—A. I told him that people who had commodities of that sort nowadays were generally able to look after them themselves, and needed them themselves. Then he told me that he had become a non-user of spirits, and he had a considerable quantity which he intended to dispose of.

Q. That he had a considerable quantity which he intended to dispose of?—A. Yes.

Q. By giving it away, apparently?—A. Amongst his acquaintances and friends.

Q. What did you understand by that; that he was going to give it to them, present it to them, or sell it to them?—A. I understood he was to give it to them.

Q. Let us get that clear. A civil servant told you, a Civil Service Commissioner, that he had a considerable quantity of booze—intoxicants.—A. Yes.

Q. And he intended to give it away to his friends?—A. Yes.

Q. For the reason that he himself had stopped drinking?—A. He said he was a non-user; it did not agree with him.

Q. You understood that he had stopped drinking?—A. Quite so.

Q. And consequently he was going to give away this considerable quantity of liquor?—A. Yes.

Q. And asked you if you would take some?—A. Yes.

Q. Did he tell you where he had procured this considerable quantity of booze?—A. No, he did not say anything about it. I gained the impression from what he said that he had it in his cellar—if it was a cellar.

Q. That brings us back again to the question of the well-stocked cellar. You thought he had a very well-stocked cellar?—A. Yes.

Q. Now, you agreed then to accept a present from him?—A. I told him I did not think our acquaintanceship or friendship was of sufficiently long standing to warrant his being so liberal.

Q. You appreciated that?—A. Yes.

Q. You had a keen appreciation of that at that interview.—A. Yes. He, thereupon, assumed an air of being offended, and somewhat pained, you know, so I told him if he was going to take that view of the matter, I would withdraw my objection.

Q. And the expression of pain vanished?—A. Yes, it did; it was quite a panacea.

Q. Seeing he was dividing up this stock of booze which he had in this cellar, I suppose you took it he was going to divide it up, and you would get your allocation of a certain proportion of it, and his other friends the rest?—A. Really, that did not occur to me. I did not think of it very much.

Q. At any rate, you thought he was going to send you a present out of his cellar?—A. Yes.

Q. And was dividing it up to get rid of it?—A. Yes.

Q. Did it not strike you as singular that it took him a year and a half to get rid of it, and that you got several shipments of it?—A. It did, toward the close.

Q. Did it, during the first twelve months?—A. No.

Q. Here is a man, who has certain liquors on hand, and is going to divide them among his friends, so he says; you keep getting consignments running over a period of a year and a half. Did you think he was ever going to get rid of his brooze?—A. He appeared to be doing so in an easy and regular manner.

Q. Did it not strike you at all that his cellar must be replenishing itself?—A. I must say that towards the close of the shipments, I thought so, and therefore I thought it desirable to terminate.

Q. Saw it off?—A. Yes.

Q. And during all this time you were aware that your fellow Civil Service Commissioner, Mr. LaRochelle, was getting presents from time to time in the same way?—A. Yes.

Q. Being, as you understood, a division of his stock in his cellar?—A. Yes.

Q. Now, when you found out that not only you, as a Civil Service Commissioner, were receiving presents from a gentleman who was under you, over whom you had authority, but also discovered that your fellow Civil Service Commissioner, in the same high position as you, was getting these presents, did it not strike you that there was a sinister motive back of all these presents, a motive of undue influence, to put it plainly?—A. No.

Q. It did not strike you that way at all?—A. No, it was inefficacious at all events, when his case came up. He applied for an increased salary, and a changed classification, and did not get them from the very people to whom he had been sending these spirits.

Q. You thought that was a regular stock in his cellar—regularly acquired?—A. Yes, I did, until near the close.

Q. Until near the end?—A. Yes, near the end.

Q. In other words, you expected to receive from him bottles of liquor, in regular bottles, regularly labelled, did you not?—A. I do not follow you, sir.

Q. If this was a regular stock of liquor which he had legally acquired, in the regular way,—to which you have sworn; when you received the bottles, if they were not regularly labelled, it would occasion you some surprise, I should fancy?—A. Not at all.

Q. Why not?—A. Not at all.

Q. Why not?—A. Because spirits out of the wood are not in labelled bottles.

I frequently, myself, before I came to this part of the country, imported spirits, Scotch, in the wood, and when I wanted to draw off half a dozen bottles, I used to wash them and take off the labels, if they were loose—

Q. Were you under the impression—A.—and bottle them, out of the tap from the keg.

Q. Were you under the impression that this man Clerk had casks of liquor in his cellar?—A. I supposed they were in the wood.

Q. Do you want us to believe that—that you thought this man, on the salary he was getting, had casks of liquor in his cellar?—A. I thought he had that stuff in his cellar.

Q. In casks?—A. Yes, in the wood, because he told me so. He told me he had this in his cellar.

Q. He told us to-day he has not got a cellar. How do you account for him telling you that he had a cellar?—A. Perhaps he had it in the attic; it is only an expression.

Q. He told you he had it in his cellar?—A. Yes. When you speak of spirits in the wood, you generally speak of a cellar.

Q. I am not saying what I generally do. I am not sure what I would do. Clerk told you he had it in his cellar?—A. He said he had it in his premises. I do not know whether he used the word "cellar" or not. I used the word "cellar" because that is the way he used it in his evidence to-day.

Q. You heard the evidence given here to-day; he did not know whether he had it in a boudoir or drawing room?—A. I understand he said he did not think it necessary to say where he was bottling it, nor where he stored it.

Q. He was careful to say he did not have a cellar?—A. I did not hear that conversation.

Q. He said that very distinctly.—A. Did he?

Q. The bottles you received from him, as presents, were they regularly labelled?—A. Do you mean with the brand?

Q. The same as they would be, for instance, if they were purchased from the Government vendors, or from the liquor vendor in the pre-prohibition days? —A. Oh, no, they were plain bottles with a small label on; the brand was written on in ink.

Q. That being the case, you formed the conclusion that he was sending this liquor to you in packages other than packages in which the liquor had been when it left the distillery, or liquor store, or vendor?—A. No, sir, you quite misapprehend me. I said, I thought that he had the stuff in wood and was drawing it off. It looked to be as if it was contained in such containers as he had on hand.

Q. That is quite plain, if you refer to the containers in which the whiskey was originally put?—A. You misapprehend me. I want to make it perfectly clear that I never thought it was bottled whiskey at all, but whiskey in wood, and labelled in this way.

Q. In fact, you were quite sure it was not regularly bottled whiskey?—A. It did not look like regularly bottled whiskey because it did not have the brand on it.

Q. It did not look like regularly bottled whiskey?—A. It looked to be like whiskey drawn from wood.

Q. It might be drawn from iron too, I suppose? You would not be able to tell that? You knew what this man's position was in the Customs, at Montreal?—A. Yes.

Q. This man, who was sending you liquor in containers, which were not regular containers?—A. Yes.

Q. Which evidently indicated it was drawn from some other source?—A. Yes.

Q. When he started to send you these presents, what was he?—A. He was the Customs Inspector, or something of that sort.

Q. At the time that he started to send you these presents he was a Customs Officer?—A. Yes.

Q. At the port of Montreal?—A. Yes.

Q. You knew that?—A. Yes.

Q. Did you also know that Gaugers keep their samples?—A. No, sir, I didn't know anything about it.

Q. Did Mr. Clerk tell you he drew this liquor from casks in his cellar?—A. No, he did not say so.

Q. Did he not tell you that?—A. No.

Q. Did you not ask him where he got it?—A. Well, he said he had it in his cellar or premises, that he had this and was going to dispose of it.

Q. Did you ever remark to him that he was sending you very considerable quantities, seeing that you and he were not personal friends at all?—A. Yes, I did.

Q. What did he say to that?—A. Well, he said that he had it and was distributing it.

Q. That is all, that he was distributing it. You got some gin?—A. Yes.

Q. Did you think that gin was drawn from casks?—A. Well, I do not know how it is drawn, really, I never saw gin in bulk.

Q. You seem to know a lot about the whiskey business, as to it being in casks, bottled, or what.—A. I am not going to be lectured, I am only prepared to give you my opinion.

Q. You should know as to the drawing of liquor, one who is so learned as you?—A. Perhaps you will be good enough to learn something at my hands.

Q. Perhaps you will tell us whether you thought gin was drawn from casks?—A. I thought it was drawn from some sort of container; I did not know what it would be put in.

Q. You think gin is put in casks; or are you simple enough to think that?—A. I really cannot tell you, I never bought it in bulk.

Q. In fact, you have never seen gin in anything else but bottles, have you; that is, to purchase it?—A. Personally, I have not.

Q. Well, you began to receive gin from this man, which was not in bottles which looked like the original packages procured from the Liquor Vendor or liquor store, is that right?—A. Quite so.

Q. You thought it was being emptied out of the regular bottles into old grocery store bottles?—A. As a matter of fact, I did not give that feature of it consideration.

Q. Some people might give it consideration, when dealing with a man who is under him, when being sent booze in this quantity. How many promotions did this man receive under you?—A. He did not receive any as a result of my action.

Q. How many increases in salary did he receive during your regime?—A. Well, I really cannot tell you; I would have to refer to the record.

Q. Was it regular for this man, in the position which he held, and the position you held, to be coming over the heads of his superior officers to you as a Civil Service Commissioner, discussing promotion?—A. It is done very, very frequently.

Q. Is it regular?—A. We prefer it the other way. It is done very frequently.

Q. But it is not regular?—A. Oh, well, I cannot say that it is irregular, because it is a practice which has been in vogue ever since 1908. If you were to deny members of the Service the right to go to officers of the Commission, or to the Commissioners themselves, to explain the situation, I think there would be very great indignation.

Q. I quite agree. That is a different subject. But when a man comes to you and discusses promotion of other people generally, on frequent occasion, passing over the heads of his superior officers, over the head of the Deputy, and apparently without the knowledge of the Deputy— —A. Oh, no, no.

Q. When he discusses with the Civil Service Commission with regard to the promotion of various people, do you think that is right?—A. I take exception to your statement that he came there without the knowledge of the Deputy. I would like to see the evidence on which that statement is founded.

Q. Did he tell you he had the consent of the Deputy to come to you to discuss it?—A. He would say, "Mr. Farrow wishes me to ask you—"

Q. About promotions?—A. About staff matters.

Q. And promotions?—A. Promotions would be involved under that.

Q. So he told you he had Mr. Farrow's sanction to come to discuss with you with regard to promotions and staff matters?—A. Yes.

Q. He told you that?—A. Yes.

Q. If he did not have Mr. Farrow's sanction, of course he did not have a discussion with him?—A. I would not say that, that would be a little stiff.

Q. Did you ever ask Mr. Farrow if this man, who was coming to you and discussing promotions, had ever conferred with Mr. Farrow with regard to doing this thing?—A. I spoke to Mr. Farrow one time on the street, in regard to it.

Q. What did he say?—A. He said, "Well, he is a very active and industrious man, but he is fidgety, and I think you had better see him and settle these things up; get these ideas untangled out of his mind and put him on the right track."

Q. Is it your practice, in your office, to have such a discussion with a subordinate?—A. It is being done by subordinates every day.

Q. Discussing the promotion of other employees, or their own promotion? —A. Discussing the promotion of themselves, it may be; that is, prospective promotion. In this case the gentleman did not get the promotion, as a matter of fact.

Q. The discussing of promotions and the change of status of these officials should come under their supervision?—A. It is done throughout the whole service.

Q. Now, Mr. Jameson, you wrote several letters to Mr. Clerk, we are told, is that right?—A. I wrote some letters to him.

Q. Practically every time he sent you a shipment of booze, you wrote him a complimentary letter, thanking him for sending it to you?—A. No, I didn't.

Q. We are going to have those letters brought here. Mr. Clerk did not have them here to-day, but they will be here. You say, you did not write such letters? —A. I think on one or two occasions I acknowledged receipt of it in that way.

Q. Thanking him very kindly for the present?

The CHAIRMAN: You did not complete your answer to the previous question.

The WITNESS: I think, on one or two occasions, I mentioned it in correspondence; I think on other occasions I thanked him verbally.

By Mr. Donaghy:

Q. You mentioned it in correspondence. You rather qualify that. Did you not write him letters thanking him for the presents?—A. I cannot say what the exact verbage was.

Q. Was it not that kind of letter?—A. It was an acknowledgment.

Q. Just an acknowledgment, and nothing more? We will see the letters when they come here, unfortunately we have not got them here to-day.

By Mr. Doucet:

Q. To clear up the evidence, Mr. Jameson, on two or three occasions the statement was made that the shipments of liquor from Mr. Clerk to yourself extended over a period of eighteen months. I think the exhibits show that the

first shipment was on the 12th June, 1924, and the last shipment was on the 6th March, 1925. You testified to that and I believe the exhibits will show that to be a fact. I am mentioning this in order to clear up this evidence, because, as you understand, the Committee will have enough to do without verifying the evidence. It would be for a period of nine months from the 12th of June, 1924, to the 6th of March, 1925?—A. Yes, that would be it.

Witness retired.

Mr. M. G. LAROCHELLE called.

The CHAIRMAN: (To Mr. Larochelle) You are called to the stand just now. Would you like to testify to-night or wait till to-morrow morning?

Mr. LAROCHELLE: I prefer to wait until to-morrow morning.

R. S. WHITE, M.P., sworn.

By Mr. Calder, K.C.:

Q. Mr. White, you were present here this morning?—A. Yes. If you would permit me, I would like to make a statement, after which of course I am subject to cross-examination as you please.

I have not frequently attended the meetings of this Committee, but I was fortunate enough to have dropped in this morning, and heard the Duncan Report read, and then listened to the testimony of Mr. Clerk which so greatly interested me that I waited until the Committee rose at one o'clock. I called up the Chairman a little before three to ask if he would be good enough to permit me to make a statement before the Committee in connection with the evidence of Mr. Clerk, in order that my statement might reach the public simultaneously with that of Mr. Clerk.

Now, I take no exception whatever to the evidence given by Mr. Clerk; I believe that he was truthful according to his knowledge, but it so happened that his knowledge does not cover the whole case.

There were two points raised in respect of the receipt of liquor by myself, while Collector of Customs of the Port of Montreal.

In the first, it was that of the receipt of a quarter cask, containing, I presume, thirty or thirty-five gallons, that, according to my recollection, being about the quantity contained in a quarter cask. I will deal with that first. It is a fact that some years ago, how long since I can not now determine, but some years ago—I think it was about Christmas time—a cask was landed at my house and I have been informed that for some reason or another the cask did not get into the house until the following morning, when the furnace man put it in. Being Christmas time, I was under the impression, until I heard Mr. Clerk's evidence to-day, that the casks had been sent me by the then Examining Warehousekeeper, Mr. Jacques, who was then the Examining Warehousekeeper. I spoke to Mr. Jacques on the subject, and was told that the cask was one which had lain in the examining warehouse for very many years, possibly even before the time when I became Collector, which was on the 31st December, 1895, and that he thought it was not improper—possibly he may have used the word "courteous"—thing to do as it had undergone the ordinary procedure in such cases, and that was, to offer it for sale at a valuation which would realize sufficient to cover duty and charges, or at any rate, if that was not done, that under the law it would become forefeited to the Crown, and according to the law should have been destroyed.

It was allowed, as I said, to remain there for a period of years.

Now, I determined that I would not use or accept that whiskey; it was, I understand, Scotch whiskey, and at my direction and under my supervision the whole contents of the cask, which I think had not been in any way tampered

with in my house until that moment, were dumped into the sewer through a laundry tub in the basement of my house, not even a two ounce sample being retained in order that I might test the quality.

Some people may have thought that it was a wanton waste of what is regarded, in some quarters, as good property, but at any rate what I did and felt is this, that it was a compliance with the law and that the whole contents were—there were twenty-five or thirty or thirty-five gallons in the cask—thrown down the sewer through my cellar, and so far as I was concerned, I had eased my conscience and complied with the law.

As to the second case, that I received sample bottles from the gauger; the facts are these, that for many years, possibly during the whole period from my incumbency of the office of Collector, which was twenty-one years, at Christmas time I had received in an open package twelve bottles of mixed liquors with a card of the gauger, in the first instance Mr. J. G. Cordeau, and subsequently Mr. George Cote, with their compliments, and I accepted that. If I did not drink it all myself, my friends aided me in doing it.

I accepted it because I understood that it had been from almost time immemorial the practice, and is, for aught I know, still. Certainly it was up to the time I resigned my position, now more than nine years ago, to regard samples drawn from wood—and so far as my knowledge goes, all these samples were drawn from wood—as the perquisite of the Chief Gauger and that he might dispose of the samples as he deemed proper.

Every Christmas I received from him twelve bottles which I accepted. During the interval of the twelve months between Christmas times I can recall only one instance in which I asked the gauger for a bottle. It was a bottle of brandy that I asked him for, and I did so on the request of a very old Officer of Customs employed in the train service named Guillet, who asked me whether I could procure for him from Mr. Cordeau a bottle of brandy. I conveyed the request to Mr. Cordeau, and I understand that Mr. Guillet got his bottle.

Now, this morning, Mr. Kennedy, I think it was, referred to some memo issued by the then Commissioner of Customs, Mr. McDougal directing that samples drawn from wood should be restored to the casks from which the samples were taken.

Whether I saw that memorandum or not, I cannot of course recall. It was dated, if I remember rightly, from the statement this morning, in July, 1901. Is that correct?

Q. Yes.—A. It would, in the ordinary course, reach the port about possibly ten days thereafter. It is a manuscript dated we will say, July 11th. By the time it gets through the printing office and is distributed, an interval of ten days or more has elapsed. It was my constant practice to take my three weeks' leave of absence in the month of July, whenever it was possible, although I do not stress that point. Possibly I was on my annual holiday when the circular arrived, but whether I was or was not, it would be dealt with in the usual way, namely, as all these departmental memoranda are dealt with. When I left the port, I must have had, probably I should say, as many as fourteen hundred, and I personally, usually when I was in the port, in fact I might say always, performed the duty of distributing these circulars from the Department to the appropriate officer. I would have sent these circulars for instance, to the grocery department, I would have sent them to the gauger's department, I would have sent a copy to the surveyor, and so on.

It is quite obvious that the directions in that circular were not observed. I have no recollection of having seen it, although I may have done so.—I do not stress that point. It is quite obvious that the directions in that circular were not observed in his case; the practice of keeping the samples continued as far as I recollect, up to the present time, at any rate till the period I retired from the Service. I made inquiries of the chief gauger shortly after I was made col-

lector in respect of these samples, and was informed that the importer declined to take these samples, and this I can aver, that during my whole period of twenty-one years, I never received a single complaint from any importer respecting the non-delivery to him of samples drawn by the gauger for testing purposes. That, I think, is the whole statement I have to make.

Mr. CALDER, K.C.: I have no questions to ask, Mr. Chairman.

By the Chairman:

Q. There is one question I would like to ask of the witness. What about the returning of the samples? We were told that these samples were no good for trade purposes, and that even if they were put into a cask, they would spoil or damage the rest of the liquor. What do you say about that?—A. I think it is possible, and that may have been one of the reasons why the importers of liquors did not desire to have them refused getting them from the gaugers, or refused at any rate to accept back those samples.

By Mr. Kennedy:

Q. Is it reasonable to suppose that the samples taken out would destroy the other liquor, if put back in again, they might be the stuff shipped out to the various parties we have heard about?—A. That I know nothing about. Thank God, that has occurred since my day.

Witness retired.

The Committee adjourned until 10.30 a.m. Wednesday, April 28th, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 39—WEDNESDAY, APRIL 28, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. Reid Raymond, Chauffeur, Department of Customs and Excise, Ottawa, Ont.

Mr. Robert P. Daigle, Chief Customs Gauger, Montreal, Que.

Mr. Michel G. LaRochelle, Civil Service Commissioner, Ottawa, Ont.

Mr. A. C. Bleakney, Chief Clerk of Supplies, Department of Customs and Excise, Ottawa, Ont.

Mr. Zoel Corbeil, Customs Gauger, Montreal, Que.

Mr. J. A. E. Bisaillon, Montreal, Que.

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

EXHIBITS FILED

No. 138—Four letters, dated 13th September, 1924, 15th September, 1924, 6th October, 1924, and 10th October, 1924, correspondence between Mr. A. C. Bleakney and Mr. J. E. Bisaillon.

No. 139—Statement of La Banque Provinciale du Canada, 392 St. Catherine Street East, Montreal, showing deposits made and cheques issued by Mr. Bisaillon from 28th July, 1924, to 12th December, 1925.

No. 140—Statement of La Banque Provinciale du Canada, 392 St. Catherine Street East, Montreal, showing Savings Account of Mr. Bisaillon from 31st December, 1918, to 22nd December, 1925.

MINUTES OF PROCEEDINGS

WEDNESDAY, April 28, 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. W. F. Wilson submitted,—

Preventive Service file No. 12690 *re* seizure of alcohol from J. E. D. Sicotte, Montreal.

Preventive Service file No. 12691 *re* seizure of alcohol from Louis Arbour, Montreal.

Preventive Service file No. 12935 *re* seizure of automobile from Louis Arbour, Montreal.

Mr. Ford, Manager, Bank of Montreal, St. John, N.B., submitted certified statement of cheques and deposit slips *re* account of W. George Limited.

Moved by Mr. Donaghy,—For the production of all departmental files and of the report of Inspector Jimmy Andrews at Toronto, *re* Gauger McKay.

Motion agreed to.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined respecting shipments of liquor made to him by Mr. Robert P. Clerk.

Witness retired.

Mr. Reid Raymond, Chauffeur, Department of Customs and Excise, Ottawa, Ont., was called and sworn and examined respecting receipt and transportation of liquor by him.

Witness retired.

Mr. Robert P. Daigle, Chief Customs Gauger, Montreal, Que., was recalled and sworn. He was examined in French, interpreted by Mr. Beauchamp, respecting gauging practices at Montreal and with reference to the samples of liquor distributed by him.

Witness retired.

Mr. Michel G. LaRochelle, Civil Service Commissioner, Ottawa, Ont., was called and sworn, and examined in French, interpreted by Mr. Beauchamp, respecting liquor received by him from Mr. R. P. Clerk. After being examined in French, witness read a statement in English in reference to promotions in the Montreal Customs Staff. Examination was continued in English, respecting the promotion of Mr. R. P. Clerk.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Moved by Mr. Kennedy,—For the production of all files containing all documents, correspondence, telegrams, and reports passing between George Wilkinson, Chief Inspector of Mines, Victoria, and the Department of Customs, Ottawa, with reference to the importation of bituminous coal as lignite through Vancouver, and other Pacific ports.

Motion agreed to.

Mr. LaRochelle was recalled and examination continued respecting the promotion of Mr. R. P. Clerk.

Witness discharged.

Mr. A. C. Bleakney, Chief Clerk of Supplies, Department of Customs and Excise, Ottawa, Ont., was called and sworn, and examined respecting liquor received by him from Customs officials, and as to the filling of requisitions from Customs officials for supplies. Mr. Calder filed,—

Exhibit No. 138—Four letters, dated 13th September, 15th September, 6th October and 10th October, 1924, correspondence between Mr. A. C. Bleakney and Mr. J. E. Bisaillon.

Witness discharged.

Mr. R. P. Daigle was recalled and further examined in French, interpreted by Mr. Beauchamp, respecting gauging at Montreal and the number of samples taken.

Witness retired.

Mr. Zoel Corbeil, Customs Gauger, Montreal, Que., was recalled and sworn, and examined in French, interpreted by Mr. Beauchamp, regarding samples taken when gauging and the distribution of these samples.

Witness discharged.

Mr. R. P. Daigle was recalled and further examined in French, interpreted by Mr. Beauchamp, in regard to returning samples to the Quebec Liquor Commission.

Witness discharged.

Mr. J. A. E. Bisaillon, Montreal, Que., was recalled and sworn and produced,—

Exhibit No. 139—Statement of La Banque Provinciale du Canada, 392 St. Catherine Street East, Montreal, showing deposits made and cheques issued by Mr. Bisaillon from 28th July, 1924, to 12th December, 1925.

Exhibit No. 140—Statement of La Banque Provinciale du Canada, 392 St. Catherine Street East, Montreal, showing savings account of Mr. Bisaillon from 31st December, 1918, to 22nd December, 1925.

Witness was examined respecting the J. E. Belisle account and as to non-production of cancelled cheques.

Witness retired.

At Mr. Calder's suggestion, Mr. Lionel Poirier of Montreal, Que., called as a witness, was discharged.

Moved by Mr. Donaghy,—That the department be requested to produce Customs file No. 109389, also Preventive Service file.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Friday, April 30th, 1926, at 10.30 a.m., viz:—

1. J. Knox, Customs Officer, Montreal.
2. Mr. Hurson, Preventive Service, Montreal.
3. A. C. Moore, Preventive Service, Ottawa.
4. U. A. Paquette, Preventive Officer, c/o Inspector Kennedy, Montreal.
5. Walter Duncan, Ottawa.
6. M. J. Mann, c/o Preventive Officer Knox, Montreal.
7. John W. Gaunt, Read Building, Montreal.

Motion agreed to.

Ordered,—That the Committee auditors are instructed and authorized to examine and report upon the books, bank accounts, etc., of the following firms, viz:—

1. Consolidated Distilleries Ltd., Montreal.
2. Consolidated Distillery of Manitoba Ltd., Winnipeg, Man.
3. Wiser's Distillery, Prescott, Ont.
4. St. Hyacinthe Distillery Co. Ltd., St. Hyacinthe, Que.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, April 28, 1926.

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

W. F. WILSON recalled.

The CHAIRMAN: Mr. Wilson, you are already under oath. Be seated.

By Mr. Calder, K.C.:

Q. Mr. Wilson, in the liquor transportation permits produced yesterday by Mr. Walter Duncan—Exhibit No. 137—there is no mention in that exhibit of any shipments of liquor to you; did you receive any shipments?—A. Yes, sir.

Q. How many did you receive?—A. Three.

Q. Do you remember the date of the first one?—A. The first two arrived, to the best of my knowledge, in February, 1923.

Q. Who was the shipper?—A. Mr. Clerk.

Q. At what point was it consigned to you?—A. Perhaps I should explain that I live on the Aylmer Road in the Province of Quebec, and those shipments were consigned to me at Hull.

Q. Had you been advised when these shipments would arrive, and had you been requested to deal with them when they did arrive?—A. If I might be permitted to read from my notes which I made on the 26th of February, 1923, I think it will fully answer your question, sir.

Q. Possibly; but we refused that privilege yesterday. If you will merely guide yourself by your notes. Had you been advised when these shipments would arrive ?—A. Yes, sir.

Q. Somebody had requested you to receive this shipment?—A. Yes, sir.

Q. Who?—A. The Commissioner of Customs.

Q. Mr. Farrow?—A. Yes, sir.

Q. How did he approach you in regard to the matter?—A. He asked me if I would have any objection to receiving at Broadview some liquor that Mr. Clerk was shipping for the use of some other people. I said I had no objection.

Q. Did he mention the other people at the time?—A. No, sir.

Q. He said, Mr. Clerk would send it?—A. Yes, I understood that.

Q. The shipment arrived, you say, in February, 1923? What did it consist of?—A. One case containing twenty-five bottles of liquor.

Q. What kind of a case was it, a regular liquor packing case, that is a distiller's case?—A. No, I think, as Mr. Clerk described yesterday, probably a soap box, or something of that sort.

Q. What kind of bottles were in the box?—A. A bottle similar to what I believe—from my knowledge of Customs—is used by the Customs for taking samples.

Q. Is there a standard bottle used by gaugers for their sampling?—A. Yes, sir.

Q. What is the shape and size of it?—A. I think there are perhaps two; one about sixteen ounces and the other about twenty-six ounces.

Q. Were these twenty-six ounce bottles?—A. I should say they were.

Q. Was there any peculiarity about the shape of them?—A. They are round. Clear glass.

Q. Are they something like druggists' bottles?—A. Yes, I should say so.

Hon. Mr. BENNETT: Druggists' bottles are square bottles, and he said these were round bottles.

The WITNESS: Perhaps you will allow me to say that when this proposal was made to me, and until the shipment was opened, I expected to receive Liquor Commission stock.

By Mr. Calder, K.C.:

Q. Your expectation was, it was liquor that would be purchased from the Liquor Commission for the convenience of Mr. Farrow and sent by Mr. Clerk? —A. I expected it would be regular Liquor Commission stock.

Q. Upon opening the package you would at once see that you were mistaken?—A. I did.

Q. How were these bottles labelled?—A. There was a label similar to what might be described as a druggist's label, I should say about two and a half inches long by one and a half inches wide, plain, with the exception of a red band round the ends, and in the centre was written in pencil the name of the liquor said to be in the bottle.

Q. What were the liquors in the bottles?—A. In the first case there were twenty-five bottles, but one of them was broken when I opened the package. There were eleven bottles of Scotch, and twelve of Bourbon.

Q. Did you report its arrival to Mr. Farrow?—A. Yes, sir.

Q. Did you tell Mr. Farrow that your expectation that this would be Liquor Commission stuff was disappointed?—A. I told Mr. Farrow that this was, in my estimation, liquor samples from the Customs House in Montreal, and that I did not like the idea; sooner or later somebody would get into trouble and I did not want to receive any more shipments. That was with regard to the first shipment.

Q. Did Mr. Farrow make any comment on this?—A. At the moment, I do not recall that he made any comment on that shipment. But immediately following that shipment a second shipment of five cases came, and I made the same remark to him when that came, although at that time that lot of five had not been opened. He said he would see about it.

Q. Did you open the second shipment of five cases?—A. He said he would see about it and arrange to have this shipment returned.

Q. He would arrange to have this shipment returned?—A. That is the note I have, sir.

Q. Did you open this shipment of five cases?—A. I did.

Q. Was it of the same description? Was it packed in the same way, in the same container?—A. Yes.

Q. In sample bottles?—A. Yes.

Q. Labelled in the same way?—A. Yes, sir.

Q. And in the same kind of boxes?—A. I should say so.

Q. That is in boxes that were not ordinarily used by distillers or blenders, ordinary packing boxes?—A. Yes.

Q. To return to the first case: You handed that over to Mr. Farrow, did you?—A. No.

Q. What happened to the first case?—A. There were fifteen bottles in that case which were delivered to Mr. Bureau in Ottawa.

Q. By yourself?—A. By myself. There were eight bottles delivered to Mr. Farrow, in Ottawa, by myself. The broken bottle I threw out.

Q. What disposal was made of the second shipment of five cases?—A. The second shipment of five cases; six bottles of brandy, and six bottles of

Scotch were delivered at the residence of Mr. LaRochelle. And the balance of four cases were delivered to Mr. Bureau and Mr. Farrow.

Q. By yourself?—A. By myself.

Q. Upon their request and instructions?—A. Yes, sir.

Q. So Mr. Farrow did not carry out his proposal of returning the liquor to the shipper?—A. No, sir.

Q. Did that second shipment follow closely upon the first one?—A. Immediately after, perhaps a day or two days elapsed.

Q. In the same week?—A. Oh, I should say so.

Q. Was there any further shipment?—A. Yes, there was a further shipment.

Mr. BELL: Pardon me, Mr. Calder, but may we know, under whose instructions the cases were opened? I mean, Mr. Wilson has told us he distributed one case.

By Mr. Calder, K.C.:

Q. Were you instructed to open these cases, Mr. Wilson?—A. I cannot say that I received instructions in so many words, but I knew what I was supposed to do.

Q. If you knew that, you must have known either from some direction or some hint?—A. Yes.

Q. Who gave the hint, if it was not an instruction?—A. Well, I remember on one occasion the Departmental car was used to bring over some of these goods which were delivered at the Connaught Building during the day, and that evening I came into town and took that liquor to the office of the Minister. I presume I must have had some orders to do that.

Q. It must be more than presumption, Mr. Wilson; there must have been a hint of sufficient breadth?—A. Oh, I have no doubt there was, Mr. Calder. I have no desire to withhold anything at all. At this day I cannot say whether I got the order from Mr. Farrow or from Mr. Bureau.

Q. It was from one or the other?—A. Yes.

Q. And was it from the same source that you derived your instruction or hint to open the boxes, to broach them?—A. Well, I would not like to say I got a specific order to open these boxes. I was supposed to open them and deliver the goods.

By Hon. Mr. Stevens:

Q. You must have had instructions to open them because you say you were to divide the contents between two or three different parties.—A. Quite so, sir.

Q. And in one case you sent a number of bottles to one, and a number of bottles to the other?—A. Quite so. I want to say that I brought all this stuff over myself, or under my direction, and my justification for doing so was this; I was conveying Federal Government samples.

By Mr. Calder, K.C.:

Q. You have not put that up to the Ontario Temperance Act?—A. If I had been called upon when the stuff was coming over, that is the statement that I would have made to them.

By Mr. Bell:

Q. I suppose, Mr. Wilson, upon your further distribution of the four cases in the second lot, to Mr. Farrow; that is the lot in which one bottle was broken; the goods were divided as you have already indicated; that was in view of instructions you had received; you did not arbitrarily do that off your own bat, did you?—A. Well, I was supposed to open these cases and divide them and deliver them.

Q. I understood you to say that out of the second lot, Mr. Farrow got four unopened cases?—A. No, the cases did not go away at all; I unpacked the cases.

Q. So that the contents of four cases went to Mr. Farrow out of the second lot?—A. We unpacked the cases at my home.

By Mr. Calder, K.C.:

Q. What came over were bottles without the boxes?—A. Quite so.

Q. You have told us that when you got the first instructions to receive this shipment, you were under the impression that it was Liquor Commission stuff? —A. I was.

Q. That would have made it rather difficult for you to take the attitude that they were Government samples?—A. In those circumstances, there probably would be a change of delivery.

Q. You were going on to tell us that a third shipment arrived?—A. A third shipment was taken delivery of by me, in Hull.

Q. On what date?—A. On the 15th of December, 1923.

Q. What did it consist of?—A. Four cases, consisting of Scotch, Brandy, Port Wine, Claret and Sherry.

By Hon. Mr. Stevens:

Q. How many bottles to a case?—A. I do not remember, sir. I would say perhaps a dozen. They were all in regular size whiskey bottles.

By Mr. Calder, K.C.:

Q. Was this change in packing made before or after your pointing out to Mr. Farrow that the first shipment and the second shipment were obviously sample liquors?—A. Well, the first two shipments were sample bottles.

Q. I think you said you pointed that out to Mr. Farrow?—A. I did. I told him I did not want to receive any more shipments. It so happened that the third shipment was contained in regular sized bottles.

By Hon. Mr. Bennett:

Q. Was it regularly labelled?—A. No sir, similar labels to the others.

Q. The only difference would be in the bottles?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. What disposal was made of the last shipment?—A. That all went to Mr. Bureau.

Q. Did you renew your protest against receiving those shipments?—A. I did. I told Mr. Farrow that at the time, that I would receive no more shipments, the same as I told him after I received the first shipment.

Q. And, you received no more?—A. I received no more.

Q. Did any of this liquor remain in your hands at all?—A. No sir.

Q. You acted as the intermediary?—A. I did.

Q. Upon request?—A. Upon request. Mr. Clerk came to my office after the first shipment was received, and told me that it was to be divided into three portions, one for Mr. Farrow, one-third for Mr. LaRochelle, and one-third for myself. I told Mr. Clerk I did not want any, that I had enough of pre-war stuff of my own. I still have some left, if that is of any interest to the Committee.

Mr. CALDER, K.C.: All of us will be anxious to receive an invitation.

The WITNESS: I shall be at home to receive you.

By the Chairman:

Q. Will you produce it?—A. No sir. I would rather you would come out to my home. I would be there.

Q. The newspaper men will wish to go too?—A. The newspaper men will be welcome also. I have enough I think for us all.

By Mr. Calder, K.C.:

Q. At the time you were receiving these shipments, and up to the time of the Duncan investigation, were you aware that Mr. Jameson had any part in it?—A. No sir. In that connection I think I can perhaps explain a question of Mr. Donaghy's yesterday to Mr. Clerk. Mr. Donaghy asked Mr. Clerk why I did not mention Mr. Jameson and Mr. White at the time of the investigation by Mr. Duncan in Montreal.

Q. I do not think there was any question about Mr. White?—A. Mr. Jameson. At the time that evidence was taken, Mr. Duncan was dealing only with the ten cases which were shipped to me. It is true Mr. Clerk stated in evidence before Mr. Duncan that these goods were for Mr. Farrow and Mr. Bureau. I called Mr. Clerk outside into the corridor and said "You want to be fair to Mr. Farrow and Mr. Bureau." He said "yes," then I reminded him of the fact that a portion of this stuff was for Mr. LaRochelle. And, he went in and gave evidence to Mr. Duncan to that effect. At that time I did not know of any shipments to Mr. LaRochelle or to anybody else.

Q. To Mr. Jameson you mean?—A. To Mr. Jameson, rather.

Q. We are told here by Mr. Clerk, and you confirm it, that you refused to receive any part of this liquor for yourself?—A. Yes.

Q. When he proposed it?—A. Yes.

Q. Was he offended at that?—A. He did not appear to be.

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

Witness retired.

REID RAYMOND called and sworn.

By Mr. Calder, K.C.:

Q. What is your first name, Mr. Raymond?—A. Reid—Reid Raymond.

Q. In 1923, 1924 and 1925, were you employed in the Department of Customs?—A. Yes, sir.

Q. In what capacity?—A. In the Department, as a chauffeur.

Q. For whom were you driving, principally?—A. While Mr. Bureau was in the Customs, I drove for both he and Mr. Farrow, but Mr. Farrow mostly.

Q. You drove both Mr. Bureau and Mr. Farrow, but principally Mr. Farrow?—A. Yes, sir.

Q. Where were you living then?—A. In Ottawa.

Q. Did you have an address in Hull?—A. Yes, sir.

Q. That was not your home address?—A. No, sir.

Q. Why did you have an address in Hull, if you did not live there?—A. A relative of mine, sir.

Q. A relative of yours?—A. Yes, sir.

Q. That is what you mean by having an address there, namely, that you had a relative residing there who allowed you to use that address?—A. Yes, sir.

Q. For what purpose did you have that second address in your name?—A. These people went away on a holiday at the time I was asked to receive a case from Montreal, and then I changed my brother's address to my old home address, my mother's address.

Q. When you got a request to receive a case?—A. They would be away, about the time the case would come through.

Q. You agreed that the case should be sent to your relative's address in Hull for the purpose of taking it yourself, taking it from the Express?—A. Yes.

Q. Who requested you to receive the case?—A. Mr. Farrow.

Q. Was that the only time you received a case?—A. To my knowledge, I received three cases.

Q. When did you receive the first case?—A. I am sorry, I do not remember the dates.

Q. I have a shipping permit here, dated the 10th of October, 1924, issued by the Quebec Liquor Commission to Mr. R. P. Clerk, authorizing him to ship and transport one case of Cognac and assorted wines to the address of A. Raymond, 111 Laval St., Hull, Que.?—A. Yes, sir.

Q. You have just told us that your name is "Reid Raymond?"—A. Albert Reid Raymond.

Q. That was the first case you received?—A. At 111 Laval, yes, sir.

Q. At No. 111 Laval street?—A. Yes, sir.

Q. Did you receive cases at another address?—A. Yes. You have two addresses there, I think I heard yesterday.

Q. That first case you received at No. 111 Laval St., what disposal did you make of it?—A. To Mr. Farrow, sir.

Q. How did it come, what kind of a box was it in?—A. It might have been a soap box. It was an ordinary grocery box, from what I could tell.

Q. Would you say that it was not a distiller or blender's case?—A. Yes, sir.

Q. Did you open the box?—A. I did, sir.

Q. In Hull?—A. No, sir.

Q. Where?—A. In my home.

Q. In Ottawa?—A. In Ottawa, yes sir.

Q. Were you instructed to do that?—A. Yes, sir.

Q. What was in the box?—A. To tell you the truth, being ordered to do the thing, it was not my business; I was asked to open the case and take so many bottles out and take them to Mr. Farrow's residence; in fact, if you were to ask me how many bottles there were in the case, I would not remember. I know there was Scotch, brandy and wine, but how many of each I could not tell you.

Q. You must have noticed when opening the box whether they were labelled in the ordinary way?—A. The first case I received was all kinds of sample bottles. I did not know what it was, but from what I hear, it was sample bottles, small white bottles.

Q. With a square shoulder?—A. A square shoulder.

Q. And a short neck?—A. Yes.

Q. Like a druggist's bottle?—A. Yes, like a druggist's cork too.

Q. How were they labelled?—A. Small white labels, with a red rim around them.

Q. How was the name of the contents written?—A. With ink.

Q. You say you do not know how many bottles there were in the case?—A. I knew at the time; I did not keep track of it.

Q. To whom did you distribute these?—A. To Mr. Farrow.

Q. Did you distribute all to Mr. Farrow?—A. Yes, not altogether, but on different occasions.

Q. As the need arose?—A. Yes, I suppose.

Q. Did all these bottles go to Mr. Farrow, and none to anybody else?—A. So far as I know, yes sir.

Q. All this had been done by you upon specific instruction?—A. Yes.

Q. You received all the cases at the address in Hull, took them to your home, and there you did the opening of the cases and the distribution of bottles from time to time?—A. Yes, sir.

Q. And the distribution of bottles from time to time, or delivery?—A. Yes.

Q. We have on the 22nd December, 1924, a case of assorted liquors authorized by the Quebec Liquor Commission to be shipped by R. P. Clerk to A. R. Raymond, 111 Laval street, Hull, Quebec. Did you receive that?—A. Yes.

Q. Was it taken to the Laval street address, or to the Ottawa address?—A. I got it at the Laval address; it was delivered there.

Q. I thought that address was merely for notification for you to call at the Express office?—A. No.

Q. It was not only the Postal address?—A. No.

Q. You took it there?—A. Yes.

Q. Took delivery at the Postal address?—A. Yes.

Q. And brought it as a complete case to Ottawa?—A. Yes.

Q. And opened it up?—A. Yes.

Q. How was it packed?—A. I have seen wine bottles the same as these, dark bottles.

By Hon. Mr. Bennett:

Q. Rhine wine bottles?—A. Yes, with the same label as the first case.

Q. These are long ones?—A. Yes.

By Mr. Calder, K.C.:

Q. What disposal was made by you of that?—A. The same, sir.

Q. You brought it to Mr. Farrow from time to time as he requested?—A. Yes.

Q. We have on the 26th February, 1925, five cases of assorted liquors authorized to be shipped by A. Raymond, 111 Laval Ave., Hull, Quebec, to A. Raymond, 111 Laval Avenue, Hull, Quebec. Did you apply for the permit?—A. No sir. I do not know anything at all about the five cases.

Q. You did not get the five cases?—A. No, there is only the case at 165 Wellington Street.

Q. Then the same gentleman who used your name to get the permit must have used your name to get the cases?—A. Yes, he must; that is news to me.

Q. Then you have a shipment authorized by the Liquor Commission from Robert P. Clerk to M. Raymond, 165 Wellington Street, Hull, M. Raymond. Did you have that shipped to your mother's address?—A. There is an error in the "M". I heard about it later. "M" should have been "A" or "R", that is mine.

Q. You treated it as in the other cases?—A. Yes.

Q. Received at 165 Wellington?—A. Yes.

Q. To Ottawa?—A. Yes.

Q. You broke it in Ottawa?—A. Yes.

Q. You treated that the same way, brought it to Mr. Farrow from time to time?—A. Yes, also that case was the same kind of bottles as the first case, dark bottles.

Q. Were there other bottles transported by you at any other time?—A. No sir.

Q. You will understand whatever you say is with the protection of the Committee?—A. Yes.

Q. Did you ever transport any cases or bottles from Montreal or any point in the Province of Quebec to Ottawa by car?—A. From Montreal, never.

Q. From what point?—A. From Hull, Quebec.

Q. Other than the cases you have mentioned?—A. Yes.

Q. These were purchased?—A. Yes.

Q. At the Liquor Commission?—A. Yes sir.

Q. Did that happen often?—A. Quite often, sir.

Q. Outside of what may have been purchased in Hull and brought across, are the three cases we have mentioned here the only cases you handled from Mr. R. P. Clerk?—A. Yes.

Q. Or from anybody else in the Customs Department?—A. Yes.

By Hon. Mr. Stevens:

Q. Regarding these instances where you say that they were purchased in Hull, were they delivered to your residence?—A. Some, yes.

Q. In Hull?—A. No, in Ottawa.

Q. You said a moment ago, if I understood you rightly, that you brought over from Hull certain consignments that were purchased in Hull?—A. Certain bottles, sir.

Q. Only certain bottles?—A. Yes.

By Mr. Donaghy:

Q. Mr. Raymond, who gave you the instructions in regard to the dividing up of the cases of whiskey?—A. Dividing up, sir?

Q. When you had opened the case?—A. Mr. Farrow, sir. It was just a matter of opening the case and taking one or two bottles; there was no dividing up to it.

Q. Did you deliver them to Mr. Farrow's house?—A. Yes.

Q. Where did you deliver Mr. Bureau's?—A. No sir.

Q. Where did you deliver Mr. Bureau's?—A. I beg your pardon, sir.

By Mr. Bell:

Q. Mr. Donaghy asked where did Mr. Bureau get his?—A. I cannot say that.

By Mr. Donaghy:

Q. Where did you deliver it, all to Mr. Farrow?—A. Yes.

By Mr. Kennedy:

Q. In connection with the other cases bought from the Liquor Commission in Hull, were they delivered to parties in the Customs?—A. No, I was telling the truth; they were for my own use at the house.

By Mr. Bell:

Q. You did not say cases; you said bottles?—A. No, single bottles as anyone else would do; go over and get one.

By Mr. Kennedy:

Q. I thought you said cases?—A. No, Mr. Calder asked me about bottles.

By Mr. Calder, K.C.:

Q. I may say, Mr. Raymond, my question was framed to cover more than a one bottle purchase?—A. No, one bottle.

Q. One bottle at a time?—A. Yes.

Q. At the Liquor Commission in Hull, you can only get one at a time?—A. Yes, I do not buy much more.

By Hon. Mr. Bennett:

Q. Mr. Wilson said that part was delivered to Mr. Bureau and part delivered to Mr. Farrow.

Mr. CALDER, K.C.: This witness says that each time it was on Mr. Farrow's instructions, and part went to Mr. Farrow.

Hon. Mr. BENNETT: This witness says Mr. Bureau.

WITNESS: Not my case.

Mr. CALDER, K.C.: Shall I proceed with other witnesses?

Hon. Mr. STEVENS: Is Mr. LaRochelle here yet?

Mr. CALDER, K.C.: No.

Mr. BELL: Is there any explanation? It is an hour after the time of our sitting.

Mr. DONAGHY: Let us find out who telephoned the Commissioner and what answer he has given.

The CHAIRMAN: The clerk has gone for him.

Hon. Mr. STEVENS: Have you other witnesses?

Mr. CALDER, K.C.: Yes, I have other witnesses.

Witness retired.

ROBERT P. DAIGLE, called and sworn.

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

By Mr. Calder, K.C.:

Q. Mr. Daigle, you stated in previous evidence that the samples you collected for gauging purposes, were, by common practice or according to a long established practice, your perquisite or your property?—A. The property of the Chief Gauger.

Q. Was there a regulation in your practice with respect to the amount that should be taken for sampling purposes from the cask or other containers?—A. In the memorandum 1136, there is a rule which states that a sample should be taken in every lot of ten casks. Only when I arrived at the department, Mr. Adamson was in charge and he told me in what manner I was to take the samples, as I stated previously.

Q. And that method of taking samples, was that followed in practice?—A. It was followed in practice.

Q. It did not conform to the letter or memorandum 1136-B?—A. No, except in cases of importation of rum and alcohol.

Q. By alcohol you mean other alcohols than those specifically named?—A. I mean so-called alcohol, grain alcohol or wine spirits.

Q. According to the established practice, what proportion of samples did you take?—A. According to the importation.

The CHAIRMAN: Order, do not talk in this room. Listen.

By Mr. Calder, K.C.:

Q. How many casks did you sample?—A. We sampled practically all the casks.

Q. You took samples from all casks?—A. Yes, in all casks except in the case of claret, especially in the case of claret, we took very small samples because we have a margin of two degrees, for the testing.

Q. I will read this:—"Eack sample of spirits drawn for testing purposes, should not exceed more than one quart of wine or malt liqquor or one pint of distilled liquor."

The CHAIRMAN: We will translate that.

By Mr. Calder, K.C.:

Q. What quantity did you draw from each cask of alcohol for sampling purposes?—A. That is rather difficult to state; we might draw two ounces, three ounces, four ounces, or perhaps five ounces from the casks.

Q. I am speaking of casks of a normal capacity, standard capacity?—A. Precisely.

Q. To avoid any trouble, is there any established rule determining the quantity that is to be drawn for sampling purposes, more or less?—A. I had a clash with the Quebec Liquor Commission with respect to the importation of ten thousand casks of cognac?

Q. Was it with respect to the samples that were drawn?—A. We took samples in one manner, and the Quebec Liquor Commission took samples in another manner. Then we had a fraction of one-tenth of a degree, which would mean one degree because that bordered on the division of one-half to one-tenth when we reached the proof of point six.

Mr. CALDER, K.C.: We will overlook that for the moment.

By Mr. Calder, K.C.:

Q. At the Customs Department there is no established rule, stating what quantity—how many ounces, you shall take out of each cask?—A. No. The regulation which was established in 1901, according to the memo., stated that one sample should be drawn out of every ten casks.

Q. Of what quantity?—A. I don't know.

Mr. CALDER, K.C.: I read to the witness from memo. 1136, paragraph 23, the following extract:

> "Each sample of spirits drawn for testing purposes should not exceed one quart of wine or malt liquor, or one pint of distilled liquor."

By Mr. Calder, K.C.:

Q. That fixes the maximum, although it does not fix the minimum.—A. It is impossible for me to take the sample to make a test under those conditions —under the importation conditions which obtain to-day; to make a satisfactory test under that regulation.

Q. Do you state that the sample set out in the regulation is too small?—A. Yes, it is too small.

Q. As to quantity?—A. Yes.

Q. That sampling process is based on an experience of five centuries, and obtains in England and other countries—A. Yes, but prohibition has come into force within the last five years, and the price of liquor has gone up considerably. When we received, say, ten casks, and there is one cask of water to the lot, it was not placed in the cask by the distiller on the other side.

Q. Mr. Daigle, I do not understand that proposition. If you take one quart in the case of wine, and one pint in the case of distilled liquors, whether there is water in the cask or not, there are always sufficient samples to establish this mixing of water?—A. When they undertake the sampling, they have not the instruments to carry out these tests.

Q. You believe that, in the case of the importation of 400 or 600 casks of cognac, and taking a pint in one cask, or a few casks, if you will, one could establish a test from that? I ask you that question.—A. I state we cannot.

Q. A cargo of 450 cases of cognac arrives, and you take one pint out of each cask for gauging purposes?—A. No sir, we do not.

Q. That is the regulation?—A. Not for one pint; we must not take more than one pint; we do not take one pint for each cask.

Q. You take less than that?—A. Certainly.

Q. Then what were you stating a moment ago when you said that one pint was not sufficient—one pint for each importation?—A. I did not state that; I understood improperly.

Q. Then you submit that you do not take more than one pint out of each cask of liquor or spirits?—A. No, we do not take one point out of each cask,

except in cases where the cask is short of ten or fifteen gallons. Then we only take 26 ounces.

Q. Of those samples which you took, did you give any to any other parties excepting Mr. Clerk?—A. Yes, I did.

Q. Would you name persons in the Customs service to whom you distributed some of these samples?—A. It would be rather a long list, as I stated the other day. This goes back some years, and my memory will not permit me to name them all.

Q. Give us the names of those whom you remember in the Department as having received samples, especially superior officers?—A. In the case of superior officers, I can name some of them. As I stated the other day, from the Collector of Customs down the line.

Q. Down the line to yourself?—A. Yes.

Q. And below yourself?—A. Yes.

Q. Give us the names of superior officers here in Ottawa to whom you might have sent samples?—A. I did not send samples to superior officers in Ottawa.

Mr. DONAGHY: Give us the names of those he can remember.

Mr. CALDER, K.C.: I want to divide them categorically, so as to help his memory as much as I can.

By Mr. Calder, K.C.:

Q. Did you not send two shipments to a party in the Customs Department in Ottawa, who has not yet been named in this inquiry?—A. I sent some to a Mr. Blakeney.

Q. What is his occupation?—A. Chief clerk of supplies.

Q. How many shipments did you make to him?—A. I sent him one or two cases.

Q. Would you recall whether it was one, or two, cases?—A. It might have been two cases.

Q. About what time was that?—A. It was around Christmas time.

Q. What would those cases contain?—A. They contained rum and Scotch, if I remember well.

Q. How did you make up, or pack the case?—A. We packed them in ordinary cases or boxes, boxes in which we send sugar samples to Ottawa.

Q. Did you apply to the Liquor Commission for a permit?—A. No sir.

Q. Was it at the request of Mr. Blakeney that you made that shipment?—A. I probably offered to send him this liquor.

Q. Let us not bother with probabilities. You must recall the fact. I ask you again whether it was on his proposal, or of your own motion that this shipment was made?—A. That is rather difficult to state, because I know that Mr. Blakeney had some every year. I knew that he received some every year.

Q. According to an established custom?—A. According to an established custom.

Q. Was there a list of the consignees in the Department?—A. No sir.

Q. Whom did you consult to find out whether this was done every year?—A. Probably either Mr. McNichol or Mr. Corbeil spoke to me about it.

Q. Are there other parties besides Mr. Blakeney to whom you made similar shipments?—A. No, not me personally.

Q. Do you know whether similar shipments were made by other parties?—A. Yes, sir. One day at the request of Mr. Clerk, I forwarded three or four cases, as far as I recollect, addressed to Mr. Wilson in Hull, we have already spoken of that.

Q. Were those cases shipped direct from the gauger's department to Mr. Wilson, or did they pass at Mr. Clerk's house?—A. The goods were shipped from the gauger's department. They were sent to the express, the express company had an office in our building, and we sent it through that company.

Q. Apart from Mr. Blakeney and Mr. Wilson, are there other parties among the Customs officials in Ottawa who received shipments of liquor from you, or other persons through your medium, or to your knowledge?—A. No.

Q. How many successive shipments did you make to Mr. Wilson?—A. I made only one shipment.

Q. Do you remember how many cases there were in that shipment?—A. There were two or three cases, as far as I recollect.

Q. Was a permit for transportation requested?—A. Yes.

Q. Who requested that permit?—A. Mr. Clerk did.

Q. Did you see the permit?—A. Yes.

Q. Was it signed by a proper authority or official?—A. I saw that it was the ordinary prescribed form, but I do not recall who signed it.

Q. Now, let us deal with Montreal. It has been adduced in evidence here, apart from the shipments to Mr. Wilson, that thirty-seven cases would have been shipped by Mr. Clerk; they were taken from samples which you gave him; that is equivalent to 408 pints. This is rather a large quantity spread over two years. Are there other persons to whom you gave as large a quantity?—A. No.

Q. You spoke of the Collector going down the line?—A. Yes.

Q. Above you there are the Collector and the Inspector? How many samples, or what quantity did you give the Collector?—A. A few bottles. I cannot state what quantity.

Q. About 20 bottles to Mr. Weldon?—A. A few bottles occasionally.

Q. At his request?—A. No. I offered them to him.

Q. About how many bottles would you have sent within a year?—A. About ten bottles.

Q. Did Mr. Weldon know that these samples came from the gauger's department?—A. Certainly.

By Mr. Calder, K.C.:

Q. Then, in the department at Montreal, there are other officials who are heads of the department, like yourself?—A. Mr. Bisaillon.

Q. Did you give any liquor to Mr. Bisaillon?—A. Yes.

Q. In large quantities?—A. No, not in large quantities.

Q. Did you not state to Mr. Duncan that Mr. Bisaillon took liquor from the gauging department in demijohns containing five gallons?—A. Yes. I gave him some on one occasion.

Q. How many demijohns?—A. One or two, if I recollect well.

Q. Did they each contain five gallons?—A. If I remember well, there was some wine, there was some Scotch, there was some brandy, and other liquors, which I do not quite recollect.

Q. Were those the only occasions on which you gave liquor to Mr. Bisaillon?—A. No. I gave him bottles occasionally.

Q. Quite often?—A. No, not very often.

Q. Every time he asked you for some?—A. No.

Q. About what quantity did you give him within a year?—A. I can not recall; I might have given him some apart from these two demijohns. I might have given him about ten bottles within the year.

Q. You gave some to subordinate officers or employees?—A. Yes.

Q. What was the average quantity of samples which you gave to the gaugers working under you?—A. That depended, sometimes four or five bottles, or three or four bottles.

Q. Was that in a year?—A. No, when we received cargoes or importations.

Q. A distribution was made among the gaugers?—A. Yes.

Q. Would the gaugers under your orders not be tempted to increase the quantity for sampling under that system?—A. I do not think so. Mr Corbeil—

there has never been any complaint against Mr. Corbeil who has been in charge of sampling for twenty years.

Q. Possibly because there has not been any investigation?—A. Possibly there has never been any complaint on the part of the Liquor Commission or any other importers.

By Hon. Mr. Stevens:

Q. I think you mentioned a moment ago that you shipped some cases to Mr. Wilson?—A. I do not—

Q. Would that be included in the ten cases already mentioned in evidence? Would the liquor shipped to Mr. Wilson referred to in evidence to-day be included in the ten cases regarding which Mr. Wilson has given evidence this morning?—A. I do not know what ten cases you are speaking of. I only sent three or four cases on one consignment.

Q. Through Mr. Clerk?—A. Yes, sir.

Witness retired.

ROBERT P. DAIGLE est rappelé et assermenté.

Le président:

Q. Désirez-vous témoigner en anglais ou en français?—R. En français.

M. Calder, C.R.:

Q. Au cours d'un témoignage rendu par vous préalablement, vous avez déclaré que les échantillons pris pendant le jaugeage étaient, par pratique longtemps établie, la propriété du jaugeur en chef?—R. Oui, monsieur.

Q. Est-ce qu'il y avait une règle ou une pratique établie fixant la proportion des échantillons au baril, ou autre contenant échantillonné?—R. Dans le mémo 1136 il y a une règle de prendre un échantillon par dix quarts; mais, seulement, quand je suis arrivé dans le département, M. Adamson, qui était en charge, m'a dit la manière de prendre les échantillons, tel que je l'ai dit auparavant.

Q. Cette manière d'échantillonner était celle établie par la pratique?—R. Par la pratique, oui.

Q. Elle ne se conformait pas à la lettre du mémo 1136-b?—R. Non, monsieur, excepté dans les cas d'importation de rhum ou d'alcool.

Q. Voulant dire par alcool des alcools autres que ceux qui portent des noms spéciaux?—R. Alcool proprement dit.

Q. Alcool de grain?—R. Alcool de grain, ou "wine spirits".

Q. D'après la règle établie, quelle proportion preniez-vous par échantillon, suivant les contenants?—R. Suivant l'importation.

Q. Combien de quarts échantillonniez-vous?—R. A peu près tous les quarts.

Q. Vous en preniez dans tous les quarts?—R. Oui, excepté dans les cas de claret, surtout de claret, on en prenait très peu, parce que nous avons une marge de deux degrés pour le "test".

Q. Quelle quantité preniez-vous dans chaque quart d'alcool?—R. C'est pas mal difficile à dire, quelle quantité. On peut en prendre deux, trois, quatre ou cinq onces dans les quarts,—je parle dans les quarts normaux.

Q. Précisément pour éviter tout le trouble que nous avons aujourd'hui, n'y a-t-il pas une règle établie réglementant la quantité à prendre, ni plus ni moins?—R. Voici: je suis arrivé en contravention avec la Commission des Liqueurs au sujet d'une importation de dix mille gallons de cognac, au sujet des échantillons qu'on avait pris, et la Commission des Liqueurs avait pris les échantillons d'une autre manière dans moins de barils que nous, alors on est

arrivé avec une fraction d'un dixième de degré, qui voulait dire un degré, par le fait que cela se trouvait sur la division du demi d'un dixième, quand on fait notre "test", quand on arrive à preuve .6.

Q. Laissons de côté la technique. Passons cela. Aux douanes est-ce qu'il n'y a pas une règle établie qui dit: Vous prendrez tant d'onces pour un échantillon?—R. Non. La règle qui était établie en 1901, par le mémo, était de prendre un échantillon par dix quarts.

Q. De quelle quantité?—R. Naturellement, je ne le sais pas.

Q. Je vous lis, à la page 6 du mémo 1136, paragraphe 23, la règle suivante: "Each sample of spirits drawn for testing purposes should not exceed one quart of wine or malt liquor, or one pint of distilled liquor." Cela ne fixe pas le minimum, mais cela fixe le maximum?—R. Il est impossible pour moi de prendre des échantillons, de faire un "test" dans les conditions d'importation où nous sommes aujourd'hui et d'établir un "test" comme il faut avec cette règle-là.

Q. Voulez-vous dire que l'échantillon fixé par le mémo 1136 est trop petit? —R. Trop petit, oui monsieur.

Q. En quantité?—R. En quantité.

Q. Mais cet échantillonnage est basé sur près de, mettons, cinq siècle d'expérience, tant au Canada qu'en Angleterre, d'où sont dérivés nos règlements?—R. Oui, mais la prohibition est établie depuis cinq, six ans, je crois, et le prix des liqueurs a augmenté beaucoup. Quand on arrive et qu'on reçoit dix quarts, et, quand il y a un quart d'eau dedans, cela n'a pas été mis par le distillateur de l'autre côté.

Q. Mais, je ne comprends pas cette proposition-là. Si vous prenez une pinte pour les vins et une chopine pour les boissons distillées, qu'il y ait de l'eau ou non dans le quart, il y a toujours suffisamment d'échantillons pour établir ce frelatage-là?—R. Voici: quand ils vont faire le jaugeage sur les quais, ils n'ont pas les instruments pour faire le "test", là. Vous croyez que, sur une importation de quatre ou six cents quarts de cognac, prendre une chopine dans un quart, ou dans quelques quarts, si vous voulez, qu'on peut établir un "test"?

Q. Je vous le demande.—R. Je dis que non.

Q. Une livraison de quatre cent cinquante quarts arrive et le jaugeur sur le quai prend une chopine dans chaque quart?—R. Non, monsieur.

Q. C'est le règlement?—R. Pas pour une chopine.

Q. Il ne doit pas prendre plus d'une chopine?—R. Il ne prend pas une chopine par quart, non plus.

Q. On prend moins que cela.—R. Certainement.

Q. Alors, qu'est-ce que vous me chantiez tout à l'heure, quand vous disiez qu'une chopine ce n'était pas suffisant?—R. Une chopine par importation?

Q. Je n'ai pas dit cela.—R. J'ai mal entendu.

Q. Alors, vous prétendez que vous ne prenez pas plus d'une chopine par quart de spiritueux?—R. Non, on ne prend pas une chopine par quart, excepté dans les quarts où il manque dix ou quinze gallons, on prend vingt-six onces dedans.

Q. Les échantillons que vous avez pris vous-même et qui sont devenus votre propriété, en avez-vous distribué à d'autres personnes qu'à M. Clerk?—R. Ah, oui.

Q. Voulez-vous nommer les personnes à qui vous en avez distribué, dans le service?—R. C'est une liste pas mal longue, comme je l'ai dit l'autre jour. Ma mémoire n'est pas là pour les nommer tous, dans trois ans de temps.

Q. Ceux dont vous vous souvenez, dans le département, surtout les supérieurs?—R. Voici: parmi les supérieurs, je peux les nommer. C'est, comme je l'ai dit l'autre jour, à partir du collecteur en descendant.

Q. Jusqu'à vous?—R. Oui, jusqu'à moi.

Q. Et en bas de vous?—R. Et en bas.

[Mr. Robert P. Daigle.]

Q. Donnez-nous donc les noms des supérieurs, ici, à Ottawa, à qui vous en auriez envoyé?—R. Aux supérieurs à Ottawa, je n'en ai pas envoyé.

Q. N'en avez-vous pas expédié deux envois à une personne dans le bureau des douanes, personne qui n'a pas encore été nommée?—R. Dans le bureau des douanes, qui n'a pas été nommée?

Q. Qui n'a pas été nommée dans cette enquête encore.—R. J'en ai envoyé à M. Bleakney.

Q. Quel poste occupe-t-il?—R. "Chief clerk of Supplies".

Q. Combien d'envois lui avez-vous faits?—R. Une ou deux caisses.

Q. Veuillez donc vous rappeler si c'est une ou deux.—R. Peut-être deux, je n'ai pas tenu record de cela.

Q. Vers quelle date?—R. Autour de Noël, si je me rappelle bien.

Q. Que contenaient ces caisses?—R. Du rhum, du "scotch", si je me rappelle bien.

Q. Comment les empaquetiez-vous?—R. Dans une caisse.

Q. Caisse de distallateur?—R. Non, caisse ordinaire, caisse dans laquelle on envoie des échantillons de notre sucre à Ottawa.

Q. Avez-vous sollicité un permis de la Commission?—R. Non, monsieur.

Q. Est-ce à la demande de M. Bleakney que vous avez envoyé cela?—R. Non, probablement que je lui ai offert.

Q. Ne demeurons pas dans les probabilités, c'est l'un ou l'autre, et vous devez vous en rappeler. Alors, je vous demande de nouveau si c'est sur sa proposition ou sur la vôtre que M. Bleakney a reçu cet envoi?—R. C'est pas mal difficile à dire parce que je sais que M. Bleakney en avait tous les ans. Je savais que tous les ans il en recevait.

Q. Suivant coutume établie?—R. Suivant coutume établie.

Q. Y avait-il une liste des consignataires dans le département?—R. Non, monsieur.

Q. Qu'est-ce que vous avez consulté pour savoir que cela se faisait tous les ans?—R. Probablement que M. McNichol ou M. Corbeil m'en ont parlé.

Q. Est-ce qu'il y en a d'autres, à part M. Bleakney, à qui vous avez fait des envois semblables?—R. Non, pas moi personnellement.

Q. Avez-vous eu connaissance d'envois semblables faits par d'autres personnes?—R. Oui, j'ai envoyé, à la demande de M. Clerk, un jour, trois ou quatre caisses, autant que je peux me rappeler, adressées à M. Wilson, à Hull.

Q. Nous avons déjà parlé de cela. Est-ce que ça été expédié directement de l'endroit où l'on jauge à M. Wilson, ou si ça d'abord passé chez M. Clerk?—R. Ça parti de chez nous, descendu à l'"express",—la compagnie d'"express" avait un bureau dans la bâtisse chez nous,—on l'a envoyé par là.

Q. A part M. Bleakney et M. Wilson, ici, dans la hiérarchie des douanes, y a-t-il eu des personnes qui, de vous ou d'autres personnes, par votre entremise ou à votre connaissance, ont reçu des caisses ou autres envois de boissons?—R. Non, monsieur.

Q. Combien d'envois successifs avez-vous faits à M. Wilson?—R. C'est la seule fois dont je me rappelle.

Q. Vous rappelez-vous combien il y avait de caisses?—R. Trois ou quatre caisses, en autant que je puis me le rappeler.

Q. Aucun permis de transport n'a été sollicité?—R. Oui, monsieur.

Q. Il y a eu un permis de transport de sollicité?—R. Oui, monsieur.

Q. Qui l'a demandé?—R. M. Clerk.

Q. Avez-vous vu le permis vous-même?—R. Oui, monsieur.

Q. Etait-il signé par l'autorité compétente dont vous connaissez la signature?—R. Non, j'ai vu que c'était la formule ordinaire; je ne me rappelle pas qui l'a signé.

Q. Maintenant, rendons-nous à Montréal. Il est en preuve qu'en dehors des caisses livrées à M. Wilson, trente-sept caisses auraient été expédiées par M. Clerk, prises à même les échantillons que vous lui avez donnés; ça fait 418 chopines, quantité assez considérable, répartie sur deux ans; y a-t-il d'autres personnes auxquelles vous auriez donné une quantité aussi considérable?—R. Non, monsieur.

Q. Vous avez parlé du collecteur en descendant; au-dessus de vous il y a le collecteur et l'inspecteur?—R. Oui, monsieur.

Q. Nous avons déjà parlé du collecteur?—R. Oui, monsieur.

Q. Combien en avez-vous remis au collecteur?—R. Quelques bouteilles. Je ne sais pas quelle quantité en deux ans. C'est une vingtaine de bouteilles.

Q. A M. Weldon?—R. A M. Weldon.

Q. Quelques bouteilles de temps en temps?—R. Quelques bouteilles de temps en temps.

Q. A sa demande?—R. Non, je les lui ai offertes.

Q. A combien cela peut-il se monter, dans le cours d'un an?—R. Une dizaine de bouteilles, dans le cours d'un an.

Le président:

Q. M. Weldon savait-il que cela venait du département du jaugeur?—R. Certainement.

M. Calder, C.R.:

Q. Maintenant, dans le département, à Montréal, il y a des gens qui sont chefs de services, comme vous?—R. Oui, monsieur.

Q. M. Bisaillon?—R. Oui, monsieur.

Q. Avez-vous déjà donné de la boisson à M. Bisaillon?—R. Oui, monsieur.

Q. En quantités considérables?—R. Pas en quantités considérables.

Q. N'avez-vous pas déclaré à M. Duncan que M. Bisaillon prenait de la boisson provenant du jaugeage par dame-jeannes de cinq gallons à la fois?—R. Oui, je lui en ai donné une fois.

Q. Combien de dame-jeannes?—R. Une ou deux à la fois.

Q. De cinq gallons chacune?—R. Si je me rappelle bien, il y avait du vin; il y avait du "scotch", du brandy, je ne me rappelle pas au juste.

Q. Est-ce la seule occasion où vous avez donné de la boisson à M. Bisaillon?—R. Non, je lui ai donné des bouteilles de temps en temps.

Q. Assez souvent?—R. Pas très souvent.

Q. Chaque fois qu'il vous en demandait?—R. Non, monsieur.

Q. Quelle peut être la quantité que vous lui avez donnée dans un an?—R. Je ne me rappelle pas. Je lui en ai peut-être donné, à part ces deux dame-jeannes, des fois. Je puis lui avoir donné une dizaine de bouteilles dans un an, peut-être moins.

Q. Et vous en avez donné aux subordonnés?—R. Oui, monsieur.

Q. Quelle quantité donniez-vous, en moyenne, aux jaugeurs sous vos ordres?—R. Ça dépend. On donnait quelques bouteilles, quatre, cinq bouteilles, trois, quatre bouteilles.

Q. Par an?—R. Non, quand on recevait des importations.

Q. Il se faisait alors une distribution parmi les jaugeurs?—R. Oui, monsieur.

Q. Est-ce que les jaugeurs, sous vos ordres, ne seraient pas portés à augmenter l'échantillonnage avec ce système-là?—R. Je ne crois pas. M. Corbeil, qui fait l'échantillonnage, depuis vingt ans, n'a jamais reçu de plaintes relativement au système d'échantillonnage.

Q. Peut-être parce qu'il n'y a jamais eu d'enquête?—R. Peut-être. Il n'y a jamais eu de plaintes ni de la Commission des Liqueurs, ni des autres importateurs.

L'hon. M. STEVENS interroge le témoin en langue anglaise et ses questions sont interprétées comme ci-après:

Q. Est-ce que les liqueurs expédiées à M. Wilson seraient comprises dans les dix caisses dont il a été question aujourd'hui?—R. Je ne sais pas quelles dix caisses il veut dire. La seule chose que j'ai envoyée, c'est trois ou quatre caisses, une fois.

Q. Par l'entremise de M. Clerk?—R. Oui, monsieur.

Le témoin se retire.

M. G. LAROCHELLE, called and sworn.

By the Chairman:

Q. Do you speak English or French?

By Mr. Calder, K.C.:

Q. Will you speak English or French, Mr. LaRochelle?—A. Well, Mr. Chairman, before going any further, I would be very pleased, in order to facilitate and shorten my examination, to read a very brief statement.

Q. Yesterday, Mr. LaRochelle, the same proposition was made by Mr. Jameson, and that was refused to him. He was permitted to read his statement at the close. If you do not mind, we will proceed along a certain line of thought.

By the Chairman:

Q. It may be that during the questions you will be able to refer to your notes?—A. Yes.

Q. You will be allowed to refresh your memory.—A. Yes.

By Mr. Calder, K.C.:

Q. Were you a member of the Civil Service Commission in 1924 and 1925? —A. In 1924 and 1925, yes.

Q. There has been produced—A. Well, in this case I would prefer to be examined in French.—R. Dans ce cas là je vais parler en français.

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

By Mr. Calder, K.C.:

Q. In 1924 and 1925 were you a member of the Civil Service Commission? —A. Yes.

Q. And as such, it was your duty to adjudicate on promotions and increases in salary in the Civil Service?—A. Yes.

Q. Including the Customs Department in which Mr. Clerk is employed in Montreal?—A. Yes, sir.

Q. Among other transport permits produced by Mr. Duncan in Exhibit 137, there is a permit which reads as follows:—

"LIQUOR COMMISSION, QUEBEC
(Transport Permit)

MONTREAL, June 12, 1924.

TO R. P. CLERK:

You are authorized to transport one case of alcoholic liquor from R. P. Clerk, 590 St. Denis Street, Montreal, to M. G. LaRochelle, Rivermead Golf Club, Aylmer Road, Hull, Quebec."

A. I will admit at once, Mr. Calder, that the shipments mentioned on your list have been made. I will admit at once having received the shipments entered on your list. I think there were four or five at most.

Q. In order that the question may be formally put to you, there is another transport permit under date of October 16, 1924, the same shipper and the same consignee, for a case of cognac and rum. There is another transport permit under date November 12, 1924, the same shipper, the same consignee. This was for a case of cognac and Scotch. Did you receive these shipments?—A. Yes, sir.

Q. Then were these shipments made at your request, or on Mr. Clerk's proposal?—A. I must state that I received these things upon the insistent or pressing demand of Mr. Clerk. The first time that he spoke to me about it, I told him that I was not very keen, or very particular about receiving liquor. This happened at my office. I told him, "I am not keen about it." I repeated to him that I would be very pleased if he sent me nothing whatsoever. However, he insisted and said that he sent shipments to other prominent persons, among others to two illustrious persons now deceased, and notwithstanding that, I stated, "I am not keen about it." These shipments came once in awhile.

Q. Mr. LaRochelle, in the first instance, did you refuse to receive these shipments because you felt there was a certain unseemliness or impropriety in doing so—to receive these shipments from men who might be under your administrative jurisdiction?—A. In a general way, I did not like to receive presents, particularly from officials or employees.

Q. And you felt that at the very outset?—A. Yes.

Q. In that case, Mr. LaRochelle, was it not your duty to peremptorily refuse this shipment?—A. No, because I didn't see any harm in it.

Q. You felt that this might place you in an embarrassing position toward Mr. Clerk?—A. No; as a matter of principle, I did not like to receive presents, particularly from officials or employees of the Civil Service, not because it is wrong, but because it does not please me. I saw nothing wrong in it.

Q. Some time later, according to the evidence given by Mr. Jameson, you received, through the medium of Mr. Jameson, one case of liquor on or about the 6th of March, 1925—or a shipment of two cases which was sent to him to be divided between him and you?—A. That is possible; I do not recall particularly.

Q. Did you discuss with Mr. Jameson the shipment which Mr. Clerk was making to both of you?—A. I do not recall that; it was not sufficiently important to warrant me making a note of it.

Q. If I understand well, Mr. Jameson stated that he discussed the matter with you, and because a reorganization was impending in the Custom Service in Montreal, you decided to refuse all subsequent shipments?—A. I do not recall that.

Q. No shipments were made after the 6th of March, 1925?—A. No.

Q. Did you state at any time to Mr. Clerk not to do that any more?—A. I believe I told him every time he spoke to me about it, that I preferred not to receive those shipments. I do not recall the details, positively.

Q. Did it not dawn on you that you might have returned these shipments, which were sent to you against your will?—A. I did not attach enough importance to the matter for that.

Q. Am I to understand that before each shipment was made he spoke to you about it?—A. No.

Q. Then you state that from the time— —A. He spoke to me about it.

Q. He spoke to you about it officially before the shipment was made?—A. Let us state, for instance, that in four instances he might have spoken about it once or twice.

Q. Was that before a shipment was made?—A. Before a shipment was made.

Q. That is to say, he spoke to you on two occasions about a shipment which was to be made?—A. I stated a while ago what I told him on the first occasion, and in the interval he might have spoken to me on one occasion. I think here we are referring to four cases, and he might have spoken to me about it on one occasion, and I told him I preferred not receiving those things.

Q. Did you never feel, at any time, when these shipments were being made, that this was subversive to discipline, which should obtain in the Civil Service? —A. What do you mean by "discipline"?

Q. You have been a military man and should understand what I mean? In the army it is a military crime to accept or propose the giving of a present by an inferior officer to a superior officer.—A. I do not recall having seen that in the King's Regulations. At all events, Mr. Calder, we must not compare the army and the Civil Service.

Q. But the regulation established in the army is to prevent the inferior officer soliciting some favour subsequently from his superior officer, who might be influenced to some extent, and softened with respect to the inferior officer?— A. This cannot obtain or exist in the Civil Service Commission.

Hon. Mr. STEVENS: Apparently it does.

M. Calder, C.R.:

Q. En 1924 et en 1925, étiez-vous membre de la Commission du service civil? —R. Oui, monsieur.

Q. Et comme tel, il était de votre devoir de décider des promotions et des augmentations de paye dans les départements du service civil?—R. Oui.

Q. Y compris le service des douanes dans lequel se trouve comme inspecteur, à Montréal, M. Clerk?—R. Oui.

Q. Parmi les autorisations de transport produites par M. Duncan, comme pièce 137, il s'en trouve une se lisant comme suit:

MONTRÉAL, 12 juin 1924.

COMMISSION DES LIQUEURS DE QUÉBEC,
Autorisation de transport.

A R. P. CLERK,

Vous êtes autorisé à transporter une caisse de liqueurs alcooliques (Désignation) appartenant à R. P. Clerk de 590 St. Denis, Montréal, à M. G.-L. (Larochelle) au Rivermead Golf Club, Aylmer Road, Hull, 1924.

—R. J'admettrai, tout de suite, monsieur Calder, avoir reçu les envois indiqués sur votre liste. Je crois que cela consistait en quatre ou cinq envois au plus.

Q. Pour que la question soit formellement posée: il y a une autre autorisation en date du 16 octobre 1924, même expéditeur, même consignataire, pour une caisse de cognac et de rhum; une autre autorisation en date du 12 novembre 1924, même expéditeur, même consignataire, pour une caisse de cognac et de "scotch"; Vous avez reçu ces envois?—R. Oui.

Q. Maintenant, est-ce à votre demande ou sur la proposition de M. Clerk qu'elles vous ont été envoyées?—R. Je dois vous dire que c'est sur les insistances de M. Clerk que j'ai reçu ces choses-là. La première fois qu'il m'en a parlé, c'était dans mon bureau, je lui ai dit que je n'y tenais pas. Je lui ai dit: "Je n'y tiens pas." Je lui ai répété qu'il me ferait bien plaisir en ne m'envoyant rien. Cependant, il a insisté disant qu'il en envoyait à toutes espèces de personnages, entre autres deux illustres disparus, très illustres disparus. Malgré tout cela, j'ai dit: "Je n'y tiens pas." Cependant il en est venu de temps à autre.

Q. Monsieur Larochelle, est-ce que vous refusiez d'abord de recevoir ces envois-là parce que vous sentiez qu'il y avait une certaine indélicatesse de les recevoir de la part de personnes qui pouvaient être sous votre coupe administrative?—R. D'une façon générale, je n'aime pas à recevoir de cadeaux, et en particulier des fonctionnaires.

Q. Et vous sentiez cela dès le premiers moments?—R. Oui.

Q. Dans ce cas-là, monsieur Larochelle, n'était-il pas de votre devoir de les refuser péremptoirement?—R. Non. Parce que je n'y voyais, au fond, aucun mal.

Q. Tout de même, vous sentiez que cela pouvait vous mettre dans une position fausse envers M. Clerk?—R. Non. Comme principe, je n'aime pas à recevoir de cadeaux, et particulièrement des fonctionnaires; non pas parce que c'est mal, mais parce que ça ne plaît pas.

Q. Et cela ne vous plaît pas parce que ça vous met dans une position fausse envers ces personnes-là?—R. Non, parce que je n'y vois rien de mal.

Q. Un peu plus tard, d'après le témoignage de M. Jameson, vous avez reçu une caisse de liqueurs, par l'entremise de M. Jameson, sur une expédition de deux caisses qui lui auraient été envoyées vers le 6 mars 1925, pour être partagées entre vous et lui?—R. Je ne me le rappelle pas particulièrement. C'est bien possible.

Q. Avez-vous discuté avec M. Jameson les envois que M. Clerk vous faisait à tous les deux?—R. Je ne me rappelle pas cela. Ça n'avait pas assez d'importance pour que j'en pris note.

Q. Si je comprends bien, M. Jameson a déclaré avoir discuté la chose avec vous, et parce qu'il y avait une réorganisation pendante du service douanier, à Montréal, vous auriez alors décidé de refuser toutes expéditions ultérieures?—R. Je ne me rappelle pas cela.

Q. Il n'y a pas eu d'expéditions depuis le 6 mars 1925?—R. Non.

Q. En aucun temps, avez-vous dit à M. Clerk: "Ne faites plus cela."?—R. Je crois lui avoir dit, chaque fois qu'il m'en parlait, que je préférais ne pas recevoir ces choses. Simplement, je ne me le rappelle pas d'une façon absolument positive.

Q. Il ne vous est jamais venu à l'esprit de retourner les expéditions quand on les envoyait ainsi contre votre gré?—R. Je n'y attachais pas assez d'importance pour cela.

Q. Dois-je comprendre qu'avant chaque expédition il vous en parlait?—R. Non, monsieur.

Q. Alors, vous dites que chaque fois qu'il vous faisait...?—R. Il m'en a parlé.

Q. Il vous en a parlé avant?—R. Sur quatre fois, il m'en a peut-être parlé une fois ou deux, disons.

Q. Avant l'expédition?—R. Avant l'expédition.

Q. C'est-à-dire qu'il vous a parlé deux fois d'une expédition à venir?—R. J'ai dit tout à l'heure ce que je lui avais dit la première fois. Maintenant, dans l'intervalle, il a pu m'en parler une fois. Il s'agit ici de quatre caisses, je crois. Il a pu m'en parler une fois et je lui ai dit que je préférais ne pas recevoir ces choses.

Q. Est-ce que vous n'avez pas senti, en aucune circonstance, pendant ces envois, que c'était subversif de la discipline qui devrait être établie dans le service civil?—R. Qu'entendez-vous par discipline?

Q. Vous avez été militaire, vous devez comprendre ce que je veux dire. Dans l'armée, c'est un crime militaire d'accepter ou de proposer un cadeau d'un inférieur à un supérieur.—R. Je ne me rappelle pas d'avoir vu cela dans les "King's Regulations".

Q. Cela y est, pourtant.—R. A tout événement, monsieur Calder, il ne faut pas comparer l'armée au service civil.

Q. Mais la règle est établie dans l'armée pour empêcher que l'inférieur sollicitant quelque chose, par la suite, de son supérieur, celui-ci puisse être influencé, mis en état de douceur plus grande vis-à-vis de l'inférieur.—R. Ceci ne peut exister dans la Commission du service civil, monsieur Calder.

(L'interrogatoire est continué en langue anglaise.)

Witness read the following statement in English, viz:—I have received from Mr. Clerk four or five small cases of wine and liquor, and it seems to me that I have no apology to make in this regard. Although a temperate man, I am free to have a glass of wine, or to offer one to my friends. Whether my wine comes from Peter or Paul, it makes no difference to me.

By Mr. Bell:

Q. From Peter or Paul, did you say?—A. From Peter or Paul. In the present case it came from Mr. Clerk. Mr. Clerk is Inspector of Customs for the port of Montreal, and as such he handles liquor samples. In the disposal of these samples, he has followed an immemorial custom, as stated by Mr. White, M.P., who has been Collector of Customs at this port during twenty years. The regulation governing the disposal of liquor samples has apparently never been enforced. If it has become obsolete in the letter, it is the affair of the Department, and not of private individuals.

Messrs. Bureau and Farrow are not to be blamed for it, as they have followed a long tradition.

Mr. BELL: Who is not to be blamed?

Hon. Mr. BENNETT: Mr. Bureau and Mr. Farrow.

WITNESS: There were yesterday two sensations which, to my mind, were baseless.

Mr. BELL: Mr. Chairman, if we are having a statement of facts, I object to the witness reading into the record here what his impressions, sensations or opinions are.

The CHAIRMAN: He says it under reserve. Go ahead Mr. LaRochelle.

Hon. Mr. STEVENS: (To witness) You are not helping your own position, I may tell you, and if you go on in that general way, you will go out of that box worse than you went into it, in my opinion.

The CHAIRMAN: It is given under reserve.

WITNESS: In that case, I shall abstain.

Hon. Mr. BENNETT: Mr. LaRochelle has prepared a statement, and it is very carefully prepared. I suggest that he be permitted to read it in its entirety.

The CHAIRMAN: Go ahead, Mr. LaRochelle.

Hon. Mr. BENNETT: I think he should be entitled to every privilege.

WITNESS: Shall I continue?

Hon. Mr. BENNETT: Yes, continue.

WITNESS: The first was connected with the 120 promotions referred to by Mr. Clerk, the second was the promotion of Mr. Clerk himself. First, regarding the 120 promotions in question, it will clearly be established by the Examination Branch, that they were all based upon a written test, and the ratings of the responsible officers of the Department, and that many recommendations of the Department were turned down. It will be also established that the Civil Service Commission simply approved the reports of the Examination Branch. Second, regarding the promotions of Mr. Clerk, the promotions of Mr. Clerk which were all made upon the recommendations of the Department, nothing could be more simple. On the ground of the importance of his duties, he was first promoted to the position of Principal Clerk, which meant, I think, a salary increase of $480. The position of Inspector of Customs having become vacant, a competition was held, so far as I can remember, and, upon the recommendation of the Department, he was promoted to it. Mr. Calder has tried to connect the promotions of Mr. Clerk with his shipments of liquor, but he has entirely failed.

Mr. BELL: I am glad he read that.

WITNESS: Until after his promotion to the position of Inspector of Customs, Mr. Clerk never had anything to do, to the best of my knowledge, with liquor samples, up to his promotion to his present position.

By Mr. Calder, K.C.:

Q. I may say, Mr. LaRochelle, that you are wrong in one particular, because the first shipment of liquor to one person not a member of the Civil Service Commission was made in August, 1923, and he was promoted in September, 1923?—A. I really do not know anything about that.

The CHAIRMAN: Let us continue.

WITNESS: So that there was no connection whatever between his last promotion and these later shipments of liquor.

It may here be noted that such promotion was first approved by Dr. Roche, who never received any liquor. Furthermore, I may state that the later departmental request for a further promotion of Mr. Clerk was rejected by the Commission. I think that is all, and I thank you very much, gentlemen, for having permitted me to read this little statement.

By Hon. Mr. Stevens:

Q. Now, Mr. Larochelle, in the first place you opened your dissertation to us a moment ago with the statement that you had no apologies to offer. You mean that you do not even yet consider the receiving of liquor from a subordinate officer, or an officer who might be benefited by favours from you—you still think the receiving of liquor from such an officer is a proper thing on your part, a proper action on your part?—A. Well, I have already stated that I did not like it, but that I did not see any wrong in it.

Q. Why did you dislike it, what did you dislike about it?—A. Because I do not care for gifts, especially from employees.

Q. Exactly. Your opinion in that regard is perfectly sound, but you received them, did you not?—A. Yes.

Q. And continued to receive them over a considerable period of time?—A. Yes. I received four or five cases, I do not remember.

Q. You say that certain regulations were obsolete, regarding the taking of samples of liquor as a personal perquisite, by the employees; you say that those regulations were obsolete. On what do you base that opinion?—A. Upon hearsay. The other day, Mr. White made a statement to that effect, I think.

Q. Does that refer to Canada generally? You are a Civil Service Commissioner, and ought to know what is going on in Canada generally. Do you refer to the Civil Service throughout Canada generally?—A. No. I only refer to Montreal. I do not know anything about other parts.

Q. Other large ports do not follow that rule, they follow the McDougall regulations. We will have some evidence along that line later on?—A. I was only referring to Montreal.

Q. You say that it is Mr. Clerk's business, and part of his duty to handle these samples; you made the statement a moment ago that it was part of Mr. Clerk's duties to handle these samples of liquor. What part of his duty did that belong to, as an Inspector?—A. I said that as such he handles liquor samples. I am under that impression.

Q. As Inspector?—A. Oh no.

Q. Read your statement again, read the paragraph.—A. "Mr. Clerk is inspector of Customs in the port of Montreal, and as such he handles liquor samples." I am under that impression, but I may be wrong.

Q. I think you are wrong. It is a rather grave statement for you to make, that it is part of the Inspector of Customs' duty to handle samples of liquor. It is not a part of his duty at all, and as a Civil Service Commissioner, that is no excuse for you receiving liquor. If you base the receipt of these things upon that assumption, you are entirely wrong. You said, in regard to promotions, that they were based upon tests and the recommendations of the officers of the Department. I want now to come to Mr. Clerk's promotion, upon which we have testimony from officers of the Department. What officers of the Department recommended Mr. Clerk's promotion?—A. I do not remember. I would have to have the file before me.

Q. As a matter of fact, Mr. Farrow gave us evidence early in the investigation that he did not consider Mr. Clerk was qualified for the position. Your files must show some record of that character?—A. Oh well, to my mind, there is no question that the promotion of Mr. Clerk was made on the recommendation of proper officers, of responsible officers.

Q. Have you ever heard, in connection with your duties as Commissioner, Mr. LaRochelle, a rumour or a public charge that frequently officers in the Service are promoted, bearing the necessary recommendations called for by law, but are appointed to a position which they had been previously advised they would get, that they would secure. Have you ever heard that charge against the system now in vogue, of appointing?—A. No, I never heard that, sir.

Q. Did you ever hear Civil servants complain, or the Civil Service Commission officers complain to the Commission that, when promotions are advertised, advancements within the Service, it is useless to apply because they are already carved out for some special persons; have you ever heard that?—A. Oh well, yes, but most rumours are unfounded.

Q. You have heard that though, have you not?—A. Well, not from outside people, but one of the troubles of the Commission is that in certain cases, temporary appointments, urgent temporary appointments have to be made by the departments and after a little time, the department may ask the Commission to fill the position, because of certain complaints, and during the temporary employment, the temporary employee, who becomes a candidate, may have acquired experience and be better qualified than the other one.

Q. You have heard the complaint to which I have referred?—A. Yes.

Q. Would not your action in receiving gifts from an officer like Mr. Clerk lend colour and support to the rumours, whether the rumour is true or not; would it not have a tendency to create rumours and promote dissatisfaction within the Service itself?—A. I do not believe it, because the Commission stands above such things.

Q. Mr. Clerk, as the Inspector for the Montreal District, would be called upon, as you said a moment ago, under the regulation, to recommend officers of the department for promotion; that is true, is it not? As part of his duties, and properly so, that is true?—A. I believe that he has been requested by the department, and I have no doubt about it that he was requested to report with Mr. Weldon upon the relative merit of candidates in the matter of promotion.

Q. And that recommendation is one of the recommendations to which you referred a moment ago, upon which the Civil Service Commission bases its final decision?—A. Yes.

Q. That is true, is it not?—A. (No answer).

Q. I am not quite clear on this, and you can probably tell me; was there previous to Mr. Clerk's appointment an inspector in the Port of Montreal?—A. That I really do not know.

Q. Was the work done by Mr. Busby and his staff, the Chief Inspector?—A. It may be.

Q. Was not the position that Mr. Clerk filled in Montreal an entirely new position, and Mr. Busby, the Chief Inspector, was withdrawn from Montreal? —A. That may be.

Q. Now, Mr. LaRochelle, you are a Civil Service Commissioner, and you must recall the incident. It is one of the most important ports in Canada, and one of the most important positions of the most important port; it is not a trifling matter. Can you not recall some of the facts surrounding Mr. Clerk's appointment?—A. I beg your pardon.

Q. Can you not recall some of the facts surrounding Mr. Clerk's appointment?—A. I do not remember anything in particular.

Q. You do not recall that this was the position to which Mr. Clerk was promoted after the withdrawal of Mr. Busby and his staff from the inspection of the Port of Montreal?—A. It is a matter of administrative character.

Q. But a very important move, was it not?—A. But with which the Commission had nothing to do.

Q. Except to appoint a man to the position, and Mr. Clerk was appointed to this newly made position?—A. Yes.

Q. You were one of the Commissioners who made the appointment?—A. You could get very precise information regarding that through the Secretary of the Commission.

Q. We have some rather precise information from the Deputy Minister himself on it?—A. I did not read the depositions.

Q. I think if you would check number three of the evidence, read it through carefully regarding— —A. I have it.

Q. Not now, regarding Mr. Clerk's appointment and Mr. Farrow's opinion which was extracted from him rather reluctantly on his part—if you read that through carefully, and then in the light of all that, and in view of the fact that Mr. Clerk was appointed at the time he was, you might recognize some significance in the receipt by you of these gifts, and you might withdraw the first statement that you had nothing to do with it. I suggest that to you. Mr. Clerk was appointed, and was promoted to his present position in September, 1923, I think; about that time, and a little before that you received one of these gifts?—A. Nothing at all.

Hon. Mr. BENNETT: The first is 1923.

Hon. Mr. STEVENS: August. They synchronize.

By Hon. Mr. Stevens:

Q. This liquor was delivered to you by this chauffeur, Mr. Raymond, was it not? Do you live in Hull?—A. No.

Q. These shipments were sent up to Hull and were distributed by the chauffeur?—A. I do not think the question is relevant.

Q. I will tell you why it is relevant, if you want to know: Here is a subordinate officer, a chauffeur whose job depends upon doing what he is told, and he takes the risk of bringing liquor from Hull over to you. Although not an offence under the Federal Act, it is under the Provincial Act. I ask again, is it fair to a subordinate officer of that kind, a chap whose daily bread depends upon doing what he is told, is it fair to ask him to take the risk of bringing this liquor to you? Was this liquor delivered to you by the chauffeur?—A. I think so.

Q. You were once fined yourself for bringing liquor across from Hull?—A. Yes, a couple of years ago.

Q. You knew that this chauffeur was running a special risk in doing it, that is true?—A. As he was an employee of the Department of Customs, I thought he was not exposed.

Q. You were exposed as a Civil Service Commissioner; why would he be spared?—A. I do not know.

Q. Is it fair to a subordinate officer like the chauffeur to ask him to violate the law merely for your convenience? Do you think so?—A. I have just said I do not know—it was not right.

The CHAIRMAN: Mr. LaRochelle, it is one o'clock. We will give you time to go back to your office and do some work, if you have any, and be back at three-thirty.

Witness retired.

The Committee adjourned until three-thirty p.m.

AFTERNOON SITTING

WEDNESDAY, April 28, 1926.

MICHEL J. LAROCHELLE recalled.

By Hon. Mr. Stevens:

Q. Mr. LaRochelle, when the committee rose, or just prior thereto, I had asked you a few questions regarding Mr. Clerk and his promotion, and I think you intimated that Mr. Clerk had not fared very well at your hands. Now, I have Mr. Clerk's file before me, and I just want to run through it with you. There are some matters which perhaps you would like to explain. You will go on in English, will you?—A. If it is your pleasure, all right.

Q. What I want you to understand is that you can have whichever you like; it is your privilege, but I think it would be more convenient if you can do so, and I think you are quite capable, because you speak very excellent English.

The CHAIRMAN: And if you want to make your answer clearer, you can proceed in French.

By Hon. Mr. Stevens:

Q. On this file, which is the Civil Service file of R. P. Clerk, I notice that in 1920, Mr. Clerk made what is called a personal appeal to the Civil Service Commission. Do you recall that?—A. Not very distinctly, but I suppose so.

Q. It is not very important, but it is here on the file, and we will let it go at that. I notice also that the officer sof the Civil Service—there is an initial here, "M. M. G."; I presume they are Examining Officers? If you cannot make answer offhand, let it go, but under those initials I have a memo. "Investigation of personal appeal, R. P. Clerk," and this memo. bears the words "Purely Customs clerical work, rechecking manifests to see that they have been properly cancelled; looks up entries to establish that proper entry has been used for cancellation", and then this; "Certainly has as high a rank as could reasonably be given for the work; is on the Surveyor's Staff". That is an official record of the examining branch or the investigating branch, I presume? Is that right?—A. Yes, the Organization branch.

Q. And then I see here a form filled out, making the same statement as I have just read. I will not read this form; I merely want to call attention to the fact that it is a form under the heading "Personal Appeal", and apparently is used regularly in the Civil Service. Then, on February 18th, 1922, a letter is written by Mr. R. R. Farrow to the Secretary of the Civil Service Com-

mission. The original of this is on Mr. Clerk's file, and in this letter the following occurs, referring to Mr. Clerk's work: "This work is more in the nature of that of an Inspector, and as he is on the port staff the Department does not feel justified in recommending him for the rank of Inspector of Customs and Excise, but would respectfully recommend that in view of the responsibility and importance of his work, his position be classified as Head Clerk from the 1st of April, 1919." I do not whether you recall that letter.—A. I do not. I must have seen it at the time.

Q. Who is Mr. Putman?—A. He is head of the Organization Branch.

Q. And do you accept his advice after investigation of cases?—A. As a rule, yes, Mr. Stevens, but of course—

Q. He is a thoroughly reliable officer, I suppose?—A. Oh, surely.

By the Chairman:

Q. You said, "But of course"; finish your answer.—A. At the same time, it is the duty of the Civil Service Commissioners to closely scrutinize those reports, because in some cases the officer may make a mistake, and it is the duty of the Commission to correct the mistakes of the officers.

By Hon. Mr. Stevens:

Q. Quite so. Well, Mr. Putman, of the Organization Branch, places a memorandum on this file, addressed to the Secretary, dated February 22nd, 1922, memo, No. 1708. I will not read it all; there is just a part of it that is germane to what I am coming to. He says, in the first paragraph: "It will be noted that the Department is now asking for a classification which would give Mr. Clerk a minimum salary higher than the maximum which he himself asked for," and then it goes on to say "The Organization Branch representative reported on this personal appeal as follows"—stating what I have already read—"He certainly has as high a rank as could reasonably be given for the work; is on the Surveyor's Staff", and then further down it says "No change in duties is claimed by the Department. The Organization Branch submits this case to the Commission for decision, as to whether or not the decision already made should be reconsidered." Then, following that, I notice on here (indicating) a four page memorandum headed "Memorandum Concerning the Classification of Mr. Robert Clerk of the Department of Customs in Montreal, who was classified as Senior Customs Examiner," and then follows a closely typewritten memorandum, four sheets of foolscap. I certainly am not going to read it all, but I notice that it is signed by "M. J. L., Commissioner". That would be yourself, Commissioner LaRochelle?—A. Yes.

Q. That is dated March, 1922. In this memorandum you refer to Mr. Clerk's activities, and combat the decision to which I referred a moment ago, of the Organization Branch. Do you recall that?—A. Well, more or less; but would you be kind enough to read my conclusions, Mr. Stevens.

Q. Here are some general observations: "In the face of the straight denial of the Commissioner of Customs, the Organization Branch still persists in saying Mr. Clerk is Senior Customs Examiner. As the question is one of veracity, the description of the duties of Mr. Clerk seems to indisputably establish that the Commissioner of Customs is right, and the Organization Branch is wrong." Do you recall that?—A. Well, if it is signed by me, it must be right.

Q. You are at liberty to come up here and look at it. I just want you to identify it. That is your signature (exhibiting document to witness)—A. Yes, sir.

Q. And your memorandum?—A. Yes.

Q. I will read the balance of this conclusion. (Reads):

"During the last nine years, Mr. Clerk has not, for one single day, performed the duties of a Senior Customs Examiner. As stated by Mr.

Grove, his duties were those of an Inspector of Manifests. There is no room for doubt.

Furthermore, the Organization Branch states that Mr. Clerk's work is 'purely Customs clerical work.' At that rate, the work of the heads of those four divisions (Messrs. Giroux, Finlayson, Marcotte and Drysdale) would still be of a lower grade, as it is supervised by Mr. Clerk.

In the judgment of the undersigned, the Commissioner of Customs, who had a life-long experience of Customs matters, is better qualified to pass judgment in the case than persons who never had one day's experience of that character.

Conclusion

Let Mr. Clerk be classified, as recommended by the Commissioner of Customs, as Head Clerk, with a salary range of $2,400-$2,880.

The fact that he was improperly classified should not stand in the way.

Respectfully submitted,
March, 1922
M.G.L.
Commissioner."

I would like to call your attention, Mr. LaRochelle, having reference to your statement about the veracity of the Organization Branch, as being in conflict with Mr. Farrow, that Mr. Farrow, over his own signature, and on the same file, had already intimated that he did not feel justified in recommending him for the position of Inspector of Customs, but that he would respectfully recommend that in view of the responsibilities of his duties, he be classified as head clerk. Now, we go on a little bit on this file, and I find a memorandum here of the Civil Service Commission, dated April 8th, 1922, apparently fixing the classification of Mr. Clerk at that time as principal clerk, signed I think by your own initials, although that is a little bit doubtful. Are these your initials, or whose are they?—A. Those are Mr. Putman's.

Q. That is, of the Organization Branch?—A. Yes.

Q. Then on April 11th, 1922, I see a recommendation for an increase of salary for Mr. Clerk. Presumably that was granted, and I am not going to check it very closely. Now, Mr. LaRochelle, I have before me a copy of an Order in Council. By the way, this morning in your evidence, you said that Mr. Clerk had applied for an office at that time vacant?—A. Well, I was mistaken, evidently. I was presuming that it was a vacant position.

Q. You now know it was not a vacant position?—A. Well, now, according to your own information, because I did not verify the facts.

Q. Do you mean to say that you did not know that until I mentioned it to you this morning?—A. I must confess.

Q. Do you remember my saying to you this morning that this was perhaps the most important position in the most important city, the largest city in Canada, and therefore, one of the leading positions in the Civil Service. You have taken a great deal of interest, because you wrote four pages about Mr. Clerk, as a sort of special plea for his case as against your Organization Branch. Surely you can recall the bare, simple fact, of the creation of that position?—A. Well, I may again state, Mr. Stevens, that I was under the impression that it was a vacant position; that it was not created. The exact organization of the different departments is a rather big thing.

Q. Yes, but this is one of the biggest things in this big thing; this is one of the biggest jobs in this big thing you are talking about here?—A. I am under the impression that there is an Inspector of Customs in all ports, so that I was under the impression that the same thing, the same condition, existed in Montreal.

Q. Let me read this document; we have before us a copy of P.C. 21/1452, a certified extract from a minute of the meeting of the treasury board held on the 26th of July, 1923, approved by his Excellency, the Governor General in Council on the 4th of August, 1923, reading as follows. (Reads):

"Customs and Excise

The Board recommend in accordance with the provisions of Order in Council of June 30th, 1922, P.C. 70/1426, that authority be granted for the creation of a position as Inspector of Customs and Excise at Montreal, P.Q., the additional inspector being necessary in order that the Customs-Excise work of the port of Montreal may be properly inspected."

That is signed by G. G. Kezar, Assistant Clerk of the Privy Council, and is addressed to the Hon. the Minister of Customs and Excise.

Is not this order of the Treasury Board really an Act creating a position that is not provided for even in the Civil Service Act?—A. Well, positions may be created by order in council. They have to be created by order in council.

Q. But in this case, was it not beyond the power even of the Governor General in Council to make this appointment, or to create this position?—A. I believe it was within the power of the Governor in Council, because all positions provided for the organization of the department are created by order in council.

Q. Well now, I am not going to go into the detailed reports, but I have two reports on two applicants, and I notice that Mr. Clerk is given 100 per cent in both reports, or both examinations, Fitness for the Position, and Promotion Rating. He gets marks of 100. I am not criticising that at all, I am only calling your attention to it. The date of the Treasury Board order or minute is the 26th of July, 1923, P.C. 21/1452. There is a memorandum here on the promotion of R. P. Clerk from principal clerk to Inspector of Customs and Excise.

Then I notice shortly after that, or some time after that, on May 26th, 1925, Mr. Clerk apparently applies, or at least some one on his behalf moves that he be given $600 per annum in addition to his salary, in the following words, which are in a letter written by Mr. Farrow. (Reads):—

"It is requested that a note be added to the class 'Inspector of Customs and Excise' as follows:—

NOTE:—The Inspector of Customs and Excise, Bilingual, assigned to supervise the inspection work in the province of Quebec shall receive $600 per annum, in addition to the above compensation."

Immediately following that, the Secretary of the Civil Service Commission on June 4th, 1925, queries the Deputy Minister of Customs, as to the necessity of this increase, and submits to him a questionnaire. Do you recollect that, Mr. LaRochelle—it is pretty recent?—A. Yes.

Q. That is June 4th, 1925. That questionnaire is replied to by Mr. Farrow, on the 3rd day of July, 1925. Now, I have a memorandum to the Secretary, and is signed "C. B. P., Chief, Organization Branch." Who is "C. B. P."?—Mr. Putman?—A. Mr. Putman.

Q. The same gentleman whom we referred to a moment ago?—A. Yes.

Q. I think he was still chief of that branch?—A. Yes.

Q. An efficient officer, as you have already stated?—A. Yes.

Q. Mr. Putman writes—I will not read it all, because it is quite a lengthy memorandum, but a concluding paragraph is as follows. (Reads):—

"In view of the fact that no special need peculiar to the province of Quebec has been established in respect of inspection work, it is recommended that the special payment proposed by the department for one inspector in that province be not authorized."

I suppose in ordinary circumstances that ought to be pretty nearly sufficient to warrant a refusal, would it not, Mr. LaRochelle?—A. Well, do you mean to say that the Commission is bound by the opinions of its officers?

Q. No, but I submit that in a matter of this kind, when the chief of the Organization Branch makes a report, it would weigh?—A. Yes, but it is also true that the question had a new aspect at that time.

Q. Yes; that was on the 31st of July, 1925. It may have had a new aspect at that time?—A. I am referring to the recommendation of Mr. Farrow, and the reasons he gave.

Q. But I am referring to the chief of the Organization Branch. He recommends definitely in this way:

> "It is recommended that the special payment proposed by the department for one inspector in that province be not authorized."

Then, on the 17th of July, 1925, that would be about that time, I find a memorandum on these files, and I would like you to identify it as having been written by you—I presume it was?—A. Yes.

Q. That was written by you, Mr. LaRochelle?—A. Yes.

The CHAIRMAN: Read it all, Mr. Stevens.

Hon. Mr. STEVENS: The Chairman desires me to read it all.

The CHAIRMAN: When you refer to a document, we should not have only a portion of it read. This is a very important matter.

Hon. Mr. STEVENS (Reading):—

"Department of Customs

Memorandum.

It may first be noted that Montreal is a seaport through which pass nearly all Canadian imports and exports during the inland navigation season and that the inspector of same has to deal with the transit of the shipments consigned to other ports, which considerably adds to the volume and difficulties of his duties.

Furthermore, it would appear that the department thinks it advisable to assign the inspector of the port of Montreal to special inspection work throughout the province of Quebec as occasion demands, and it is stated by the Deputy Minister that other inspectors are not assigned to such inspection work, in other provinces, that duty being discharged by Chief Inspector Busby.

In view of the fact that such a course is of a purely administrative character, it seems to the undersigned that the request of the department should be complied with, upon department writing the Commission directly to the above effect.

17th July, 1925.

(Sgd.) M. G. L.
Commisioner.

For further departmental advices.
(Sgd.) C. J."

I presume, Mr. LaRochelle, that in that regard you were referring to Mr. Clerk's increase of salary of $600, which the chief of the Organization Branch had recommended should not be granted?—A. In other words, I was sharing the opinion of the department, and I may say that I am always pleased to go as far as possible to meet the views of the departments.

By Hon. Mr. Bennett:

Q. You share apparently more than their views, Mr. LaRochelle?—A. In this case?

Q. You shared apparently more than their views?—A. In this case? I am simply declaring that I acted on a recommendation of the department.

By Hon. Mr. Stevens:

Q. On the 17th of December, 1925, I find a memorandum signed by Dr. Roche—at least I am not quite clear about that, but it is signed "W.J.R." (Reads):

> "I do not think the Department has made out a case that would warrant the Commission in approving an additional $600 to be paid one of the junior inspectors of the province of Quebec for conducting special investigations from time to time which are now being conducted in other provinces by the District Inspectors, as well as by the staff of inspectors at headquarters without additional remuneration."

And then farther down. (Reads):

> "I think it would be the part of wisdom on the part of the Commission to at least defer action at present."

Q. He was the Chairman, and apparently there was quite a sharp difference of opinion between the Chairman and yourself. May I add this, that I would like to call your attention to a statement you made in your memorandum and ask you as to the accuracy of it. You state in your memorandum.

> "Other inspectors are not assigned to such inspection work in other provinces, that duty being discharged by chief inspector Busby."

Where did you get the idea?—A. I was told so, I think, by Mr. Clerk.

Q. Are you not aware that other inspectors do travel throughout the province, the local inspector can inspect the different ports of entry?—A. What I had in mind was, providing the qualifications and the obligations of inspecting other ports than that of Montreal.

Q. Then there is another letter following the decision or the memorandum of the Chairman of the Board which I have just read, which is distinctly unfavourable to Mr. Clerk's receiving this increase. The letter is dated September 29, 1925, and is addressed:—

> "R. R. FARROW, Esquire,
> Deputy Minister of Customs and Excise,
> Ottawa
>
> DEAR SIR,—The Civil Service Commission is considering the recommendation of the Department that $600 additional salary be provided in the case of one Inspector of Customs and Excise in the Province of Quebec.
>
> The Commission desires further information in addition to that supplied in your letter of July 3, 1925, as follows:—
>
> Will the Inspector in question be assigned to special inspection in the Province of Quebec which, under like conditions in other districts, would be made by the Chief Inspector or members of his immediate staff?
>
> Would such special work as is to be assigned to the position in Quebec be regularly performed in other Provinces by the resident District Inspector?
>
> It would further be advantageous to have information in respect to the different inspectors who might be considered for promotion, and I am therefore instructed to request that you kindly supply the usual promotional rating forms for each bilingual inspector of Customs and Excise in the Province of Quebec."

Signed by the Secretary with certain initials.

Q. Please look at these initials and tell me whose initials they are, and if it was under the instructions of yourself or of the members of the Commission that it was written—A. Those are the initials of Commissioner Jameson and myself.

Q. This letter was written under your instructions?—A. Yes, under the instructions of Mr. Jameson and myself.

Q. The date is September 27, 1925. Did the other Commissioner, the Chairman, join in this further request?—A. Well, he may have been away; I do not know.

Q. He was not one of the Commission that instructed this letter to be written?—A. Well, I really do not know if Doctor Roche was present.

Q. Now, then, Mr. LaRochelle, what I want to ask is this: Do you not think that this file discloses quite an intimate interest on your part in the welfare of Mr. Clerk and the various promotions secured by him?—A. I do not think so.

Q. You took just as much interest in reviewing—?—A. I should say—

Q. Just a minute. You took just as much interest in reviewing recommendations for various departments whose names come before the Commission for promotion?—A. Absolutely, Mr. Stevens.

Q. You must be a very hard-worked officer?—A. I may say that I have hard work. You could find, I think, thousands of memoranda written by me, in different cases in different departments. When I reach a conclusion that a claim of a civil servant is well founded, and when I reach a conclusion that a request of a department is well founded, I am always glad to express my views as clearly as possible in a memorandum.

Q. Just a moment. I was trying to locate the words of Mr. Farrow given to us in February. I have not his exact words under my hand. I think they were to the effect that he would not have recommended Mr. Clerk for the position, and your file discloses that your organization branch considered his rating was all that it was warranted in making—.—A. With regard to—

Q. I again ask you, do you not think that you exhibited an extraordinary interest in Mr. Clerk's welfare?—A. Not at all; if you knew the nature of my general work, you would adopt my view.

Hon. Mr. STEVENS: We will let the facts speak for themselves.

By Hon. Mr. Bennett:

Q. Just a few questions, if you please. When were you appointed?—A. In 1908.

Q. And your co-Commissioner at that time was Mr. Adam Shortt?—A. Yes, Dr. Shortt.

Q. When the new Act came into force, were you reappointed?—A. I was not reappointed; I remained.

Q. You remained?—A. Yes.

Q. Doctor Shortt did not remain?—A. Doctor Shortt went to the Archives as Chairman of the Historical Research Branch.

Q. When?—A. That was in 1917, I think in the Fall when Doctor Roche and Mr. Jameson were appointed.

Q. I gather from the reports that you made, from the files which we have here from your department, that in your hands rest the increase of salaries, recommendations for increase of salaries of the employees in the different departments?—A. Not—

Q. What?—A. Not myself.

Q. Your body, your Commission?—A. Yes.

Q. That also you have in your hands the recommendation for promotion of the various civil servants throughout Canada?—A. Yes.

Q. That is right?—A. Yes.

Q. I observe that in 1923, Mr. Clerk apparently came before the Commission for consideration, he was receiving a salary of $2,280, and he was recommended for a new position at an increased salary of $600. That is putting it

briefly, the story.—A. Well, if I understand well, Mr. Clerk was first promoted to the position of Principal Clerk and then after that he was promoted to the position of Inspector.

Q. Yes, on the 4th October, 1923, there is a notification sent to your department stating:

> "You are hereby notified that in accordance with section 45 of the Civil Service Act, 1918, as amended, the following promotion has been made by the Civil Service Commission to fill a new position on the staff of the Department of Customs and Excise at Montreal, created by P.C. 21/1452 of the 4th of August, 1923.
>
> Name: Jean Pio Robert Clerk.
> From: Principal Clerk (C-D3b-62).
> Salary: $2,280 per annum.
> To Class of: Inspector of Customs and Excise (C-1-79).
> Salary: $2,880 per annum.
> Date effective: September 1st, 1923.

Q. That is in accordance with the conclusion at which you had arrived, based on the considerations you mentioned to Mr. Stevens? That is so, is it not?—A. Are you referring to increases?

Q. I beg your pardon.—A. Are you referring to annual increases?

Q. No, I am referring to his appointment to his position effective 1st September, 1923, at the time mentioned?—A. Yes.

Q. To secure the position, he had been in personal communication with you? That is clear from the records.—A. It is very probable that he spoke to me.

Q. The records indicate that it was at that time, 1923, this man first began to send you liquor. You have got that in your mind, have you?—A. 1923?

Q. Yes.

Mr. CALDER, K.C.: 1924.

By Hon. Mr. Bennett:

Q. I though it was 1923, but Mr. Calder tells me that it is 1924. That is right? But in 1923, you did get, if my memory is clear, something from Wilson of the liquor that was sent to Wilson by Mr. Clerk?—A. I do not remember.

Q. On the 23rd of July—

Mr. CALDER, K.C.: The sendings to Mr. Wilson were previous to any of these permits.

By Hon. Mr. Bennett:

Q. I want to get the dates. It was July, 1923, which was the very time that Mr. Clerk was pressing for his promotion, that you got parts of the consignment of liquor sent to Mr. Wilson for distribution? That is clear, Mr. LaRochelle?—A. I do not remember. It may be—

Q. You told us this morning that you did?—A. I told you this morning what?

Q. You remembered getting liquor that was sent to Mr. Wilson for distribution, a share of it?—A. To Mr. Wilson, I do not remember.

Mr. CALDER, K.C.: I did not take Mr. Wilson over that ground.

The CHAIRMAN: From the chauffeur.

By Hon. Mr. Bennett:

Q. It was from Wilson?—A. You mean Mr. Wilson of Ottawa?

Q. Yes.—A. Yes.

Q. I did not mean Boivin, Wilson Company? You were not buying liquor. I mean Mr. Wilson at the Customs Department.

Mr. BELL: The Boivin, Wilson people were not making any presents.

By Hon. Mr. Bennett:

Q. No. Now, Mr. LaRochelle, do not let me disturb you. I meant Mr. Wilson of the Customs Department who made a distribution of liquor and you received some from the chauffeur?—A. I received some that came from Mr. Farrow, I think, so far as I can remember, through Mr. Wilson, once I remember.

Q. You knew the liquor came from Mr. Clerk?—A. No.

Q. What?—A. No.

Q. It was not sealed bottles?—A. It was sent to Mr. Farrow, and Mr. Farrow—

Q. It was Mr. Farrow who was the donor?—A. Mr. Farrow decided to send me—

Q. You did not know that it came from Mr. Clerk?—A. It may be that it came from him.

Q. You did not know that it came from Mr. Clerk?—A. Really, how could I know?

Q. Did you know?—A. I had no reason to think that it was coming from him.

Q. You did not know that it came from him?—A. No.

Q. You did not have any suspicion that it came from him, is that right?—A. I beg your pardon.

Q. You had no suspicion that the liquor sent by Mr. Farrow was from Mr. Clerk?—A. Well, I thought it might have come from him; I was not sure.

Q. Was it gauger's samples?—A. I do not remember.

Q. Was it case goods?—A. I really do not remember.

Q. It has long since vanished from your memory?—A. Yes.

Q. We will leave it at that for a moment. You got him his job. Exhibit 137 shows that for some considerable time you used to be getting liquor from Mr. Clerk; for instance on the 12th November,1924, he sent you a case of cognac and Scotch?—A. Well, that was established this morning.

Q. That was established this morning?—A. Yes.

Q. During the interval we have Mr. Clerk pressing for promotion and an increase in salary. Mr. Stevens has just gone over it.—A. Mr. Clerk was promoted to his present position in September, 1923.

Q. Yes. As soon as he got his job he was trying to get more pay?—A. And it is only long after that liquor was sent.

Q. No, you had already been the recipient of liquor through Mr. Farrow?—A. I do not remember the date.

Q. In July, 1923, that is right, Mr. Calder?

Mr. CALDER, K.C.: Yes.

By Hon. Mr. Bennett:

Q. When did you cease to get any more liquor from Mr. Clerk?—A. I think the last time I received anything was in March, 1925, the beginning of March.

Q. You have not had any since?—A. Since?

Q. Yes.—A. Never.

Q. Do you observe the supplies were shut off when you were unable to deliver the increase in salary of $600; did you observe that?—A. It has no relation.

Q. You observe that Mr. Farrow by a rubber stamp on his signature recommended this man for $600 more pay. You and Mr. Jameson endeavoured to get it for him. Mr. Putman was against it, and Mr. Roche ruled against it, and he did not get the increase in pay. Do you remember that?—A. Do I know?

Q. Did you read that?—A. Yes.

Q. And do you remember that?—A. Yes.

Q. Do you recollect that the supplies of liquor ceased from that day?—A. It had no relation whatever.

Q. Why did he shut off the supplies?—A. I beg your pardon.

Q. Why did Clerk shut off supplies to you of liquor?—A. I may tell you that when the liquor ceased to come, I had told him that I did not want to get any more.

Q. Have you taken the pledge?—A. No, I am a temperate man.

Q. Now, see here, Mr. LaRochelle, you are a very intelligent man and occupy a position of great importance. I direct your attention to that file which shows that there had been a persistent effort on your part to carry out the recommendation made over the stamp of Mr. Farrow, who also is a beneficiary, with respect to liquor, and the supplies of liquor were shut off immediately after you had failed, despite your efforts to give him any more compensation. Is there any relation between the two things?—A. I may tell you—I may call your attention to the fact that the official request of a department is always a serious thing.

Q. Have you ever received any recommendations with respect to any other official in the Customs Department over the rubber stamp, "R. R. Farrow", asking for an increase of $600?—A. I do not remember.

Q. Look at that and observe that it is a recommendation with a rubber stamp of meritorious service of Robert P. Clerk, donor of liquor to the officer who signed. Look at that. Do you see that?—A. Well, this is for the annual increase.

Q. Read what is over Mr. Farrow's signature. "I certify", go on, about meritorious service.—A. Well, this is the usual form.

Q. Read it off the form, please?—A. "I hereby certify that the above named employee has performed and is performing meritorious service and has increased his usefulness in the Service."

Q. The date of that?—A. Well, it was sent in September, 1925.

Q. Exactly. September, 1925. There is one there, a preceding order, is there not?—A. Well, I suppose so.

Q. The real truth is that the initials you refer to are your initials and memorandum at least of yourself and Mr. Jameson, urging that this recommendation of the Deputy Minister be given effect to. That is the truth; there is no doubt about it; is there?—A. Well, as you know, I was in agreement with the Department on the question.

Q. Mr. LaRochelle, the fact is that the record shows that you and Mr. Jameson endeavoured to give effect to Mr. Farrow's rubber stamped recommendation and increase that man's salary by $600. Yes or no?—A. Well, there are letters, and I do not think that what is on the sheet refers to the increase referred to by Mr. Stevens.

Q. I am not talking about the sheet now. Answer my question. I will hand you the record if you want it again. Look at it. I put to you this question, that the record shows in the year 1925 every evidence that yourself and Mr. Jameson, your fellow Commissioner you mentioned a moment ago, endeavoured to give effect to the rubber stamp recommendation of the Deputy Minister to increase Clerk's salary against the protest of the Department and of the Chairman of the Commission?—A. I mean, Mr. Bennett, the three Civil Service Commissioners are on the very same standing in the eyes of the law, and each Commissioner is free to have his own opinion.

Hon. Mr. BENNETT: You just answer my question, after that little very delightful interlude.

The WITNESS: Well, this sheet here refers, I believe, to the annual increase.

By Hon. Mr. Bennett:

Q. Yes, I do not want any misapprehension. Let me put the question to you again, Mr. LaRochelle— —A. I think it is $180 mentioned there.

Q. I am talking about the other one. Don't try to confuse me, Mr. LaRochelle; I am too old. Will you please answer this question? You have now looked at Mr. Clerk's file. Is that right?—A. Well, this file (indicating), yes.

Q. And you observe that in 1925 you endeavoured to secure for him a $600 increase; is that right?—A. Is it on this file (indicating), Mr. Stevens?

Hon. Mr. STEVENS: Yes.

Hon. Mr. BENNETT: It is your four-page memorandum.

The WITNESS: I would like to see the letter written by Mr. Farrow in connection with this increase.

Hon. Mr. BENNETT: Take your own time. Look right at it. Look at your own four-page memorandum.

The CHAIRMAN: Look at all the suggestions coming from the Department.

The WITNESS: I have here a copy of the letter in question, recommending that his position be somewhat modified—

By Hon. Mr. Bennett:

Q. Improved?—A. Well, modified—

Q. Yes, modified and improved—

Mr. BELL: Magnified.

Hon. Mr. BENNETT: Yes, magnified by $600.

The WITNESS: Yes.

By Hon. Mr. Bennett:

Q. Will you be good enough now to answer my question? After looking at the file, you will observe that the Deputy Minister of the Customs Department recommended the modification of the position of Mr. Clerk, and the improvement of his salary by $600?—A. Yes.

Q. That is clear?—A. Yes; that was his right, too.

Q. And that Mr. Putman, the Organizer of your Department, had reported against it?—A. Yes.

Q. And that you prepared a memorandum indicating that Mr. Putman's views should not prevail; is that right?—A. Yes.

The CHAIRMAN: That they were wrong?

By Hon. Mr. Bennett:

Q. That they were wrong, as the Chairman says?—A. That is right.

Hon. Mr. BENNETT: Far be it from me to mislead you. You will see it there.

The CHAIRMAN: Take your time, and go to it.

The WITNESS: I do not see any memorandum of mine in connection with that matter of $600 salary increase.

By Hon. Mr. Bennett:

Q. Do not confuse the two things. The modification of his position involved the increase in salary?—A. Yes, sir.

Q. Probably that is the way to put it?—A. Yes.

Q. And you find your memorandum, signed or initialed by you, deals with the modification of his position?—A. Did I prepare a memorandum regarding that?

Q. Well, you will find one which purports at least to be originated by you, which, I think, carries with it the signature of the Secretary as well, and I think you said that you and Mr. Jameson prepared it. You told my friend Mr. Stevens that.—A. I do not see any memorandum of mine in connection with that question.

The CHAIRMAN: That is a letter with the word "Memorandum" at the top; it is signed with your initials "M. J. L." and the date is at the bottom of the page.

By Hon. Mr. Bennett:

Q. Mr. LaRochelle, please—a moment; perhaps you are a little confused. You will find it is prepared by the Secretary and signed by yourself; your initials are on it. You will notice later on a memorandum stating that "it is to be held for further action; C. J.," being Mr. Jameson's memorandum.—A. Yes, I see here a memorandum.

Q. Now, Mr. LaRochelle, please follow me carefully. It is a fact, is it not, that the Deputy Minister recommended a modification of the position of Mr. Clerk in Montreal?—A. It appears by the file.

Q. The modification involves an increase in Mr. Clerk's compensation?—A. Yes.

Q. You endeavoured to put it through?—A. I do not know exactly what you are meaning—

Q. Just what I say.—A. —I was dealing with a departmental matter; I was dealing with an official request of the Department, and I have no reason to dismiss the request of a Department, without serious consideration—which took place.

Q. I agree with you. But part of the serious consideration was to refer it to the proper person, namely, Mr. Putman, for a report.—A. I have already said—

Q. Wait a minute; answer that— —A. Well, of course—

Q. Wait a minute. Part of the proper consideration was to refer it to Mr. Putman, the Organizing Officer of the Department?—A. When?

Q. Answer that, yes or no.—A. Surely.

Q. I thought so.—A. When a request of that kind comes, the request is transmitted to the Organization Branch, but the Commissioners are not bound by the report of its officer.

Q. No; quite so, but Mr. Putman reported against it?—A. Yes.

Q. And you still insisted upon putting it through?—A. I still was of the opinion that the request of the Department was well founded.

Q. Quite so, and should go through.—A. Of course.

Q. Your fellow Commissioner, Mr. Jameson, shared that view, I observe?—A. I think so.

Q. Doctor Roche said "no"?—A. With regard to Mr. Jameson, I would not like—

Q. It is initialled there. It is a memorandum which Mr. Stevens read. You will see it there. Doctor Roche opposed it?—A. Yes.

Q. The result was Mr. Clerk did not get his modification of position? The result was he did not get it?—A. No; he did not get it.

Q. And did not get the increase of salary?—A. No.

Q. And at that time supplies were cut off?—A. It has—

Q. No, no; the fact is that they were.—A. Mr. Bennett—

Q. No; the fact is they were. Is that not right?—A. Not at all.

Q. Is it not right that supplies were cut off, and never came on again?—A. I just said before—

Q. That is an excuse and a reason; you will answer my question.—A. —in March 1925 I told Mr. Clerk that I did not want to have any more. That is the fact.

Q. Well, now, just wait a minute. In March, 1925, you told him that? Is that right?—A. Well, I think so. It is over a year ago, anyway.

Q. Well, now, you knew from what you heard Mr. Jameson say yesterday —you heard him say he had discussed this liquor with you?—A. Mr. Jameson?

Q. Yes; you heard him say so?—A. I think we had decided not to receive any more.

Q. No, but when you first got it you discussed where it came from, because he gave you part of the stuff sent to him—or did he?—A. I think it was about that time—

Q. Did he give you any part of the liquor sent to him by Clerk?—A. Yes.

Q. And he talked it over with you?—A. I beg your pardon?

Q. Did he talk it over with you?—A. I do not remember whether it was exactly at that time, but we decided not to receive any more.

Q. What did you say to Mr. Clerk, that shut off the supplies?—A. What did I tell him?

Q. Yes; what did you tell him?—A. He said to me one day, "I could send you something", and I said "No, Mr. Clerk, I don't want any more".

Q. And you fix the date of that as when?—A. Oh well, it is over a year ago; I don't remember.

Q. Was that about the time the House of Commons was in session, and were getting ready to put up $350,000 to chase the smugglers?—A. No, not at all; I don't remember that.

Q. The truth is that the supplies were cut off—at any rate, you got no more, and you say it was because you told him you did not want any more?—A. At my request.

Q. Anybody present when you made that request?—A. No, I don't think so.

Q. Why did you make that request?—A. Because I did not want to receive any more.

Q. Why this sudden excess of virtue? From July, 1923, to the spring of 1925 you were constantly in receipt of it?—A. Yes; I had received four cases, I think, in the course of two years.

Q. Well, Mr. LaRochelle, I will put this to you: you are standing in between the politicians and the people to provide the country with efficient public service? That is your business?—A. Yes; and I think the Commission has done a great deal.

Q. Done a good work?—A. Yes.

Q. And you have here a Civil Servant, who, by log rolling with the Commission——A. I beg your pardon?

Q. —log rolling; do you know what that means?—A. (No audible answer).

Q. That means by importuning the Commissioners, a man gets a position in the port of Montreal as Inspector, for which he was not fitted by any chance in the world, according to Mr. Farrow's statement.—A. He got his position in a most regular way, upon the recommendation of the Department—

Q. Of the Deputy Minister?—A. It is the case in all Departments.

Q. And the Deputy Minister has said under oath that he was unfitted for the job, but he recommended him for it. Did it ever occur to you that you were putting yourself into the hands of this man?—A. In what way?

Q. Surely a man occupying your position does not ask me that.—A. I was not at all in his hands. I had known Mr. Clerk for a long time—

Q. That is what I thought.—A. —and I knew his family. He is connected with very prominent people, and so on. I was not intimate with him at all, but I knew him.

Q. You will not say here to-day, under oath, that you regard it as a proper discharge of your duties as a Civil Service Commissioner, under the Act, to be receiving gifts of liquor, from a man in receipt of a salary of $3,000 a year or less, as Inspector of the port of Montreal, charges paid?—A. First of all, I was put under the impression that it was his own liquor—

Q. You thought it was his own liquor?—A. At first, yes. It was later on that I thought it might come from samples, you see.

Q. And knowing as you did the regulation in respect to samples, you were practically the receiver of stolen goods?—A. I stated this morning—stolen goods?

Q. Yes.—A. Well,—

Q. He had no more right to take those goods out of the warehouse and give them to you, than I have to go down to a store here and take some goods and hand them to you.—A. Not at all. I explained this morning what had been the custom—

Q. I know, but you knew there was a regulation?—A. I never knew there was a regulation.

Q. I thought you said so this morning?—A. No. I said I learned since; I learned it here in this hall yesterday. I never knew of the existence of any regulation in connection with the disposal of samples.

Q. You said this morning you had learned of it, but I do not think you made it clear that you learned of it since you came here.—A. Well, I make it clear now that I heard it only yesterday.

Q. And so when you found they were samples— —A. Mr. Bennett, I believe in your good faith, and I think you might believe in my good faith, too.

Q. Mr. LaRochelle, I am not questioning your good faith; I am questioning your conduct.—A. My conduct is above-board—

Q. Mr. LaRochelle, let me put this to you: Do you realize the enormous responsibility of a Civil Service Commissioner?—A. Absolutely.

Q. And the confidence and faith the people of Canada have in them? —A. Absolutely.

Q. Can you not see, when you saw this man Clerk coming into this room, and reading this file, what the inevitable impression must be put upon the people of Canada as to the value of such an institution, if one holding your position is to accept gifts of liquor from a man holding a position such as Mr. Clerk's, in the port of Montreal? Can you not see that?—A. I did not see any harm at all in that.

Q. Well, just a moment. You have known Mr. Bisaillon for some time? —A. Mr. Bisaillon?

Q. Yes.—A. I met him, I think, three times.

Q. You worked rather hard to help him along, I observe, from the letters he wrote, of endearing thanks, and signing himself "Yours devotedly—" personal letters. I observe from the file here a letter dated the 7th of November, 1924. (Reading):

> "Colonel M. J. LaRochelle,
> Civil Service Commissioner.
>
> Dear Colonel: I am really touched of the mark of confidence"—

this is a translation of the original—

> "in the mark of confidence you have shown me so far, and particularly on the occasion of my recent nomination as Inspector of Customs, and I want to offer you my sincere thanks.
>
> Be assured, dear Mr. LaRochelle, that I shall always be grateful to you. Please accept, Mr. LaRochelle, with my reiterated thanks, the assurance of my respect."

That is signed, "J. E. Bisaillon, Inspector of Customs and Excise."

That is dated the 7th of November, 1924, and I observe that on the 8th of November, 1924, you sent a reply. (Reading):

"DEAR Mr. BISAILLON: I have your letter of the 7th instant, and I thank you for the amiable words. I congratulate you on your nomination, and I pray you to believe me always,

Yours devotedly,

(Sgd.) M. J. LAROCHELLE.

Mr. J. E. BISAILLON,
Inspector of Customs and Excise,
51 McGill St.,
Montreal, P.Q."

The WITNESS: It may sound in English, but in French—

Hon. Mr. BENNETT: Oh, I have a proper appreciation of the innate courtesy of your race, and how you write such beautiful letters, but I am trying to discover how you, as a Civil Service Commissioner, would be writing such a communication to one who occupied the position of this man.

The WITNESS: It is very simple. Mr. Bisaillon was appointed, or promoted—I do not remember which—to his position, on the recommendation of the Department again, and he wrote me that letter. I did not ask him to write it to me, I simply replied to him in a polite manner.

By the Chairman:

Q. He was a grateful servant?—A. Yes. I often receive letters like that from unknown persons who receive appointments. I find that pretty common.

The CHAIRMAN: A man receives a position from this department, he writes a letter and receives an answer. There is nothing strange in that.

Hon. Mr. BENNETT: It was the terms of the letter that struck me as strange.

The CHAIRMAN: Anything further, Mr. Calder?

Mr. CALDER, K.C.: No, Mr. Chairman.

The CHAIRMAN: You are discharged, Mr. LaRochelle.

Witness discharged.

A. C. BLEAKNEY called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Bleakney, what is your full name?—A. A. C. Bleakney.

Q. What is you position in the Customs Department?—A. Chief Clerk of Supplies.

Q. You have been called in consequence of a statement made here this morning by Mr. Daigle, the Chief Gauger, to the effect that he had sent you two cases of liquor derived from samples taken in his department; is that correct?—A. Might I explain that possibly—

Q. First, is it correct?—A. Not cases.

Q. Not cases?—A. Unless a small box is called a case; a small box containing five or six bottles.

Q. You had a small box containing five or six bottles from Mr. Daigle, the Chief Gauger?—A. Yes.

Q. He also said that in sending you these cases, or small boxes, he was following a practice established in the Department?—A. Yes.

Q. Had you been receiving cases like that?—A. Oh, yes.

Q. Regularly?—A. No.

Q. Well, in about what quantities per annum?—A. Well, sir, I would not like to swear, but I might say possibly ten bottles per annum. That would be two of those small boxes.

Q. How long has this been going on, this practice?—A. To the best of my knowledge and belief, about twenty-five or thirty years, covering the life of about four gaugers in the port of Montreal.

Q. Have you ever received any liquor from any other person except the gauger, meaning of course a person in the employ of the Customs Department?—A. That is rather a hard question to answer, Mr. Calder. I have received on one or two occasions a bottle of liquor, from some friend coming up from Montreal, and he said it was a gauger's sample.

Q. Have you ever received any liquor from anybody in a box specially constructed for the purpose, with a lock?—A. No.

Q. Are you sure of that?—A. Sure. Especially constructed for that purpose? Surely—never.

Q. Whether it was constructed for that purpose or not, have you ever received from any other officer in the Department but Mr. Daigle, a box full of liquor?—A. Yes. The box I have spoken of is a box that he carries along, and as a rule the liquor I have received from Montreal in the last twenty-five years has come in that form.

Q. As travelling in that box—A. Mr. Daigle's predecessor brought it to me, and Mr. Daigle brought it to me.

Q. Did you ever deal with anybody but the gauger in this matter?—A. As far as any liquor is concerned, I did deal only with the gauger. There is a possibility I may have written a letter to a friend of the gauger who would convey the information to him that I would like a little liquor. There may be a possibility, but I do not remember it.

Q. Who was that friend?—A. I do not know.

Q. Try and think?—A. I am thinking, very hard. I never thought harder in my life.

Q. You are not thinking hard enough, Mr. Bleakney?—A. Well, I do not know. I do not know that I wrote the letter. I know I can remember things that happened fifty years ago better than two years ago, and perhaps when you have become my age, and have drunk as much whiskey as I have, you will not be able to remember any better than I can.

By Hon. Mr. Bennett:

Q. How old are you, Mr. Bleakney?—A. As another witness said the other day, I am over twenty-one.

Q. Well, tell us how old you are?—A. I will be seventy-three if I reach my next birthday.

By Mr. Calder, K.C.:

Q. What are your duties as Customs supplies Clerk?—A. I am the head of the branch that supplies all the forms and stationery, scientific instruments, and all other instruments and supplies to all collectors of Customs from one end of Canada to the other. I am the head of the Branch, although I do not do the work.

Q. I suppose you put out those supplies upon requisition?—A. Yes, from the collectors.

Q. Not directly?—A. It is not customary, but sometimes we do, for the convenience of officers.

Q. Did you ever recompense the sending of liquor to you by the "dishing out" of supplies?—A. Never.

Q. Sure?—A. Sure.

Q. Absolutely?—A. Absolutely.

Q. Do you know Mr. Bisaillon?—A. Yes.

Q. Did you ever receive any sending of liquor from Mr. Bisaillon?—A. Never.

Q. Sure of that?—A. Absolutely.

Q. Did you ever use Mr. Bisaillon as an intermediary to get liquor there?—A. There is the possibility I spoke of a while ago. There may be a possibility I wrote a letter to Mr. Bisaillon as a friend of Mr. Daigle, but I do not remember; it is a possibility that I may have done so. I give you my word of honour that I do not remember.

Q. If you did that, you were dealing with Daigle through Bisaillon, and not with Bisaillon himself?—A. Absolutely.

Q. Mr. Bisaillon has a bad habit of keeping letters.—A. Yes?

Q. I have a letter here dated October 6th, 1924, which reads as follows. (Reads):

EXHIBIT No. 138.

"DEPARTMENT OF CUSTOMS AND EXCISE,

Refer to File No. 2.

OTTAWA, 6th October, 1924.

My DEAR BISAILLON.—I am taking some holidays a few miles outside of Ottawa, and if by any chance it should be convenient to you to return the old box, I would not be a little bit put out if it should by an accident, contain some ammunition useful during the hunting season.

With kind regards to Messrs. Daigle, Messier and Tom McCracken, I remain,

Yours very truly,
A. C. BLEAKNEY,
Chief Clerk of Supplies,

J. E. BISAILLON, Esq.,
Acting Officer i/c,
H. M. Customs and Excise Preventive Service, Customs House,
Montreal, Que."

The CHAIRMAN: I think a good letter like that deserves a bottle.

Hon. Mr. BENNETT: It depends upon whose bottle it is.

By Mr. Calder, K.C.:

Q. Evidently the ammunition you mean is only deadly to man?—A. And hardly that, or I would not be here.

Q. On that we are agreed, Mr. Bleakney?—A. Yes.

Q. It was liquor you were mentioning?—A. I think so, without a doubt.

Q. Your intention in writing this letter was to have Mr. Bisaillon remind Mr. Daigle to fill and send up the old box?—A. Absolutely. I did not know that Mr. Bisaillon had anything to do with liquor at that time, and I knew that my friend Daigle had.

Q. Then we have a reply to that letter, which reads as follows. (Reads):

EXHIBIT No. 138a

"PREVENTIVE SERVICE,

A. C. BLEAKNEY, Esq., MONTREAL, October 10, 1924.
Chief Clerk of Supplies,
Department of Customs and Excise,
Ottawa, Ont.

DEAR MR. BLEAKNEY,—Referring to your letter of the 6th instant, I am sending to you to-day by Canadian National Express the old box. Hoping you will receive same in time for your trip.

Yours very truly,

P.S.—Mr. Bisaillon is out of town, but your letter was handed to me by his private secretary."

By whom that letter was signed?—A. I would judge it was signed by Mr. Daigle, because as I told you before, it was through him I expected to get the goods.

Q. When you send supplies down to Montreal, do you send them in large or in dozen quantities directly to the employees, without a requisition?—A. Well, on some occasions, yes.

Q. Do you ever get a covering requisition?—A. I send a requisition and get a receipt, and put it through the books. We have to do that.

Q. Do you do that in all cases?—A. No.

Q. How do you check up your supplies, if you do not get requisitions?—A. The requisitions go through; sometimes I make a requisition myself.

Q. You draw on yourself?—A. Not at all. I make a requisition and hand it to my clerk, and it goes through the books. I sign it as Chief Clerk of Supplies.

Q. I cannot follow that system, Mr. Bleakney. Should not a requisition come from the outside to you, to be filled?—A. Yes. It sometimes comes in the shape of a letter.

Q. But that is not a requisition, it is a request; surely no requisition should originate in the Department requisitioned against, otherwise there would be a very convenient way of accounting for any shortages?—A. Perhaps I can explain that.

Q. I wish you would?—A. A letter comes to the Department, the Collector of Customs requisitions on certain set forms, three or four different ones, they are not supposed to send any on letters, but they do come in; they come from the Deputy Minister for a typewriter, say, they come down to me, and I say to my clerk to send it out, and sign the requisition and put it through.

Q. It is attached to the letter?—A. No, it is put on our files for requisitions, and the letter is attached to it.

Q. Is not that a very dangerous thing to do?—A. No, I do not think so.

Q. Perhaps if some person less scrupulous than you got it, he would put it through his stock?—A. He has to have a receipt from the officer to whom it is sent. It comes back, and it is filed in our records.

Q. Are you quite sure no supplies were sent without requisitions to Mr. Bisaillon?—A. I could not swear to that.

Q. I have here a letter of the 13th of September, 1924, of which I would like you to produce the covering requisition. This letter reads as follows. (Reads):

EXHIBIT No. 138b

"OTTAWA, 13th September, 1924.

MY DEAR MR. BISAILLON,—I am to-day sending you by Canadian National Express: One club bag, lettered; One double Inkstand; Six Wahl Checking Pencils; 12 boxes leads for checking pencils, and one package of note paper and envelopes.

I shall be obliged if you will kindly let me know if these reach you in good order. I am also sending you a box of sample flasks. Mr. Daigle has the key for this box.

You may return the box at your convenience.

Leather addressed tag in box for return.

Yours truly,

A. C. BLEAKNEY,
Chief Clerk of Supplies.

J. E. BISAILLON,
Acting Chief Preventive Officer,
H. M. Customs and Excise,
Montreal, Que."

Is that the box of which you pressed the return on the 16th of October?—A. I think without a doubt it is.

Q. And the flasks were enclosed for the purpose of being filled?—A. I would not say that. I was a little tired of them; they were empty, I was tired of them, and I thought they might be made better use of in Montreal than here. Empty ones are of no use to me.

Q. Will you return this requisition, will you get this requisition; it bears your file No. 1030/23?—A. Yes. Might I say that it is quite possible you will not find all the stuff on the requisition, but you will find all of my stuff. The bag would be, but the lead pencils might not be on the requisition. I could not supply the bag. I would have to get that from the superintendent of stationery.

Q. The answer was written on the 15th of September, 1924, and reads as follows:

"PREVENTIVE SERVICE,

MONTREAL, September 15, 1924.

Personal"

Why should a letter of receipt addressed to you for supplies be marked "personal"; do you think you will find this letter on your file?—A. My letter?

Q. No, this letter addressed to you on the 15th of September, 1924, by Mr. J. E. Bisaillon?—A. No, I do not think it would be there, if it is "personal."

Q. What happens when you send for a receipt for the goods?—A. The receipt will be there. That letter does not "cut any ice" for the receipt.

Q. Do you say that this enclosed the receipt?—A. I do not know whether it did or did not. The receipt was recorded in the office by me, or by my clerk.

Q. The letter does not speak of any enclosure; it simply says this. (Reads):

(Exhibit No. 138c)

" Preventive Service,

Montreal, Sept. 15th, 1924.

Personal

A. C. BLEAKNEY, Esq.,
Chief Clerk of Supplies,
Department of Customs and Excise,
Ottawa, Ont.

MY DEAR MR. BLEAKNEY,—I am in receipt of your letter of the 13th instant, file No. 1030-23, and beg to state that the goods enumerated in your letter have reached me in good order.

The sample flasks will be returned to you in the near future full of 'good cheer.'

Yours very truly,
J. E. BISAILLON,
Acting Chief Preventive Officer,
Montreal District."

That appears to be the receipt?—A. No.

Q. It is not the receipt?—A. No.

Q. You will stake you reputation that a receipt went with this?—A. Yes, undoubtedly.

Q. Produce it, please; I will give you a note?—A. I will have to get a note of it.

Q. It is file 1030-23. Produce the requisition.—A. And the date?

Q. The date of the letter in which you said you were sending the stuff is the 13th of September, 1924, and the receipt or lettter is dated September 15th,

1924.—A. I only want this so that I will know where to look for the requisition. There is not a doubt but that it is there.

Q. How large a box was there?—A. It is about, I should say, seven by ten by twelve, something like that. It will hold about six bottles. If you put more, it will be like five or ten gallon jars.

By the Chairman:

Q. It is an old box?—A. It has been out of use since you fellows got busy.

Q. Therefore, since how many years?—A. I do not know that it is the same box. I know one that played out. Between twenty-five and thirty years.

By Mr. Calder, K.C.:

Q. Do you know of any other officers in the department who have travelling boxes?—A. I do not know.

Q. A special privilege of the Clerk of Supplies?—A. I would not say that.

Q. Mr. Daigle said that from time immemorial it was the practice to send it in?—A. That is right; Mr. Daigle is right. Since I was first acquainted with the first gauger, they have all been friends of mine except one. There has only been one in the last forty years that I did not know, and I did not get anything from him. I did not like it at all.

Mr. CALDER, K.C.: I will file these letters as exhibits 138, 138a, 138b and 138c.

The CHAIRMAN: Have you finished with Mr. Daigle?

Mr. CALDER, K.C.: No, I have not finished with Mr. Daigle.

Witness discharged.

ROBERT P. DAIGLE recalled and sworn.

(Examination conducted in French and interpreted by the official interpreter, Mr. Beauchamp).

By Mr. Calder, K.C.:

Q. In what compartment in the gauging department are the accumulated samples placed?—A. In a cupboard behind my private office. This space is rather limited, it is not very large.

Q. I take it for granted that the samples are distributed to you as fast as they are gathered?—A. Not always.

Q. Then it is certain that at no time there was an accumulation of twenty cases in your cupboard?—A. No, not forty gallons. There are two gallons to a case.

Q. Not even half of that?—A. We might have about twenty gallons.

Q. Could you state what quantity of wine you would have to inspect to secure, say twenty gallons?—A. This would depend on the condition as to importation.

Q. As an average?—A. If we have five hundred or six hundred, or even a thousand casks of wine, we may have ten or fifteen casks of samples. That depends on the marks or brands.

Q. Then on an average about five hundred gallons would be required to produce twenty cases of samples?—A. That depends on the importation.

Q. As an average?—A. I will not state as an average. We can not determine the number of samples we will have unless we have the import.

Q. Did you ever state to Mr. Clerk that you expected a large importation in the near future, and that you would be in a position to complete twenty cases?—A. That is quite possible, but I do not recollect that very well. I heard Mr. Clerk state to so-and-so.

Q. Was there ever a delivery of twenty cases?—A. Never.

Q. Was there ever an accumulation of twenty cases?—A. In the office at our place?

Q. Yes.—A. No, I do not think so.

Q. The office would be the only place where that quantity of samples could accumulate?—A. Not to my knowledge unless we had a large number of imports, but in one importation I do not think we had twenty cases.

Q. Was the question ever discussed between you and Mr. Clerk to make up and complete a shipment of twenty cases of wine for a shipment to Mr., Bureau?—A. No, I do not recollect.

Q. Mr. Clerk appeared sufficiently certain that this shipment would be ready because he went to the Quebec Liquor Commission to secure a transport permit?—A. What is certain is this, a shipment was never sent.

Q. I am not asking you whether a shipment was sent, but it was prepared; that is what I am asking you?—A. It was never prepared.

The CHAIRMAN: I understand that these permits obtained from the Quebec Liquor Commission were never used.

Mr. CALDER, K.C.: That is the statement, yes. The fact was that it must have been there and ready since Mr. Clerk asked for a permit to transport twenty cases.

The CHAIRMAN: We have only copies of the permits.

Mr. CALDER, K.C.: That is all we have been going on so far. If the originals are insisted upon, I will get them—

The CHAIRMAN: No, that is not necessary. We must not infer from the copies that there were twenty cases, and with this bunch of permits that others were sent.

Mr. CALDER, K.C.: Mr. Chairman, the statement made by Mr. Clerk was that Mr. Daigle said, "I have a big shipment coming in, and I can make up twenty cases."

Hon. Mr. STEVENS: And he got this permit.

By Mr. Calder, K.C.:

Q. This transport permit for twenty cases was dated July 26th, 1924, and called for the shipment between July 26th and July 28th, 1924. That is within the maximum of three days normally. Were there not twenty cases ready at that time to be shipped away?—A. No, I do not recall having twenty cases of wine.

Q. Do you recall having been asked whether you could make up twenty cases of wine?—A. I might have told Mr. Clerk that I could make up or complete twenty cases.

Q. Mr. Clerk stated so yesterday.—A. I might have told him so, that I would have twenty cases, but not in such a short space of time.

Q. That is precisely why Mr. Clerk stated that you had the greater portion of these twenty cases on hand, and that a large importation was due to arrive, and that you would be able to complete a shipment comprising twenty cases in all. Is that true?—A. I do not recall. What I know is that the twenty cases were never shipped out. I never sent twenty cases to Mr. Clerk in one instance, on one single occasion.

Q. Do you gauge and analyse the liquors which are to be consumed in Montreal, or do you gauge liquors which are in bond?—A. The liquors that are in bond, and which are in bond to be shipped across the country, and to be delivered to another bond.

Q. Are these goods in transit?—A. No.

Q. Are these goods called goods in transit?—A. In transit, no.

By Hon. Mr. Stevens:

Q. Do you test and gauge all liquors that pass through Montreal?—A. No, we do not gauge liquor that goes in transit through Montreal. Liquors that are brought in immediately go into bond.

Q. You say that they immediately go into bond?—A. Yes.

Q. And then the liquors are released?—A. Yes, we gauge them at the Port. With respect to the key about which Mr. Bleakney was talking a moment ago, I would like to explain that at our place in Montreal we have about twenty cases, and Mr. Bleakney has a duplicate key, and I have the original at our office. That is to say, we each have a key. These are cases which we use to forward or send samples of sugar, molasses, iodine, alcohol, potash—I mean wood alcohol.

Q. Did you ever deliver liquor or wine to Mr. Giroux?—A. I sent some to him.

Q. Wine?—A. Wines, claret.

Q. In large quantities?—A. I could not state exactly, not very large quantities.

Q. Mr. Latimer testified or swore in the Duncan investigation at page 203 of the evidence, that on one occasion he went with four cases of claret and sauterne, and each case contained one dozen bottles, each bottle containing a quart. The smallest quantity he ever delivered to Mr. Giroux was two cases? —A. Yes, that is possible.

Q. Does sauterne come in bulk?—A. Yes.

Q. In barrels?—A. In barrels, too.

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

Witness retired.

ROBERT P. DAIGLE est rappelé.

Le PRÉSIDENT: Vous allez continuer votre témoignage sous le serment que vous avez prêté ce matin.

M. Calder, C.R.:

Q. Où se place, dans le bureau des douanes, l'accumulation d'échantillons? —R. Dans une armoire en arrière de mon bureau privé.

Q. C'est un espace assez restreint?—R. Pas très grand.

Q. Et je prends pour acquis que les échantillons se distribuent à peu près aussi vite qu'ils se prennent?—R. Pas toujours, naturellement.

Q. Il est certain qu'en aucun temps vous n'avez eu, dans l'armoire dont vous parlez, une accumulation, disons, de vingt caisses?—R. Non, pas de quarante gallons.

Q. Vingt caisses?—R. On compte deux gallons par caisse.

Q. Ni même la moitié de cela?—R. Oui, on peut avoir une vingtaine de gallons.

Q. Voulez-vous nous dire quelle quantité de vin il vous faudrait examiner pour obtenir vingt gallons?—R. Cela dépend des conditions de l'importation.

Q. En moyenne?—R. Si on a 500 ou 600 ou 1,000 quarts de vin, on peut avoir dix, quinze caisses d'échantillons. Cela dépend des marques.

Q. Alors, cela prendrait environ 4 à 500 gallons pour produire vingt caisses d'échantillons?—R. Cela dépend de l'importation.

Q. En moyenne?—R. Je ne dirai pas en moyenne. On ne peut pas se baser sur le nombre d'échantillons qu'on va avoir, à moins d'avoir l'importation.

Q. Avez-vous déjà dit à M. Clerk que vous auriez une grosse importation, prochainement, et que vous pourriez parfaire vingt caisses?—R. C'est bien pos-

sible, mais je ne m'en rappelle pas très bien. J'ai entendu M. Clerk qui a dit la chose.

Q. Y a-t-il eu une livraison de vingt caisses?—R. Jamais, monsieur.

Q. Y a-t-il jamais eu une accumulation de vingt caisses?—R. Dans le bureau chez nous?

Q. Oui.—R. Non, je ne le crois pas.

Q. Le bureau serait le seul endroit où cela pourrait s'accumuler?—R. Oui, monsieur. Pas à ma connaissance, à moins qu'on ait eu beaucoup d'importations. Mais, dans une seule importation, je ne crois pas avoir eu vingt caisses.

Q. A-t-il déjà été question, entre vous et M. Clerk, de préparer vingt caisses de vin pour livraison à M. Bureau?—R. Non, je ne me rappelle pas, là.

Q. M. Clerk paraissait suffisamment certain que cette livraison serait prête, puisqu'il est allé à la Commission des Liqueurs se munir d'un certificat de transport?—R. Chose certaine, c'est qu'elle n'a jamais été envoyée.

Q. Je ne demande pas si elle a été envoyée. A un certain moment, est-ce que cette livraison a été préparée?—R. Elle n'a jamais été préparée.

Q. L'autorisation de transport de vingt caisses était en date du 26 juillet 1924, et le transport devait se faire du 26 juillet au 28 juillet, c'est-à-dire dans un maximum de trois jours, par conséquent. N'y avait-il pas de prêtes, à ce moment-là, vingt caisses pour être expédiées?—R. Non, je ne me rappelle pas d'avoir eu vingt caisses de vin.

Q. Vous rappelez-vous si on vous a demandé si vous pouviez faire vingt caisses?—R. J'ai peut-être dit à M. Clerk que je pourrais faire les vingt caisses.

Q. M. Clerk l'a dit hier.—R. Oui, alors je peux bien lui avoir dit que j'aurais vingt caisses, mais pas dans un court délai de même, certain.

Q. C'est précisément pourquoi M. Clerk a dit que vous aviez la majeure partie de cette expédition prête, et qu'une importation considérable arrivant, vous pouviez la parfaire jusqu'à vingt caisses. Est-ce vrai?—R. Je ne me rappelle pas. Une chose que je sais, c'est que les vingt caisses n'ont jamais été envoyées; je n'ai jamais envoyé vingt caisses à M. Clerk, d'un coup.

Q. Et-ce que vous jaugez et mettez à l'épreuve les liqueurs qui doivent se consommer à Montréal, ou si vous faites le jaugeage des liqueurs qui sont "in bond"?—R. "In bond".

Q. Et qui sont "in bond" pour passer à travers un pays et être livrées à un autre port?—R. Non, en transit, non.

(L'hon. M. STEVENS: interroge le témoin en anglais).

Le TÉMOIN: Au sujet de la clef dont M. Bleakney parlait tout à l'heure, je voudrais expliquer qu'au bureau chez nous nous avons à peu près vingt caisses, dont M. Bleakney a des duplicata et j'ai les originaux chez nous. C'est-à-dire, nous avons chacun une clef. Ce sont les caisses dont nous nous servons pour envoyer nos échantillons de sucre, de mélasse, d'alcool de bois, d'iode, de potasse.

M. Calder, C.R.:

Q. Est-ce que vous avez déjà livré des boissons à M. Giroux?—R. Oui, je lui en ai envoyé.

Q. Des vins?—R. Des vins, du claret.

Q. En quantité considérable?—R. Je ne pourrais pas dire au juste. Pas très considérable.

Q. M. Latimer aurait juré, dans l'enquête Duncan, à la page 203 de la preuve, qu'il est allé une fois avec quatre caisses de claret et de sauterne, et que chaque caisse contenait une douzaine de bouteilles d'une pinte, et que la plus petite quantité qu'il ait jamais apportée à M. Giroux était deux caisses?—R. Oui, c'est possible.

(L'hon. M. STEVENS: interroge le témoin en anglais.)

ZOEL CORBEIL called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Corbeil, are you employed in the Customs Department?—A. Yes.

Q. In what capacity?—A. I work in the Gaugers' and Weighers' Department.

Q. Have you been working in that Department for a long time?—A. For 20 years.

Q. Are you the party who takes the samples at the wharves and railway stations?—A. Yes, sir.

Q. What kind of bottles are given you to contain the samples?—A. Bottles containing 26 ounces—white bottles.

Q. Do you fill the bottles every time you take a sample?—A. Yes; it is absolutely necessary.

Q. What quantity does that represent in pints and quarts—this 26 ounces? —A. Three bottles, each containing 26 ounces, are required to complete, or make up, one half gallon.

Q. That is, about two-thirds of a quart?—A. About that.

Q. How many samples do you take out of each cask?—A. I take a sample out of three or four, or four or five casks.

Q. Do you know whether more than 26 ounces are taken as samples out of each cask in the Gauging Department?—A. No, I have no knowledge.

Q. You hand over the samples to the Chief Gauger?—A. Yes, sir.

Q. Before you hand them over, do you test them, where the alcohol is weighed?—A. No, I do not do that myself.

Q. Who does that work?—A. Mr. Daigle himself attends to that.

Q. Do you know whether the samples taken by Mr. Daigle, the Chief Gauger, or his predecessor in office, were distributed?—A. Yes, they were distributed. He gave them away.

Q. And to what parties or persons were those liquors distributed or given away?—A. I am not sure as to that. I was not there. I am not always the party who distributes the liquors.

Q. To your knowledge.—A. They were distributed to friends.

Q. Were liquors distributed to friends occupying high positions?—A. Yes, sometimes liquors were distributed to friends occupying high positions.

Q. Who were they?—A. He gave some to Mr. McLaughlin and to Mr. Weldon.

Q. And apart from that?—A. Apart from that, I cannot name them all.

Q. And those are the only names which you can recall?—A. He might have given some samples to others.

Q. I mean parties occupying positions higher than your own?—A. Above me, I cannot recollect any others.

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

Witness retired.

ZOEL CORBEIL est rappelé et assermenté.

M. Calder, C.R.:

Q. Etes-vous employé aux douanes?—R. Oui, monsieur.

Q. En quelle qualité; que faites-vous?—R. Dans le département du jaugeur et du peseur.

Q. Y a-t-il longtemps que vous travaillez dans ce département?—R. Vingt ans.

Q. Est-ce vous qui prenez les échantillons sur les quais et aux gares de chemin de fer?—R. Oui.

Q. Quelle espèce de bouteilles vous donne-t-on pour prendre cela?—R. Des bouteilles de 26 onces, des bouteilles blanches.

Q. Les remplissez-vous chaque fois que vous prenez un échantillon?—R. Oui, c'est absolument nécessaire.

Q. Combien font 26 onces, en pintes ou en chopines?—R. Ça prend trois bouteilles de 26 onces pour un demi gallon.

Q. Les deux-tiers d'une pinte?—R. A peu près, je crois bien.

Q. Combien prenez-vous d'échantillons par quart?—R. Je prends un échantillon dans trois ou quatre quarts, quatre ou cinq quarts.

Q. Avez-vous eu connaissance que, dans le département du jaugeage, on ait pris plus que cela, comme échantillon, c'est-àdire plus de 26 onces dans chaque quart?—R. Dans le département de la douane?

Q. Dans le département du jaugeage, chez vous?—R. Non, je n'ai pas eu connaissance de cela, jamais.

Q. Chaque fois, vous remettez les échantillons au jaugeur?—R. Oui.

Q. Avant de les remettre, les essayez-vous là où l'on pèse l'alcool?—R. Non, pas moi.

Q. Qui fait cela?—R. M. Daigle lui-même.

Q. Savez-vous si les échantillons pris par M. Daigle, et par le jaugeur en chef avant lui, étaient distribués à différentes personnes?—R. Oui, ils étaient distribués, on les donnait.

Q. A qui ces boissons étaient-elles ainsi distribuées?—R. Ecoutez, je n'étais pas là, ce n'est pas toujours moi que distribuais.

Q. A votre connaissance?—R. Aux amis.

Q. Y en a-t-il eu de distribué aux amis haut placés?—R. Des fois, à ma connaissance, il en a été distribué à quelques-uns, à des amis haut placés.

Q. A qui?—R. Il en a donné à M. McLaughlin, à M. Weldon.

Q. A part cela?—R. A part cela, je ne pourrais pas tous les nommer.

Q. Ce sont les seuls noms dont vous vous souvenez?—R. Ecoutez donc, il peut en avoir donné... Il en a donné à quelques-uns.

Q. Je veux dire à des personnes plus haut placées?—R. Non, plus haut que moi, je n'en vois pas beaucoup d'autres.

Le témoin est congédié.

ROBERT P. DAIGLE recalled.

(Questions and Evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Daigle, did you state the other day that the Quebec Liquor Commission had refused up until recently to accept the return of its own samples? —A. The Commission never requested or made a demand for the samples.

Q. The Liquor Commission you say never requested or made a demand for these samples?—A. Except in a few cases of private imports, where there were four or five cases. The Commission does ask that the samples be returned —and they were returned.

Q. I am advised that Mr. Cordeau, from the very beginning demanded that the samples be returned to the Quebec Liquor Commission, but that the Customs Department had refused to return those samples up until recently?—A. No, not to my knowledge.

Q. You are quite sure as to that?—A. I am quite sure.

Witness retired.

ROBERT P. DAIGLE est rappelé.

M. Calder, C.R.:

Q. Avez-vous dit l'autre jour que la Commission des liqueurs, à venir jusqu'à récemment, refusait de reprendre ses échantillons?—R. Elle ne les a jamais demandés.

Q. Elle ne les a jamais demandés?—R. Excepté dans le cas d'importations privées, où il y avait trois ou quatre caisses, quatre ou cinq caisses, elle demandait de retourner les échantillons. On les a retournés.

Q. Je suis informé que M. Cordeau a déclaré que, dès le début, ils ont demandé leurs échantillons, mais que la douane a refusé de les leur livrer à venir jusqu'à récemment?—R. Non, pas à ma connaissance.

Q. Vous en êtes bien sûr?—R. Bien sûr.

Le témoin est congédié.

J. A. E. BISAILLON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, you were asked to produce certain documents which I understand you have now with you?—A. Yes, sir.

Mr. CALDER, K.C.: Mr. Stevens, will you look up your order of production, in order that we may see if we have everything that is required from Mr. Bisaillon for the time being?

The CHAIRMAN: Mr. Calder, do I understand you do not need anything more of Mr. Corbeil?

Mr. CALDER, K.C.: As far as my inclination goes, all the witnesses summoned with the matter of liquor may be discharged. I might hold two of them for the time being, but that includes all witnesses which are on your list down to No. 12, with the exeception of the first four.

The CHAIRMAN: Have you finished with Mr. Clerk also?

Mr. CALDER, K.C.: Yes, Mr. Chairman.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, you are now producing five sheets apparently from a bank book?—A. Exactly. That is a duplicate of all the deposits, and of all cheques paid out.

Q. On the account standing in the name of "J. A. Bisaillon?"—A. That is "J. E." It is an omission.

Q. No. 392 East St. Catherine St.?—A. Yes.

Q. You have also a copy of a savings account on the Banque Provinciale, 392 St. Catherine St., East, in the name of "J. A. E. Bisaillon?"—A. That is the same, it is all the same. It is an omission of a letter on their part. It is all certified. (Exhibits No. 139 and 140.)

Q. The first is a current account?—A. They are all the same.

Q. All savings?—A. All savings.

Q. All the sheets you have here constitute your entire account?—A. Exactly.

Mr BELL: I am sorry I was absent for a few minutes, Mr. Calder. Does the witness say that there was no other bank account kept by him except the one produced during this period?

Mr. CALDER, K.C.: I simply asked him what he produced. I was just going over these documents.

WITNESS: Everything is there.

By Mr. Bell:

Q. The question I want to ask of you now is, whether or not you kept during the period this account covers, any other bank account than the account with the bank you now produce?—A. No sir. This is all my personal bank account, of all my transactions.

Q. I am asking you whether or not you kept any other bank account? —A. No sir.

Q. In order to be quite clear, I mean personally or otherwise?—A. No, sir.

Q. During that period?—A. No, sir.

Q. You had no other account in any bank, no trust account?—A. No, sir.

Q. No business account?—A. No, sir.

Q. No official account?—A. No, sir.

Q. Of any sort during that period other than the account which you here produce?—A. Exactly.

Q. There is no mental reservation in respect of any other account you had with the Government?—A. No, sir. Everything there is in my private account.

By Hon. Mr. Stevens:

Q. What about J. E. Belisle account?—A. That is not me. That was not handled by me.

Q. It was the J. E. Belisle Company's transactions that prompted me to ask for the production, and you promised and your counsel promised to have that stuff produced before us?—A. I had nothing to do with it, as far as banking and everything went. It was a question of commissions, with J. E. Belisle, and I did not have the handling of it, and did not handle the money.

Q. You did?—A. Well it was Mr. Brien.

Q. Mr. Brien would have that?—A. I suppose he would, I do not know.

By Mr. Bell:

Q. Did you sign any cheques with them?—A. No sir, I did not sign any cheques with them.

Q. Personally, or as a partner?— —A. Never, outside the cheques or deposits made at the Provincial Bank.

Q. You did not sign any cheques on the J. E. Belisle account?—A. No sir, never.

Q. Where was the Belisle account kept?—A. I told you the other day that the Belisle account was kept at the corner of Delorimier and Mount Royal.

Q. The name of the bank being what?—A. The Canadian National Bank.

Q. In whose custody or possession is the pass-book of that account?— A. The last I heard of it, it was in the hands of the authorities in the case of the "Barge Tremblay."

Q. What does that mean?—A. That means that all the books and cheques, I presume, of Mr. Brien concerning this transaction were in the hands of Detective Rioulx, or the Judge for the trial.

Q. Does that mean that the bank pass-book, when your belongings were seized, that pass-book of Belisle was at that time in your possession?—A. I did not have any of the Belisle accounts or any of the cheques signed in payment of the goods ordered. It was not done through me.

Q. If then they were seized, from whom were they seized?—A. They were seized in the hands of Brien, to the best of my knowledge.

Q. Brien had another copy of the pass-book of the Belisle account at the time that the seizure was made?—A. I could not tell you that. I know on my behalf that it was all my personal cheques that were seized and books of records of little transactions that I have done since 1917.

Q. Do you know down to what period the bank pass-book of Belisle and Company went?—A. I could not tell you.

Q. Did you ever go into the bank and give a specimen signature for the account?—A. I never did, sir.

Q. Do you know when it was opened?—A. In 1919, I presume, sir.

Q. Who signed the cheques on it?—A. Well sometimes Mr. Brien and sometimes Mr. Gelinas of the firm of Wilson signed them.

Q. How did he come to sign them?—A. I believe that he had some interest.

Q. You know what his interest was. What was it?—A. I beg your pardon.

Q. You know what his interest was. What was his interest?—A. I knew that he had some interest.

Q. You know what the interest of the man who signed was?—A. The man who was controlling was Mr. Brien.

Q. Who was the other man you mentioned?—A. Mr. Gelinas.

Q. What was his interest?—A. I could not say.

Q. Did anyone actually have a power of attorney from you?—A. Never sir.

Q. You do not know in what capacity this second man whose name you have given signed the cheques?—A. I could not tell you. It was worked on some basis, a commission basis.

Q. You were interested in the business, were you not?—A. I was in the business, not in all profits.

Q. You had an interest in the business?—A. I had a part interest.

Q. It was a partnership interest?—A. It was not a registered company.

Q. I do not care whether it was registered or not; it was a partnership business?—A. You may call it a partnership business.

Q. What do you call it?—A. I have some interest in it.

Q. Was it a partnership, or was it not? You know.—A. I suppose when you derive any profits and no losses, would you consider it—

Q. Do not ask me questions; I am asking you. Was it a partnership business or was it not?—A. I suppose it was.

Q. Who were the partners?—A. Mr. Gelinas and Brien and Belisle, and this thing was arranged for afterward, and I believe that Mr. Gelinas had some interest.

Q. What interest did he have?—A. I could not tell you.

Q. Whose interest did he acquire?—A. I could not tell you.

Q. How did he come to sign cheques?—A. He was practically the man who was financing it.

Q. In what respect?—A. Supplying goods.

Q. I thought it had been done away with?—A. Yes, but sometimes shipments were being made and we had to have signatures for a line of credit.

Q. Were the cheques which were signed, signed by him alone or with Brien?—A. I think, I presume Brien in trust.

Q. What cheques did the other man sign?—A. I have known him to sign some of the cheques during the absence of Mr. Brien or when money was needed to buy some goods.

Q. What name did he sign?—A. Well, it was for the account of J. E. Belisle.

Q. How did he get authority to sign for J. E. Belisle?—A. I could not tell you.

Q. How long did the business last?—A. Well, since some time, I believe, from January, 1919, till April 30th, 1921.

Q. Are we to understand that during the time this covers, certain cheques were being signed and you had a business interest, and knew that, and never informed yourself as to his authority for signing?—A. Well, that is—

Q. Is that what we are to understand?—A. Well, this thing was dropped when I came in.

Q. Perhaps you will tell me the date when you came in?—A. I could not tell you the date exactly.

Q. How long after the first date you mentioned?—A. Some time in February or March, 1919.

Q. After the account was opened?—A. Yes.

Q. This man was empowered to sign cheques?—A. They were both.

Q. Was he signing cheques?—A. Yes.

Q. Did you enquire as to his authority for signing cheques, or enquire what his authority to sign cheques was?—A. No.

Q. Did Belisle ever sign any personally?—A. Not that I know of.

Q. You never enquired of Brien whether or not this man might be signing away all the money of the company?—A. No sir.

Q. Or the partnership?—A. They were—

Q. Did they render any accounts to you at all?—A. No, I never did get any accounts.

By Hon. Mr. Stevens:

Q. Just cheques?—A. Just cheques.

By Mr. Bell:

Q. Signed by whom?—A. Some by Mr. Brien, and I believe a couple by Mr. Gelinas.

Q. Did Brien ever hand you any cheques?—A. Hand me any?

Q. Personally, yes.—A. Well, derived from—

Q. I do not care what they were derived from?—A. Yes, I had some cheques.

Q. Did Belisle ever hand you any?—A. It was through Belisle Brien handed them to me.

Q. Did Belisle ever hand you any personally?—A. I do not believe he had the handling of them.

Q. Did he ever hand you cheques personally?—A. The cheques are handed through Brien.

Q. Why did Belisle keep the payments in the bank account that way?—A. I could not tell you.

Q. You never met him?—A. Yes.

Q. Where?—A. In the place.

Q. What place?—A. Commissioner Street.

Q. When?—A. During 1919.

Q. More than once?—A. Yes sir.

Q. What month?—A. I think May.

Q. What day in May?—A. I could not tell you.

Q. What was the occasion?—A. Three or four occasions.

Q. For what purpose?—A. Business.

Q. What kind?—A. Referring to some liquor.

Q. Sale or purchase?—A. Sale.

Q. By whom?—A. From different firms.

Q. To whom?—A. To outsiders.

Q. Not to your firm?—A. Not to our firm, no.

Q. What was the nature of these transactions, on any of these occasions, and what was the talk?—A. Just ordinary talk about some goods that we were going to purchase for resale.

Q. Perhaps you will tell me, at how many of these interviews or on how many of these occasions, that you and Belisle were together under these circumstances, Brien was present?—A. Where Brien was present?

Q. Yes.—A. He might be on a couple of occasions.

Q. In May, 1919?—A. I do not know if it was May, 1919. It was in the Spring anyhow.

Q. Of 1919?—A. Yes.

Q. What you are telling us now is that there is no mistake about it that Brien and Belisle and you were present when some of these transactions were discussed; that is right?—A. I do not know if Brien was present or not.

Q. But I thought that you told me he was?—A. I know he was present on some occasions, but I do not know what took place or any of the talk or what it was.

Q. Brien was a partner in the business, in the Belisle business?—A. Yes.

Q. So were you?—A. He was the main man.

Q. You were one of the partners?—A. I had some interest.

Q. You and Brien and Belisle met together in the office of the business more than once?—A. Yes.

Q. About the common business?—A. Well, not altogether on common business.

Q. Partially about the business of the concern in which you were mutually interested? That is right?—A. Yes sir.

Q. And that would be in May, 1919?—A. Yes.

Q. Which Brien of course can substantiate?—A. Brien would substantiate?

Q. Yes.—A. What?

Q. The fact that you and he and Belisle met together?—A. I suppose he would.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, since you were examined here, have you found a single person who has seen Belisle, and who could tell us about him?—A. No sir, I have not.

Q. Where did Belisle live?—A. I told you the last time I did not know.

Q. Did you ever hold yourself out to anybody, as Belisle?—A. No sir.

Q. Do you swear that?—A. I have no recollection. Why should I—

Q. You will have to do better than that, "I have no recollection."—A. No sir. I have no reason to change my name, on any occasion.

Q. This would not be changing it, merely holding yourself forward.—A. No sir, no reason.

Q. Did you ever have any dealings with a man who ran the American Ship Supply Company at 129 Commissioner street, Montreal?—A. What is his name?

Q. That is what I want to find out?—A. There was so much business done with different parties, that he might have been one of them.

Q. Did you hold yourself out to this man as Belisle?—A. No sir.

Q. And that is the man who repeatedly would go into the office of J. E. Belisle, and see you there so continuously that he wondered when you were doing your Customs work?—A. The man must be wrong.

Q. Do you know the man who ran a business under the name of the American Ship Supplies and Sundries, at 129 Commissioner Street, Montreal?—A. No, I don't know. I might know him, if you tell me his name—

Q. I am trying to find out his name to send him a subpoena.—A. You must have it.

Q. I just have the name of the firm. I would like to complete it. Where was your office?—A. On Commissioner street.

Q. What address?—A. It was 1 Place Royale; I think it was either 6 or 5 Commissioner street.

Q. You do not recollect a man who did business under the name of the American Ship Supplies, Registered, or the American Ship Supplies and Sundries? —A. No sir.

Q. You do not recollect the name of that firm at all?—A. No.

Q. I am informed this man put through several transactions with J. E. Belisle.—A. He might have put through some transactions with J. E. Belisle.

Q. Who resembled you so strikingly that he is prepared to swear it was you. —A. He may swear it was me, but I never told him I was J. E. Belisle.

Q. You have also prepared, or had prepared for production, the deposits against drafts, and drafts, sent by you to your Department, from July 28th, 1924, to September, 12th, 1925?—A. Yes sir.

The WITNESS: That dates from the 19th of July, 1924?

By Mr. Calder, K.C.:

Q. I asked you also to prepare a list of the employees who were working under you at the time you were Chief Preventive Officer, and file it as Exhibit 89? Will you do that?—A. When I was Preventive Officer?

Q. Chief Preventive Officer down there?—A. Where?

Q. In Montreal.—A. Since 1924?

Q. Since the time you were appointed head of the Preventive Service down there, until to-day.—A. A list of all the officers who were in my employ?

Q. Yes.—A. You will have to pardon me. I am a little hard of hearing.

Mr. CALDER, K.C.: I understand Mr. Gagnon has an explanation to offer about some other production.

By Hon. Mr. Stevens:

Q. Where are the cancelled cheques?—A. My attorney can answer that question, because he has been dealing with the Courts. Certain documents were produced in the barge Tremblay case. I have a letter in answer to a telegram where the Crown Prosecutor writes that these documents were supposed to be in Montreal court-house. The record was sent from Quebec for the trial, to Montreal, on a change of venue, and these documents were supposed to be there. I went there, and there are no such documents in the record. I looked at the record, and there was no trace of the documents ever having come to Montreal. I saw Mr. Rioulx in Montreal yesterday, and he does not know where the documents are. They are supposed to be in the court. I saw Mr. Cannon to-day and he does not know where the records are. I am informed that these documents never came back after that.

Hon. Mr. STEVENS: Was Mr. Bisaillon called upon to produce, or did Mr. Rioulx seize all his cheques and vouchers.

Mr. GAGNON: Yes, seized at the bank, and seized at his own place, and he never got any trace of the documents since.

Mr. BELL: Do I correctly understand that the documents that are not now forthcoming are documents that were used in the case of the barge Tremblay?

Mr. GAGNON: On behalf of the Crown.

Mr. BELL: Our mutual familiarity with the practice in the courts, enables us both to understand that these documents will be filed as Exhibits with the proper officer.

Mr. GAGNON: They were supposed to be produced in the record, but some were not produced in the record.

Mr. BELL: Who had them down to the time they would be produced in the ordinary course of the case?

Mr. GAGNON: Mr. Rioulx also says that any documents he had he gave to the Court. That is what Mr. Rioulx told me yesterday.

Mr. BELL: Coming back to what we know of the practice, we know that all Exhibits are filed with the Clerk of the Court.

Mr. GAGNON: Yes.

Mr. BELL: And they cannot be gotten out without the mutual consent of both parties, and upon a written requisition signed by counsel for the Crown and counsel for the accused.

Mr. GAGNON: That is correct.

Mr. BELL: Does the clerk of this court produce a consent signed by counsel for the Crown and counsel for the accused?

Mr. GAGNON: I think it is customary for the Clerk to keep the documents himself for producing one by one. They are collected, and they remain in possession of the Crown.

Mr. BELL: But are they on file with the Clerk of the Court, when produced in evidence?

Mr. GAGNON: He quotes them and takes them back.

Mr. BELL: You were kind enough to say that you had made some inquiry as to where the documents are?

Mr. GAGNON: Yes, Mr. Bell.

Mr. BELL: Have you made any inquiries of the Clerk of the Court as to where the documents are?

Mr. GAGNON: Yes, in the case where they were used.

Mr. BELL: What did he say became of the ones filed as Exhibits?

Mr. GAGNON: Three or four were quoted. One is quoted as "C-9," with a quotation of Mr. Rioulx which is still in the records. I looked for C-9, but the Exhibit is not there.

Mr. BELL: May I trouble you one minute, Mr. Calder? We ought to have before this Committee, the Clerk of this Court to explain what became of these Exhibits.

Mr. CALDER, K.C.: Yes. If Mr. Gagnon will give me the letter for the purpose of guiding myself upon it.

Mr. GAGNON: It is a letter written to Mr. Monty from the Crown persecutor in Quebec.

Mr. CALDER, K.C.: Does that contain the statements you made, largely, Mr. Gagnon?

Mr. GAGNON: I made an investigation in Montreal courts, and saw Mr. Cannon and Mr. Rioulx, and everybody else who was likely to give me any information about these documents, but I could not find them.

Mr. CALDER, K.C.: Unless some accident happens, I intend to go on with the Tremblay case on Monday next, and I will summon witnesses from the courts of record which had anything to do with them.

Hon. Mr. STEVENS: The figures are here, and the other cheques are here, the cheques for $300 and $1,300.

Mr. GAGNON: But there is a copy book upon which Mr. Bisaillon was cross-examined.

The Committee adjourned until Thursday, April 29, 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. 40—THURSDAY, APRIL 29, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Walter C. Boak, Ex-Inspector of Customs, Halifax, N.S.
Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.
Mr. J. D. Zinck, Customs Officer, Lunenburg, N.S.
Mr. Samuel A. Mack, Collector of Customs, Lunenburg, N.S.

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

EXHIBIT FILED

No. 141—Certified copy of Registry Form respecting Sailing Ship "J. Henry McKenzie", Lunenburg, N.S.

ERRATA

Page 1361, line 17—Change date of letter from "30th April, 1925" to "30th October, 1925".

MINUTES OF PROCEEDINGS

THURSDAY, April 29, 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. Blair submitted the following Customs Files: Nos. 109389; 104446; 104529; 104504; 104400; 104399; 104430.

Mr. W. F. Wilson submitted the following information and Preventive Files:—

Re Customs Departmental File No. 109389, no Preventive Service File exists.

Re Customs Departmental Files Nos. 104399, 104400, 104430 and 104446, Preventive Service File No. 4832A, submitted to the Committee on March 27, covers these.

Re Customs Departmental Files Nos. 104504 and 104529, no Preventive Service files exist.

Re Mr. Donaghy's motion of 26th April, for production of certain Customs Files, no Preventive Service files exist in respect to those, except with regard to Departmental File No. 103781 for which the corresponding Preventive Service File No. 5124 is sent.

Mr. G. W. Taylor submitted the following Customs Departmental Files, in compliance with the motion made by Mr. Donaghy on the 26th April:—

Nos. 104548; 104610; 104524; 103739; 103725; 103760; 103781; 103804; 103505; 103457; 104644; 103069; 103309; 103348; 103339; 103354; 103114; 103495; 103458. As regards Serial Number 27734, January 27th, 1921, this is a seizure number for which there is no file.

Ordered, That George Sloan of 5466 Park Avenue, Montreal, be ordered to attend on Friday, April 30th, 1926.

Moved by Hon. Mr. Stevens,—That the Auditors be authorized to secure the production from the Banque Provinciale du Canada, 392 St. Catherine St. East, Montreal, of all required documents respecting the statement of Mr. J. A. E. Bisaillon.

Motion agreed to.

Mr. Walter C. Boak, Ex-Inspector of Customs, Halifax, N.S., was called and sworn, and examined respecting the collection and disposal of monies by Customs Officer J. D. Zinck of Lunenburg, N.S., and with reference to smuggling.

Witness discharged.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined with reference to the appointment of Customs Officer Zinck.

Witness retired.

Mr. J. D. Zinck, Customs Officer, Lunenburg, N.S., was called and sworn, and examined as to his appointing watchmen in connection with shipping at Lunenburg, and with respect to the charges made by him for this service and the disposal of the monies collected therefor.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

Moved by Hon. Mr. Bennett,—That the Special Committee appointed to investigate the administration of the Department of Customs and Excise report to the House as follows:

Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of The Honourable George H. Boivin, M.P., Minister of Customs and Excise, in connection with certain legal proceedings taken against one, Moses A. M. Aziz, of Caraquet, in the County of Gloucester, N.B., for breach of the Customs Act of Canada, and of Clarence Jameson, Esq., and M. G. LaRochelle, Esq., Commissioners of the Civil Service of Canada, your Committee, having regard to the established practice of Parliament and the provisions of the Civil Service Act, respectfully report the relevant evidence and proceedings in the above matters to the House of Commons for such consideration and action as may seem meet in the premises.

Mr. Kennedy moved in amendment thereto,—That all the words after the word "follows" be struck out, and that the following words be substituted:

Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of Clarence Jameson, Esq., and M. G. LaRochelle, Esq., Commissioners of the Civil Service of Canada, your Committee having regard to the evidence given before this Committee showing that they have displayed gross disregard for discipline, which they should have been the first to maintain, and to the provisions of the Civil Service Act, respectfully reports the relevant evidence and proceedings in the above matter to the House of Commons for such consideration and action as may seem meet in the premises.

A point of order being raised by Hon. Mr. Bennett that the proposed amendment was out of order inasmuch as it was not an amendment to the main motion but a substantive motion in itself, after discussion the Chairman ruled that the proposed amendment was in order. Hon. Mr. Bennett appealed to the House from the ruling of the Chairman.

Mr. Zinck was recalled and examined respecting smuggling at Lunenburg, N.S. Mr. Doucet filed,—Exhibit No. 141—Certified copy of registry form respecting sailing ship "J. Henry McKenzie", Lunenburg, N.S.

Witness retired.

Mr. Samuel A. Mack, Collector of Customs, Lunenburg, N.S., was called and sworn, and examined with reference to Customs Officer Zinck.

Witness retired.

Ordered,—That Mr. Calder may take all John Gaunt files to his room to-night.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, April 29, 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.

Orders of the Day.

Mr. CALDER, K.C.: Mr. Chairman, I would ask as I am taking Inspector Boak now, that Captain Mack and Captain Zinck be temporarily excluded.

The CHAIRMAN: Are Captain Zink and Captain Mack here? Will you please retire into the hall and when your names are called, you will come back.

Mr. CALDER, K.C.: I will call Inspector Boak.

WALTER C. BOAK called and sworn.

By Mr. Calder, K.C.:

Q. What is your full name, Mr. Boak?—A. Walter C.

Q. Walter C. Boak?—A. Yes sir.

Q. Were you at any time in the employ of the Customs and Excise of Canada?—A. Yes sir.

Q. Are you still?—A. No.

Q. When did you leave the Service?—A. The 1st of April, 1925.

Q. The 1st of April, 1925?—A. Yes.

Q. Were you in the employ—the 1st of April, 1925?—A. 1925; that is a year ago, yes sir.

Q. Will you look at report now shown you, bearing date the 21st of February, 1925, on the Customs Excise letter head of Canada, file 1071 of your records, and departmental file 123111, purporting to be signed by Walter C. Boak, and state whether that is your report?—A. That is mine.

Q. Now, using this report as a refresher of your memory, will you tell me whether the facts that you were to investigate were the following: that Captain Zinck had put watchmen on board shipping in the port of Lunenburg; had charged the vessels sums varying from fifty cents to seventy cents per hour, and had paid the workmen—or the watchmen—$5 for a 24 hour stretch of watching. —A. Fifty cents was the—

Q. I am asking you now whether you were to investigate—.—A. Yes.

Q. —whether sums varying from fifty to seventy cents had been collected. That is what you were to investigate?—A. Yes sir.

Q. One of the paragraphs of your report mentions that that was the allegation?—A. Yes sir.

By Mr. Calder, K.C.:

Q. In the course of your investigation of this charge, what persons did you question?—A. I questioned Captain Zinck and the Collector.

Q. Captain Mack?—A. Collector Mack.

Q. Nobody else?—A. Nobody else.

Q. Why not?—A. I did not think it was necessary.

Q. Well now, Mr. Boak, you had a charge that sums varying from fifty to seventy cents were collected per hour, and you got the statement, I think, from Captain Zinck and Captain Mack, that fifty cents had been collected?—A. Yes sir, that is right.

Q. Now, I put it to you that they would be liable to understatement?—A. Really, I had no reason to think so.

Q. No doubt. Seeing the correspondence that was sent to you, correspondence sent you through a reputable firm of solicitors, did you not think it was your duty to examine or question the Masters of the various vessels that were subjected to this letter?—A. Perhaps that may have been right, but this money was collected previous to my going there.

Q. Undoubtedly.—A. Yes, but—

Q. But did you not have a list of the ships from which it was collected?—A. Only from the list presented by Captain Zinck.

Q. Captain Zinck gave you a list of various vessels from whom he had collected?—A. That is true.

Q. With their port of registry?—A. I don't think it.

Q. You could have ascertained the port of registry?—A. Certainly, by looking at their inward reports.

Q. And do you not think it would have been a wise plan to have either spoken to or written to the Masters of these various vessels, in order that it might be ascertained whether the levy was fifty cents or seventy cents, or a scale varying from fifty to seventy?—A. Perhaps you may be right, but it did not strike me.

Q. It would have been wiser, but it did not strike you that way at that time?—A. Yes.

Q. So the only persons questioned were Captain Zinck and Captain Mack?—A. Yes.

Q. To which of these gentlemen did you go first?—A. To the Collector, Mr. Mack.

By Mr. Calder, K.C.:

Q. To which of these gentlemen did you go first?—A. The Collector. I met the Collector on my arrival there on the evening of February 16th.

Q. That is Captain Mack?—A. Yes.

By Hon. Mr. Bennett:

Q. Was he a captain too?—A. Not to my knowledge.

Hon. Mr. BENNETT: I think he was a First Mate.

By Mr. Calder, K.C.:

Q. What statement was made to you by Mr. Mack?—A. I told him my mission, and he told me he had received a letter from the department in connection with this matter in connection with these charges; that he had investigated the matter with Captain Zinck, and there was nothing in them.

Q. There was nothing in them?—A. No; that Captain Zinck had told him he had collected fifty cents an hour for 24 hours, and had paid the watchmen five dollars, and remitted the balance to Ottawa.

Q. Did Mr. Mack state that Zinck's statement was that he had remitted the money?—A. Yes, sir. As—if I might say—there is a letter here which he wrote me the following day—

Q. Which contains the same statement?—A. Yes.

Q. That letter is on file?—A. Yes.

Q. And has been read into the record?

Hon. Mr. BENNETT: Not the whole of it.

Mr. CALDER, K.C.: The last paragraph of it.

By Mr. Calder, K.C.:

Q. The last paragraph of that letter confirms your report of his statement, namely that Captain Zinck told him that he had remitted the money?—A. That is what he told me, sir; that is on the evening of the 16th of February.

Q. He even went so far as to say he had remitted it weekly?—A. I would not say—

Q. Will you look at the paragraph? That is my impression, but I may be wrong.

Mr. BELL: The letter says so.

Hon. Mr. STEVENS: Read it out.

Mr. CALDER, K.C. (Reading):

> "As to the pay of watchmen; it is absolutely false that he has been charging over fifty cents an hour; it is true that he only pays the men five dollars for 24 hours, and the men are perfectly satisfied with the pay. Mr. Wilson, whom Captain Zinck reports to, must be satisfied also. These receipts are made weekly, and draft to Receiver General for the difference between five dollars and twelve dollars per day, less expenses, are mailed to Mr. Wilson. Personally, I feel that we are acting in every way for the best interests of the department."

By Mr. Calder, K.C.:

Q. Now, is that the substance of the interview you had with Mr. Mack?—A. That evening.

Q. In the evening?—A. On the evening of the 16th of February.

Q. Did you go to Zinck the same night?—A. No, sir; we sent for him, and he came to the office.

Q. What was his statement to you?—A. Precisely the same.

Q. Precisely the same?—A. Yes.

Q. Did either of these gentlemen furnish you with a list of the shipping from which the amount had been collected?—A. Not then.

Q. Not then?—A. No.

Q. Later on?—A. Mr. Zinck said that he had receipts to show that he had deposited the money; that is, bank receipts.

Q. Bank receipts?—A. The deposit receipts, that is what I mean. There is a form which the bank issues "Place to the Credit of the Receiver General".

Q. A deposit receipt?—A. That is it.

Q. A deposit receipt. Did he show you these deposit receipts?—A. No; he did not have them with him, but he said he had them at home.

Q. Did he subsequently show them to you?—A. Yes; next morning he brought them.

Q. What amount did he justify?—A. I asked him if these were all the receipts which he had—

Q. Yes?—A.—and he said "Yes". I said "You know these receipts are not for this money; these receipts are for fines and penalties which you collected and remitted to Mr. Wilson".

Q. You told him that?—A. Yes.

Q. So, first, he came to you with a bunch of receipts— —A. Not until the next morning.

Q. The next morning?—A. Yes.

Q. He stated at that time that those were the receipts for the watchmen's money?—A. The evening before he said that, sir.

Q. Then he brought you these receipts, and you pointed out to him that they were receipts for fines and penalties?—A. Yes, sir.

Q. You were quite satisfied on that point, when you inspected the receipts?—A. Sure, sure.

Hon. Mr. STEVENS: A little louder.

By Mr. Calder, K.C.:

Q. And these monies were being remitted to Mr. Wilson regularly?—A. They had been remitted.

Q. What did he say when you pointed that out to him?—A. I asked him if that was all he brought, and he said—

Q. Did he ever produce any subsequent receipts?—A. No, sir.

Q. He did not?—A. No, sir.

Q. So all the deposit receipts he produced to you were evidently for fines and penalties remitted to Mr. Wilson? Did he produce any other documents?—A. Mr. Mack was also present at the investigation, and he said "Why, Captain Zinck, you told me you had been remitting this money; where is it?", and he said "In the bank".

Q. He said "It is in the bank"?—A. Yes.

Q. I see.—A. "Have you any list of these men?", and he said "Yes, I have a book at home". We ordered him to go immediately and get that book, and we added up the amounts shown in that book, and it was somewhere in the vicinity of $1,800.

Q. You had better verify it by your report, and give us the exact sum. I think you mentioned the amount in your own report?—A. This is in my own report, and I remember I sent a telegram before this report went off, $1,691.

Q. $1,691?—A. This represents the sum of $1,691.

Q. Subsequently, was there a further sum found and remitted?—A. Well—

Q. To your knowledge?—A. He brought the money and the Collector then asked him "Is that all? Have you any more"? And he said "I have"; "Where is it?" "It is in the bank." "How much have you?" and I think he said about $700; somewhere in the vicinity of $700. "Have you any memorandum of these vessels?", and he said he had. "Well," he said, "you bring a list of these vessels and the money", and he brought the money, $700 or $800.

Q. $888?—A. $888, for which receipts have also gone to the department.

Q. Yes. So up to that moment, first he produced receipts which did not cover— —A. The full amount.

Q. This amount?—A. No.

Q. Then he produced a partial sum of $1,691?—A. Yes.

Q. And then, upon pressing, he produced a further sum of $888?—A. Yes.

Q. Yes. Had he, by this time, brought the memorandum book he said he had?—A. When he brought the first deposit, he brought a book which he had, which apparently had been recently written up. It seemed to be all in one handwriting, and recently written up.

Q. Was that your conclusion after inspecting the book?—A. That was my conclusion.

Q. That it was a freshly written book?—A. Yes.

Q. And what amount did it justify?—A. $1,691.

Q. $1,691?—A. That is the amount that was there.

Q. Well, with the further sum of $888, did he produce an additional memorandum book?—A. A little, small memorandum book. The both were not in the same book.

Q. Both were not in the same book?—A. No. The first remittance—the first payment covered the first book.

Q. The first payment was covered by the first book?—A. Yes, sir; $1,691.

Q. Now, in this other little book—this little book which he produced with the second sum of money; with the $888—did it contain any of the entries that were in the first book?—A. Oh, no.

Q. No?—A. Not to my knowledge, no sir.

Q. I see. Which was the older of the two books?—A. I should say the second one.

Q. The second one?—A. Yes.

Q. And you say the second contained no part of the entries of the first?—A. Not to my knowledge, it did not; it did not.

Q. Did you examine it for that purpose?—A. I did not.

Q. The first book justified $1,691?—A. $1,691, I think; yes, sir.

Q. And the second book justified $888?—A. Yes. Those are the figures that are named here. That is correct, sir.

Q. Did either Mr. Mack or Captain Zinck supply you with a list of the vessels struck off from these books?—A. No.

Q. Were the names of the vessels entered in either of these books?—A. Yes sir; yes sir. I think you will find it here.

Q. There is a list on the file of the various ships that had been levied upon?—A. That is right; that is right.

Q. And that was struck off from these two books?—A. Yes sir.

Q. It was?—A. Yes sir.

Q. And in each case it showed a payment of fifty cents per hour?—A. Yes.

Q. In each case?—A. In each case, as I remember it, yes.

Q. I want to point out to you, Mr. Boak, that the information that from fifty to seventy cents was being charged reached the Department from two separate and non-communicating channels of information. You told us that you did not think it was necessary to examine the Masters of the vessels, and you did not do so?—A. No sir; that is right.

Q. And the whole matter, after all, rests on the word of Captain Zinck?—A. Yes sir.

Q. The sum of your investigation was to question Captain Zinck and take his statement?—A. Captain Zinck and the Collector.

Q. Yes, but the Collector only reported what Captain Zinck told him?—A. Yes, yes; that is right.

Q. So it was Captain Zinck's version— —A. In the presence of the Collector.

Q. In the presence of the Collector?—A. Yes.

Q. That formed the whole basis of your report?—A. Yes, excepting now—excepting that there was also a charge against the officer at Riverport. I do not know whether it is on the file or not.

Q. Was there a similar charge against the officer at Riverport?—A. There was a charge, as far as my memory serves me, because we went there also.

Q. What is his name?—A. (No audible answer).

Mr. CALDER, K.C.: (To Chairman) Do you know whether the file for the officer at Riverport was asked for?

By Mr. Doucet:

Q. Would that be Mr. Moira, Mr. Boak?—A. No, Mr. Wentzell.

By Mr. Calder, K.C.:

Q. Have you a sufficient recollection of the charge against the Riverport officer to tell us what it was?—A. As far as my memory is now, that he was charging fifty cents an hour.

Q. He was charging fifty cents an hour?—A. And paying the watchmen thirty cents an hour.

Q. Did you investigate that?—A. We went there together, yes sir; the Collector and I.

Q. The Collector and you?—A. Yes.

Q. What was the result of your investigation?—A. He admitted that he was collecting fifty cents, and paying—

Q. Thirty?—A. —thirty cents; that he was keeping ten cents for his own services, and giving the Captains and the Agents—the Captains or the Agents—the other ten cents.

Q. The other ten cents?—A. Yes; that is the way he divided it—

Hon. Mr. STEVENS: Let me interject here—these watchmen were to watch the Captains and see—

The WITNESS: What is that?

Hon. Mr. STEVENS: The duty of the watchmen was to watch the Captains?

The WITNESS: To watch the vessel and cargo.

By Mr. Calder, K.C.:

Q. So he gave ten cents to the Captain who was being watched?—A. He was dividing with the Captain of the vessel which was being watched, or the agent. In some cases he admitted giving it to the Captain, and in some cases he admitted giving it to the Agent. I think it was only two cases with him.

By the Chairman:

Q. Two cases?—A. Two cases, I think.

By Mr. Calder, K.C.:

Q. To put it crudely; in these two cases, what was being done was that the officer at Riverport and the Captain or the Agent, were conspiring together to rob the owners of the vessels?

The WITNESS: I might say that the officer at Riverport was an Enforcement Officer under the Collector at the port of Lunenburg. Mr. Zinck belonged to the Preventive Service—

By the Chairman:

Q. What branch?—A. Under Mr. Wilson.

Q. What branch?—A. The Preventive Service.

Q. Is that what is called the Secret Service?—A. I think that is what it is commonly known as.

By Mr. Calder, K.C.:

Q. Was any step taken to rectify the position of the officer at Riverport?—A. I reported the matter. You will find it on the file. I reported the matter to the Deputy Minister.

Q. Did he have any records of his collections?—A. Now, I cannot tell you from memory. If he had, it will show on the file.

Mr. CALDER, K.C.: We are having the file sent for, and you can speak to that some time later.

By Mr. Calder, K.C.:

Q. Did Captain Zinck at any time tell you he had suggested this, or, if any one had suggested this procedure to him?—A. I heard him say on two occasions, before I was leaving there, in the locker room where I was preparing my notes, writing my report, he came in and made the statement, "I am glad it is over, I am glad it is settled, I felt that I had been doing wrong, but I was told to do it."

By Hon. Mr. Stevens:

Q. Who said that?—A. Captain Zinck.

By Mr. Calder, K.C.:

Q. Captain Zinck is "the ancient mariner?"—A. Yes.

Q. He said "I am glad it is over, I am glad it is settled"?—A. Or words to that effect.

Q. "I knew I was doing wrong, but I was told to do it?"—A. Yes.

Q. Thereupon, overhearing this, did it not occur to you to ask him who told him?—A. Well, I might say that it did.

Q. It did occur to you to ask him who told him?—A. But I did not ask him.

Q. Although it occurred to you to do so?—A. Yes. He felt so badly about it that I did not want to "rub it into" him.

Q. Did you not think that in justice to him, when he felt so badly about it, that you might have elecited from him who it was, in order that the responsibility might be properly placed?—A. If I may say so, he will answer that question himself.

Q. Supposing he comes here and states that you told him, would that be true?—A. It would not, positively it would not, because on February 16th was the first conversation I had with him in connection with the matter, and the first knowledge, I may say.

By Hon. Mr. Stevens:

Q. I would like to ask one or two questions. When did you retire, Mr. Boak?—A. On the 31st of March, 1925, last year.

Q. How long had you been in the Service previous to that?—A. In 1908 I was appointed, but I did not go on duty until February, 1909. I had been sick.

Q. From 1909 until 1925 you were in the Service?—A. Yes.

Q. How old are you now Mr. Boak?—A. I was 71 in November last.

Q. Did you retire from the Service of your own volition?—A. Well, I was told that my application for reinstatement, that is, under the new Civil Service, was not received in time. You know we had a certain choice to make.

By Hon. Mr. Bennett:

Q. Was that under the Calder Act?—A. Yes.

By Hon. Mr. Stevens:

Q. Did you accept that as an intimation to you that you should retire?—A. I, in fact, accepted it as an intimation that I had to retire.

Q. Where did your duties take you? What territory did you cover?—A. I covered the counties of Digby, Yarmouth, Shelburne and Queens, Lunenburg, and Halifax.

Q. During recent years, according to evidence now before the Committee, it would appear that there was a good deal of illicit smuggling going on—of course, smuggling is always illicit—a great deal of smuggling going all around the coast?—A. Yes.

Q. You were aware of that?—A. I heard reports of smuggling.

By the Chairman:

Q. Did you know of it personally?—A. I knew certain reports I made to the Department myself.

By Hon. Mr. Stevens:

Q. That you reported to the Department yourself?—A. Yes, sir.

Q. Would you mind telling us what those points were?—A. Meteghan, Yarmouth.

Q. Any others?—A. I do not remember any others just now. Of course rumours were coming in all the time from different quarters.

By Hon. Mr. Bennett:

Q. Herring Cove?—A. No. Strange to say I never heard of Herring Cove. I know it well, but I never heard of it in that respect.

By Hon. Mr. Stevens:

Q. Did your duties cover Halifax?—A. Yes.

Q. Did you ever have occasion to report to the Department the conditions in the terminals, where the trains come in, and along the water front? Did you have any knowledge of considerable smuggling in through the terminals?—A. No.

Q. You did not have any knowledge of that?—A. No, I did not.

Q. Did you ever hear of some Chinese being smuggled in there?—A. No, I never did.

By Mr. Bell:

Q. If I followed your correctly, Mr. Boak, you said a few minutes ago that you first learned from Mr. Mack that Captain Zinck was charging this $12 for 24 hours; is that what you said?—A. Yes, that is in line with it.

Q. Your first knowledge that Captain Zinck had collected $12 for 24 hours came from Mr. Mack?—A. That is, after the receipt of this letter, that is, as far as the employees in Nova Scotia were concerned.

Q Then I take it to be true that you did not originally tell Captain Zinck to increase his charge to $12 per 24 hours?—A. I did not know what he was charging, until I went there on the 16th of February.

Q. There is no question about that?—A. None.

Q. Because Mr. William Duff came in here, and I see, according to page 1275 of the evidence, Mr. Duff said this. (Reads):

> "Mr. Boak, Inspector of Customs, shortly after, came to Lunenburg and discussed matters in connection with 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."

You say that that is not right?—A. That is not true.

Q. I observe further, looking at the same page:

> "I think in the month of October, 1924, he came to see me"—

that is, Captain Zinck came to see Mr. Duff—

> "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'."

Was that true?—A. It was not true.

Q. I take it that you, having no knowledge of this, made no inquiry, or he received no inquiry as to what he was doing with the balance?—A. It is just as false as the statement I read in Hansard, that this man Boak was dead. I am very much alive.

By Mr. Calder, K.C.:

Q. You may be civilly dead?—A. Yes.

By Mr. Bell:

Q. Then it is a fact, is it, that when you in pursuance of your duties went over your accounts with Captain Zinck you were limited in your information—necessarily limited—by the two books he produced?—A. Yes.

Q. You accepted his statement, I see, whether or not his statement tallied with the books he showed?—A. Yes.

Q. You had no further means of checking it?—A. No.

Q. I merely wanted to refer to that, because I see on the same page in Mr. Duff's statement that Mr. Boak took Captain Zinck to the Customs office, went over the different entries on the vessels, when they entered and when they cleared, and found Captain Boak's statement to be correct.

The point is that you took the figures Captain Zinck had and you had no other means of verifying them?—A. I did not check them up.

Q. In a book which my friend Hon. Mr. Bennett recalls, was recently written out?—A. Yes.

Q. After these events had occurred, and Captain Zinck had, shall I say disgorged these amounts, I observe that his salary was increased from $50 to $75 a month. Was that known to you?—A. No, sir. Not until a few days ago. I saw it somewhere.

Q. Would you say that he had received that salary for good service?—A. No.

Q. Then on the 13th of January, 1926, I see his salary was further increased to $100 a month. Was that known to you?—A. Not until a few days ago.

Q. So that these good works were proceeding without your knowledge?—A. That is true.

By Mr. Doucet:

Q. I understand Captain Zinck was appointed as a Preventive Officer, or as a special officer in the Preventive Service, in June, 1922, without salary. That in on the record. You, as Inspector of Customs, would you say that Captain Zinck's duties as a preventive officer, would put him in charge of the watchmen guarding the vessels in the port of Lunenburg, or rather, would that be the duty of the Collector of Customs?—A. I would say, the duty of the Collector of Customs.

Q. That duty as a matter of fact, watching the vessels in a port, is really on the port authority, not the Preventive authority?—A. I should say so.

Q. The fact, Mr. Boak that Captain Zinck was appointed without salary, in 1922, and immediately assumed the duty of watching or of having those vessels watched, without salary, would not that prevent him from doing special Preventive work in the outports of Lunenburg to which he would be entitled to a moiety of the fines?—A. Well, I really think that that question would be answered better by Mr. Wilson.

Q. As a matter of fact, Mr. Boak, we have on the evidence here that at the time Captain Zinck did not put more than one watchman on a vessel, because there were such a large number of vessels in the port needing watchmen. With that evidence before us, and with that in view, would it really be impossible for Captain Zinck to do Preventive Service outside the port of Lunenburg?—A. That is true. It would take all his time and attention to look after that.

Q. Yet he had been appointed in 1922 to do special Preventive work outside the port of Lunenburg as well as in Lunenburg itself?—A. Yes.

By the Chairman:

Q. Would it have made any difference if he had been appointed to the Preventive Service in a separate branch; what would Captain Zinck have done in that port if he had been appointed as a secret Preventive Service man? Would he not be allowed to go everywhere and to do what he has done?—A. Well, I should think he should have the authority of the Collector of the port.

Q. Even as a secret Service man?—A. I should think so. In the port of Halifax we have a secret service man there, a Mr. Henley, who does not interfere in that work at all. I want to say, in fairness to Collector Mack that they never have three officers there, that his time is principally taken up with the vessels. In some cases there are forty or fifty owners of these vessels, perhaps more, and the documents or records must be kept. Almost every day some one comes in and wants a transfer of two shares or five shares, and all the documents have to be written over again. Therefore he does not have much time to attend in some cases, and his principal officer, Mr. Andreason, sometimes does the most

of this work; therefore, it is only natural to think that Mr. Mack will be glad to be relieved of that duty. At the port of Halifax, we have a number of officers, such as the surveyor, the collector, and the assistants, and that duty devolves upon these officers. At the end of the month, each of our officers makes up a statement, which is certified by the surveyor or the collector, and forwarded to Ottawa. As a vessel clears, the services of the watchmen are collected and deposited to the credit of the Receiver General. At the end of the month, the proper forms are filled up by these officers; they go to Ottawa, they are checked, and a departmental cheque comes down for these officers. If that system had been operative in Lunenburg, there would have been no trouble at all.

By Mr. Doucet:

Q. Mr. Boak, you said a moment ago that Captain Zinck had been in the secret branch of the Preventive Service?—A. Yes.

Q. What is meant by the "Secret Service"; is it a man going around without his identity being known? I have before me the appointments as Preventive officers of the secret staff since 1922, furnished by the Department at the beginning of the inquiry, and I find that Daniel Zinck was appointed on the 19th of June, 1922. Now, receiving a salary of $100, he was not appointed on the secret staff, he was appointed with many others on the ordinary Preventive staff?—A. That is something I do not know anything about.

Q. You made the statement, being asked by the Chairman, if he was on the secret staff, that that might give him authority to handle watchmen at the port of Lunenburg. I want to point out that according to the departmental file, he was not on the secret staff, but on the ordinary Enforcement staff?—A. At the same time, his name did not appear on the staff sheet of the port.

Q. No, because he appears as a special Preventive officer in the district, not as a port officer?—A. We have never considered him a port officer.

Q. Had he been appointed a port officer, had he been appointed as such, his duties would have called him to look after the watchmen?—A. Yes.

Q. But you maintain he did not, because he was not appointed in that way? —A. No, sir.

By Mr. Donaghy:

Q. Did you satisfy yourself that Captain Zinck told you of all the monies he had collected?—A. No more than that I took his word for it.

Q. Were you satisfied that he told you all?—A. I believed that he told the truth.

Q. You did?—A. I did, honestly.

Q. If you had not believed that he had told you all about it, I suppose you would have endeavoured to pursue the subject further?—A. Well, I had not instructions from the department to go any further. They were satisfied apparently with the report I had sent, and I had no instructions to go any farther after that.

Q. You had no instructions to collect?—A. I had no instructions to collect.

Q. If you had been suspicious of this captain's veracity, you would probably have had some word from the shipping companies; that could have been done?—A. I might have made an attempt, but it would have been very difficult to follow it up.

Q. It would entail a little work?—A. It would entail a lot of work. Work would not have bothered me at all. That would not have made any difference, but it would have been an endless job to do it.

By Hon. Mr. Bennett:

Q. Many of the ships would have gone to sea. You might communicate with the officers?—A. Yes.

Q. You might communicate with the officers and ask if he turned in an account to the owners?—A. Dear knows where you would find the owners of those ships; a great many of them disappear into foreign ports.

Q. I mean to say that you could have made a check, like the auditors do, what they call a stabbing process?—A. Yes, possibly. I tell you candidly that Captain Zinck told me that.

By Mr. Kennedy:

Q. Captain Zinck was appointed without salary?—A. So I am told, yes.

Q. Do you know how long he acted in that capacity?—A. No, I could not tell you.

Q. What would be the object in a man taking a government job without a salary unless he had some other means?—A. I could not tell you; I know I would not like to give my time without a salary.

Q. No one else would.—A. No, he probably might answer the question better than I can.

By Hon. Mr. Stevens:

Q. Were any other officers in Nova Scotia, or in your district, serving without salary?—A. No sir, not that I know of.

By Mr. Doucet:

Q. Mr. Boak, has there not been from time to time, and possibly at the present time, special Preventive officers appointed without salary, but inasmuch as they make seizures they get a moiety of the fine, and does not that constitute a salary?—A. I have not any record.

Q. We have them on record?—A. Yes.

Q. Mr. Zinck was appointed in that category— —A. I think he did make several seizures. I do know that he was interested in a number of seizures because these receipts you produce is evidence of that fact.

Q. He was interested in getting the maximum fines?—A. Yes.

Q. For the contravention of the Custom law whenever a seizure was made? —A. Yes.

By Hon. Mr. Bennett:

Q. Mr. Boak, is there a similar Preventive officer at Yarmouth?—A. No sir.

Q. Is there a similar officer at any port in Nova Scotia?—A. No sir, there is Officer Hanley and Officer Healey at Halifax.

Q. They are Preventive officers?—A. Yes.

Q. Halifax is the largest shipping port in Nova Scotia?—A. Yes.

Q. There are no similar officers in any other port except Lunenburg?—A. No, not that I can remember of, I am sure.

Q. Were you Collector of Customs at Halifax for some time?—A. No sir.

Q. You were an Inspector?—A. Yes.

Q. And part of your duties was to observe the operations of the Customs officers on the water front at Halifax?—A. Yes.

Q. And other towns which you periodically visited?—A. Yes. When anything came to my notice, I reported it to the Department.

Q. I observe on looking through a number of the files that there seems to be considerable evidence of liquor being loaded on to ships at Yarmouth, Lunenburg and Halifax, on ships apparently bound for the West Indies and which wound up in Pictou?—A. Yes.

Q. That is more or less common?—A. Yes.

Q. And has been up to the time you quit the position in 1925?—A. Yes sir.

Q. Is it a fact that the Port of Halifax was undermanned?—A. At times, on account of the rum runners coming in, taking up so many vessels.

Q. Give us an idea of how many so-called rum runners there may have been in the Port of Halifax at one time?

The CHAIRMAN: In given years?

By Hon. Mr. Bennett:

Q. On one date, one given date?—A. Fifteen or twenty.

Q. These would be mostly motor boats?—A. Yes, large vessels.

Q. Schooners with auxiliary motors?—A. Yes.

Q. Of that class—A. Different classes.

Q. Flying what flags?—A. Different flags.

Q. From different countries?—A. Yes.

Q. Your duty was to prevent liquor being landed in Nova Scotia, from the ships without going through the Customs?—A. Oh, no, I was not in the Preventive Service at all.

Q. I do not mean your duty, but to oversee your officers?—A. It would be impossible for this particular reason that I had so much territory to cover.

Q. The Port of Halifax, you say, was undermanned. Did it come to your notice that liquor was being smuggled into Nova Scotia?—A. You heard reports from time to time. We have a tremendous coast, and you would need an army of men to look after it.

Q. Every little kind of a boat could come into a cove and land liquor, and it could be distributed?—A. I remember one case where a vessel came into Yarmouth while I was there, and for some reason, I do not know just at the moment what was the cause of it, I asked permission of the Deputy Minister to check the cargo according to the inward report that was made. The check resulted in finding four hundred ten gallon barrels of alcohol which had not been reported. The vessel cleared for Halifax, and she arrived in Halifax twelve months after without the cargo.

Q. It took twelve months to go on the voyage from Yarmouth to Halifax, which could be done in decent weather in twelve hours.—A. Yes.

Q. That seemed to be more or less common because of the coast?—A. A vessel would clear for Nassau, for foreign ports and come back three days after with the same clearance and a clear hold.

Q. And put off to sea at Halifax with a thousand cases of liquor bound for Newfoundland and land in Somerset or Pictou without a cargo?—A. Yes.

Q. That seems quite common?—A. Yes.

Q. It would take a whole army of men to deal with a situation of that kind?—A. Yes.

Q. At any rate the present force is wholly inadequate to deal with the situation?—A. In Halifax?

Q. Along the coast?—A. Sure.

Q. Now the harbour at Halifax, as I remember, has rather an extensive water front?—A. From the lighthouse to Bedford Basin, I think ten to twelve miles.

Q. The new terminals where the trains come in, where the new docks are, is only a very small portion of the waterfront?—A. Yes, there is a water front of a mile and a quarter with twenty off piers.

Q. Then there is the other waterfront?—A. On the other side.

Q. On the docking side?—A. Yes, we have some on the opposite side without any protection at all.

Q. There is part of the coast where there is no protection at all?—A. Yes. As a matter of fact the last time I was at Halifax, last year, 1925, I think only about two officers would be on duty.

Q. That is a very large waterfront, and there would be no difficulty in landing goods, once they get tied up to the dock?—A. In the daytime, do you mean in the daytime?

Q. In the daytime?—A. Oh no, there were a number of officers placed at the different piers. That is where the sufferance warehouses were.

Q. The ship comes in and anchors in the port?—A. Yes.

Q. And she wants to get contraband—I will use that word, it is a word you will understand, although there is no war on—she wants to get contraband to shore and you have a force to watch that to see that she does not do it?—A. There is a watchman on each ship; the ships anchor in the stream.

Q. As a matter of fact, you had not provided watchmen at the time you left, a watchman was not provided for each ship?—A. That is true.

Q. It may have been remedied since?—A. Yes.

Q. When the trains come in, it has been customary to have an inspector or an officer of the Customs at the train sheds at the new terminals?—A. No sir, he patrols the waterfront, but he is supposed to be on hand when the train arrives at midnight, and if there is only one officer—if you will permit me—if there is only one officer patrolling the waterfront, and if he is at the station, he can not be at the waterfront.

Q. That is what I meant.—A. I do not know what has happened since.

Q. Therefore, there is only one man on duty at night to patrol the waterfront?—A. Yes, and it is a mile and a quarter.

Q. He was instructed in your time to be at the terminus when the train came in?—A. Yes, the train came in somewhere about half past eleven, and if the train was late he would remain.

Q. Is it correct to say that it is notorious in Halifax that there are large quantities of contraband or liquor in large quantities brought in; that is a fair way to put it?—A. Yes.

Q. During the interval that would be the case?—A. I would say that they would be awfully foolish if they did not take advantage.

Q. You can not speak of your own knowledge whether the condition has been remedied?—A. No.

Q. I am advised that you made some effort to get an additional staff?—A. Yes, that is true.

Q. The men were working thirty-six hours at a stretch and your efforts, in particular in the years 1923 and 1924, were very strenuous, as the records will show, to get additional help on the waterfront?—A. Yes.

Q. It became so bad that you despaired of being able to cope with it at all?—A. That is true.

Q. At any rate you did not succeed in getting any additional help; you got one man, I think?—A. I can not tell what has happened since.

Q. You can not carry your mind back?—A. I can not tell what happened since.

Q. Up to the time you left?—A. I have been told that five men were added to watch rum runners.

Q. That is, it was 1925 before you left?—A. Yes.

Q. Now, has it ever been brought to your attention, during one of these midnight watches, these long midnight watches, while the patrolman was watching the trainshed, some fifteen Chinamen were landed on the waterfront?—A. I never heard of it.

Q. At any rate the opportunity was there in your time to effect such a thing?—A. No doubt.

Q. There is no doubt as to that?—A. What can one watchman do on a mile and a quarter and twenty odd piers, and the piers five hundred or six hundred feet from the waterfront?

Q. And twenty odd piers?—A. Yes.

Q. And it would be full of ships?—A. Yes.

Q. And all kinds of ships?—A. Yes, and motorboats.

Q. In addition there would be boats lying in the stream?—A. Yes.

Q. Then the Port of Lunenburg is the next important port to Halifax?—A. From the standpoint of shipping.

Q. It is a port of call, it is a great port for fishing ships?—A. Yes.

Q. Were you advised of the appointment of Captain Zinck?—A. Really, I can not say from memory. I will say that I may have been; I am not positive that I was.

Q. You were asked to make an inspection of Captain Zinck's activities? —A. Through the Deputy Minister.

Q. As to what led to that you were not informed?—A. No.

Q. As far as you were concerned?—A. Yes.

Q. As far as the Deputy Minister happened to make the order, or what induced the Deputy Minister to do that, you do not know?—A. No.

Q. There is a complaint that the ships were complaining they were paying more money than it cost?—A. I had it that the complaints came from Riverport, I do not know whether that is correct. I think the records show that there was one complaint that a lawyer wrote that he could not understand why they were paying so much money.

Mr. BELL: The firm of solicitors wrote twice; they got no response the first time.

By Hon. Mr. Bennett:

Q. Did you go down and inspect the Port of Lunenburg?—A. No, not to inspect the port. I think the record shows there was one complaint made at any rate, after the lawyers wrote. They could not understand why they were paying so much money.

Mr. BELL: A firm of solicitors wrote twice. They could not get a response. to their first letter.

By Hon. Mr. Bennett:

Q. You were able to go to Lunenburg to inspect the port?—A. Not to inspect the port, to investigate this thing.

Q. You went?—A. Yes.

Hon. Mr. BENNETT: The report should be in, Mr. Calder, as part of the evidence.

Mr. CALDER, K.C.: Will you allow me to verify it? The whole report was read into the file, at page 1246-1247. The report that was not completely read into the file was Captain Mack's manuscript.

By Hon. Mr. Bennett:

Q. At any rate, in consequence of the information given to you by Captain Zinck, Mr. Mack the Collector, made the report in question?—A. Undoubtedly.

Q. Believing the honesty and good faith of the gentleman who gave you the information?—A. Yes, and on the receipt of this money from Captain Zinck.

Q. Which you forwarded to Ottawa?—A. Which went in the regular way to Ottawa.

Q. I put this to you. You are an inspector of Customs. Do you or did you regard the provision made to deal with the smuggling evil in the province of Nova Scotia as adequate at the time you left the service?—A. It was not.

Q. It was not?—A. No, sir.

Q. In the light of your large experience, perhaps you would give us a suggestion as to what you think might be done in Halifax and in Nova Scotia to remedy the situation as you saw it when you left?—A. I really think good officers should be appointed.

Q. First, good officers?—A. Yes.

Q. What do you mean by that?—A. Men of integrity.

Q. And it is not too much to say that you think that some improvement in that regard was possible at the time you left?—A. Yes.

Q. There is no doubt as to that?—A. No doubt at all.

Q. What next?—A. Men of integrity, men who are attentive to their duties, and if possible, men who are not inclined to—

Q. To drink—that is what you were going to say?—A. Yes.

Q. What next, as a remedy?—A. We have to-day in Halifax, as I said before, two officers, Mr. Henley and Mr. Haley. Those two men I am speaking of now are Halifax men.

Q. Quite so; I am following you?—A. They are the only two men who were appointed to that particular duty, and I have often thought we should have a man at least in each county, perhaps in some counties two, to become effective.

Q. That is, the Preventive Service?—A. The Preventive Service. There is no use appointing men, unless you appoint men of that character.

Q. As to the enforcement of the law, what have you to say as to that?—A. When a man is found guilty, my idea is, not to penalize him with a fine, but imprison him, give him five years, and he will soon stop it.

Hon. Mr. STEVENS: A stiff prison sentence.

Q. You think a stiff prison sentence would have a deterrent effect?—A. Yes. Take the men in that business to-day; if they thought they were going to lose two or three years out of their lives, they would not go into it. What is the position to-day? You can buy 200 gallons of rum in the West Indies at $6 a gallon, making $1,200, but what is the penalty? The Captain may possibly be fined $400, but, as you know, in the past a great many of these fines have been remitted. Suppose the captain is fined $200, he is still hundreds of dollars ahead. If he buys 200 gallons, when made into rum it is worth perhaps $2,000, so you can easily see he would have a good profit left. I will tell you candidly, I would like to see the duty reduced to $2.50 and five years' imprisonment. The thing would be stopped. We would get some revenue out of it, where there is no revenue coming into the country to-day.

Q. Your people have been in Halifax for 100 years or more?—A. Yes.

Q. You tell me that that is your recommendation?—A. Yes.

Q. As to law enforcement, during the time you were there, without going into the files now, in reading some of them I have observed just what you have said, that there has been a very general tendency to remit the fines?—A. Yes.

Q. Do you know of any case in which a man was imprisoned in Nova Scotia, while you were there?—A. Yes. A man who would not pay the fine, or would rather go to prison than pay it.

Q. How long did they stay in, after they were imprisoned?—A. Some one month, some two months, some three months. We had a case in the small place I am living in now of two men who were arrested; they lost their automobile, but they were only fined $50. They went to jail for thirty days, and then walked out free.

Q. That is, down in Sherbrooke, N.S.?—A. Yes.

Q. That is in which county?—A. Guysboro.

Q. Down on the seaboard?—A. Yes. They wanted to buy their automobile back. They offered $50 for it, it is for sale, and they will be back in the same old business again.

By Mr. Doucet:

Q. You think they will go back into the same business again?—A. Yes.

By Hon. Mr. Bennett:

Q. Have you had any experience in observing the operations of the Mounted Police, what we call the Royal Canadian Mounted Police force. Are they in Nova Scotia at all?—A. Yes.

Q. Have you any suggestions to make as to how they would operate as a force to prevent smuggling?—A. No, sir

Q. You have no observations to make on that line at all?—A. No, sir.

Q. What do you say as to political influence with respect to these matters; you are an old Civil servant, and have had a large experience. Let us have the benefit of it?—A. There is too much political influence, to my mind.

Q. There is too much of it?—A. Yes.

Q. Have you observed its operations yourself, in the administration of the Customs Act?—A. Why are so many vessels released and so many penalties returned? It must be political influence.

Q. Go on?—A. I would like to say that in my opinion, it does not all rest on one side, but on both sides.

Q. Do not for a moment think that I am suggesting that, Mr. Boak. I hope you realize that it is not a question of sides at all. I used the word "political" as not being party. I did not use the word "party", I used the word "political"? —A. Yes.

By the Chairman:

Q. Your remarks and your experience cover a period from 1908 or 1909 to 1925?—A. As well as my experience before going into the Customs.

By Hon. Mr. Bennett:

Q. Which was very extensive?—A. Yes. I carried on a large fish business, and had opportunities to observe.

Q. Your people were in commission on the water front before that for years?—A. Yes.

Q. In my time?—A. Yes.

By Mr. Bell:

Q. Before you leave the stand, Mr. Boak,—we shall be having Captain Zinck here presently,—there are two things I want to ask you about just before you go. One thing I want to be clear about is this: Those two amounts he paid, did he give those up on one occasion, or was there an interval separating the occasions, when he made restitution?—A. One was paid on the 17th, I think, if my memory serves me right, and the other was the next day, the 18th, I think. There was an interval, but whether it was one day or two days, I cannot say. However, there was an interval between them.

Q. Was the immediate cause of his producing the second book and the further amount of money this: that you were satisfied he had not disclosed everything to you?—A. It was collector Mack. He felt very much hurt at being deceived by Captain Zinck. He asked him "is that all you have?" He said "No, I have so much more."

Q. Then you got the rest of it the next day?—A. Yes.

Q. There is one other thing. I observe that following that, on the 18th of February, 1925, you wired to Mr. Farrow, of which the following is a part:—

> "Collector Mack stated it is practically impossible to look after these vessels with his present staff, and asks your permission for Captain Zinck to continue as heretofore, with exception of collecting from vessels and paying watchmen."

You have answered that?—A. Yes.

Q. And, asks your permission for Captain Zinck to continue as theretofore, with the exception of watching the vessels and paying the watchmen?—A. Yes.

Q. I take it that, whether you have confidence in his disclosures or not, you did not permit him to handle any stock of Government money?—A. No. It was contrary to regulations. It should have been paid in by the proper method, before the clearance was issued to the ship, and deposited to the credit of the Receiver General.

Q. That was the purport of your telegram to Mr. Farrow?—A. Yes.

By Hon. Mr. Bennett:

Q. Was that the only case you know of in which he collected the revenue, and paid himself and then paid in the balance, whatever it was?—A. I think that was the only case, in my service.

By the Chairman:

Q. Was Captain Zinck absolutely obliged to report to you?—A. No, sir.

Q. On account of his appointment as a Secret Service man, was he obliged to report to Mr. Mack?—A. I think, while handling this business, to see that the money collected was paid in to him, he had a perfect right to report to Collector Mack. He had no right to handle the money; it is only the Collector who could enter it into the records There was no record of the extent of this money in the office at all; therefore, the Inspector or his assistant, were unable to discover anything.

By Hon. Mr. Bennett:

Q. He was his own collector, and his own paymaster?—A. Yes.

By the Chairman:

Q. At the time, if it was an independent appointment, was he obliged to report and declare to you the amount collected?

Hon. Mr. STEVENS: He was what you would call a Farmer General of revenue.

Mr. DOUCET: He was not a Secret service man.

The CHAIRMAN: You are discharged, Mr. Boak.

Witness discharged.

The CHAIRMAN: I would like to put a question or two to Mr. Wilson.

W. F. WILSON recalled.

By the Chairman:

Q. Do you remember, Mr. Wilson, in what capacity Captain Zinck was appointed?—A. Yes, sir.

Q. Will you tell the Committee all about it?—A. I would like to say to you, sir, that when I gave evidence to you here, I think on the 20th instant, I made an unconscious error in one respect.

Q. You are allowed to correct it?—A. I discovered it myself, last Saturday morning, and Monday morning, and told Mr. Calder I wanted to correct that error. Before proceeding with that, permit me to say to you, sir, that while I stand here in this connection, last week I did not disclose to this Committee a certain secret-appointment that Mr. Zinck had. It was not on the files before the Committee, and I did not feel at liberty. Perhaps I am at fault in mentioning the secret service matter. However, if you so rule, I have relieved my conscience in that respect, and I am prepared to speak freely.

Q. You are allowed to correct yourself.

A. (Witness reading):

"On the 20th instant Zinck's appointment without salary was mentioned. According to that file Zinck was appointed Customs Excise Enforcement Officer without salary on the 19th June, 1922. At the same time, he was given a secret appointment in the Preventive Service with a salary of $60 a month consequent upon a letter I received from the Department."

I have the letter.

"He received $60 until the end of April, 1925. I found upon examination of my confidential file, on the 24th instant, that his salary was increased from $60 to $75 a month from the 1st May, 1925, in a letter written by me under Departmental approval. There is nothing on the file to show my authority for writing this letter, but undoubtedly I received verbal instructions from the Department to do so, because I was inwardly opposed to Zinck's appointment from the beginning. Payment of his salary under the secret appointment ceased on the 30th September, 1925.

With your permission I should like to correct one part of my statement made on the 20th instant, in which I unconsciously made an error. I said that his salary was, without my knowledge, increased on the 10th September, 1925, from $50 to $75 a month. Upon examination of the Departmental letter of the 10th September, I find his appointment from that date was with salary at $75 per month, and there is no mention in it of his previous salary. When I made that erroneous statement, my mind was confused with the secret appointment, and my recollection was that his first salary was $50. I was depending upon my memory and had not examined the confidential file. The increase in salary from $75 to $100 a month from 1st January, 1926, was, as stated, without my knowledge.

There is a difference of opinion as to the duties of Officer Zinck under his appointment."

Shall I go on and read further?

By Mr. Bell:

Q. Yes.

Hon. Mr. BENNETT: Just go ahead and tell us.

WITNESS: What I was going to point out is that Zinck in his original letter of appointment was empowered to make seizures in cases of infraction of the Customs laws, and as such would be entitled to a share in the proceeds of the seizure made by him after they have been finally and legally disposed of, as authorized under the law and regulation.

By Hon. Mr. Bennett:

Q. There is nothing in his appointment with regard to watchmen's duties? —A. No.

Q. That is the only thing we wanted to ask you?—A. I had no knowledge of that until his report came in, and I saw he was doing it.

Q. Did he draw double pay as a Secret Service man?—A. No.

Q. The way it reads, it makes it appear that he was getting double salary, but he only got one?—A. Yes. He only got secret pay until the 10th of September.

Q. There is another question that Mr. Donaghy and I have been discussing, and that is, where is the warrant—I do not mean his appointment—but where is the warrant for the appointment of watchmen and the payment of their fees as such?—A. There is no such a warrant that I know of.

Q. We have been discussing that, and we would like to be satisfied as to what departmental letter there is in existence, or written authority to Zinck to exact payments from ships, and to pay watchmen's fees?—A. There is none that I know of.

Q. You have satisfied yourself to the best of your ability that there is no such document existing?—A. No.

Q. It is clear that he never worked without payment, and he never was an unpaid officer, but always used to get something?—A. Yes.

By Mr. Donaghy:

Q. That is a wrong impression altogether, which a previous witness has given, that he was working without remuneration?—A. Yes, probably based on my previous evidence which I am endeavouring to correct.

By Mr. Kennedy:

Q. When this matter was up before you last, there were a number of employees in the Preventive Service put on through political influence and I asked if you could give us a list?—A. Yes.

Q. Did you prepare the list?—A. It is in preparation and I have the list prepared, but I have not gone through to separate them. I have been rather busy and apologize for not having it. You will get it as soon as I can possibly have it finished.

By Mr. Calder, K.C.:

Q. Did the advisability of getting from the masters, agents, or owners of the vessels levied upon, statements of the sums paid by them, occur to you?—A. I knew nothing about that, sir.

Q. That is a port file?—A. No, I had no knowledge that these collections were being made, and the complaints you have referred to, the two complaints to the Department with regard to the collections, came to the Department, and I had no knowledge of them, and they were referred by the Department to Mr. Boak for investigation. I dare say if the matter had been put up to me, I would have investigated among the masters to find whether the minimum of fifty cents was collected or the minimum of seventy-five cents was collected from the boats.

Q. Anything in between?—A. I would not like to pass any comment on Mr Boak's effort. It would, in my view, have been stopped if it had been pursued.

Q. It is not too late?—A. No.

Witness retired.

J. D. ZINCK, called and sworn.

By Mr. Calder, K.C.:

Q. Captain Zinck, did you take charge of appointing watchmen to shipping in Lunenburg Harbour at any time?—A. Yes.

Q. When did you begin doing this?—A. I could not remember just the date, I think on the 13th June, 1922.

Q. 13th June, 1922?—A. Yes, there were no vessels coming in then for a while.

Q. About what time did you start putting watchmen on?—A. About the last part of 1922—I do not know.

Q. The last part of the year 1922?—A. Yes.

Q. Who told you to take charge of this service?—A. Well, I had no instructions to do that. I had not much to do, and they were short of hands.

Q. You will have to speak louder.—A. They were short-handed, and I did not have anything to do, and I was wanting to do something, and Mr. Mack, the Customs Collector, told me to do it.

Q. Mack told you to do it upon your volunteering to do it?—A. Yes.

Q. Did Captain Mack tell you to report to him in connection with your services in putting watchmen on board?—A. He never told me that; I used to be there, back and forwards to report to him.

Q. How long did the watchmen remain on duty, what was their trick on board?—A. At first they were on twenty-four hours.

Q. At first, you put them on twenty-four hours; how much did you pay them for it?—A. I charged thirty cents an hour.

Q. How much did you pay them?—A. I paid them five dollars a day.

Q. How much did you charge the vessel?—A. Charged thirty cents an hour.

Q. Thirty cents an hour?—A. Yes.

Q. You mean you charged for the watchmen at thirty cents an hour?—A. Charged the cargo, the owners of the cargo.

Q. Charged the people with the cargo that, the people that owned the cargo?—A. Yes.

Q. Thirty cents an hour?—A. Yes.

Q. Was that the price you charged all the time?—A. No.

Q. How much did you charge?—A. I charged that up to 1925.

Q. You charged thirty cents an hour up to 1925?—A. No, not exactly, I am wrong there. I had some boat hire and it did not come out—

By Mr. Bell:

Q. You had what?—A. I had boat hire to pay and could not make it out, and I put it to thirty-five cents an hour, and paid the watchmen, and paid expenses, and had some over plus, and had more money left.

Q. Did you raise the price higher than that eventually?—A. Not then.

Q. When?—A. After Mr. Boak came there.

Q. After Mr. Boak came there?—A. Yes.

Q. To what?—A. Mr. Boak told me to put it to forty cents an hour and collect it.

Q. Mr. Boak told you to put it up to forty cents an hour?—A. Yes.

By Mr. Calder, K.C.:

Q. How long did it remain at forty cents an hour?—A. Quite a while. Mr. Mack got notice from Yarmouth and Sydney and Halifax that they were charging fifty.

Q. Mr. Mack got word from Yarmouth and other places that they were charging fifty?—A. Yes, and we had to compete with them.

Q. You brought it up to fifty?—A. Yes.

Q. Did you put it up higher than that?—A. No.

Q. What date did you put the price up to fifty?—A. I do not know the date.

Q. You have some records, have you not, of a list of vessels with an amount put in, or that was put in on your behalf, and there is an amount of $1,691 taken from your books as of the 1st of April, 1924?—A. Yes sir.

Q. From that moment on, you charged fifty cents?—A. Forty, not fifty.

Q. Have you no record by which you can tell us when you started to charge fifty cents?—A. I cannot remember, I have not got it here.

Q. You have not got any records here?—A. No.

Q. Did you show Mr. Boak two books?—A. I don't think so.

Q. Where are those books?—A. I have not got them here. After we squared up everything, I did not keep those books. I kept them very poorly anyway. I am no bookkeeper. I kept them with a pencil.

Q. That would be good enough, if we could get the date.

The CHAIRMAN: Just to comply with the law, and ease your conscience.

By Mr. Calder, K.C.:

Q. Is it not a fact, Mr. Zinck, that the list of boats, with their inward and outward reports, was taken from your books by Mr. Boak?—A. Yes.

Q. Covering your remittance of $1,691 first?—A. Yes.

Q. And $888 afterwards?—A. Yes.

Q. That is correct, is it not?—A. Yes.

Q. And Mr. Boak reports that all these boats paid at the rate of fifty cents an hour; is that right?—A. I think that is wrong.

Q. Where would Mr. Boak derive this wrong information? It exactly covers the sum of money which you remitted.—A. (No audible answer.)

Q. In what year did you start to charge fifty cents?—A. It must have been 1924.

Q. At the beginning of 1924?—A. No, in the month of February.

Q. February, 1924?—A. No; I guess I am wrong there. I guess I am a little wrong.

Hon. Mr. STEVENS: What is the date?

Mr. CALDER, K.C.: The earliest date I have here—

Hon. Mr. STEVENS: Let him answer, Mr. Calder. He is hesitating, and thinking it over.

By Hon. Mr. Stevens:

Q. What date is it?—A. I have not got the date.

Q. Was it February, or March, or what time?

Mr. CALDER, K.C.: I may be mistaken, sir. This paper does not lead to the conclusion I was drawing from it.

Hon. Mr. BENNETT: As to the amount?

Mr. CALDER, K.C.: As to the amount. There is another account afterwards, and that appears to bear out the statement of the witness that he started in the beginning of 1924.

Hon. Mr. BENNETT: He started at thirty-five and raised it to forty?

The CHAIRMAN: Yes, and then to compete, raised it to fifty.

Mr. CALDER, K.C.: The first entry we have, according to this statement, is the Schooner Alsatian which arrived on January 1, and sailed on January 3; apparently 1925, although that is not mentioned.

By Mr. Calder, K.C.:

Q. So that the time you started would be at the beginning of 1925?—A. Yes, sir.

Q. Previous to that you had been charging forty cents?—A. Yes.

Q. And previous to that again you had been charging thirty-five?—A. Thirty-five.

Q. And you say Mr. Boak told you to put it up to forty?—A. Yes, sir.

Q. Who told you to put it up to fifty?—A. Mr. Mack said they found fault in Halifax, that I was not charging the same as the other ports, as Yarmouth and Liverpool, and I think, if I am right, Mr. Acker said we ought to charge just the same—

By Hon. Mr. Bennett:

Q. Who is Mr. Acker?—A. The Collector of Customs at Halifax. We should charge all alike, he said.

By Mr. Calder, K.C.:

Q. Now, when you collected these sums of money, did you give the Masters or Agents receipts for the amounts collected?—A. No. I paid the money to the watchmen, hired the watchmen as best I could, and paid them the $5, and the balance I kept over and saved it.

Q. Did you give any receipts to the Masters of the vessels?—A. Oh, sometimes, yes.

Q. Did you not do it invariably?—A. If they wanted receipts; sometimes they did not want receipts; did not come for them at all.

Q. You only gave receipts to those who demanded them?—A. Yes.

Q. You did not volunteer to give receipts to all?—A. No; didn't need to.

Q. Did you ever charge more than fifty cents?—A. Never.

Q. Complaint has reached the Department that as high as seventy cents was charged?—A. That is very wrong.

Q. That is not true?—A. That is not true.

Q. You see, if you had given receipts in every case, that could be verified? —A. Yes.

Q. What did you do with the money left after paying expenses?—A. I put it in the bank and saved it.

Q. How long did it remain in the bank without any remittance?—A. Well, it remained there until we settled up, when Mr. Boak was there.

Q. It remained there until Mr. Boak's inspection?—A. I had no instructions what to do with it.

Q. Did you ask for instructions?—A. I did.

Q. From whom?—A. I asked Mr. Duff, and he said he was coming up here to Ottawa right away, in two weeks time, and he would see Mr. Farrow and Mr. Wilson, and would tell me then what to do with it. He came up, but he did not see them that trip; they were gone away to Toronto, I think, he told me. I went there again, and I asked him if he knew anything, and he said "No," but that he was going back again in a month's time, and he would look after it.

Q. In the meantime you held the money in the bank?—A. Yes.

Hon. Mr. BENNETT: In his own account.

By Mr. Calder, K.C.:

Q. In your own private account?—A. Yes. I had an account there, and I put it right there, and I kept count of it, and knew what I had.

Q. Did you notify anybody in the Department that this amount was lying there to their order?—A. No sir.

Q. You did not notify Mr. Wilson?—A. No.

Q. Or Mr. Farrow?—A. No.

Q. Or anybody in Halifax?—A. No.

Q. Now, do you remember when Mr. Boak came down to make the inspection?—A. I remember; I don't know the date exactly.

Q. It was—

Mr. BELL: February 17th, 1925.

By Mr. Calder, K.C.:

Q. —February 17th, 1925.—A. That is about it.

Q. Mr. Boak took it up first with Mr. Mack, the Collector?—A. Yes sir.

Q. And then you were called over?—A. Yes.

Q. What was your statement to Mr. Boak about this matter? What did you tell Mr. Boak?—A. Well, I had nothing much to tell. I told him how it was I had the money collected, and there was that much over what was paid out.

Q. He asked you for a book?—A. Yes.

Q. And you produced a book?—A. I had a book; just rough, which I kept with a pencil, and I thought it was not fit to give it to him, or to let him see it, and I had a son at home, and I told him to copy it out.

Q. You told your son to copy out the entries?—A. Yes.

Q. Did you tell Mr. Boak you would have the entries copied out?—A. I don't think I told him about it. I did it in the evening at home.

Q. Mr. Boak's statement is that when you were called over, and asked to produce a record, you immediately produced a book which had recently been re-written? Is that correct?—A. Well, not immediately; I took a day or two before I got it.

Q. Mr. Boak said you produced it immediately—the same evening.—A. Oh, I could not do that.

Q. A new book. That is not true?—A. I could not do that.

Q. And that this book accounted for $1,691. That is correct?—A. Yes, sir.

Q. Then you were asked by the Collector whether that was all, and thereupon you stated there was another sum of $888. Is that correct?—A. He got the other book fixed up, and there was $888 left.

Q. Additional?—A. Yes, additional.

Q. But this was in the other book—the old book?—A. Yes.

Q. How was it that the old book did not show the first account at all?—A. Well, I had it fixed up so badly that it was not presentable. I am no bookkeeper.

Q. I can understand that. You had the old book badly written?—A. Yes.

Q. And you thought you would make it more presentable by writing a new book?—A. Yes.

Q. But how is it that the old book contained nothing that is in the new book? That is Mr. Boak's statement.—A. As I was going along, that book was only a small black book, and it got filled up, so I got a clean book and told my son to take and put everything in that book, and follow it along.

Q. Did you not think of keeping the old book?—A. Well, I kept it for quite a while, I don't know how long.

Q. Why did you not keep it all the time, because it was your original record? —A. It might be there yet; I don't know.

Q. Did it not occur to you to produce your documents when you came up here?—A. No, sir.

Q. You came up here of your own motion—without a subpoena?

The CHAIRMAN: No, he was subpoenaed.

Mr. BELL: Mr. Calder, may I interrupt you just a moment. I thought the witness told us a little while ago that, being through with the book or books, he destroyed them. Let that be clear now, as to whether he destroyed the books or not.

By Mr. Calder, K.C.:

Q. Have you that book?—A. No.

Q. It is destroyed?—A. I did not just destroy it; I don't know what I did with it.

Q. You knew what your subpoena was about? You read it in the paper.—A. Yes.

Q. Did you look for your books?—A. That (indicating a document) did not tell me to bring anything.

Q. I dare say that was my mistake, but knowing what the matter was about, do you not think you should have brought your book up?—A. I suppose I should.

Q. Will you undertake to produce these books?

Hon. Mr. BENNETT: I suppose you never want to see this place again?

The WITNESS: I wish I had it here, so you could see what it is like.

By Mr. Calder, K.C.:

Q. Send a wire to your son and ask him to send it up here. Will you do that?

Hon. Mr. STEVENS: We could have them here day after tomorrow.

The WITNESS: I don't think he knows where to get them.

Hon. Mr. STEVENS: If he knew enough to keep them, he knows enough to know where to get them, if they are not destroyed.

Mr. BELL: I suppose if the witness himself knows where they are, he could inform his son.

By Mr. Calder, K.C.:

Q. Do you know where the books are?—A. I don't know, I think they are destroyed. If I was to be hung, I could not tell where they are.

Q. Now, Mr. Zinck, did you at any time during the inquiry by Mr. Boak, say these words, or words to the same effect: "I am glad the whole thing is over; I was told to do it." Did you use those words?—A. I don't know.

Q. Did anybody, outside of Mr. Boak tell you to do this thing? Tell you to charge fifty cents?—A. No.

Q. And Mr. Boak allowed you to go as high as forty?—A. (No audible answer.)

Q. Now, this matter was taken up by Mr. Mack with you, before Mr. Boak came down, was it not?—A. Yes.

Q. He took it up with you on the 27th of January, 1925?—A. I don't know the date exactly.

Q. It was quite sometime before Inspector Boak came?—A. Yes.

Q. I am going to read to you the report submitted by Captain Mack, it reads as follows. (Reads):

"File 123-111.

CUSTOMS AND EXCISE, CANADA,
LUNENBURG, N.S., January 27th, 1925.

R. R. FARROW, Esq.,
Deputy Minister,
Customs and Excise,
Ottawa.

SIR,—I have the honour to acknowledge receipt of yours of the 24th instant, file No. 123-111 re watchmen on board vessels, Captain D. J. Zinck was appointed under Mr. Wilson of the Preventive Service, 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, especially in the winter months. He is a sea captain, and understands the situation throughly. He does use watchmen twenty-four hours, which he claims is the only system for this small port. Now, for instance, we have thirteen vessels there to-day, partly loaded with liquors. This means thirteen watchmen. It would be impossible in a small town like this to find twenty-six reliable men to take the job. These vessels have the super-cargoes, who live on board, and are as strict as can be, that no seals are broken, and that no liquors get ashore.

They have too much at stake to take 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 local situation better than the people who write the reports.

As to the pay of the watchmen, it is absolutely false that he has been charging over 50 cents an hour. It is true that he only pays the men $5.00 per twenty-four hours, and the men are perfectly satisfied with the pay, and Mr. Wilson whom Captain Zinck reports to, must be satisfied also. These reports are made weekly, a draft to Receiver-General for the difference between $5.00 and $12.00 per day, less expenses are mailed to Mr. Wilson. Personally I feel that we are carrying on in every way for the best interests of the Department.

I have the honour to be, sir,

Your obedient servant,

S. E. MACK,
Collector of Customs and Excise."

Was it you who told Mr. Mack that you were remitting weekly to Mr. Wilson?—A. Yes.

Q. You told him that?—A. Yes.

Q. It was not true when you told him?—A. It was not true when I told him. I did not want to tell him the situation.

Q. What else?—A. That Mr. Duff was coming up here, and he was going to find out about the situation, and I did not want to tell Mr. Mack about it.

Q. There was nothing shameful about Mr. Duff coming up and securing from the Department instructions as to how the money should be forwarded?—A. No, I guess it was all right.

Q. You contend that withholding from Mr. Mack that fact made you make that statement, which was not true, namely that you were remitting weekly—you told Mr. Mack that?—A. I did, when he asked me.

By Mr. Donaghy:

Q. Why did you tell him that?—A. I did not want to tell him just exactly, because he would want to know exactly everything about it, and I had some reason for it.

Q. What was your reason, did you not like him, or what was it?—A. He is all right.

By Mr. Bell:

Q. What was the reason, as Mr. Donaghy asks?—A. Well I expected if I told him the whole thing—I kept it back from him for the time being, until Mr. Duff came back.

Q. How many years have you been a sea captain?—A. Forty-five years.

By the Chairman:

Q. You say you have been a sea captain forty-five years?—A. Yes, sir.

By Mr. Donaghy:

Q. How long had you been retired from the sea when you started on this job?—A. I retired four years ago.

Q. Four years ago?—A. Yes. I made one or two trips since I retired.

Q. How long have you lived at Lunenburg?—A. I have always lived there.

Q. What qualifications had you for this Government position?—A. Well, here are my recommendations, if you want to see them.

Q. Who are they from?—A. They are from people I worked for for years.

Mr. CALDER, K.C.: The first one is from Adams & Knickle, Fish Importers and Exporters, Lunenburg, N.S., and reads as follows. (Reads):

"To Whom it may Concern.

We, the undersigned, Adams & Knickle of Lunenburg, Nova Scotia, Vessel Owners, Outfitters and Fish Exporters hereby certify that Captain Daniel Zinck of Lunenburg, Nova Scotia, retired Master Mariner, has been in our employ for over fifteen years, sailing as Master engaged in fishing and foreign trade coasting.

One of our most successful fishing Captains, sailing as Master at the early age of twenty-one years, he contributed much to the success of the fishing industry.

In all our dealings with him, we have found him honest in every respect, a man of good habits and good character and a splendid citizen of the Town of Lunenburg.

As a preventive officer he fulfills his duties in a conscientious manner and very efficiently.

Dated at Lunenburg, N.S., this 23rd day of April, 1926.

"ADAM & KNICKLE."

By Mr. Calder, K.C.:

Q. These are sent, obviously, for the purpose of production here?—A. Yes.

The CHAIRMAN: Will you state the names of the persons who have recommended him in writing?

Mr. BELL: Giving us the dates.

Mr. CALDER, K.C.: One is dated April 22nd, one April 21st, another April 21st, another April 21st, and one the 23rd of April, all, 1926.

Mr. BELL: Just the other day?

Mr. CALDER, K.C.: Yes. One is from Zwicker & Company, per E. F. Zwicker, Managing Director. There is one from W. T. Powers, a town councillor, of Powers Bros., Limited; one from A. W. Schwarz, the mayor of Lunenburg; one from the Lunenburg Outfitting Company, Limited, per E. C. Adams, Managing Director; and one from Adams and Knickle. which I have already read.

Mr. DOUCET: Will you find out who this particular Adams is?

By Mr. Calder, K.C.:

Q. Who is E. C. Adams?—A. There are two Adamses there.

By the Chairman:

Q. This one is connected with the shipping company?—A. Yes.

Mr. CALDER, K.C.: And there is a H. W. Adams.

Mr. DOUCET: Of the firm of Adams and Knickle?

Mr. CALDER, K.C.: The other member of the firm is Mr. A. Knickle.

By the Chairman:

Q. These are recommendations from people with whom you were employed? —A. Yes.

Q. In the town where you reside?—A. Yes.

By Mr. Donaghy:

Q. Are they prominent business men of your town?—A. Yes, sir.

Q. You were afraid that when you came down here we would not have a good impression of you?—A. I don't know.

Q. Did you ever in those years you were employed in the Secret Service or the Preventive Service, ever catch a smuggler?—A. Quite a lot.

Mr. BELL: What did they look like?

WITNESS: There was quite a few of them.

By Mr. Donaghy:

Q. Tell us some of the things you have done. Being an old sailing captain living in Lunenburg all your life, we would expect you to catch a lot of them. Tell us some of them?—A. It is hard to remember them all.

Q. How many do you think you caught, how many do you estimate you caught?—A. I would say about seven or eight different schooners.

Q. How many?—A. Seven or eight vessels, I think, besides other seizures.

Q. What were those vessels doing, smuggling?—A. They were smuggling. Some were smuggling, and some were breaking the law by trans-shipping liquor on board vessels inside the limit.

Q. How did you get it into your head that there should be moneys collected off the ships or the cargoes, for these watchmen you had?—A. We could not get watchmen. We had to pay watchmen something, and we had to get the money off the ships for it.

Q. You had to pay the watchmen?—A. Yes, I hired my men and paid them what I hired them for.

Q. Who told you that you needed to watch those ships; what put that into your head, that you needed anybody to watch them. Why did you not let them ge without watching them?—A. Mr. Mack can tell you that. He is the one who started it.

Q. You say it was Mr. Mack who started you at the business?—A. Yes.

Q. What is he, the Collector there?—A. Yes.

Q. He started you at this business of having these watchmen?—A. Yes.

Q. Who paid the watchmen?—A. I paid the watchmen. I collected the money and paid the watchmen.

Q. Who told you to get the money out of the ships for that purpose?—A. He told me that too; we talked it over, and agreed that it had to be done out of the cargo and the vessels—not the cargo, but the vessel.

Q. I was wondering who started you on that work. You put this money in your own bank account?—A. Yes.

Q. What bank did you have it in?—A. The Royal Bank of Canada.

Q. Did you have any other money in there, besides this Government money?—A. Yes, I had my own money in there.

Q. Did you have much money?—A. I had enough so that I could do without this job.

Q. Were you a fairly well-fixed man, financially?—A. I thought I was all right, or I would not have retired.

By the Chairman:

Q. You were all right, as far as your needs and your family's needs were concerned?—A. I thought so.

By Mr. Donaghy:

Q. And it was enough of a fortune, you thought, to live on?—A. I thought so.

Q. That is true, is it?—A. I guess so. If I do not live too long.

By Mr. Doucet:

Q. Mr. Zinck, you said you had it all deposited in the Royal Bank?—A. Yes.

Q. Did you have any money in the Bank of Nova Scotia, at Lunenburg?—A. No, sir.

Q. You had just one account, in the Royal Bank?—A. Yes, sir.

Q. Can you tell me, what were the schooners you seized in Lunenburg, you said you seized seven or eight of them?—A. Well, the Harry L. Hyrtle was the first one. Then there was the J. Henry McKenzie.

Q. That was within the last few months?—A. Yes. Then there was the Joy Smith.

Q. That was also within the last few months?—A. Yes.

Q. As a matter of fact, those are two seizures you made lately?—A. They were pretty close together.

Q. Were they transferring from one to the other?—A. Yes, they both had broken the law right there, in sight, at the same time. There was Loys A. Conrad.

Q. Yes.—A. And Fishborn.

Q. Yes.—A. The Giant King; she is under seizure yet. That is about all.

The CHAIRMAN: Now, Mr. Zinck, you are released, but you have to come back here for four o'clock, and then you may go afterwards. We will finish with this case this afternoon.

Witness retired.

The CHAIRMAN: I draw the attention of the Clerk of the Committee to an error on page 1361. The question was this: "By the Chairman:" on April 22, 1926, "Mr. Wilson will you read this letter dated October 30, 1925?—A. The letter reads as follows:" and Mr. Wilson starts reading. What I wish to point out is that it should be "October" instead of "April". You can see by the answer at page 1362.

Mr. DOUCET: 30th October, 1925.

The CHAIRMAN: The month of October. He replies "April". I hope this correction will be made.

The Committee adjourned until 4.00 o'clock.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, presiding.

The CHAIRMAN: Order.

Hon. Mr. BENNETT: Mr. Chairman, I move that this Special Committee appointed to investigate the administration of the Department of Customs and Excise report to the House as follows:

Several witnesses who have appeared and been examined under oath before this committee, having given testimony reflecting upon the action of the Honourable George H. Boivin, M.P., Minister of Customs and Excise, in connection with certain legal proceedings taken against one Moses A. M. Aziz, of Caraquet, in the county of Gloucester, New Brunswick, for breach of the Customs Act of Canada, and of Clarence Jameson, Esquire, and M. G. LaRochelle, Esquire, Commissioners of the Civil Service of Canada;

Your Committee, having regard to the established practice of Parliament and the provisions of the Civil Service Act, respectfully report the relevant evidence and proceedings in the above matters, to the House of Commons for such consideration and action as may seem meet in the premises.

Under the Order of Reference, I do not conceive it to be the duty of this Committee to try the conduct of the Minister of Customs and Excise, nor to investigate the operations of the Civil Service Commission.

In May's Parliamentary Practice, at page 436, it is stated that in accordance with the resolution of the 16th of March, 1688 "if any information come before any Committee that chargeth any Member of the House, the Committee ought only to direct that the House be acquainted with the matter of such information, without proceeding further thereupon."

The footnote to that statement of Parliamentary Practice in May, refers to an Order of the House of Commons of 1688, which is upon this table, and to certain proceedings that took place before a special Committee in England, in 1897, on the occasion of an investigation into the operation of the British South Africa Company, and the relation of Mr. Rhodes and others to the raid that took place there, headed by Mr. Jameson and others. When the matter came before the House of Commons, it appears that, from volume 49 of the Parliamentary Debates, Mr. Lowther asked the following question:

> "I rise, sir, for the purpose of bringing under your notice a point of procedure which involves also a question of privilege. I desire your ruling as to what course ought to be followed by a select committee of this House in the event of any information coming before it, which reflects upon the conduct of a Member of the House, and in that connection I beg to call your attention to the resolution passed upon the 16th of March, 1688, which is in the following terms:
>
> > 'If any information come before any Committee that chargeth any Member of the House, the Committee ought only to direct that the House be acquainted with the matter of such information, without proceeding further thereupon.'
>
> "I wish to ask whether that resolution is still in force. I may be permitted to add that I bring forward no particular instance or case, desiring only your ruling as to the general practice which operates as regards Committees of this House."

Mr. Lowther, in making that observation that he "brought forward no particular instance or case," presumably had reference to the fact that on the 21st day of May, which was four days prior to that, the Committee investigating the British South Africa Company, had passed a resolution without reference to the House of Commons, condemning Mr. Labouchere, who was a member of that Committee, for having in the newspapers criticised the conduct of one of the witnesses.

The Speaker's ruling is as follows:

> "The resolution of 1688 to which the right hon. gentleman has referred, is no doubt still part of the practice and rules of the House. I need not refer more particularly to the resolution, as the right hon. gentleman has read its terms. All I can say as to the course to be taken by a Committee is that when any case arises, to which that rule is applicable, it is obvious that the proper course is to report to the House."

The Civil Service Act, being Chapter 12 of the Statutes of 1918, provides by Section 3, as follows:

> "The rank and standing of each Commissioner shall be that of a Deputy head. The Chairman shall be paid a salary of $6,000, and each of the other Commissioners $5,000; such salaries shall be paid out of the Consolidated Revenue Fund of Canada. Each Commissioner shall hold office during good behaviour, but shall be removable by the Governor General on address of the Senate and House of Commons.

Provided, however, that any Commissioner hereafter appointed, shall hold office during good behaviour for a period of ten years from the date of his appointment, but shall be removable by the Governor General on address of the Senate and House of Commons, and shall cease to hold office on reaching the age of 65 years."

It is, therefore, obvious, from the terms of the Statute itself, that this Committee has no jurisdiction with respect to inquiring into the conduct of the Civil Service Commissioners as such, and that the only power we have to deal with them in this Customs inquiry, is by reason of certain matters having arisen, to which their evidence had some relation. The duty of dealing with them rests entirely with Parliament.

As I have framed this resolution, I have not endeavoured in any sense to express an opinion with respect to the conduct of the Minister, or of the Civil Service Commissioners. The relevant facts with respect to the Minister are admitted, and are not a subject of dispute. It is clear that one Moses Aziz, who was charged with an offence against the laws of Canada, was tried by a competent tribunal and convicted; he paid his fine; but he was also sentenced, in addition to the payment of a fine, to a term of three months imprisonment. It appears beyond peradventure of doubt, that this same man induced a candidate —(not then a Member of this House), for if he had been a Member of this House, he also could have been included in the resolution I submit)—a candidate for Parliament, to intervene for the purpose of inducing a Minister to exercise powers which he had no right to exercise, and which he admitted he had no power to exercise, on the ground that the prisoner, being at large, was "of precious service" to him in the pending election. As a result of a telegram sent by the Minister at the request of the then candidate, the execution of the warrant of imprisonment was suspended. Not only was that in September, 1925, but in the year 1926 no action had been taken until yesterday; if, peradventure, it was yesterday, and this man who had broken the laws of this country, and whose sentence had not been under appeal, who had been awarded not only the payment of a fine, but imprisonment, has been flaunting the laws of this country before the people of northern New Brunswick. And that because in an entirely unwarranted manner, as he himself admits, the Minister saw fit to retard and suspend the operation of the law.

I pass no comment upon that. In my opinion this Committee has no power to deal with that matter. That matter must be dealt with by Parliament and by that House of Parliament of which he is a member, namely the House of Commons. To arrogate to ourselves the right or power to deal with that matter would be an interference with the course of parliamentary practice and procedure which is not only entirely unwarranted, but would be impertinent.

I decline in my position as a member of this Committee to pass judgment upon the conduct of the Minister.

I therefore move that his conduct, as indicated by the evidence taken before this Committee, be reported to that body in order that it may be properly dealt with, namely the House of Commons of Canada. And accompanying that report, there shall be the evidence that was taken before this Committee.

When we have discharged that duty, Mr. Chairman, we have discharged the only duty which rests upon us, namely complying with the constitutional practice and rules of Parliament, in bringing to the attention of the body of which we are delegates for the moment the matters which have arisen in the course of our inquiry, and which affect the right and conduct of a Minister of the Crown, and two Commissioners of the Civil Service. That is my motion.

Mr. DONAGHY: Mr. Chairman—

The CHAIRMAN: I will put the motion.

Mr. Bennett moves that the Special Committee appointed to investigate the administration of the Department of Customs and Excise, report to the House as follows:—

> Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of the Honourable George H. Boivin, M.P., Minister of Customs and Excise, in connection with certain legal proceedings taken against one Moses A. M. Aziz of Caraquet, in the County of Gloucester, N.B., for breach of the Customs Act of Canada, and of Clarence Jameson, Esquire, and M. G. LaRochelle, Esquire, Commissioners of the Civil Service of Canada, your Committee, having regard to the established practice of Parliament and the provisions of the Civil Service Act, respectfully report the relevant evidence and proceedings in the above matters to the House of Commons for such consideration and action as may seem meet in the premises."

Discussion is open on the motion.

Mr. DONAGHY: Mr. Chairman, in regard to the remarks of the Honourable Mr. Bennett, so far as they apply to the members of the Civil Service Commission, they meet with my own views, and I say that with deference.

It is quite clear, under the rules of the House of Commons, that we have no power to enquire into the conduct of the Civil Service Commission. The proper course, as outlined by the Honourable Mr. Bennett, is to report the evidence on the matter to the House of Commons.

Now, however, I must disagree with the other portion of his motion which couples with the names of the Civil Service Commissioners the name of the Minister of Customs.

I think it rather complicates matters to endeavour to bring these three names all under the subject of one motion. The matters are in no way similar. They relate to different departments and relate to different acts altogether.

I am going to support that part of the motion, in fact I agree with that part which relates to dealing with the evidence of the two Civil Service Commissioners.

But I am going to oppose the portion of the motion which asks us at this present juncture to transmit to the House of Commons the evidence relating to certain actions of the Minister of Customs in regard to the Aziz case. A proper time will come to report that evidence regarding the Aziz case and regarding the actions of the Minister of Customs. In my opinion this is not the time to do it. It is a very unhappy time to couple that with the names of the Civil Service Commissioners in the one motion at this moment.

This Committee will have to terminate its labours some time, probably within the next two or three weeks, so far as we can judge. We find the auditors are getting pretty well on towards the completion of their work, which they have been carrying out during the past couple of months, and we may expect a report within the next ten days or two weeks. I am inclined to the opinion I have always had that by that time we will be able to complete our investigation and furnish a report. In that connection, coupled with our report, we will transmit the evidence taken in this enquiry, including the evidence in connection with the Aziz case. It will all go before the House of Commons, and in my opinion that is the proper time to send it before the House of Commons.

There will be a good many things to discuss in the House of Commons when our report goes in, and this huge volume of evidence will all go in together. All that relates to the Customs Department and to the actions of the Minister of Customs, are matters, to my mind, entirely relevant to the enquiry.

We were asked to enquire into the administration of the Customs Department. We are asked to enquire into the prosecution of offences in connection with the Customs Department. The Aziz case comes under that heading. We are asked to enquire into the knowledge of the Minister in regard to these matters. When it comes to dealing with that, I do not think we should be prevented, in finally reporting from including any observations we may desire to make regarding other former Ministers four years back, up to and including the present Minister of Customs.

I make these observations for this purpose—I am not in favour of suppressing anything. It is a question of time and the appropriateness of it, and I think it would be better for Parliament to have all the evidence before dealing with the Customs instead of getting it piece by piece.

Probably the debate will last two weeks in connection with this evidence, and Parliament should be enabled to do the thing in one job when the final report goes in. I think there should be one debate, and only one report.

I have clearly indicated the attitude that I intend to take on this. I shall oppose that portion of the motion in regard to sending to the House part of the evidence dealing with the Customs administration at the present moment. Those are my views.

Mr. KENNEDY: Mr. Chairman, the evidence in connection with the Civil Service Commission was taken before this Committee the day before yesterday, and so far as they are concerned, I understand that evidence is through. There is evidence dealing with matters over a considerable period of time in connection with their duties. We are thoroughly familiar with them and all that pertains to it. So far as the Minister's position is concerned, it comes after he took charge of the Department, and we realize that he took charge of the Department after he had been appointed only a very short time. His conduct with regard to the Department and other matters is likely to be before us for some time. I, therefore, Mr. Chairman, move an amendment as follows:

> "That all the words after the word 'follows' be struck out and that the following words be substituted:
>
> 'Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of Clarence Jameson, Esquire, and M. G. LaRochelle, Esquire, Commissioners of the Civil Service of Canada, your Committee, having regard to the evidence given before this Committee showing that they have displayed gross disregard for the discipline which they should have been the first to maintain and to the provisions of the Civil Service Act, respectfully reports the relevant evidence and proceedings in the above matter to the House of Commons for such consideration and action as may seem meet in the premises.'"

Mr. BELL: Well, Mr. Chairman—

The CHAIRMAN: Mr. Kennedy moves an amendment, "That all the words after the word "follows" be struck out and that the following words be substituted:

> 'Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of Clarence Jameson, Esquire, and M. G. LaRochelle, Esquire, Commissioners of the Civil Service of Canada, your Committee having regard to the evidence given before this Committee showing that they have displayed gross disregard for discipline, which they should have been the first to maintain and to the provisions of the Civil Service Act, respectfully reports the relevant evidence and proceedings in the above matter to the House of Commons for such consideration and action as may seem meet in the premises.'"

Hon. Mr. BENNETT: The amendment is not in order.

The CHAIRMAN: Why?

Hon. Mr. BENNETT: You can see why. The motion is a motion to report to the House of Commons the evidence in three cases. The amendment is a substituted motion covering two cases, a government motion prepared and put into the hands of a member of the Committee, and it can hardly be conceived to be an amendment under parliamentary practice. You can see that it will negative the motion.

Mr. BELL: I intended to point that out, but Mr. Bennett has put it much better than I can.

Hon. Mr. BENNETT: My motion is indivisible, you can see. This is a substituted motion, and is not an amendment to my motion. He can move it as a substantive motion when this is voted down.

Hon. Mr. STEVENS: In regard to the point of order raised by Mr. Bennett, I think he is quite correct. You can not strike out something in one motion and then present it in another. This is not an amendment. You may eliminate something, and you may add to a motion, but to simply strike out something and move it in a different form is simply to substitute one motion for another. In its present form, I have not any doubt that it is out of order.

Hon. Mr. BENNETT: The real difficulty is this, the amendment purports to strike out the motion in its entirety, although it purports to support the motion with respect to two matters, and to negative with respect to one. To be a proper motion, it should have deleted those words that deal with the case of the Minister and left the motion with respect to the Commissioners. It is the only way you can do it as an amendment. If he desires to put it as a substantive motion after the vote, it can be done. It is a substituted motion and is not an amendment at all.

The CHAIRMAN: If it is in the same words, you cannot complain. I declare the amendment in order.

Hon. Mr. STEVENS: Mr. Chairman, I do not think—

Hon. Mr. BENNETT: We will appeal your decision and refer the matter to the House. I now appeal to the House of Commons from your ruling, sir. Now I get it in the House where I want it. Thank you for the amendment.

The CHAIRMAN: Orders of the day.

Hon. Mr. BENNETT: That goes to the House of Commons. It has to be reported at the next sitting, to-morrow.

Mr. BELL: I think Captain Zinck was on the stand and Mr. Doucet was examining.

J. D. ZINCK recalled.

By Mr. Doucet:

Q. Captain Zinck, just before adjournment at one o'clock you mentioned six vessels within the last couple of years and you named them, and two of these I gather were seized some time in February last?—A. I do not know the date.

Q. I have reference to the Joy Smith and J. Henry M?—A. Yes.

Q. They were seized for contravention of the Customs laws in transshipping liquors from one vessel to the other, if not within the mouth of Lunenburg Harbour, at least within three miles from land?—A. Within three miles from Lunenburg Harbour.

Q. Within three miles of Lunenburg Harbour. In your career as a Customs official at Lunenburg, would you say that that practice was carried on

somewhat,—liquor being transferred from one vessel to another?—A. Not inside the limits that I know of.

Q. Apparently it must be done outside the limits, on the high seas?—A. Certainly, yes.

Q. Captain Zinck, do you know of the Schooner "Bernice Zinck"?—A. Yes.

Q. What about her?—A. I used to own her before I sold her to some American parties.

Q. Who is the owner of the "Bernice Zinck"?—A. She is bought back in Lunenburg again.

Q. She is in Lunenburg again?—A. Yes.

Q. Who owns her?—A. A man by the name of Captain Lohnes.

Q. Lloyd's register says that "Bernard E. Zinck" is the owner of the Schooner "Bernice Zinck"; Lloyd's register of 1925-26 reports "Bernard E. Zinck" as managing owner of the "Bernice Zinck"?—A. He was put in on the register when those parties bought her. She belonged to Miami, but could not register there, and they put in "Bernard E. Zinck" as the owner.

Q. Do you know he is not the owner?—A. He was not.

Q. She belonged to Miami, did she?—A. She did then.

Q. You say that Captain Lohnes of Lunenburg is the owner at the present time?—A. Yes.

Q. Mr. Lohnes is not of Miami?—A. No, he is in Nova Scotia.

Q. Can you explain to the Committee why his name does not appear as the registered owner of the "Bernice Zinck"; can you explain, or have you any explanation to give as to why Mr. Lohnes is not the registered owner of the "Bernice Zinck" on Lloyd's register?—A. He should be now. I do not know why he is not.

Q. By the way, who is "Bernard E. Zinck"?—A. My son.

Q. In 1922, when you became a Preventive Officer, you were the owner of the "Bernice Zinck"?—A. Yes.

Q. Would you say, Captain Zinck, that she was not in the rum-running trade in 1922?—A. As soon as these parties bought her, she went into the rum-running trade. They bought her for that purpose.

Q. As soon as your son "Bernard E. Zinck" was the registered owner, she went into the rum-running trade?—A. Yes.

Q. So that your evidence is that the Schooner "Bernice Zinck" went into the rum-running trade in 1922, and after your son Bernard E. Zinck was the owner of that vessel?—A. Well, they put him on, but I do not know how they done that. Mr. Mack can explain that better than I can.

Q. Mr. Mack can?—A. Yes, he can explain exactly how that happened.

Q. At any rate, Lloyd's says that he is the registered owner?—A. Yes.

Q. And your evidence is that he has been in the rum-running trade since 1922?—A. Yes.

Q. The files produced by the Department and your evidence this morning clearly demonstrate that you were a Preventive Officer in 1922?—A. Yes.

Q. Now, Captain Zinck, there were three or four letters of recommendation read here this morning, one of which was signed by the Lunenburg Outfitting Company, per E. C. Adams, Manager?—A. Yes.

Q. Who were the members of the Lunenburg Outfitting Company?—A. Well, I do not know any of the members outside of Mr. Adams.

Q. Nobody else?—A. There are others, but I do not know who they are.

Q. Do you not know somebody else besides Adams?—A. Yes, I know H. R. Silver, in Halifax.

Q. Will you name others?—A. Mr. Duff.

Q. Mr. William Duff?—A. Yes.

Q. Anybody else?—A. Well, they are in small lots, you know, and I do not know who they are.

Q. That company is made up of shareholders, and the others would be the small shareholders?—A. Yes.

By Mr. Bell:

Q. You have named the two big ones?—A. Yes.

By Mr. Doucet:

Q. You have named two of the big ones, and the two biggest are Mr. William Duff, M.P., and Mr. E. C. Adams?—A. Yes.

Q. By the way, Mr. Adams is the resident manager in Lunenburg?—A. Yes.

Q. I understand the Lunenburg Outfitting Company do outfit a large portion of the vessels plying out of Lunenburg?—A. Quite a portion.

Q. Amongst the large number of vessels are included also a large number of vessels engaged in the rum-running business?—A. Well, their owners are in the United States, and outside of Lunenburg; they do not belong there, those rum-running vessels.

Q. What?—A. They are foreign owners.

Q. Now, Captain Zinck, the vessels outfitted from Lunenburg by the Lunenburg Outfitting Company, a large portion of those are in the rum-running business, are they not?—A. Yes. They outfit there when they come in. They come down to Lunenburg, and go to St. Pierre or St. John, and load and come back to outfit in Lunenburg.

Q. You know of the Schooner "Grace P. Brown"?—A. Yes.

Q. Who is the owner of the "Grace P. Brown", by the way?—A. I do not know who is the manager. I guess Mr. Adams is the manager of her. I think he is.

Q. Would you be surprised to learn that Lloyds say that William Duff is the owner of the "Grace P. Brown"?—A. I could not tell.

Q. Would you be surprised at that?

Hon. Mr. BENNETT: Adams is his handy-man, is he not?

By Mr. Doucet:

Q. Lunenburg is quite a seaport?—A. Yes.

Q. It is not so large a town or a port that you would not know the owners of the "Grace P. Brown"?—A. I would know some of them, but not very many of them.

Q. Do you not know that William Duff is the principal owner of the "Grace P. Brown"?—A. No.

Q. Do you know whether he has any shares in the "Grace P. Brown"?—A. I do not know that.

Q. Would you say that Lloyds register when it says that William Duff is the owner of the "Grace P. Brown" is not recording the facts?—A. No.

Q. Do you know that the "Grace P. Brown" is in the rum-running business? —A. It has been.

Q. Was she not in the rum-running business last summer?—A. Yes.

Q. Do you know that that Schooner transferred liquor in the month of February last; do you know, Captain Zinck, whether in the month of February last the schooner "Grace P. Brown" transferred liquor to another vessel, in the port of Lunenburg?—A. I do not think she done that.

Q. You do not think it did?—A. No.

Q. You have no knowledge of it?—A. No, I have none.

Q. Do you know whether that schooner was in the rum-running business that year?—A. I know it was in the rum-running business; I know she was in

the rum-running business, but I do not know that she transferred any cargo there that I know of.

Q. You told us she had been?—A. Yes.

By Mr. Bell:

Q. Last summer?—A. Yes.

By Mr. Doucet:

Q. You still say that she was in the rum-running business last summer?—A. Yes.

Q. Do you know the schooner "D. D. McKenzie"?—A. Yes.

Q. Who is the owner of the "D. D. McKenzie"?—A. Mr. Duff was, I do not know whether he is now or not.

Q. Did the schooner "D. D. McKenzie" clear from Lunenburg the latter part of February, or early in March for Georgetown, Demarara?—A. Yes.

Q. Has she returned to the Nova Scotia coast?—A. Not yet.

Q. She has not?—A. Not yet.

Q. Is she expected soon?—A. That is what I am told.

Q. You are told that she is?—A. Yes.

Q. So am I. She has apparently cleared from Georgetown, Demarara, with a cargo of rum?—A. Yes, I had word of that.

Q. And I suppose, as other vessels would, she took a clearance for Nassau, but would never see Nassau; she would come on the high seas off the Lunenburg coast to unload her cargo?—A. Yes; at least I would imagine so.

By Mr. Bell:

Q. You would expect so?—A. Yes.

By Mr. Doucet:

Q. In employing watchmen to go on a vessel while in port, were you directed by anyone as to whom you should hire?—A. That is left to me.

Q. It was left to you?—A. Yes.

Q. You were not interfered with in any way?—A. No.

Q. No suggestion was made to you as to whom you should hire?—A. There were lots of suggestions made. You might have a good friend you wanted to put on, and might say to me that you would like me to take him on. But I did not take any notice of that. I did not mind that.

Q. Let me refresh your memory. Either yourself or Collector Mack, in giving your explanations to Inspector Boak, said it was impossible to get watchmen in the port of Lunenburg to put two per vessel?—A. Sometimes it was hard to do.

Q. There would not be such a tremendous number of vessels, would there?—A. Sometimes as high as fifteen or sixteen rum-running vessels.

Q. Sometimes as high as fifteen or sixteen rum-running vessels at the same time?—A. Yes. Sometimes, not often though.

Q. Your sworn statement now is that you could not put thirty men to watch these vessels in Lunenburg?—A. Thirty of the kind you would get, but you would not get men you could put any dependence upon.

Q. Do you not think you could get thirty men just as reliable as those that were hired?—A. Sometimes, but you would have a job.

Q. Tell me this: Would E. C. Adams, the manager of the Lunenburg Outfitting Company, suggest to you who should be hired as watchmen?—A. He might talk to me about it, but I would not know.

Q. You do not remember?—A. No.

Q. Has he done so?—A. He has done so, but I did not take much notice of it.

Q. But he has done so?—A. Yes.

Q. Would the suggestion go a little farther and say that those who were trading with the Lunenburg Outfitting Company only could be hired as watchmen?—A. No.

Q. You say "no" to that?—A. I say "no" to that.

Q. On your oath, you say "no" to that?—A. Yes.

Q. That that was never mentioned?—A. Not to me.

Q. Why should Mr. Adams, who is himself more or less connected with the liquor traffic—I will say "indirectly" now, although I might use the other word, if I had a mind to—who was more or less indirectly concerned with the liquor traffic be in your mind the logical man to make suggestions to you as to who should be watchmen on the vessels?—A. Well, I would not take his suggestions.

Q. What?—A. I would not take his suggestions.

Q. You would not take his suggestions?—A. No.

Q. Did you not take them?—A. No.

Q. You never took them?—A. I did not take his.

Q. You never took his suggestions?—A. If a poor man he would know, who was a good man, I might take him in that way.

Q. You knew that the man was poor before Adams told you?—A. He practically did not tell me about the job.

Q. Have you had a life-long residence in Lunenburg?—A. Yes.

Mr. BELL: He means, poor when he started.

By Mr. Doucet:

Q. Well, Mr. E. C. Adams was making suggestions to you as to who should be hired as watchmen?

Mr. DONAGHY: Will you ask him if he adopted the suggestions?

Mr. DOUCET: I have asked him that, Mr. Donaghy.

By Mr. Doucet:

Q. Captain Zinck, in order to clear up this evidence for my friend Mr. Donaghy, let me ask you this, what suggestions of Mr. Adams did you ever refuse?—A. What suggestions?

Q. What sugestions of Mr. Adams as to the employment of men did you ever refuse?—A. Quite a lot.

Q. You refused some of them?—A. Yes.

Q. Do you remember their names?—A. No.

Q. You cannot remember one name now?—A. Yes. I can remember the names of some, one or two.

Q. What?—A. I might remember one or two.

Q. Name them then, and it will help the Committee?—A. He asked me once or twice to put a man by the name of Scott Nichol on; I said "nothing doing."

Q. You did not do it?—A. I did not do it.

Q. Why did you not?—A. Because I did not trust him.

Q. All the others suggested, did you hire them?—A. Not all of them.

Q. Those you hired you trusted?—A. Yes.

Q. Now, Captain Zinck, going back to this question of collecting 50 cents per hour from the owners of the vessel or cargo, and paying $5.00 per day, for 24 hours per watchman, did you not, in court, at the trial of the Schooner "Ellise B," make the statement that you were making regular returns to Ottawa of the surplus amount of $7.00 per day?—A. No.

Q. Take your time, now. You remember the schooner "Ellise B"?—A. Yes, I know all about her.

Q. Was that for a violation of the Customs law, what was the trial for, why was she seized, do you know?—A. I do not.

Q. You do not know what the "Ellise B" was seized for?—A. No.

Q. Was it for any contravention of the Customs laws?—A. I do not know.

Q. Do you know what the trial was about?—A. Yes, the trial was about some of the super-cargoes aboard her; they went down, took charge, beat up the watchman and tried to get the liquor ashore in the night. The night police went around, came up for me, saw the captain, and by the time I got down there, there were a lot of men there, and it was settled before I got down.

Q. Your statement is that the super-cargo came ashore?—A. Yes.

Q. How many of them?—A. Four.

Q. Four of them?—A. Yes.

Q. They were hailed into the police court?—A. Yes.

Q. And that resulted in a trial?—A. Yes.

Q. Was not the vessel placed under seizure, or under detention?—A. Under detention.

Q. With a possibility of seizure for having communicated with the shore, and taken liquor there?—A. I do not recall much about that.

Q. What?—A. I do not recall much about that.

Q. Were you a witness at that trial?—A. Yes.

Q. You gave evidence?—A. Yes.

Q. Now, I am going to ask you the question again; did you on the witness stand at that trial say that you made a regular return to the Department of $7.00 per day, the amount over and above what was collected from the vessel owners, after paying the watchmen?

By Mr. Bell:

Q. What is your answer?—A. I do not recollect.

By Mr. Doucet:

Q. You do not recollect that. I would rather say that, than that I do not know.

Q. Was the question asked you?—A. No.

Q. You do not recollect the question being asked of you? Now, Captain Zinck, this question had been hanging fire for months. Your evidence this morning was that you were waiting until Mr. Duff could see the Deputy Minister as to the proper disposal of this matter. Your evidence is that you had told Collector Mack that you were making returns, and saying that you meant to, and were going to make them, because Mr. Duff was to see how to make them. You could not tell them any more because you did not want to divulge any more to them. When that question was put to you at that trial, do you not think that it is a question you would remember to-day? Now answer the question. Do you not think when you yourself told us here that you would not divulge that, even to your friend, Mr. Mack, because you did not want him to know the secrets of this thing at all, until the question was handled by Mr. Duff and Mr. Farrow—do you not think if this question was asked of you at that trial, you would remember it to-day?—A. Well, I expected information or orders any day, you know, and I did not want to make—

Q. That is not the question, Captain Zinck. The question is this: Up to that time Captain Mack was under the impression you were making reports?—A. Yes.

Q. You had so left him under that impression, because you did not want that thing to be divulged. When the question was asked you at the trial in Lunenburg, what did you say? What was your answer? I don't know what I said; I cannot tell you now.

Q. Well, was the question asked you?—A. It might have been: I cannot say.

Q. Try to recollect and tell us it was. Now, Captain Zinck, the information I have is this; that at that trial, and on the witness stand, the question was asked you as to these seven dollars, and that you replied you were making a regular return to the Department at Ottawa. Did you or did you not say that?—A. I might have said it; I don't know.

Q. Will you say you did not?

The CHAIRMAN: He said he did not know.

Mr. BELL: He said "I might have said it."

By Mr. Bell:

Q. That is what you said?—A. I might have said it; I don't know.

Q. And if you did say it, of course, it was false? That is right?

The CHAIRMAN: He did not say it was false.

Mr. BELL: I am asking him now.

By Mr. Bell:

Q. If you did say that at that time, it was untrue, was it not?—A. I would not say that I said it, because I ain't sure I did.

Q. I am not asking you that. If you did say it, as you say you might have done, it was a false oath, was it not? I want your answer to that, please. Will you answer my question? Will you answer my question? If you do not, I will have to ask the Chairman to adjudge you in contempt, and take such measures as are necessary to cause you to answer.

The CHAIRMAN: He is thinking. You are putting a question to the witness, without his having the record before him.

By Mr. Bell:

Q. Do you understand what I am asking you? You do, do you not? Do you understand what I am asking you?

Mr. BELL: I think, Mr. Chairman, he has had long enough to think about that, and that he mighe be directed to answer the questions which are put to him.

By the Chairman:

Q. Do you understand the question put to you?—A. Well, not fully, no.

By Mr. Bell:

Q. Why did you not say that long ago? You told Mr. Doucet that when interrogated in Court you might have said that you were remitting moneys regularly to the Department? You understand that you "might have said that"?—A. Yes, I might have.

Q. What I ask you now—and Mr. Doucet allowed me to interrupt him for that purpose—is, that if you did make such a statement, it was false, was it not?—A. I would not say I made that statement, because I don't think I did.

Q. But if you did make it, it was false? That is so, is it not? Answer me please.—A. Yes, if I did.

By Mr. Doucet:

Q. Now, Captain Zinck, had E. C. Adams any knowledge of the fact that you were not remitting that surplus money to Ottawa?—A. No.

Q. You say no?—A. I say no.

Q. You never had any discussion with E. C Adams as to that amount?—A. Never.

Q. Never?—A. Never.

Q. There was no agreement between you and E. C. Adams that the surplus money would be divided equally between you?—A. No; nothing like it.

Q. Nor with anybody else?—A. No.

By Hon. Mr. Stevens:

Q. I think you said this morning that some Captain got ten cents an hour out of this for every man—

Mr. CALDER, K.C.: No, Mr. Stevens; that is another officer; Officer Wentzell at Riverport.

By Hon. Mr. Stevens:

Q. You did not do the same as he did—split it up with the Captain?—A. No, sir; I did not have to.

Mr. BELL: No, you did not take the small stuff.

By Mr. Doucet:

Q. Now, Captain Zinck, information has reached this committee that while those vessels, rum-laden, were in the port of Lunenburg, and while some of your watchmen were on board, the seals were broken, liquor taken from the vessels, and the watchmen paid by the cargo owners to see that that was done.—A. There was never a seal broken while I was in charge.

Q. What?—A. There was never a seal broken while I had watchmen on.

Q. There never was?—A. Not to my knowledge.

Q. Are you positive of that?—A. I am positive.

Q. Could not the seals be broken and replaced again?—A. They could not put a stamp there.

Q. If they had a stamp, they could.—A. They could not get a government stamp to do it; they have no government stamp to do it with.

Q. Who has the stamp?—A. Collector Mack has one, and I have one.

Q. And while you would be away from these vessels, could they not have been stamped?—A. Oh no; they could not get my stamp.

Q. You are positive of that?—A. It is always in my pocket when I am home, and when I ain't home it is home in the house.

Q. On your oath, do you say that while these vessels were in the port of Lunenburg, there was no liquor landed?—A. Not that I know of.

Q. I am not asking you that. You say it could not be done—did you say that?—A. It could be done. If some vessel might come in and do it before they got in, and I knew they were there.

Q. Supposing they have case goods in the cabin; you would not seal the cabin?—A. Yes; if it had any liquor in the cabin or the forecastle, it was always sealed.

Q. Do you search the cabin?—A. Yes.

Q. Do you search the forecastle?—A. Yes.

Q. And seal that, too?—A. Yes, if there is anything in it. If there is only one bottle there, I would throw it over the side.

Q. What procedure would you take when you had a deck load of cased liquors?—A. Then you would have to depend on the watchmen, and put seals where you could.

Q. What?—A. If this was placed so that you could seal it, you would seal it up.

Q. Then it comes to this; that, while it would be impossible to get liquors from the cabin and from the forecastle, and from the hold, what cased goods might be on the deck, as a deckload—if the watchman was so minded, he could

allow a part of that deckload to be unloaded and you would not know anything about it?—A. They could do it, and I would not know it.

Q. You have to admit it could be done?—A. Oh, it could be done, yes.

Q. That might be how the information reached us?—A. That might be.

Q. Now, Captain Zinck, do you know the Schooner "W. C. Kennedy"?—A. Yes, I did know her.

Q. She hailed from Lunenburg?—A. Yes, she did.

Q. Who was the owner of the "W. C. Kennedy"?—A. Mr. Duff was the owner, but he sold her. I do not know who was the owner; she is lost now, and I do not know who was the owner.

Q. When did he sell her? How long since he sold the "W. C. Kennedy?" How long ago since Mr. Duff sold the "W. C. Kennedy"?—A. I cannot tell you; before she was seized, I think.

Q. Before she was seized?—A. Yes.

Q. To whom did he sell her?—A. I don't know the people.

The CHAIRMAN: I don't think this witness can answer these questions.

Mr. BELL: It might be fair to point out to you, Captain Zinck, that at the time the "W. C. Kennedy" was seized, Mr. Duff very kindly put up his cheque for $400 to have her released. Do you think that was an act of benificence, or that he still had an interest in that boat?

The WITNESS: Well, I don't know; I cannot tell. I do not think he was paid for her when she was sold.

By Mr. Bell:

Q. Who was not not paid for her?—A. Mr. Duff.

Q. What was he not paid for?—A. The "Kennedy".

Q. What do you mean?—A. It is the "Kennedy" you are speaking of? The parties who bought her only paid a small amount of money. That is what I heard, anyway; I understood that.

Q. It had not been fully paid for?—A. No.

Q. And that is why you figured she did not belong to Mr. Duff.

The CHAIRMAN: He had a lien.

Hon. Mr. BENNETT: Something like a mortgage.

The WITNESS: She is lost now, down in the West Indies.

By Mr. Doucet:

Q. Do you know the Grace P. Brown?—A. She is fishing now; she is owned there yet.

Q. Do you know how many vessels there are from Lunenburg in the rum-running business?—A. None that are owned there now.

Q. None in the rum-running business owned in Lunenburg?—A. No. There have been some owned there, and sold to foreign parties, and they still hail from Lunenburg.

Q. How is it, if they were all owned outside, that Lunenburg is such an important point of call for these rum-running vessels?—A. It is a handy port of call, and they can get all the supplies they want there, and everything to fit up on.

Q. And there are numerous islands in the outer harbour?—A. They are not as convenient for her to fit up; they can get everything they want there.

Q. Now, in connection with the Grace P. Brown, you did not know that she was engaged in the rum-running business lately? I have a telegram before me from the Collector of Customs of Shelburne, Nova Scotia. Do you know where that is?—A. Yes.

Q. Dated the 15th of February last, February 15, 1926, to the Deputy Minister of Customs and Excise, which says:

"Schooner Grace Brown at Sandy Point in damaged condition. Requests permission to transfer cargo 3,800 cases liquor to Steamer Cochrane Captain Dicks for furtherance to Havana."

That is signed by the Collector of Customs at Shelburne. Apparently the Grace Brown was at Sandy Point on the 15th of February, and had 3,800 cases of liquor on board, on her way to Havana. I want to try to get information as to whether this transfer was made. You have no knowledge of that yourself —that the Grace Brown was loaded with liquor on the 15th of February last; that she came into Sandy Point, at the port of Shelburne, in a damaged condition, and that the Collector of Customs at Shelburne asked the Deputy Minister for permission to transfer her cargo to another vessel?—A. Well, I heard about it. She went out with liquor, and came back empty.

Q. Yes, I know you would know if that had happened in Shelburne?—A. I do not know where it happened; I could not say that.

Q. You could not tell a minute ago. I have here a letter from William Duff, or a copy of a letter from William Duff, stating that E. C. Adams, Manager of the Lunenburg Outfitting Company, telegraphed asking for permission to transfer three thousand cases of liquor from the schooner Astonia to the steamer Tilley; do you know both these vessels?—A. Yes.

Q. That would be in Lunenburg Harbour too?—A. It was in Lunenburg; that happened right there.

Q. On the 25th of February last?—A. Yes.

Q. He writes: "Telegraph Collector of Customs Lunenburg Port, to allow transfer under strict Customs supervision." These are suggestions made by Mr. Duff, and he concludes by stating, "Telephone me or send me word so that I can telegraph Adams, Yours truly, William Duff." That transfer was made at Lunenburg?—A. Yes.

Q. Apparently E. C. Adams of the Lunenburg Outfitting Company was co-partner in that company, and William Duff was interested in three thousand cases of liquor on board the Astonia, which transferred the liquor to the steamer Tilley for furtherance. I do not know if they were interested or not. You know that transfer was made?—A. I was there when it was made.

Q. You know Mr. Adams is very much interested in the liquor business along the western shores of Nova Scotia?—A. Well, he is interested more or less in the outfitting business; he wants to get schooners there to outfit.

Q. He wants to outfit them?—A. Yes.

Q. There is an honest dollar in that?—A. Yes.

Q. He is also interested in the liquor business?—A. I can not say that.

Q. Will you tell this Committee now that Mr. Adams is the proper man to recommend watchmen on these vessels?—A. He can not recommend them.

Q. You told us a little while ago that he had?—A. He had—

Q. You told us you had kept on some at his sugestion?—A. Yes, some of them.

Q. You said that you had not taken them all?—A. No, I did not.

Q. You had kept on some at his suggestion; you said that, did you not?—A. Yes.

Q. I ask you this question; is this man E. C. Adams, so deeply concerned in the transportation of liquor, the proper man for you to take suggestions from in appointing watchmen to watch liquor laden vessels in the port of Lunenburg? —A. (No answer).

Q. Come, come, now Captain Zinck, answer my question?—A. I do not think he was.

Q. You would not think he was; you would not think Mr. Adams would be a proper man to suggest to you to recommend to you whom you should appoint to watch his own liquors, would you? Answer me that.—A. (No answer).

Q. You would not believe that, would you?—A. No. If he named a man I knew well and knew constantly, I would take him. I would not go by his instructions.

Q. Why did you take them?—A. You have to take who you can get sometimes.

Q. Now, Captain Zinck, remember I am from the Maritimes; I am a born Nova Scotian. I do not know so much about the Port of Lunenburg as you do, but you can not convince me that you can not get men to mind ten or twelve vessels in the Port of Lunenburg without taking suggestions from the man who has suggested to you whom you should appoint to watch his own liquors?—A. (No answer).

Q. Captain Zinck, why do you not tell this Committee how much William Duff and E. C. Adams had to do with the proper performance of your duties in the Port of Lunenburg? Make the case clear to this Committee and we will know how to act; make your statements. Why this grinning when you have a statement to make, and you won't make it?—A. Mr. Adams has nothing to do with me.

Q. Has Mr. Duff?—A. Well, Mr. Duff, I asked for advice very often.

Q. You asked Mr. Duff for advice?—A. On this one matter, I asked him.

Q. Would you ask Mr. Duff, for instance, for advice if the schooner Grace Brown was to come into the Port of Lunenburg with a cargo of liquor?—A. I would not ask him that.

Q. What?—A. I would not ask him that.

Q. Now, Captain Zinck, you would not ask him?—A. No.

Q. Would you be overzealous if a cargo on the schooner Grace Brown came into port?—A. I was just as sharp on the Grace Brown as any other.

Q. You would be just as sharp?—A. Yes.

Q. Still at the same time, your appointment depended upon, and maintenance of it still depends upon, the owner of the schooner and possibly the owner of the cargo. Do you think you are going to lead this Committee to believe that you could be so inhuman as to be involved in the prosecution of the "Grace Brown"?—A. I can not say anything about the "Grace Brown". I do not know.

Q. You know the vessel?—A. Yes.

Q. You know who is the owner?—A. I know Adams and Duff and others.

Q. She is registered as William Duff's schooner?—A. Yes.

Q. You know that she has been in the rum running business?—A. Yes.

Q. You know she has been cleared from Georgetown, Demerara, with cargoes of rum pretending to go to Nassau, and ultimately in a very short time landing on the Nova Scotia coast, getting rid of her cargo and then coming into Lunenburg in ballast for outfitting to go to St. Pierre Miquelon and repeat the dose? Did you know she was in the liquor trade? Answer me yes.—A. What is that.

Q. You know the Grace Brown was in the liquor trade?—A. Yes.

Q. Now, Captain Zinck, since you came up here last Monday, have you discussed the question of giving evidence here with anybody outside of this committee room?—A. No, sir.

Q. You have not?—A. No.

Q. With no one?—A. (No answer).

Q. Now, Captain Zinck, never mind looking around there.

Mr. BELL: He is not there.

By Mr. Doucet:

Q. Tell me this, Captain Zinck, did you discuss the question of giving evidence here with anybody in Ottawa?—A. No, sir, they could not tell me anything about giving evidence here.

Q. I did not ask you that question. Did you discuss the question of giving evidence with anybody?—A. No.

Q. Did you say "No"?—A. Yes, sir.

The CHAIRMAN: Do not insist if he says "No". A man has a few privileges.

By Mr. Bell:

Q. Let me ask you one question before you go. What is your financial interest in that boat which became a rum-running boat as soon as your son bought it? What is your financial interest in it?—A. Well, I have a quarter of it.

Q. How much have you got of the boat?—A. A quarter. I did then; it is sold out. I sold the schooner all out. I do not own any share.

Q. What interest have you had in the boat which is named after you, since your son got it and put it to rum running?—A. My son did not put it to rum running.

Q. You said it became a rum runner after your son got it?—A. Yes.

Q. And your name is on it?—A. Yes.

Q. Your interest is a one-quarter interest?—A. No.

Q. How much?—A. I had a quarter interest before I sold it all out.

Q. Do we then understand that you have not a present financial interest in the rum running boat?—A. Not a cent.

Q. That is correct?—A. Yes.

Q. All you got out of it is that you have the glory of it bearing your honoured name?—A. Yes.

By Mr. Doucet:

Q. Just one question more. This morning you said that the schooners J. Henry McKenzie and Joy Smith were both seized in the port of Lunenburg?—A. Yes.

Q. By the way, who were the owners of the two vessels?—A. W. C. Smith and Company.

Q. W. C. Smith and Company?—A. Yes.

Q. Would you be surprised if I showed you the register signed by S. E. Mack, which shows that the "Joy Smith" is owned by a number of shareholders, totalling sixty-four shares, and that W. C. Smith Company did not own any portion of it, and that William Duff is a shareholder of the Joy Smith?—A. I heard so.

Q. Now we will take the J. Henry McKenzie. Do you still maintain that the J. Henry McKenzie is owned by W. C. Smith Company?—A. Yes.

The CHAIRMAN: He does not know that personally. You can not get the witness to say who is the owner of boats. That is a question a man can not answer.

By Mr. Doucet:

Q. Any more than when the seizure report was made, W. C. Smith Company went down as owner of the boat. I have the register here, the form covering J. Henry McKenzie, 64 shares divided amongst about thirty-five shareholders, showing William Smith as a shareholder.

The CHAIRMAN: You had better file that; if you refer to a document, file it. (Exhibit No. 141.)

By Mr. Doucet:

Q. Benjamin Smith four, William Duff two, Abraham Cook two, and a number of others—

The CHAIRMAN: File it now.

Mr. DOUCET: Yes.

Witness discharged.

SAMUEL A. MACK, called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Mack, you are Collector of Customs for the port of Lunenburg?—A. Yes.

Q. And you were Collector of Customs in the month of January, 1925?—A. Yes.

Q. Is there a practice in Nova Scotia in various ports of charging fifty cents per hour for watching shipping in the port?—A. Well, I do not know.

Q. What instructions have you ever received with regard to watching vessels in port?—A. I never received any instructions until, I think, about the fourth or sixth of February this year.

Q. Whose duty is that, the Collector or Preventive officer?—A. Where we have no Preventive officer, I naturally would have to watch, myself.

Q. In the ordinary course the port collector looks after the watching of the vessels?—A. Yes, ordinarily.

Q. Were there never any instructions received from any source whatever as to charges being made?—A. No sir, we never had any need for using watchmen at this particular time.

Q. When did the watch first go on in your port?—A. About the time that Mr. Zinck was appointed.

Q. That would be in March 1922?—A. Yes.

Q. The necessity for watching began about the same time as Mr. Zinck's appointment?—A. Shortly after he was appointed.

Q. Was it your understanding that the boats were to be charged for watchmen's services exactly what was paid out for the watchmen's services?—A. Officially I was never notified that Mr. Zinck was Preventive Officer until I received a letter from Mr. Farrow, and naturally I expected that as these vessels were coming in, that was his duty and he knew himself. He established his own price, and I do not know what prices were established.

Q. He established his own price?—A. Yes.

Q. We were told by Captain Zinck this morning that you informed him that a complaint had been received from some source, of which he was ignorant, that he had better charge fifty cents an hour as that is what the Ports of Halifax and Yarmouth were charging. Did you ever receive a communication to that effect?—A. No, never received a written communication. I discovered that fifty cents an hour was the regular charge for boats and sixty cents for Sunday. That was not adopted.

Q. Did that discovery particularly refer to watching?—A. No.

Q. You did not tell Captain Zinck that a complaint had reached you that he was charging too little to the ships and that he had better notch it up to fifty?—A. After Inspector Boak came, then I was told to charge forty cents an hour.

Q. Did Inspector Boak tell you that, yourself?—A. Yes.

Q. He told you to charge forty cents an hour?—A. Yes.

Q. Because other ports were charging the same amount?—A. He thought, I guess I told him that I thought thirty cents an hour was perhaps too little for twelve hour shifts. Then he said that we must use twelve hour shifts, and I said that in that case, I think forty cents would be the right pay. I do not know about fifty cents or sixty cents, as we at no time charged that.

Q. I was mistaken a moment ago, when I said you were requested to notch it up to fifty cents; it was to forty cents?—A. Yes. It was at the time Mr. Boak was there.

Q. Was that when he inspected, in consequence of this?—A. Yes.

Q. Captain Zinck said that that information or instruction, that he should charge forty cents because other ports, Yarmouth and other ports along the shore, were charging forty cents, came to him before Inspector Boak's visit?—A. Well, that is more than I know. I really did not know exactly what he did charge.

Q. I am not asking you that. You are positive that it was when Inspector Boak came down in consequence of a complaint?—A. Yes.

Q. That he told you to charge forty cents?—A. Yes.

Q. He had never told you that before?—A. No.

Q. The Department, as appears from the file, was advised that fifty cents, sixty cents and seventy cents per hour was being charged, and that the watchmen were paid $5.00 for a twenty-four hour shift?—A. Yes.

Q. That complaint was transmitted to you?—A. Yes.

Q. Did you take it up with Captain Zinck?—A. Yes.

Q. What did Captain Zinck tell you?—A. Captain Zinck told me that he never charged seventy cents an hour.

Q. Did he tell you whether he had charged sixty cents an hour?—A. No, that he never charged over fifty cents.

Q. Did he tell you at that time that he was charging fifty cents?—A. That he never charged over fifty cents. I think that was his statement.

Q. That he never charged over fifty cents?—A. He did not want to be accused of charging seventy cents when he really did not.

Q. He did not tell you whether he was charging less than fifty cents to anybody?—A. No, I do not know of that.

Q. Did he tell you what he was doing with the money?—A. I do not think so, at that particular time.

Q. You took it up with him—I do not want to take you by surprise—and you made a report to the Department?—A. Yes, I know the letter.

Q. You were sent an intimation that there had been an over-charge on the 24th of January, 1925?—A. Yes.

Q. As evidenced by a letter sent by the General Executive Assistant?—A. Yes.

Q. And on January 31st, seven days later, you made a report?—A. Yes.

Q. Will you look at the close of that report, and state whether upon your investigating the question, and taking it up with Captain Zinck he told you what he was doing with the money?—A. This was January 31st, I think at that time, he told me that he was remitting money to Mr. Wilson.

Q. That he was remitting?—A. Yes, weekly; weekly reports.

Q. A period of four weeks had elapsed since he had begun to charge fifty cents, according to what he told us, because he said to us, or told us that he started to charge fifty cents on the 1st of January, 1925; so he told you that up to that document he had been remitting the money weekly?—A. Yes.

Q. There is no doubt about that?—A. No.

Q. You reported accordingly, to the Department?—A. Yes.

Q. And a short time afterwards, as a result of further complaints, Inspector Boak appeared upon the scene?—A. Yes.

Q. He went to you first?—A. Yes.

Q. You told him what you had reported to the Department?—A. Sure.

Q. Then, Captain Zinch was sent for?—A. Yes.

Q. Will you tell us what happened between Inspector Boak, Captain Zinck and yourself. What was said and done?—A. The first intimation I had was when Mr. Boak said to me, "do you know, Mr. Mack, that Zinck has not sent one cent to Ottawa?" Well, that was a surprise to me. I felt very much hurt to think that he had not told me the truth. He was there at the time, and I brought him down, and I think Inspector Boak had a copy of this letter, and I said "You have placed me in a very awkward position, allowing me to write a letter like this, which I read to you and to my two clerks in the office—allowing me to write this letter, which was not true" and he admitted that it was not true.

Q. Did he tell you why he had made such a statement to you?—A. He said he was badly advised. Those are the words he used.

Q. Did he tell you who it was that had badly advised him?—A. No, he did not.

Q. You did not have any curiosity in the matter?—A. No, I did not ask him.

Q. That was not all that passed? Did you thereupon require Captain Zinck to state how much money he then had?—A. Mr. Boak was there, and he took charge of the investigation.

Q. Was the balance of the interview in your presence?—A. Well, I do not think so.

Q. Do you remember this, that Captain Zinck said that he had $1,691 in the bank?—A. Yes, I think so.

Q. He then produced a book?—A. Yes.

Q. At Mr. Boak's request?—A. Yes.

Q. Which appeared to be recently written up?—A. Yes.

Q. Then, upon your pressing him, he said there was a further amount of $880?—A. Mr. Boak pressed him.

Q. Then he produced another book?—A. Yes.

Q. Will you tell me whether the book that was produced in the second place, an altered and dirtier book than the first one, according to what we have been told, contained in part, what was contained in the re-written book? —A. I do not know. I do not remember seeing much in the two books. That was in Mr. Boak's hands. He went along with the investigation, and I went along with my own work.

Q. You were only paying casual attention to what was going on?—A. Yes.

Q. You did not examine those books?—A. No.

Q. Were any complaints made to you at any time about charges higher than fifty cents?—A. No.

Q. Or of charges as high as fifty cents?—A. No. I did not pretend to have anything to do with that part of it.

By Hon. Mr. Bennett:

Q. When did you first learn that Captain Zinck was appointed Preventive officer at Lunenburg?—A. Shortly after the appointment, I think.

Q. Did you know the appointment was to be made?—A. No.

Q. It came to you as a shock?—A. Well, as a surprise.

Q. Captain Zinck has been residing in the town of Lunenburg for many years?—A. Yes, many years.

Q. Was he deep-sea captain or a coaster?—A. Well, I think you would call him a coaster. He had been to Newfoundland, and the West Indies as a coaster.

Q. At the time of his appointment, what was he doing?—A. Nothing.

Q. He at once told you that he had been appointed?—A. Yes.

Q. Did he come to you with his credentials?—A. Yes.

Q. His credentials made him a Preventive Officer, and a secret service officer?—A. Yes.

Q. You read the whole of the papers?—A. Yes.

Q. He confided to you the whole business?—A. Yes.

Q. It was news to you?—A. Yes.

Q. You had not asked for a secret service officer?—A. No.

Q. Did you ask for a Preventive Officer?—A. No.

Q. That was a bolt from the blue, to assist you in Lunenburg?—A. Yes, I suppose so.

Q. If you had been asked to pick a man, you would hardly have picked upon Captain Zinck, owing to his physical condition?—A. He was in a much better physical condition, then, and with the situation his residence occupies at the harbour, and his acquaintance with the vessels, I call it a very good appointment.

Q. He has a residence on top of a hill?—A. Yes.

Q. A good lookout?—A. Yes.

Q. His large knowledge of ships would be of value to you?—A. Yes.

Q. How long have you been Collector of Customs?—A. About six years as Collector. I have been in the office fourteen years.

Q. That would be since 1912 or 1913?—A. 1912.

Q. You have been Collector actually for six years?—A. Yes.

Q. You knew the port very well?—A. Yes.

Q. You have known Captain Zinck as an old citizen there for many years?—A. For a number of years.

Q. Ever since you were boys?—A. No, but for a good many years.

Q. You say his appointment did not instruct him to be a watchman?—A. No.

Q. These instructions had nothing to do with his lookout on the hill?—A. No.

Q. So that the lookout on the hill had hardly anything to do with his qualifications for the office he was appointed to?—A. No.

Q. When did the instructions come that made him a watchman?—A. I do not know that he ever had any.

Q. What?—A. I do not know that he ever had any.

Q. How did you know he was to be a watchman?—A. He was not a watchman; he simply looking after the interests of the port, from the Preventive Service, or for the Preventive Service.

Q. Who first suggested that he should go upon the ships?—A. I think he took it for granted, when these vessels came in, and I did.

Q. So that so far as we are concerned, we have it on the evidence of the Customs authorities, that there was nothing in any memorandum or document appointing Captain Zinck that necessitated his going upon the ships to watch them when in the harbour?—A. I never saw anything.

Q. The Captain seems to have taken it for granted?—A. He took it for granted, I think so.

Q. He never told you that that was his duty?—A. No.

Q. He was very confidential with you?—A. Not so very.

Q. As things have turned out, not so much as you thought?—A. No.

Q. At any rate, he at once took up his duties of going upon the ships, to watch them?—A. Yes.

Q. He seems to have thought that that was part of the job he was there for?—A. I thought so.

Q. Who said it first, that that was part of the job he was there for?—A. I do not know.

Q. At any rate, he seemed to think that that was his job?—A. Yes.

Q. He went out upon the wharf and saw the ships first?—A. Yes.

Q. The great rum-running fleet?—A. Yes.

Q. It is a well-known term in Lunenburg, "the rum-running fleet"?—A. I presume it is.

Q. I fancy that your presumption is irrefutable. At any rate, there were a considerable number of them coming in to the harbour?—A. Yes.

Q. Some for water?—A. Yes.

Q. Some for provisions?—A. Yes.

Q. Some for tackle?—A. Yes.

Q. And an odd one to land a cargo if it could?—A. Perhaps.

Q. So "the ancient mariner" went out on the ships to see that they did not land their cargoes?—A. That is right.

Q. Did he have a motor boat to get to the ships?—A. No.

Q. A row boat?—A. No.

Q. How did he get on board?—A. He hired a motor boat.

Q. He hired a boat?—A. Yes.

Q. You saw him start upon his onerous duties?—A. I know he started.

Q. Do you remember the first time he came back and reported to you his first and great adventure as a watchman?—A. As soon as a vessel arrived, and he put men on board, he told me.

Q. That is what I am coming to. Did he tell you he was going to put the men on board before he did?—A. I do not know as he did. I do not think he did.

Q. He reported to you that he had put his seal upon the ships, and his men to watch them?—A. Yes.

Q. Did he tell you who he had selected for the job?—A. No, and I did not ask him.

Q. Whom did he consult as to the persons who should be the "watchmen on the tower?"—A. I do not know. I presume he picked out the available men upon the water front.

The CHAIRMAN: He used his own judgment.

By Hon. Mr. Bennett:

Q. My friend Mr. Mercier here, says he used his own judgment. Is that what you mean?—A. That is it.

Q. As time went on, it became necessary to fix the charges for the services rendered?—A. I think he fixed them himself, at the start.

Q. He started on that?—A. Yes.

Q. Did he have an adequate appreciation of the value of the services?—A. I think he did.

Q. How much an hour was he charging?—A. I do not remember.

Q. Did he tell you?—A. He may have, but I never interested myself very much. When a vessel arrived, I said "has Captain Zinck got on board?" or "have you watchmen on board, Captain?" He would say "yes."

Q. The duty of a ship arriving in port is for the Master to go at once to the Customs house, and register his ship afterwards?—A. That is correct.

Q. If he stays longer than—how many hours?—A. He is supposed to go direct to the Customs.

Q. He can lie by on account of stress of weather within the Roads for how many hours?—A. Not at all, as far as I know.

Q. He reports at once?—A. Yes.

Q. Enters his ship?—A. Yes.

Q. Tells you what his cargo is, where bound, and whether he has supercargo or not?—A. No, he did not tell me that.

Q. You ask the number of his crew?—A. Yes.

Q. When a ship came in you asked if Captain Zinck had been on board to see them?—A. Yes.

Q. And if Captain Zinck had left his visiting card, all was well?—A. Yes.

Q. Was that the way of it?—A. Yes.

Q. When did you learn what he was charging—I am a little interested in that?—A. I do not know. I cannot remember exactly what the charges were, or what he started with.

Q. At any rate, you knew that somebody was paying something for Captain Zinck's visit?—A. I knew the liquor cargo was paying him.

Q. There is a distinction between a ship paying it and the cargo?—A. Yes.

Q. Captain Zinck spoke as to the cargo paying, or somebody spoke about the cargo paying it?—A. Yes, the cargo pays.

Q. In all these cases where watchers were required, it was the cargo that was to pay?—A. Yes, the owners of a cargo, because a vessel is chartered by the month and the charter parties do not pay any watchmen.

Q. I am coming to that. We have had evidence that the owners sometimes became very much interested.

My friend the Chairman says it is six o'clock now, and you know what happens on board a ship at six o'clock?—A. Am I to appear in the morning?

Q. Yes.—A. All right, I will be here.

Witness retired.

The Committee adjourned until Friday, April 30, 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. 41—FRIDAY, APRIL 30, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. J. D. Zinck, Customs Officer, Lunenburg, N.S.

Mr. Samuel A. Mack, Collector of Customs, Lunenburg, N.S.

Mr. Charles Robert Kendall, Sub-Collector of Customs, Barrie, Ont.

Mr. Alfred L. Lacouvee, Captain of Cruiser Margaret, Quebec, Que.

Mr. Alexander A. Demers, Dominion Wreck Commissioner, Ottawa, Ont.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

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

EXHIBITS FILED

No. 142—Copy of The Citizen, Ottawa, Friday, April 30, 1926.

No. 143—Copy of telegram dated Ottawa, April 28, 1926, from W. F. Wilson to G. P. Stewart, Chatham, N.B., respecting Moses Aziz.

No. 144—Copy of telegram dated Ottawa, April 28, 1926, from W. F. Wilson to Harold C. Ramsay, Bathurst, N.B., respecting Moses Aziz.

No. 145—Copy of telegram dated Ottawa, April 30, 1926, from W. F. Wilson to G. P. Stewart, Chatham, N.B., respecting Moses Aziz.

No. 146—Copy of telegram dated Ottawa, April 30, 1926, from W. F. Wilson, to Harold C. Ramsay, Bathurst, N.B., respecting Moses Aziz.

No. 147—Telegram dated Chatham, N.B., April 30, 1926, from G. P. Stewart to W. F. Wilson, respecting Moses Aziz.

ERRATA

Page 1515, 12th line from bottom of page, substitute "twenty-four" for "twenty-five".

Page 1516, line 21, substitute "twenty-four" for "twenty-five".

MINUTES OF PROCEEDINGS

FRIDAY, 30th 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.

Committee Counsel present: Messrs. Calder and Tighe.

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

Ordered,—That the Auditors to the Committee be empowered to examine the books, bank accounts, etc., of the The Canadian Industrial Alcohol Company Limited.

Mr. Charles P. Blair submitted,—Customs Files Nos. 120152 and 125228, respecting importation of coal in Vancouver and other Pacific Ports, and advised that no record exists of any correspondence between Mr. George Wilkinson, Chief Inspector of Mines, Victoria, B.C., and the Department of Customs and Excise, Ottawa.

Moved by Mr. St. Pere,—For the production of the Departmental File, No. "B" 4852, seizure 699, in 1920, re Oliver Plamondon from Quebec City.

Motion agreed to.

Moved by Mr. St. Pere,—That the following witnesses be summoned before this Committee, on a date to be fixed by Mr. Calder:

1. Hon. P. A. Choquette, Judge for the Sessions of the Peace, Quebec, residing at No. 56 Conroy St., Quebec.

2. Gustave Chouinard, Deputy Clerk of the Court of the Sessions of the Peace, and to bring with him the record Nos. 1232 and 1292 of the Police Court for year 1920; re Leon Hardy vs. Olivier Plamondon (40 Ste. Famille, Quebec).

3. Hormisdas Laramee, Clerk of the Appeals, Quebec City, with instructions to produce the record bearing No. 464, Appeal Court, Criminal Jurisdiction, re: The King vs. Olivier Plamondon.

4. Lucien Moraud, K.C., Quebec City, with instructions to produce all documents, telegrams, correspondence, written instructions exchanged with and received by the Department of the Interior, during the months of June, July, August, September, October, and November, 1920, about the proceedings instituted by the Collector of the Inland Revenue vs. Plamondon, Joseph Lelievre, and Leo Giguere, personally and as a partner of the legal firm Moreau & Alleyn, Quebec (5 du Parloir St.).

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Jas. Cooper of Walkerville, now somewhere in Europe, be notified by cable to be in attendance on this Committee during the week of the 17th May.

That Gregory George already summoned as a witness but who has left Canada, and is now somewhere in Europe, be notified by cable to return and attend on this Committee during the week of the 17th May.

Also that the officers of the Dominion Distilleries Products Company be instructed to produce D. Nicol, the accountant of the company, who is now reported to have left for Buenos Aires, Argentine.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following witnesses be summoned for Wednesday, the 5th May, at 10.30 a.m., viz:—

1. W. L. Hicklin, Preventive Officer, Montreal.
2. D. J. Kearney, Preventive Officer, Montreal.
3. Chs. Killoran, Customs Officer, Montreal.
4. Thos. Heavers, Preventive Officer, Montreal.
5. W. Duval, Preventive Officer, Montreal.
6. J. A. E. Bisaillon, Montreal.
7. Brigadier General Panet, C.P.R. Windsor Station, Montreal.
8. W. F. Wilson, Chief Preventive Officer, Ottawa.
9. R. R. Farrow, Deputy-Minister, Customs and Excise, Ottawa.
10. Ludger Brien, Montreal.
11. O. Frigon, Quebec Liquor Commission, Montreal.
12. Clerk of the Peace, Montreal.
13. Clerk of the Crown, Montreal.
14. Clerk of the Crown and Peace, Quebec, Que.
15. Capt. J. D. Perrault, 572-c Fabre Street, Montreal.
16. Provincial Detective George Rioux, Quebec, Que.
17. J. A. Patry, Quebec Liquor Commission, Quebec, Que.
18. Capt. Symons, Harbour Commission, Montreal.
19. George Hearn, Montreal.

All witnesses to bring with them all records, papers, cheques, books, accounts or other documents concerning the barge "Tremblay" or in any way referring thereto.

Motion agreed to.

Moved by the Hon. Mr. Stevens,—That the Auditors to the Committee be empowered to examine the bank accounts together with cheques and deposit slips on them, of Mr. C. A. Gentles (Bank of Nova Scotia, Toronto) and Mr. Cooper (Canadian Bank of Commerce, Walkerville).

Motion agreed to.

By leave of the Committee, the motion moved yesterday by Hon. Mr. Bennett, *re* Hon. Mr. Boivin, and Messrs. Jameson and LaRochelle, and the amendment thereto moved by Mr. Kennedy, were withdrawn.

Moved by Hon. Mr. Bennett,—That the Special Committee appointed to investigate the administration of the Dpartment of Customs and Excise, report to the House as follows:—

Several witnesses who have appeared and been examined under oath before the Committee having given testimony reflecting upon the action of the Honourable Gorge H. Boivin, M.P., Minister of Customs and Excise, in connection with certain legal proceedings taken against Moses A. M. Aziz of Caraquet, in the county of Gloucester, N.B., for breach of the Customs Act of Canada, your Committee having regard to the established practice of Parliament respectfully reports the relevant evidence and proceedings in the above matter to the House of Commons for such consideration and action as may seem meet in the premises.

The question being put, the Committee divided as follows: Yeas: Messrs. Bell, Bennett, Doucet and Stevens—4. Nays: Messrs. Donaghy, Goodison, Kennedy, St. Père—4; and the voices being equal, the chairman voted nay, and declared the motion negatived.

Hon. Mr. Bennett drew attention to an editorial "The Board of Strategy Again" which appeared in "The Citizen" Ottawa Newspaper, Friday, April 30, 1926. Mr. Calder read the editorial to the Committee and filed the copy of the newspaper from which it was read as Exhibit No. 142.

Moved by Hon. Mr. Bennett,—That the Editor of the "Ottawa Citizen" be summoned to appear on Tuesday, 4th May, 1926, at 10.30 a.m.

The question being put, the Committee divided as follows: Yeas: Messrs. Bell, Bennett, Donaghy, Doucet, Goodison, Kennedy and Stevens—7. Nay: Mr. St. Père—1.

Motion agreed to.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and filed:—

Exhibit No. 143—Copy of telegram dated Ottawa, April 28, 1926, from W. F. Wilson to G. P. Stewart, Chatham, N.B., respecting Moses Aziz.

Exhibit No. 144—Copy of telegram dated Ottawa, April 28, 1926, from W. F. Wilson to Harold C. Ramsay, Bathurst, N.B., respecting Moses Aziz.

Exhibit No. 145—Copy of telegram dated Ottawa, April 30, 1926, from W. F. Wilson to G. P. Stewart, Chatham, N.B., respecting Moses Aziz.

Exhibit No. 146—Copy of Telegram dated Ottawa, April 30, 1926, from W. F. Wilson to Harold C. Ramsay, Bathurst, N.B., respecting Moses Aziz.

Witness retired.

Mr. Samuel A. Mack, Collector of Customs, Lunenburg, N.S., was recalled and examined further with respect to Customs Officer Zinck, and also with reference to smuggling of liquor at Lunenburg.

Witness discharged.

Mr. W. F. Wilson was recalled and filed:—

Exhibit No. 147—Telegram dated Chatham, N.B., April 30, 1926, from G. P. Stewart to W. F. Wilson, respecting Moses Aziz.

Witness retired.

Mr. J. D. Zinck, Customs Officer, Lunenburg, N.S., was recalled and examined as to his duties.

Witness discharged.

At the request of Mr. Calder, the following witnesses were retired until Tuesday, 4th May, 1926, at 10.30 a.m., viz.: Messrs. Gaunt, Knox, Hurson, Moore, Duncan and Mann.

At Mr. Calder's suggestion, Mr. James Churchman, called as a witness, was discharged.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Charles Robert Kendall, Sub-Collector of Customs and Excise, Barrie, Ontario, was called and sworn, and examined respecting smuggling of silk by one, D. Waisberg of Toronto, Ontario.

Witness discharged.

Mr. Alfred L. Lecouvee, Captain of Cruiser "Margaret," Quebec, Que., was called and sworn and examined in regard to the seizure of the schooner "W. C. Kennedy" and "Jeanne d'Arc".

Witness discharged.

Mr. Alexander A. Demers, Dominion Wreck Commissioner, Ottawa, Ontario, was called and sworn and examined as to his interpretation of "territorial waters" around Northumberland Strait and Cabot Strait.

Witness discharged.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled and examined respecting an attempt by Mr. D. Waisberg of Toronto, Ontario, to bribe Customs Officer Kendall of Barrie, Ontario, in regard to a shipment of silk.

Witness retired.

Mr. Calder received permission to take the files respecting:—

(1) Evidence of J. A. E. Bisaillon in Rex vs. Simons.

(2) Preventive File *re* the Barge "Tremblay".

Mr. C. P. Blair received permission to take the following files over the week-end, viz.:

Nos. 9472, 113397, 113283, 13992, 124627, 121175, 113527 and 14538.

The Committee adjourned until Tuesday, 4th May, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, April 30, 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.

Hon. Mr. BENNETT: Mr. Chairman, evidence has been received by the Committee that the Civil Service Commissioners mentioned in a motion made yesterday, have resigned their positions. No good purpose will be served by the motion I made yesterday, having reference to them, and I therefore withdraw the motion.

Mr. DONAGHY: The amendment should likewise be withdrawn, I submit, Mr. Chairman, as it covered only the Commissioners. I think that should be withdrawn by unanimous consent.

The CHAIRMAN: By leave of the Committee?

Mr. KENNEDY: Do I understand, Mr. Chairman, that the Commissioners have resigned unconditionally.

The CHAIRMAN: Unconditionally.

Mr. DONAGHY: There is no question about that.

The CHAIRMAN: The principal motion and the amendment are allowed to be withdrawn.

Hon. Mr. BENNETT: I now move as follows:

> "That the Special Committee appointed to investigate the administration of the Department of Customs and Excise report to the House as follows:
>
> 'Several witnesses who have appeared and been examined under oath before your Committee, having given testimony reflecting upon the action of the Hon. George H. Boivin, M.P., Minister of Customs and Excise, in connection with certain legal proceedings taken against Moses A. M. Aziz, of Caraquet, in the County of Gloucester, N.B., for breach of the Customs Act of Canada, your Committee, having regard to the established practice of Parliament, respectfully reports the relevant evidence and proceedings in the above matter to the House of Commons for such consideration and action as may seem meet in the premises.'"

Hon. Mr. BENNETT: In making this motion, Mr. Chairman, I do not propose to traverse the ground mentioned yesterday. The motion is not made for political purposes, notwithstanding the observations that are so improperly made in a journal published in this city this morning, about which I shall have something to say later. The motion was made, because by the established practice of Parliament since 1688, it is the duty of any Committee, in the language of the rule to

> "If any information come before any Committee that chargeth any member of the House, the Committee ought only to direct that the House be acquainted with the matter of such information, without proceeding further thereupon."

Because of that rule, which in 1897 was again reasserted by the House of Commons in England, it is the duty of this Committee to report this matter to the House of Commons. This Committee has no power, no jurisdiction to deal with the question of the honour of the Minister, or his conduct in the Aziz case, or two or three other cases that have only been mentioned.

Inasmuch, therefore, as this Committee's duty is to report this matter to the House of Commons, I have moved accordingly. The facts are so clear, the admissions so complete, that it requires no argument to state that this case comes within the rule, namely, that there are charges made against the Member, because, the charges made against the member are by himself admitted, namely, that he sent a telegram which stopped the execution of the sentence of a court, and there is a provision in the Criminal Code of Canada with respect to interfering with the course of justice, that is known to judges and most members at least of our profession. That provision of the Code makes suitable provision for punishment of any person who interferes with the course of justice. I am not prejudging this case of Aziz. The case, on the admissions of the Minister, consists of a series of facts which can be shortly stated in this manner: Aziz was convicted, he was sentenced to a fine and to imprisonment; the fine was paid, but he was not imprisoned because a Minister of the Crown, in the exercise of an arrogated authority which he did not possess, saw fit to ask that the warrant should not be executed. The charge against the Minister, which was made, and which was heard in this Committee without being made, on his own admissions is that he interfered with the course of justice and intervened between execution and sentence. To intervene between execution and sentence is to arrogate to one's self the functions of the Crown and his Excellency the Governor General, a power which no Minister possesses.

I am not going to do more than say that the practices of Parliament asks that this matter be referred to the House by this Committee. My friend Mr. Donaghy yesterday suggested that there would be ample time to do that when the final report of this Committee is made. But, the rule says that it is not only the duty of this Committee to report this matter, but it should not proceed further with the discussion at all, when it is clear that the charge affects the conduct or honour of a Member of the House.

It is of course within the memory of most people who remember what took place in Parliament in England recently, that when it was alleged that the Attorney General had interfered, not with the sentence and the execution of a sentence, but with the conduct of a prosecution against a Mr. Campbell, the Government of Mr. MacDonald was wrecked, because of that fact, and my motion merely asks, without prejudging this case, that the House of Commons, which is the tribunal to consider it and whose rules require that that shall be done at once, not next year, or next month, or next week, but should be done without further discussion, be complied with, and this matter placed before the only tribunal that has jurisdiction to deal with it.

Mr. DONAGHY: Mr. Chairman, I do not desire to take up time in repetition of what has been already said. If the remarks of the Hon. Mr. Bennett were directed to another Government Department, that is, one which was not included in the order of the House constituting this Committee and establishing its authority, I think I would say that the procedure which he had outlined was the proper procedure. However, I draw this distinction that this matter, to which Mr. Bennett has referred, being one, which in my view, perhaps mistakenly, is directly referred to this Committee, it is our duty to continue investigating and not stop the investigation as suggested for the purpose of reporting it to the House.

I hope I have made the distinction clear, which I have in my own mind. This being covered by the reference, it is our duty to proceed and end it and report it to the House.

For that reason and that reason only, I can only say what I said yesterday, when a similar question was brought up. There is no desire to withhold anything from the House, and everything will be sent up to the House, but I think the proper time to do it is when we send up all the evidence in connection with the reference that has been turned over to this Committee. That is all.

Mr. BELL: Mr. Chairman, it might be perhaps possible to agree with my friend Mr. Donaghy's suggestion if the present case were one where a lack of action was involved or where some criticism might be made of the kind of action that followed; but in the present instance, as I understand the evidence that has come before this Committee, what has been established is that there was direct intervention and that intervention was in another Department, namely the Department of Justice. That being so, I for one cannot conceive that it is anything that comes within the specific order of reference under which we are proceeding. I have nothing further to add on that.

Mr. KENNEDY: Mr. Chairman, Mr. Bennett takes the position that the question of the conduct of the Minister should be referred to the House without comment. The terms of the reference require us to enquire into the conduct of the Minister—

Mr. BELL: In his department.

The CHAIRMAN: Let him speak.

Mr. KENNEDY: Referring to 10, 11 and 12 of the resolution:—

> "The collection of customs and excise duties, the knowledge of Ministers or officials of offences or irregularities affecting the public service in said department, the efficiency of the administration thereof" and so on.

To give effect to that, I conceive our duty will be to arrive at a conclusion, and report upon that conduct. I can see a distinct difference between a report on the conduct of a member, where the member's conduct has not been specifically referred to the committee for examination, and in this case where the Minister's conduct has been referred to the committee.

We are now possibly in the middle of the enquiry, or a little past the middle of the enquiry, and personally I desire to refrain from expressing an opinion until all evidence has been given and we have prepared a report. When that time comes, I would like, as one member of the committee, to express an opinion and I am prepared to express my opinion. By adopting that course I think our conclusion will have greater weight.

Now, in connection with the Civil Service Commission, the matter of the Civil Service Commission was quite different from the question of the Minister. It was not within the scope of the committee to enquire into the conduct of the commissioners, but that conduct did come before us in connection with the enquiry into the relation of certain Customs officials with that body.

I fully approve of the course adopted by Mr. Bennett yesterday in preparing the motion calling the attention of the House to that matter.

Hon. Mr. BENNETT: Mr. Chairman, before the question is put I merely desire to point out that this motion is in accordance with the established practice of the rules of Parliament and the rule itself states—

The CHAIRMAN: The one you referred to.

Hon. Mr. BENNETT: In 1688, and re-asserted in 1897 by the House of Commons in England on the most important enquiry that has agitated the public mind in England since 1868, namely the South African Company, and Transvaal raid by Doctor Jameson and his associates. It was then held on the 15th

of May, 1897, and the rule is, if during the course of the enquiry, anything happens in the evidence, transpires in the evidence that charges a member of the House with any wrongdoing it is the duty of the committee to forthwith report it to the House and not to take any further evidence on the matter without proceeding thereupon, and it is merely in accordance with the rule that this motion is made; the reason is obvious.

We are not here to pronounce upon the fitness of a member of the House; we are here to investigate the conduct of the department. This is an intervention with respect to the administration of justice over which he has no authority and with respect to which his official duties do not give him any power.

It is for that reason that it is our duty to report it. It would be an entirely different thing if it arose out of the conduct of the Customs Department. It is an intervention with the course of justice, which has always been and I trust always will be held among reputable citizens to be the most serious of all offences transpiring in our country.

The CHAIRMAN: The question is on the motion moved by Mr. Bennett.

The committee divided as follows:—

YEAS

Hon. Mr. Bennett	Mr. Bell
Hon. Mr. Stevens	Mr. Doucet—4.

NAYS

Mr. Donaghy	Mr. St. Père
Mr. Goodison	Mr. Kennedy—4.

The CHAIRMAN: The vote stands four yeas and four nays. Then there is an equal voice. I see by Beauchesne's Rules, at page 26, paragraph 109, the Chairman only votes when there is an equality of voices, except in the Committee on Private Bills as stated in rule 105; then I vote against the motion.

The motion is rejected.

Any other procedure?

Hon. Mr. BENNETT: Mr. Chairman, I desire to bring to your attention a matter which affects alike every member of the committee as well as myself. In the discharge of its duties, the committee must be free from the pressure that is sometimes exerted by attacks in the public press, as well as by the pressure of individuals.

In this morning's Citizen, there appears an attack against members of this committee, undoubtedly against myself, charging motives that can not possibly be regarded as having any warrant, having regard to the rules of this House, and I desire to bring this matter to your attention in order that the duties of this committee may be discharged in a manner fair and proper, and having due regard to the source of our authority, the House of Commons.

I, therefore, lay upon the table of this committee the Citizen of this morning, the Citizen of Ottawa, Canada, Friday, April 30th, 1926, and I move that the editor of the journal be summoned to appear before this committee.

The CHAIRMAN: Before he is summoned, we have to read into the record the article referred to: "The Board of Strategy Again". We have to read it so that the whole evidence will be reported to the House later on.

Hon. Mr. BENNETT: We will dispense with the reading.

Mr. BELL: May I interrupt just a moment please. I take it that if there is a motion which should be acted upon, we should first decide the motion.

The CHAIRMAN: The motion is not adopted and we will discuss the motion first, but you have to frame your case, you have to put everything on the record to show what the motion is. You have to go by the evidence.

Mr. BELL: I try to avoid the framing of cases.

Mr. CALDER, K.C: (Reading):

EXHIBIT No. 142.

"THE CITIZEN, Ottawa, Canada, Friday, April 30, 1926.

THE BOARD OF STRATEGY AGAIN.

When the Customs Inquiry Committee has been functioning so effectively without party politics, it is much to be regretted that Conservative members have allowed themselves to be distracted from the business on hand—obviously at the behest of the opposition board of strategy. They have appealed from the ruling of the chairman on a technical point of procedure. The House is to be asked to divide upon it.

The effect of Mr. R. B. Bennett's move is to inject politics into the parliamentry committee's judicial work. It is a form of crass political humbug. From the point of view of the people of Canada who are interested in getting a strong, businesslike report, to clean up the Department of Customs, it has the appearance of putting sand in the bearings."

Mr. ST. PERE: Sand in the bearings?

Mr. CALDER, K.C.:

"—sand in the bearings.

In the examination of the civil service commissioners, Messrs. Jameson and LaRochelle, the committee made decided progress. They accomplished something. Having dealt with the case thoroughly, they were to be commended upon expeditiously moving to report the evidence to the House, for whatever action might seem desirable. But the temptation to introduce party politics proved too strong for the Conservative high command. There is no party capital to be made out of the unhappy lapse of the civil service commissioners; it involved Conservative and Liberal alike. So the opposition decided to couple up Hon. George Boivin's name with the Civil Service Commission case.

Mr. Bennett moved that the House be asked to consider, not only the evidence given concerning the failure of duty on the part of Messrs. Jameson and LaRochelle, but also Mr. Boivin's action in an entirely different case, affecting the conviction of Moses Aziz, an illicit liquor trader in New Brunswick. That case is one of many which will have to be considered by the committee when the report on the administration of the Department of Customs has to be drafted. It must be passed upon by the House, too, at the proper time. But there is no more valid excuse for dragging it in at this time, than there would be for asking the House also to consider Mr. William Duff's political relationship to Captain J. D. Zinck. Sir Henry Drayton's political friendship for Senator Jacques Bureau, or Colonel Thomas Cantley's reported sale of a vessel which subsequently wandered away from the paths of legitimate comerce might be about as intelligently included in Mr. Bennett's motion.

The political intention of the motion is apparent. The parliamentary committee were unanimous on the question of reporting the Civil Service Commission case to the House. Another motion could have been submitted to report Mr. Boivin's handling of the Moses Aziz case also for immediate consideration. But so bent were the Conservative board of strategy, or whoever directs the opposition, on playing politics, Mr. Bennett insisted upon linking the cases up in one motion.

When Mr. D. M. Kennedy, independent member of the committee, moved an amendment to separate the Civil Service Commission case from

politics, Mr. Bennett challenged it on a point of order. The chairman ruled the amendment in order. The opposition members, at once, moved to appeal to the House against the ruling of the chair.

Apparently the appeal cannot be debated, any more than an appeal to the House against the ruling of the chairman of the committee of the whole—when the House is itself in committee. It will simply be voted upon, yeas and nays. In the meanwhile, Mr. Bennett's little excursion into party politics has become obviously a sheer waste of time.

Business men throughout Canada are looking to the parliamentary committee of inquiry into the administration of the Department of Customs to produce something of value to the country. The least effective member of the committee so far, let it be said, has been the member of West Calgary, Mr. R. B. Bennett. During the early part of the inquiry, far from helping Mr. Stevens and the other members, he seemed to be hindering them. He absented himself frequently, on one occasion for more than a week. He has lately been more vociferous, but to very little effect excepting to entertain the gallery. He has intervened, more than once, in important examinations, only to display an inadequate grasp of the details of the case. He is off the track again.

The opposition board of strategy should refrain from injecting politics into the work of the parliamentary committee. Mr. Stevens has done very well lately, and he has been well supported by Messrs. Bell and Doucet, who seem to have put some hours of labour in on the examination of departmental files. So long as the Conservative members refrain from playing politics, they are assured, too, of the support of Mr. Kennedy. The Independent member has been as vigourous in pressing for drastic action as anyone else on the committee. He has been ahead of, rather than behind, the Conservative urge for exposure of delinquents. Mr. Kennedy has no political associates to shield. But he has no use for the party game. When Conservative members start to play politics with the customs inquiry, they put themselves in the minority. The board of strategy should get itself better informed, and keep out."

The CHAIRMAN: Now, this morning's edition of the Citizen, published in Ottawa, Canada, for April 30, is filed as exhibit 142.

Hon. Mr. BENNETT: My motion is that the editor be summoned to appear before this Committee.

The CHAIRMAN: The discussion is on the motion to have the editor of the Ottawa Citizen summoned to appear as a witness to explain—

Mr. BENNETT: What he knows about the Customs, I want to find out where he gets his information.

The CHAIRMAN: To be summoned as a witness.

The CHAIRMAN: The question is on the motion. Shall it carry?

Whereupon the committee divided on the motion of Honourable Mr. Bennett, that the editor of the Ottawa Citizen be summoned to appear as a witness before this committee, with the following result: Ayes, 7; Nays, 1. For names see Minutes of Proceedings.

The CHAIRMAN: This motion is carried, and the order is that the editor of the Ottawa Citizen be summoned here for next Tuesday, at 10.30 a.m.

WILLIAM F. WILSON recalled.

By Hon. Mr. Bennett:

Q. Mr. Wilson, you have already been sworn?—A. Yes.

Q. Have you received instructions affecting Moses Aziz? There was a rumour in the corridors last night that he had been arrested.—A. I sent two telegrams, the night before last, sir.

Q. Will you produce them?—A. Yes.

Q. Just read them into the record, please?—A. (Reading):

"OTTAWA, April 28th, 1926.

G. P. STEWART, Esq.,
Special Customs Officer,
Chatham, N.B.

You are hereby instructed to have warrant of commitment against Moses Aziz executed at once, and inform me by wire when accused is incarcerated.

(Sgd.) W. F. WILSON,
Chief Preventive Service.

Charge Customs."

Q. Yes, now the next one?—A. (Reading):

"OTTAWA, April 28th, 1926.

HAROLD C. RAMSAY, Esq., K.C.,
Barrister,
Bathurst, N.B.

You are hereby instructed to have warrant of commitment against Moses Aziz executed at once, and inform me by wire when accused is incarcerated.

(Sgd.) W. F. WILSON,
Chief Preventive Service.

Charge Customs."

Q. Have you received replies from either or both?—A. No sir.

Q. Neither?—A. No sir.

Q. Then you are not advised whether he has been apprehended?—A. No sir.

By Mr. Bell:

Q. I am told, Mr. Wilson, that Aziz was convicted again last week. Have you any information in regard to that—A. No sir.

By Mr. Doucet:

Q. If he had been convicted, as he was, under the Provincial law, you would have no report of that?—A. If it was a provincial offence, I would have no knowledge of it; if he had been convicted under the Customs and Excise, I have no knowledge, because I do not know what is going on in my office these days. I will inquire, if it is your desire.

Mr. BELL: In other words, he is confining himself to provincial offences just now.

The CHAIRMAN: The telegram to Mr. Stewart will be filed as Exhibit 143, and the other, addressed to Mr. Ramsay, filed as Exhibit 144.

Mr. Wilson asked me if he could make a correction—

The WITNESS: May I say in connection with these telegrams, that since I sent those telegrams, I have carried the copies in my pocket; they have not been out of my possession, and I have mentioned to no one, aside from the Minister, the sending of them.

The CHAIRMAN: I have here a letter adddressed to the committee from Mr. Wilson, Chief, Preventive Service, which reads as follows. (Reading):

In re publication No. 39 of the Evidence

"Mr CHAIRMAN:—My answer to question 14 on the first page of the evidence on the 28th of April states '25' and the answer to the sixth question on page 1516 states '25'. In each instance the number '25' is a mistake; it should be '24'. May I ask for this correction in the errata?"

The request is granted, and the correction will be made.

By the Chairman:

Q. Mr. Wilson, you have filed two telegrams, one addressed to Custom Official Stewart, and one to Mr. Ramsy, K.C., Bathurst, N.B.?—A. Yes sir.

Q. You have received no answers to these two wires?—A. No sir.

Q. Did you inquire if there was anything wrong, why you have no answer to your telegrams? Have you repeated those wires, and if so, will you file copies of them—read them into the record, and file them as Exhibits?—A. This morning I sent the following telegram:

EXHIBIT No. 145

"OTTAWA, Ont., April 30th, 1926

Rush

G. P. STEWART, Esq.,
Special Customs Officer,
Chatham, N.B.

Why have my telegraphic instructions twenty-eight instant not been acted upon stop proceed immediately in accordance therewith and telegraph results.

W. F. WILSON,

Charge Customs P.S."

The other telegram I sent this morning reads:

EXHIBIT No. 146

"OTTAWA, Ont., April 30th, 1926

HAROLD C. RAMSAY, Esq., K.C.,
Barrister,
Bathurst, N.B.

Why have my telegraphic instructions twenty-eight instant not been acted upon stop proceed immediately in accordance therewith and telegraph results.

W. F. WILSON,

C.K. 9.45 a.m.

Charge Customs P.S."

These two telegrams were filed with the telegraph company at 10.50.

Q. Last night?—A. This morning.

By Mr. Donaghy:

Q. Mr. Wilson, you have read four telegrams?—A. Yes sir.

Q. Under whose instructions did you send these telegrams?—A. The instructions of the Honourable Minister of Customs and Excise.

Q. Honourable Mr. Boivin?—A. Yes.

The CHAIRMAN: The second telegram to Mr. Stewart is filed as Exhibit 145, and the other, to Mr. Ramsay, as Exhibit 146.

Now, let us proceed with the Orders of the Day.

SAMUEL A. MACK recalled.

The CHAIRMAN: Under the oath you have already taken, Collector Mack, you will continue your evidence.

The WITNESS: Yes sir.

By Hon. Mr. Bennett:

Q. Was there a ship seized at Lunenburg for non-payment of watchmen's fees—the Annie M. or B.M. or some such name?—A. I don't remember.

Q. I will get you the name. I think it was a steamer, tied up at the dock for non-payment— —A. Of watchmen's fees? The watchmen's fees were not from our port. I think I had a telegram to hold up the boat, and I collected the money for them.

Q. What boat was that?—A. I don't remember the name; it was not in connection with our port.

By Mr. Doucet:

Q. It would not be the Ellice B?—A. No.

Hon. Mr. BENNETT: Yes, that is the boat I had in mind.

By Hon. Mr. Bennett:

Q. Mr. Mack, I would like to know who fixed the scale of fees charged by Captain Zinck?—A. There was no scale of fees fixed until the investigation by Inspector Boak.

Q. Then it was a free and easy sort of performance, until Inspector Boak came down?—A. Well, Captain Zinck hired his own men, and made his charges to suit the price of labour, I thought.

Q. Before Captain Zinck was put on the job, there were not any watchmen? —A. There were no vessels.

Q. No vessels?—A. No rum-runners.

Q. Did you know who owned the rum-runners which came to the port?—A. No.

Q. They belonged to various people, I suppose?—A. Yes.

Q. There must have been some vessels put into the port before 1922? —A. No, I do not think so.

Q. At any rate, you do not recall any?—A. No.

Q. Is it not correct to say that the understanding that you had with Captain Zinck was that he was going to keep the fees he had collected?—A. I had no understanding to that effect.

Q. He did not deposit them with you?—A. No.

Q. You did not collect them?—A. Not until after the investigation.

Q. But prior to the investigation?—A. No.

Q. You remember the letter you wrote to the Department after the investigation?—A. I do.

Q. Your attention was directed yesterday to the closing paragraph of it? —A. Yes.

Q. Your contention was that Captain Zinck was accounting for all the money he received?—A. That is what I thought.

Q. How did you get that idea?—A. He told me.

Q. When did he tell you that, after Inspector Boak went down?—A. No, at the time I answered that letter. That is where I got the information from

Q. You see, the letter is dated the 27th of January, 1925?—A. Yes.

Q. You say:

"As to the pay of the watchman, it is absolutely false that he has been charging over fifty cents per hour. It is true that he only pays

the men $5 per twenty-four hours, and the men are perfectly satisfied with the pay, and Mr. Wilson, to whom Captain Zinck reports, must be satisfied also. These reports are made weekly. A draft to Receiver-General for the difference between $5 to $12 per day, less expenses, are mailed to Mr. Wilson. Personally I feel that we are carrying on in every way for the best interests of the Department."

Captain Zinck told you that he reported to Mr. Wilson, also?—A. Yes.

Q. These reports are made when?—A. Weekly.

Q. He told you that also, as I gather?—A. Yes.

Q. He reported weekly to Mr. Wilson on his work during the week?—A. As I understand it.

Q. And his money?—A. Yes.

Q. Captain Zinck told you that himself when?—A. When I wrote the letter.

Q. You read it to Captain Zinck?—A. Yes.

Q. Before you sent it?—A. Yes.

Q. So that that letter represents what Captain Zinck told you at that time?—A. Yes. Captain Zinck admits that.

Q. Was that before the investigation, or after?—A. Before the investigation; that caused the investigation.

Q. Captain Zinck used to sail out of that port?—A. Yes, a good many years.

Q. What ships did he command, that you know of, and that you entered the registry of?—A. The last one was the "Bernice Zinck."

Q. Where is she?—A. She is fishing.

Q. Who owns her?—A. The registrar has a copy of the registry over here in the Department of Marine and Fisheries. There are a number of owners.

Q. Sixty-four shares, I suppose?—A. Yes. Probably fifty owners.

Q. Who is what we call the "managing owner?"—A. In that case, I think is it the Master. I think his name is Lohnes. The managing owner has to give a bond these days.

Q. That is the ship Mr. Doucet mentioned yesterday, as being registered in the name of "Bernard Zinck," a son of Captain Zinck?—A. Yes.

Q. That is the position in regard to that ship?—A. Yes.

Q. Your understanding is that the ship is really owned by Mr. Duff?—A. Not that one.

Q. I understood he said yesterday that that ship was owned by Mr. Duff?—A. No.

Q. That it stood in his name?—A. No.

Q. Who does own this one, the "Bernice Zinck," so far as you know?—A. Now? The forty or fifty owners. The copies of the register are in the Department of Marine and Fisheries. There are thirty, forty or fifty owners to-day. She is fishing.

Q. She is a fishing boat?—A. Yes.

Q. She is not in the rum-running business?—A. No.

Q. As I understand it, after Captain Zinck took hold, whenever he saw a ship coming into the harbour, he used to board her?—A. Yes.

Q. And if she was not what I would call, a coasting boat, handling ordinary merchandise, he put a watchman in charge?—A. Yes.

Q. That is, if a ship had a cargo of liquor, he put a watchman in charge?—A. Yes.

Q. Is that right?—A. Yes.

Q. You did not take any part in that business at all?—A. No.

Q. Surely you must have thought it strange, when you were the master of the port?—A. I did ascertain, and there were two watchmen on board.

Q. You must have thought it very strange on the part of Captain Zinck, whose appointment you knew nothing of?—A. I saw his appointment.

Q. You knew nothing about his salary?—A. No.

Q. Or why he was putting watchmen on the ships?—A. Well, I understood there was a salary.

Q. That is the Secret Service Department, you are referring to?—A. I suppose.

Q. After the report were all the fees collected turned in to you?—A. After the investigation.

Q. Were you present when Captain Zinck made up his accounts?—A. No.

Q. You saw his accounts?—A. I just had a casual glance at them.

Q. Who made them up?—A. He and Inspector Boak were in the other room, making them up.

Q. You understand that he paid up a considerable amount of money to Inspector Boak?—A. Yes.

Q. Do you know where he got the money?—A. I suppose he got it in the bank. The money was handed over to me.

Q. The money was handed over to you in the first place?—A. Yes.

Q. Tell me this; Mr. Doucet brought out a question or two with respect to the outfitting business conducted by Mr. Adams?—A. Yes.

Q. Is that correct?—A. Yes.

Q. What is the name of that business?—A. The Lunenburg Outfitting Company, Limited.

Q. You have no knowledge who comprises that firm?—A. No.

Q. What is their business—ship chandlers?—A. Yes.

Q. Outfitters of all kinds?—A. Yes.

Q. Did you know of Mr. Adams having any interest in liquor cargoes?—A. No.

Q. There is a company which owns a considerable number of ships down there?—A. There are quite a few shipping companies.

Q. Give me the names of some of them?—A. I think there is the "Giant King Company," the "Fishborn Fishing Company," and the "D. D. McKenzie Company."

Q. The "D. D. McKenzie Shipping Company?"—A. Yes. There are a dozen anyway.

Q. What is Mr. Duff's company?—A. I do not know.

Q. You do not know the name of that?—A. No.

Q. I thought he mentioned it yesterday, Captain Zinck did, and I thought you as registrar of the port would know?—A. When I have a bill of sale from the owners of a limited company, the secretary of the treasurer is about the only name that appears upon the bill of sale.

Q. How long has Captain Zinck been in ill health?—A. Since winter. He has worked day and night, all day Sunday, and of course was around the wharves all winter, and caught a very heavy cold.

Q. Do you fix the compensation the ships pay now?—A. Do I?

Q. Yes?—A. No. That was fixed. We adopted forty cents an hour, and on February 4th or 6th I had a wire from the Department to make the wages fifty cents an hour week days, and sixty cents an hour on Sundays. That is the regular overtime service rates.

Q. Prevailing in that port?—A. Everywhere now.

Q. The money comes in to you?—A. Yes.

Q. Here is a part I have not been able quite to understand. This liquor is not nominally destined for landing in Nova Scotia?—A. No.

Q. That is clear?—A. Yes.

Q. Where? In a general way; give me the names of the ports to which it is supposed to be going?—A. Nassau, St. Pierre, Havana, that is about all.

Q. When a ship calls in at your port, it goes up to enter?—A. Yes.

Q. In most cases bound to Cuba, the West Indies, and various places like that?—A. Yes.

Q. Why watch a cargo of that kind, as distinguished from any other kind of cargo?—A. Well, it is practically contraband.

Q. What?—A. We would watch a cargo of any other kind coming in, but destined for another port, where the Dominion Government's duty had to be protected.

Q. The ships do not come from Canadian ports?—A. No.

Q. Has the Excise been paid on any of them?—A. Duty, do you mean?

Q. What I am coming at is this: Are these cargoes' duty paid?—A. No.

Q. No revenue stamp on the cargo at all?—A. No.

Q. These cargoes then have been shipped, if shipped out of Canada, out of bond without any Excise duty being paid?—A. I presume so.

Q. I would like to know about that?—A. If a ship is from Canada, the excise duty should be paid.

Q. If this stuff is shipped out of bond, for some port, we will say Havana, is there any Excise stamp on it at all?—A. Perhaps.

Q. You do not know?—A. I do not know.

Q. The point I am coming to is this: If there is an Excise stamp on it, there would not be any object, as far as the Customs and Excise Department is concerned, in watching the cargo?—A. Except that we would not allow it to land, under the Prohibition Act.

Q. If it is properly stamped the only point is that it is an offence against the prohibition law of the province?—A. No, it is an offence against the Customs Act. There is no liquor allowed to be admitted into Canada, except the vendor gets a permit. In that connection we have no imports along that line.

Q. Perhaps you can tell me this; we were speaking the other day about the question of revenue. Does this liquor bear a stamp or not?—A. I never saw any.

Q. You never saw it?—A. No.

Q. So you cannot tell us?—A. No.

Q. It is in cases, barrels or casks?—A. Yes.

Q. And to land would mean to land a case, not bottled?—A. Yes. Cases or barrels.

By Mr. Donaghy:

Q. About how many watchmen on an average are employed watching these ships, at the port of Lunenburg?—A. At the present time?

Q. Yes, or within the last year or two?—A. Well, when I left home there were sixteen employed. We had eight vessels in.

Q. These men that Captain Zinck employed, were they the best men available at the port for that purpose?—A. I left that to his judgment.

Q. Had you any judgment about it at all? I am asking you about your personal opinion?—A. I presume he picked them out.

Q. Did you know the men?—A. I did not know the whole of them; I knew some of them.

Q. Those you did know, what is your opinion of them?—A. In some cases, there might be an improvement upon them.

Q. What is that?—A. In some cases he might have improved. My judgment may be wrong, I do not know.

Q. Did you see any other better men available there, that were not employed?—A. No.

Q. That is what I am asking you for; they were the best you could get around there?—A. They were the best he could get.

Q. What do you say as to whether or not the Customs laws were being properly enforced, in the port of Lunenburg?—A. I consider they were.

Q. There has been some suggestion that things were run rather loosely in your port, and I am anxious to know as to that; is it true?—A. No, they were not.

Q. They were not?—A. No.

Q. Do you think there was much smuggling of whiskey into the country from that port?—A. I do not.

Q. You do not know of any, yourself?—A. No.

Q. You do not know of any?—A. No, not in a general way, not in an official way.

Q. I do not care whether it is official or not—do not split hairs?—A. I want to tell the truth, of course, I do not know.

Q. You do not know, either officially or personally?—A. Well, when Mr. Zinck would seize a cargo, I would know it was smuggled in, or attempted to be smuggled in.

Q. Did Captain Zinck seize any cargoes?—A. I think he seized one or two. I think he seized the Harry L. Hyrtle. That is one that comes to my mind.

Q. What did she have on board—booze?—A. Yes. He made a number of seizures.

Q. Of those booze-runners?—A. Yes. In small lots.

Q. I am rather glad that he was doing his duty; there is some suggestion that he shut his eyes when a booze-runner appeared?—A. That is not correct. He was a good official.

Q. Do you think he was performing his duties efficiently?—A. Yes.

Q. You did?—A. Yes, sir.

Q. The only thing in connection with him, concerning which there might be any criticism was holding these moneys so long?—A. Yes.

Q. That is the only thing?—A. That is the only thing.

Q. Outside of that, you think he was a good enforcement officer?—A. Yes.

Q. Did he satisfy you?—A. Yes.

Q. Of course his health is now rather breaking up?—A. He is not in a physical condition to do the work to-day.

Q. We can see that he is not well. In fact he had a doctor's certificate, saying that he is not well.

Mr. BELL: Did we have that before us?

Mr. DONAGHY: He brought it up and showed it to me privately. It said that he really should not have gone out.

Mr. DOUCET: At any rate, he is not a well man.

Mr. DONAGHY: I think one of the officials of our Committee brought it up and passed it along.

Mr. DOUCET: Every member was not apprized of it, at any rate.

Mr. DONAGHY: One of our own officials passed it to the Chairman.

By Mr. Donaghy:

Q. Now, as registrar of shipping there, I want to ask you in regard to some of these ships: The D. D. MacKenzie, that is mentioned. I think Mr. Duff's name was mentioned in connection with being owner?—A. In that case, I know he built it.

Q. What?—A. He built the vessel.

Q. What?—A. He built this vessel. The vessel was built in his name.

Q. He built it originally?—A. Yes, I think that is his vessel.

Q. Did he sell it, or does he still own it?—A. He sold it.

Q. Are the shares transferred on your register?—A. Yes.

Q. I suppose some ships have been sold where the transfer has not been made in your register?—A. Yes.

Q. Sometimes they neglect it?—A. They do not bring the bill of sale in.

Q. How long is it since Mr. Duff got rid of this D. D. MacKenzie?—A. It must have been a year or two ago, since it was transferred into the shipping company. I do not know that.

By Hon. Mr. Bennett:

Q. To a limited company?—A. Yes.

By Hon. Mr. Stevens:

Q. That is a common practice for owners to form joint stock companies for each ship to protect them against liabilities, except liability of the value of the ship?—A. Yes.

Hon. Mr. BENNETT: The same as the merchant marine.

By Mr. Donaghy:

Q. This limited company, has it sold the ship again?—A. Yes, I think it has.

Q. Has it been sold again a second time?—A. Yes.

Q. The schooner J. H. McKenzie, do you remember how many of the sixty-four shares in the schooner, Mr. Duff owned?—A. No.

Q. You do not remember?—A. No, I do not.

Q. You do not remember how many people were interested in the J. H. McKenzie?—A. No.

By Mr. Doucet:

Q. Mr. Mack, you said that at the present time when you left Lunenburg, there were eight vessels in the harbour?—A. Yes.

Q. Would be able to remember their names?—A. No.

Q. Do you remember some of them?—A. Well, one is the "Tessie Aubrey"; Mr. Zinck would know the names I know.

Q. I am going to put it this way; would any of these vessels be Lunenburg vessels?—A. I think I could safely say, "No".

Q. We will leave it at that, Mr. Mack. Now replying to Mr. Donaghy just now, you said that there was comparatively no smuggling done in Lunenburg?—A. As far as I know.

Q. Of course, Mr. Mack, the smuggling complained of is generally done at the outer island, is not it?—A. Outside the limits, yes.

Q. I suppose you know, Mr. Mack, or do you know, whether seizures were made at Gorham's Point?—A. Yes.

Q. Supposed to come from the D. C. Mulhall?—A. Supposed to come.

Q. What was that, approximately?—A. I did not make the seizure.

Q. Approximately a couple of years?—A. Yes.

Q. There was also a seizure made at La Havre Island?—A. Yes.

Q. That was also a little over a year ago?—A. Yes.

Q. There has also been a complaint about smuggling or liquor being landed at Sandy Point?—A. Yes, Shelburne County?

Q. Yes.—A. Yes.

Q. As a matter of fact, Mr. Mack, I am asking for your own opinion, as Mr. Donaghy asked you, it is common rumour there that whilst no liquor may be unloaded within Lunenburg Harbour, that after they clear from there for St. Pierre or Nassau, they do unload some of the cargoes in the immediate vicinity?—A. When I mean that there was very little smuggling in Lunenburg, I was talking about the vicinity.

Q. It would not be profitable to unload in Lunenburg when there would be half a dozen officers around?—A. No.

Q. Now, Mr. Mack, you said to Mr. Donaghy just now that Captain Zinck as a Preventive Officer was satisfactory to you?—A. Yes.

Q. But yet he was not responsible to you?—A. Since the investigation of late, I felt he was.

Q. Before that?—A. No.

Q. While he was carrying on as a Preventive Service officer he was not responsible to you?—A. No.

Q. Whilst he was hiring the watchmen to watch vessels, he was not reporting, although he might have been, responsible to you?—A. No.

Q. He was not reporting to you?—A. No, I kept in touch with him.

Q. You mentioned the schooner D. D. MacKenzie, and you said that the schooner had been transferred to the D. D. MacKenzie Company, Limited?—A. Yes.

Q. That is common practice?—A. Yes.

Q. For instance, the W. C. Kennedy was transferred to W. C. Kennedy Company, Limited?—A. Yes.

Q. The General Paul?—A. I do not know; that is not registered.

Q. The General Paul Shipping Company?—A. Yes.

Q. And the Giant King?—A. Yes.

Q. Copies of the registration would be in the Marine and Fisheries Department up here, would they not?—A. Yes. Copies of my registration.

Q. As a matter of fact, as Collector of Customs for the Port of Lunenburg, when called upon to give clearance for a vessel, when called upon to register a ship from the port, you have to get a statement of the owners of the ship?—A. A declaration of ownership from each individual.

Q. The transfer is made by bill of sale?—A. Yes.

Q. You also have to have that?—A. By these individuals.

Q. Every bill of sale is made to a shipping company so organized for the protection of other property?—A. Yes.

Q. Then the former owner generally takes a lien, does he not?—A. No.

Q. He does not?—A. No, there are very few mortgages or liens.

Q. That is the practice. Now, my friend, the Chairman, rules that it might possibly be better for us to file the documents.

The CHAIRMAN: You put the witness in the position of speaking for the archives.

Mr. DOUCET: We will make a motion to have the documents and they will speak for themselves.

By Hon. Mr. Bennett:

Q. You have a copy of your shipping register at Lunenburg which you could send up to the Committee?—A. Yes, you could get them over here.

Q. You would have to know the name of the ship?—A. Yes.

Q. You have a little Lunenburg register?—A. Yes.

Q. If you would send a certified copy, we will have a record?—A. Will you provide me with a list of vessels you want a record of, and for how long you want them, how far back.

Q. I beg your pardon.—A. If you would give me the date of the registration.

Q. You have a record and Lunenburg is not a large port?—A. No.

Q. How many ships have you?—A. Three hundred and fifty, or three hundred and sixty, or so.

Q. You have three hundred and fifty registered ships?—A. Yes.

By Mr. Doucet:

Q. How many are Lunenburg owned?—A. They are not all owned in Lunenburg; some are owned in Newfoundland and everywhere.

Q. Of those now in Lunenburg at the present time, are there any of them engaged in what is known as rum-running business?—A. Except those owned by these companies?

Q. By the companies?—A. They are owned by the companies who charter. What I am trying to say is that Lunenburg people themselves are not in the rum-running business.

Q. I mean the vessels owned by individuals or by companies in Lunenburg; are those vessels in the business?—A. Chartered?

Q. Chartered, yes.—A. Yes.

Q. There are some of these vessels chartered for that business?—A. Yes.

Q. About how many?—A. There may be a dozen.

Q. Among which would be the Grace P. Brown?—A. I thought the Grace P. Brown was fishing this summer.

Q. I am not speaking of this summer; we are hardly into summer yet. The Grace P. Brown was transferring cargoes of liquor last February?—A. Yes, she was.

Q. The D. D. MacKenzie was in the rum-running business also?—A. Yes.

Q. The W. C. Kennedy was lost, wasn't she?—A. Yes.

Q. Would the Ruth D. Adams be in that business?

The CHAIRMAN: You have to tell what you know of your own personal knowledge.

WITNESS: You asked me what?

By Mr. Doucet:

Q. The Ruth D. Adams?—A. I do not think she is owned in Lunenburg for some time.

Q. Is the J. H. Sinclair still in Lunenburg?—A. I do not know.

Q. The Gilbert B. Waters?—A. Yes.

Q. Is she in the rum-running business?—A. She is fishing.

Q. She made a trip to Demerara last winter?—A. She may have; she did make a trip, I do not know when. I have not got the date clear in my mind.

Q. You have no recollection whether you cleared the Gilbert B. Waters for Demerara early in the winter?—A. No. I would not clear her; it would be my clerk who would do the entering.

Q. Now, another question, Mr. Mack; do you know G. C. Berringer of Lunenburg?—A. Yes.

Q. What is his occupation?—A. I think he is a real estate agent; really I do not know as he has any particular occupation.

Q. Would he be an officer of the Preventive Service?—A. Possibly, I do not know; not to my knowledge.

Q. By the way, how far is Liverpool from Lunenburg?—A. Forty miles.

Q. La Have?—A. Depends. We have to go across the river; it would be eight miles down and a mile across by boat.

Q. Do you know J. Mossman of La Have?—A. No.

Q. Do you know J. D. Myra of Riverport?—A. Yes.

Q. What is his occupation?—A. I do not think he does anything; I think he has money enough.

Q. Apparently, according to my information; he is only a young man. Most of us people unfortunately have to work?—A. I do myself.

Q. This man is something like forty-eight years of age?—A. I understood that he really did not have to do anything. He is interested in fishing vessels.

The CHAIRMAN: We are not supposed to know anybody else's business.

Mr. DOUCET: I am trying to find out if he is employed in the Preventive Service.

WITNESS: Officially, I do not know of any of these employees.

By Mr. Doucet:

Q. Do you know Harris Lohnes of Mahone Bay?—A. Yes.

Q. What is his occupation?—A. He is in the meat business.

Witness retired.

W. F. WILSON recalled.

By the Chairman:

Q. You are under the oath already taken. You stated to the Committee a moment ago that you had wired again to Mr. Stewart to get an answer to the telegram which was sent to see if the accused Moses Aziz has been arrested and put in jail. Since you have given evidence, have you received any further news?—A. Since giving evidence a few minutes ago, I received the following telegram, dated at Chatham, N.B., 30th.

Q. April 30th. Read it.—A. "Chatham, N.B., 11.50 a.m." That means this morning. "W. F. Wilson, Chief, Customs Preventive Service, Ottawa, Ontario. Moses Aziz committed to jail at Bathurst this morning. Signed, G. P. Smith."

The CHAIRMAN: File it as an exhibit.

Witness retired.

Mr. CALDER, K.C.: May Captain Zinck and Mr. Mack be discharged?

The CHAIRMAN: Yes.

Hon. Mr. BENNETT: I want to ask Captain Zinck a few questions.

Mr. BELL: I suppose there is no word whether Moses has been released?

The CHAIRMAN: I do not think so.

J. D. ZINCK recalled.

By Hon. Mr. Bennett:

Q. How are you feeling to-day Captain?—A. Not very good.

Q. You have not been very well lately?—A. No.

Q. Captain, how did you happen to get this job?—A. I did not ask for it.

Q. You woke up one morning and found yourself with the job?—A. They recommended me. Mr. Duff got me appointed.

Q. You did not want to be appointed, and till you were appointed, you did not know you were going to be appointed? It came as a great surprise?—A. I was not very anxious about it.

Q. It came as a surprise that you were selected?—A. Yes.

Q. I am not going to worry you, I know you are not very well. I will trouble you with only a few questions. How did you first learn you had been appointed?—A. How did I first learn?

Q. Yes.—A. I got the telegram.

Q. From whom?—A. Mr. Duff.

Q. You did not know you were going to be appointed until you got the telegram saying you were appointed. The telegram came from Ottawa?—A. Yes.

Q. You got your papers from Ottawa?—A. Yes.

Q. Therefore—I do not want to worry you. The difficulty I have had in your case is that I can not find anything to show that you were to go on board

ships and collect money for watching them, or anything of that sort. Tell me, in your own quiet way, how you construed your appointment to mean that?—A. As soon as we got watchmen and vessels came in liquor-laden.

Q I did not hear you very well.—A. As soon as we got vessels, rum laden, we had to put watchmen on.

Q. To keep them from landing cargoes?—A. Yes.

Q. Captain, I suppose you did not keep the telegram telling you of your appointment?—A. I do not think I have it.

Q. It is a long time ago?—A. Yes.

Q. You do not remember just what it said?—A. No, I do not.

Q. At any rate, in consequence of getting the telegram, you knew you had the job, and then you got papers from Ottawa. I have been looking at the papers from Ottawa and there is nothing there saying anything about going on ships and putting watchmen on?—A. No.

Q. Who told you that?—A. I had nothing much to do. I talked it over with Mr. Mack, and of course, I went at it, and I was the only one who could do it, as there was no one else to spare.

Q. You see, Captain, there is nothing in the letters which Mr. Farrow sent you, or the papers which you got from Ottawa, to say you were to go on the ships and watch them, or get any pay for that work?—A. No.

Q. And I was a little anxious to find out how you knew you were to go on the ship?—A. Well, somebody had to do it, and I thought I was—

Q. You thought you were the person?—A. I was acquainted there, and thought it was my duty to do what I could.

Q. And so, being an old Master Mariner, you got on board. Is that it?—A. Yes sir.

Q. There is a further difficulty I see. There is absolutely nothing here which says what you are to charge; there is nothing here which we have seen that says what you are to change for the work. Who told you what to charge? —A. Nobody told me. We talked it over in the Customs there, Mack and I, but of course we did not charge very much.

Q. And did you understand that all the money you got you were to keep, excepting enough to pay the men who did the watching?—A. No.

Q. You did not understand that?—A. No; I was writing for orders what to do with it—for instructions.

Q. And you did not get any until Mr. Boak went down?—A. I did not get any until Mr. Boak went down.

Q. When you got the telegram saying you were appointed, you communicated with Mr. Adams as to good men to put on the ships? I think you said yesterday you consulted Mr. Adams—perhaps that is a better way to put it.—A. When I was short, and he had a man whom I knew was a good man, I would ask him about this man, where he was, and where I could get him. It is not so easy to get good men down there.

Hon. Mr. BENNETT: They tell me that you are very unwell this morning, that you are feeling very badly, and it has been suggested I do not worry you, so I will not ask you any more questions, Captain.

The CHAIRMAN: You are discharged; you may go home.

By Hon. Mr. Bennett:

Q. You are not fit for the job now?—A. No, hardly.

Q. You have not resigned, have you, Captain?—A. Not yet.

The witness discharged.

The Committee adjourned till 3.30 p.m.

AFTERNOON SITTING

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

CHARLES ROBERT KENDALL called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Kendall, are you in the employ of the Customs Department?—A. Yes.

Q. At what point?—A. Barrie, Ontario.

Q. In what capacity?—A. I am now sub-collector.

Q. What were you on October 17, 1922?—A. Examining Officer.

Q. Do you remember a seizure in which a man called Waisberg was concerned?—A. I do.

Q. That is D. Waisberg, or A. Waisberg and Company?—A. Yes.

Q. Were you the first man concerned in this seizure?—A. I was, as far as I know.

Q. Will you tell us what happened?—A. He came to me on the 16th of October.

By Hon. Mr. Stevens:

Q. What year?—A. 1922. He approached me, stating that he would give me $2,000 to $3,000 per year, if I would pass one trunk of silk per week without examination, and he said that he would give me $50 per trunk, or guarantee me $2,500 per year, to pass one trunk per week. He had no trunk with him at this time, but he said he would bring a trunk three days or a week later, whereupon I told him if he did bring that trunk, I would immediately put him under arrest. The next morning I was approached by a merchant who advised me he had bought some silk very cheap, from this Jew, and would I advise the merchant when he brought it along, so I concluded by that that he had already sold his silk, and he would bring it along later, which he did. I might say that in reporting that first move by Waisberg, I referred it to the sub-collector, who was my immediate superior, and he made light of it, whereas I considered it serious, and I somewhat went wrong on the regulations by writing direct to Mr. Farrow.

By Mr. Calder, K.C.:

Q. On the 17th of October, 1922, you wrote from Barrie, Ontario, to R. R. Farrow, Commissioner of Customs?—A. Yes, I wrote myself.

Q. I will read your letter—you have a copy of that letter?—A. Yes.

Q. You wrote as follows. (Reading):

> "SIR,—While attending a meeting last night, October 16, I was called out by a person who stated he wished to speak to me on business, and alone. I told him I could not leave the meeting and he asked that I talk with him in a side room. I took him in to the committee room, where he suggested I should permit him to receive baggage without examination, and for thus neglecting my duties, he would give me $50, and that I could make $2,000 per year this way, if I wished. I warned him that he was asking something foolish, and he stated it was being done all over, and that he would come here with a trunk, adding that he always carried certified invoices, anyway. I have every reason to believe that he will bring baggage here, and that he will again offer the bribe before producing invoices.

On questioning him I found out he intended to bring silks into this country this way. He would not give information as to whether he had obtained merchandise in this way, or not, before, other than 'It was being done all over the country.'

He is a Jew, and gave his name of Daivey Waisberg, living at 184 Queen Street West, Toronto. He also suggested he would get his goods this way in Toronto, but he could not 'get next to the officers there,' in answering my question as to why he came to Barrie for this specific purpose. I realize the danger of this practice, and report the matter to you as it happened.

I have the honour to be, Sir,

Your obedient servant,

(Sgd.) C. R. KENDALL,
Customs Examining Officer."

Q. You say he returned?—A. Yes, sir, he returned.

Q. When?—A. He returned three days later. I think, on October 20th.

Q. What happened then?—A. I was out the night he came. He telephoned to my home, and my wife advised him that I was out, whereupon he went up to see her; he was not satisfied, I presume, so he went up to see her. He did not see me that night. He was waiting for me to go into the office next morning; he says "I have my invoices here for that silk", and he produced the invoices. I said: "All right, you will come up and see the sub-collector there, and clear up everything." He could not overcome the temptation to get it through cheaply, and he again offered me the bribe, whereupon I went to the baggage shed, had the trunk opened in the presence of the baggagman, took out the contents, put them back again, re-sealed it, put Mr. Waiserg under arrest, and took him up to the sub-collector.

Q. You told Waisberg you would put him under arrest, and you considered you had sufficient cause?—A. I considered that I had done my duty, when I placed him under arrest.

Q. Is Mr. Young still alive?—A. Mr. Young died about six weeks ago.

By Mr. Donaghy:

Q. You were there?—A. I was there at that time.

By Mr. Calder, K.C.:

Q. He, that is, Mr. Young, wrote a covering letter to your letter of the 17th?—A. I do not know, and for this reason; that after I handed Mr. Waiseberg over to Mr. Young, this whole business to me was a secret; I was not given any information, or asked for any further information regarding the case.

Q. Do you know whether any prosecution was taken against Waiseberg at any time?—A. To my knowledge, none was taken.

Q. Is that the last you heard of it?—A. That is the last I heard of it. The last I heard of it was that Waisberg got his silk.

Q. Did he do anything for it?—A. Yes, he paid the sum of $813.60.

Q. What did you value it at?—A. In my appraisal, I put it at $1,600. He produced two invoices, one for $1,164.36, and another for $339.29.

Q. Making a total of how much?—A. A little over $1,400.

Q. Do you know whether any solicitors appeared for him at any time in this matter?—A. I know he told me—I may say that after I took him to Mr. Young, Mr. Young rather criticized my action in telling him he was under arrest, and I felt a little abashed at being admonished by my superior for doing what I considered my duty, and I did not take very much more interest in the matter for a few days. However, the Jew met me on the stairs and laughed at me for my efforts, in my face, and said that that was once I had overstepped the mark, and that he was going to see his solicitors.

Q. Is that the last you heard of it?—A. No, it is not.

Q. What did you hear next?—A. I do not know what I heard next, but I think what I heard next in connection with the matter was Mr. Young sending a communication to the Deputy Minister ,asking why he had not received his share of the seizure money.

Q. That was after the seizure was released?—A. After the seizure was released.

Q. Between the laugh given you by Waiseberg, and this request for the release of the seizure money, you know nothing else?—A. Yes, Mr. Waisberg's solicitor came to the office one day and said he wanted to see Mr. Young regarding the Waisberg seizure. Mr. Young went into his private office and closed the door.

Q. Who was he?—A. Mr. Boys, of the firm of Boys and Murchison. Boys and Murchison were Mr. Waisberg's solicitors.

Q. Which of them did you say had called?—A. Mr. Boys.

Q. What Boys is that?—A. W. A. Boys.

Q. You say he is of the firm of Boys & Murchison?—A. Yes.

Q. Barristers and Solicitors, of Barrie, Ont?—A. Yes.

Q. The firm being composed of W. A. Boys, K.C., and D. C. Murchison? Is that correct?—A. Yes.

Q. Is that the present member?—A. That is the present member for North Simcoe.

Q. You say he went in and saw the collector?—A. He saw the collector.

Q. You do not know what happened?—A. I was shut out of this thing absolutely, after I took Mr. Waisberg up there.

Q. Is that all you know about it?—A. That is all I know about it, except that a few weeks ago, I received a letter from Mr. Farrow, asking me to send to him any correspondence between the solicitors and my office, in connection with this case.

By Hon. Mr. Bennett:

Q. Have you a copy of the letter?—A. No, sir, I have not. I sent it to Mr. Farrow.

Q. But have you the letter you received from him?—A. There was only one letter on file.

Q. Have you the letter sent by Mr. Farrow?—A. No. It was only a short note, asking me to send this correspondence.

Q. Perhaps you will send it to the Secretary?—A. Yes.

By Mr. Calder, K.C.:

Q. You know Mr. Young's handwriting?—A. Yes.

Q. Will you look at this letter and say whether it is in his handwriting? (Exhibits letter to witness).—A. Yes.

Q. I will now read into the record the covering letter from T. T. Young, reading as follows. (Reads):

" File 109-389.

BARRIE, Ont., October, 19th, 1922.

R. R. FARROW, Esq.,
Commissioner of Customs,
Ottawa, Ont.

DEAR SIR,—I enclose a letter from C. R. Kendall, who is my helper and examining officer for this outport at Camp Borden, which may help to explain how silks get into certain districts of this country, and are sold cheaper than many of our retail merchants claim they can honestly be sold.

I know D. Waisberg personally, as he was in business here for a time, and I had to watch him in connection with my office work here. After a time he had a fire, and then went on for a time, but finally wound up under suspicious circumstances.

It is possible he may have been deceiving or 'working' an examining officer here and there, and so I send this to you, and you will give it due consideration.

I have the honour to be,

Your obedient servant,

T. T. YOUNG,
Sub-Collector."

Q. You made a detailed report on the 23rd?—A. I did.

Q. Of what had transpired between you and Mr. Waisberg at the time the seizure was levied?—A. Yes. I may say, in explanation of that detailed report that it is a little out of order, inasmuch as I went over the sub-collector's head to make the report. I made that report because the sub-collector did not seem to be very much in sympathy with my taking the action I took.

Q. He wrote a covering letter, anyway?—A. Yes.

Q. So that when you say you went over his head, you wrote to Mr. Farrow and sent it to Mr. Farrow through the collector?—A. Yes, I sent it to him.

Q. Is this (showing the witness) your letter of October 23rd, 1922?—A. Yes.

Q. It is addressed to R. R. Farrow, and reads as follows. (Reads):—

"BARRIE, ONT., October 23rd, 1922.

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

SIR,—I am instructed by Mr. Young to report further regarding A. Waisberg, who made an attempt to bribe me as per letter of October 17th. Waisberg arrived in Barrie with a trunk on the evening of October 20th, at 8 p.m., and immediately tried to get in touch with me, but did not find me at home.

When he again offered me the bribe, on the following morning, I asked him to come to the Customs office and talk the matter over. Mr. Young, who was working in the back office, unbeknown to Mr. Waisberg, heard the conversation."

Let me break off here in order to ask you, did Mr. Young tell you he had heard the conversation?—A. I asked Mr. Young to be in a place where he could not be seen, but where he could hear the conversation.

Q. And he was there, but Waisberg did not know it?—A. Yes.

Q. (Reads):

"I asked Waisberg if he was not afraid of being caught, and he replied that he was not, that it was being done regularly, and if I was wise, I could soon make lots of money, because this was going to be a regular thing, not just once. In answer to my question as to why he chose Barrie to defeat the Customs, he replied that it is quiet here, that I did all the examining, and no one could possibly be aware of what was in the trunk, and that he knew I had had hard luck with sickness in my home, and this would more than set me up."

Was that true, that you had had hard luck on account of sickness in your home?—A. Yes, I had had considerable sickness at home.

Q. (Reads):

"I asked him if this had been done before, and he replied 'No', that others were doing it, and he could not make things go unless he did.

The following are some questions and answers:—

'Q. Are you aware of the penalty you are liable to?—A. Yes, but you are white, you would not let it out.

Q. There has been a lot of this going on, it seems to me there is a gang working, and you are most likely one of them?—A. No, I am working myself.

Q. You have in this trunk, some valuable merchandise, what is it worth?—A. $1,140.60.

Q. If I would accept your bribe, I would be liable to imprisonment?—A. Here, take this $50, I have it all counted ready, and no person will be wiser. Barrie is the easiest place because you are alone in examining.

Q. Why did you not go to Mr. Young?—A. I knew he would not let it through. You need the money, he does not. It would be no use asking him.

Q. Do you think I have no conscience, and hold my oath of office as a joke?—A. Oaths are nothing, you need the money, here it is, it is easy for you, and easy for me. You are white, and can be well off in a few months, remember this is a steady thing.'

I examined the trunk and found it to contain silks, crepe de chene, and other valuable dry goods. The trunk also was new, having been bought by him in New York I presume for the purpose. I seized the trunk, and had it locked in the bond room after resealing it. When I told Waisberg that I was not here all the time, but was out relieving sometimes, he replied that it would be easy for me to go away if I wished, or he would wait until I came back to Barrie.

I have the honour to be, sir,
Your obedient servant,
C. R. CAMPBELL,
Customs Clerk-Examiner."

This was enclosed in a letter from Barrie, Ontario, written by Mr. T. T. Young, which reads as follows: (Reads):

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

SIR,—I again enclose a letter from Mr. Kendall, examining clerk, which shows another advance made by D. Waisberg, and as a result, the trunk was seized and placed in the bond room here.

I am sending a copy of the seizure to Mr. Bertram, Toronto, and will send another if you so advise. He did not put up the $50 to Mr. Kendall to give me a chance to arrest him, but, as we know his address, 184 Queen Street West, Toronto, I think he can be caught easily enough if needed.

You will notify him of the seizure, and he already knows I have it (the trunk and contents) in safe keeping.

Awaiting results,
I have the honour to be, sir,
Your obedient servant,
T. T. YOUNG."

You told us that when the bribe was offered, and the money rustled in your presence, Young was posted where he could see and hear, and was there for that purpose?—A. Yes. I personally asked Mr. Young to get behind the

door, in his private office, and I may state that my reason for doing so was that Mr. Young seemed to have so little confidence apparently, or so little faith in my report.

By Hon. Mr. Stevens:

Q. Is Mr. Young dead?—A. Yes. He has been dead about six weeks or two months.

Hon. Mr. STEVENS: Nearly all our witnesses die, or go to Europe.

By Mr. Calder, K.C.:

Q. I have here a telegram dated October 24, 1922, to the Sub-collector of Customs and Excise, Barrie, Ont., which reads as follows. (Reads):

"Pending further instructions, refuse release of Waisberg's goods on any conditions.

Assistant Commissioner."

Then there is a letter from Mr. Boys upon the letter-head of Messrs. Boys and Murchison, which reads as follows. (Reads):

Re D. Waisberg

"BARRIE, October 25th, 1922.

R. R. FARROW, Esq.,
Commissioner of Customs,
Ottawa.

My DEAR Mr. FARROW,—I would like to see you herein. Kindly delay proceedings until Friday morning, the twenty-seventh, when I will be in Ottawa, and I will call and see you at 10.30.

Sincerely,

W. A. BOYS.

P.S.—I presume you are familiar with the matter, if not, I think Mr. Taylor is.

W. A. B."

Then follows a letter dated October 25th, 1922. Can you tell us whether October 25th was the date of Mr. Boys' visit to the sub-collector?—A. I could not tell you at all. I have no record of that.

Q. Then follows this letter of October 25, 1922, from Mr. Young, which reads as follows. (Reads):

Re D. Waisberg

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

SIR,—I submit seizure report for your further consideration, and in doing so, knowing that this man was a citizen of Barrie for some time. and as far as his dealings with the Customs officer (myself) are concerned. I had no trouble, I will take the liberty to ask you to deal as leniently with him as possible, under the present circumstances. He claims it is his first offense of this kind, and from the crude and uncalculating manner he went about it, so far as our Customs laws are concerned, I judge it is his first offense, and hence this letter.

I understand his wife and family are in Toronto. His children are going to school there, and I also understand has something to do with a business conducted at 184 Queen St., under the name of A. Waisberg and Company, the business conducted possibly in his wife's name. But any connection with this affair is now in your hands for action.

I am, sir,

Your obedient servant,

T. T. YOUNG,
Sub-collector."

That is quite a different appreciation from what occurred in his first letter, where he said he had had a fire, and had wound up his business suspiciously, and was possibly a member of a gang running silks in?—A. I understood that letter had been sent, but I had never seen it before, or had a copy of it.

Q. Will you come and see whether it is in Mr. Young's handwriting? (Showing letter to witness)—A. Yes, it is.

Q. It is entirely manuscript, and in his handwriting, from beginning to end?—A. Yes.

Mr. CALDER, K.C.: I think from there on it appears to be local.

By Hon. Mr. Stevens:

Q. What was the upshot?—A. The upshot was that there was no prosecution and the goods were released upon payment of double duty and confiscation.

Mr. CALDER, K.C.: The K-9 after reciting the above facts reads as follows:—

"I, the said officer of Customs do charge W. Waisberg, owner or agent, with contravention of the Customs laws as follows: To wit: On Monday, October 16th, 1922, at Barrie, he personally offered C. R. Kendall, examining officer, $50 to release such trunk and told him that he could make $2,000 per year in this way if he wished to.

(2) That he made strong efforts to get the said examining officer to go down and release trunk now detained on Friday evening, October 20th, 1922.

(3) And that to my knowledge he did offer C. R. Kendall, examining clerk, $50 to release trunk after one o'clock on Saturday, October 21st, in the Customs office.

The circumstances which led to the foregoing seizure, detention or charges, were as follows:

(1) His first offer to bribe C. R. Kendall as reported to Ottawa by the said C. R. Kendall and accompanied by my letter.

(2) His attempt on Friday evening, October 20th, to have Mr. Kendall come down from his residence and give him possession of the trunk so that he could return that day to Toronto on the 8.45 train to Toronto.

(3) Keeping away from me altogether and then meeting Mr. Kendall after he thought I was away from the office, and again offering $50 as a bribe to him in the Customs office here."

This report is signed by T. T. Young.

The disposition is as follows:

"REPORT OF COMMISSIONER OF CUSTOMS AND EXCISE

This is a seizure from Mr. D. Waisberg, Toronto, Ontario, of silk fabric for having attempted to enter same into Canada as ordinary baggage by bribing the Customs officer to pass the same. Duty paid value of the goods is reported to be $1,664.60, and they have not been released. The seizing officer at Barrie, Ontario, reports that on the night of October 16th, Waisberg approached Customs Officer and offered him a sum of money if he would pass a trunk which he was bringing into Canada as ordinary baggage without examining same. On being questioned by the officer, he admitted that he intended to bring silks into Canada in this manner. But the officer reported this matter to the sub-Collector on the evening of October 20th. Waisberg arrived in Barrie with trunk and again interviewed the same officer, who asked him go to the Customs office and talk the matter over.

Arriving at the office he questioned Waisberg and was told that the merchandise in the trunk was worth $1,140, and Waisberg again offered to pay him for the release of the trunk without examination.

The officer then placed the trunk and silk fabrics under seizure.

At the time of this conversation the sub-Collector was in the back office of the Customs House and heard the conversation between the Customs officer and Waisberg.

The matter stands as follows:—Approximate value, $1,200.

Duty	$ 360 00
Sales Tax	93 60
Penalty	360 00
Total	$ 813 60

and would recommend that the goods be released upon payment of $813.60, to be forfeited and in default of such release within thirty days, that the goods be and remain forfeited and be dealt with accordingly.

(Signed) R. R. FARROW."

Then it goes on with the decision of the Minister of Customs, etc.

Hon. Mr. BENNETT: By rubber stamp?

Mr. CALDER, K.C.: It is either a rubber stamp or signature. It seems like a signature.

Mr. CALDER, K.C.: It must be a rubber stamp; it is initialled "W. I.".

By Mr. Donaghy:

Q. By the way, were you financially in poor circumstances at the time this Jew tried to bribe you?—A. Yes.

Q. He said that he knew that?—A. Yes.

Q. No attempt was made to prosecute the man for the offence of attempted bribery?—A. Only my attempt in putting him under arrest.

Q. That proved futile in the long run?—A. Yes.

By Mr. Kennedy:

Q. How long did he remain under arrest?—A. About fifteen minutes.

Mr. DONAGHY: What we want to know is why he was not prosecuted for bribery or attempted bribery. It is a most flagrant case, and he should have been tried.

Hon. Mr. STEVENS: You ought to ask Blair.

Hon. Mr. BENNETT: Blair seems to have prepared the K-9.

Mr. CALDER, K.C.: That is why I want to call Mr. Blair. The procedure we followed when we found that evidence was required, was to lend the file to the officer overnight and he could reply without hesitation.

Mr. DONAGHY: Send for him and he can look it over in ten minutes. He should have had it before.

Witness retired.

A. L. LACOUVEE, called.

By the Chairman:

Q. Do you speak French or English?—A. It is immaterial to me.

(Witness sworn.)

By Mr. Calder, K.C.:

Q. You are master of the cruiser Margaret?—A. Yes.

Q. Employed in the Preventive Service?—A. Yes, sir.

Q. What kind of boat is that?—A. She is a fine boat, one of the best boats.

Q. What power, steam or motor?—A. Steam, oil burner.

Q. What speed does she make?—A. Seventeen.

Q. Have you a log of the Margaret?—A. Yes.

Q. How long have you been master?—A. I took charge of the Margaret in 1919.

Q. And you are still in command of it?—A. Yes.

Q. Have you a log for the year 1923?—A. Yes, sir.

Q. Will you turn up the log for the 26th day of June, 1923?

Hon. Mr. BENNETT: I suppose that is his first officer's handwriting. Is it?

By Mr. Calder, K.C.:

Q. That is the first officer's handwriting, is it?—A. Yes, sir. I think that (handing book to counsel) is what you are referring to.

Q. It is the day that the W. C. Kennedy was seized?—A. Yes, sir.

Q. On page 34 of your log, it reads as follows:

"Towards Pictou, N.S., June 26, 1923, at 12.40 p.m. stopped and boarded tern schooner W. C. Kennedy, latitude 45 degrees, 53 minutes north, longitude 62 degrees, twenty-one minutes west, approximate position; weather being smoky; land not discernible. Found clearance to state 994 cases liquor billed from Halifax to Nassau; 123 tow line on board W. C. Kennedy; left for Pictou, half speed; course west, southwest. Three minutes past two, east end Pictou Island, bearing northwest by west, half west; course west southwest. Two fifteen, east end Pictou Island."

Q. What is that, 570 degrees?—A. No, south.

"South 70 degrees west. Three ten, passing Cole's Point buoy, course varies, going in Pictou Harbour. Three thirty, Schooner W. C. Kennedy anchored in harbour, ship's officer in charge. Three forty, anchored near schooner in Pictou Harbour. Put watch of two men on board, second and third. Hatches sealed by Customs Officer, Mr. Carroll of Pictou. Watch carefully kept. Signed, Alfred Lecouvee, Master. Signed, H. Coffee, Chief Officer. Hours at sea, 8.38, distance 70 miles."

Q. Now, when you say your position was approximate, do you mean that you had no opportunity of using your instruments?—A. No sir, it was smoky.

Q. Since you seized the schooner Kennedy you must have been pretty well satisfied that you were within the three mile limit?—A. I was.

Q. You were within the three mile limit?—A. Within territorial waters.

Q. How did you define territorial waters in your mind? Did you mean the three mile limit, or within the Strait?—A. Within the Strait. I conscientiously believed Northumberland Strait was territorial waters.

Q. Did you receive seizure instructions with respect to territorial waters? —A. No, sir.

Q. Was it your practice, up to the time the Kennedy was seized, to consider the points in Northumberland Strait as territorial waters?—A. Yes, sir.

Q. Did you seize vessels within these territorial waters which were forfeited?—A. No.

Q. They were all released?—A. The Kennedy was the first.

Q. The Kennedy was the first that was seized?—A. Yes, in the Strait.

Q. As far as you were concerned, it was the first time the question of territorial waters came up at all?—A. Yes sir, in that respect.

Q. Have you ever pricked off that position, latitude forty-five degrees, fifty-three minutes north, longitude sixty-two degrees, twenty-one minutes west, in

order to find out whether it was without or within the three mile limit from Pictou Island or the nearest point of land?—A. If you will allow me, I have my chart here, and I can show you the exact position, as far as my knowledge.

Q. Did you prick the position on the chart when the seizure was made? —A. Yes, sir. (Witness indicates on chart.)

WITNESS: If I might be allowed to explain.

Q. Certainly.—A. After I took the Kennedy in tow there I ran the distance by the revolution. I could not set the log for the reason that I had the schooner in tow with only a short line. I would not bring up with a big tow line. It was not worth while. We ran along and got this position, these bearings of this point. When I ran seven and a half miles, I got the Pictou Island light abeam; that is the distance we had run, and by the revolutions of the engine and my practical knowledge I would be seven and one half miles from where I had taken the Kennedy and it would bring us there, you see.

Q. You were practically seven miles?—A. Yes, close on to the closest point would be seven miles, from the nearest point of Pictou Island. My contention was that if the Northumberland Strait was territorial waters as I conscientiously believed it was, taken between two nearest points of land, it would make the Kennedy about four miles and a half inside of the boundary line, if the territorial waters commence from the closest point of land.

Q. You would be four miles within the limits of the territorial waters?—A. Yes.

Q. It was because you ascertained that position that you seized the Kennedy?—A. Yes.

Hon. Mr. BENNETT: That is my understanding of the law.

By Mr. Calder, K.C.:

Q. Now, there is another seizure in which you were concerned, the seizure of the Jeanne d'Arc, you remember that seizure?—A. Yes.

Q. That is where you told us the limit was land miles and not nautical miles?—A. Yes.

Q. Will you take your log again, Captain, please? You seized the Jeanne d'Arc on the 9th September, 1923? Will you turn up the log for that day?—A. What date did you say?

Q. The K-9 shows on the 9th day of September, 1923?—A. That is right, sir.

Q. You now exhibit to the Committee— —A. On the 13th.

Q. She was seized subsequently?—A. Yes, on the 13th. I intercepted the Jeanne d'Arc. I was instructed to keep a sharp lookout for her, and on the 13th I intercepted her away out at sea, and I followed her for a considerable time.

By Mr. Bell:

Q. Followed whom?—A. Jeanne d'Arc. I followed until I got within the three mile limit, two or three quarter miles. I sent my officer on board, who reported to me that she was laden with liquor under French seal, with clearance for Nassau; therefore, I could not do anything. But I took her in to the nearest point which was Souris, under detention, and reported the matter to Ottawa and awaited further instruction.

Q. You were instructed to seize her?—A. On the 19th.

Q. Was this in the afternoon or morning?—A. Afternoon, three ten.

Q. When did you sight her, in the morning?—A. In the afternoon.

Q. You exhibit to the Committee your log at page 113, Canadian government ship Margaret from Souris?—A. (Reading):

> "September 13, 1923, at 1.15 in the afternoon, came up with motor boat Jeanne d'Arc, slowed down, following her towards the east point, course west by south, half south."

Q. West by South?—A. Yes.

Q. Half south?—A. Yes.

"Three ten to point like northwest three quarters north, distance two and three quarter miles; stopped ship and boarded motor boat Jeanne d'Arc; from Saint Pierre with contraband on board with French seals, for high seas, Nassau. Chief Officer and three seamen remained on board and proceeded towards Souris under detention. 603 moored at railroad wharf, Souris; motor launch alongside. Watched carefully, master Alfred LaCouvee, Captain, hours at sea 9.18, distance seventy miles."

Q. And you say that after putting her under detention, she was ultimately seized? On what date?—A. On the 19th, sir. I received orders from Ottawa to make the official seizure, and take the cargo out of her, and take her and the cargo to Charlottetown, which I did.

Q. At 6.15 in the morning you began transferring the liquor on to the Margaret, according to your log, at page 119, and at 8 o'clock you finished transferring the liquor, 185 packages. This ship was cleared for Nassau?—A. Yes sir.

Q. As an experienced captain, would you put to Nassau in that boat, with 185 packages of liquor?—A. I would not say, but she could not possibly go to Nassau coming up the Straits.

Q. That is clear, as far as direction is concerned, but as far as seaworthiness is concerned, would you venture to Nassau, unless the stake was a very large one?—A. No.

Q. What kind of a boat was it?—A. A small boat; I should judge about 45 feet long.

Q. Open?—A. No, she was decked.

By Hon. Mr. Bennett:

Q. A two-master?—A. No, she only had one mast.

Mr. DONAGHY: A sloop.

By Mr. Doucet:

Q. She was not even registered, was she?—A. No.

By Hon. Mr. Bennett:

Q. What kind of an engine did she have?—A. Gasoline.

Mr. CALDER, K.C.: Here (indicating) is a photograph of her. (handing photograph to committee). A man who would go down to Nassau in her would be a hardy voyager indeed.

By the Chairman:

Q. Is that a torpedo boat?—A. No.

Mr. DOUCET: I know the boat very well, and the man who would take that boat from St. Pierre Miquelon to Nassau would not be in his right mind.

By Mr. Calder, K.C.:

Q. Ultimately, Captain LaCouvee, that seizure was released, was it not?—A. I believe so, sir.

Q. Before it was released, were you asked by the Department to state whether the three miles had been calculated by you on a land or nautical basis?—A. I got a letter about that.

Q. Asking you whether it was land or sea miles?—A. Yes.

Q. And what did you tell them?—A. Nautical miles.

Q. That would be 6,085 feet? A land mile is 5,280 feet, and sea miles are—

Hon. Mr. BENNETT: One-seventh more.

By Mr. Calder, K.C.:

Q. —6,085 feet?—A. Yes.

Q. In other words, the calculation of this distance in land miles would bring that boat exactly 277 feet outside the limit, and that is why she was released?—A. I don't know. After I delivered the cargo to the Collector of Customs in Charlottetown, my duties were finished.

By Mr. Doucet:

Q. With the exception of landing the cargo?—A. I did not return it, sir.

By Mr. Calder, K.C.:

Q. They did not ask you whether it was high or low tide?—A. No.

Mr. BELL: Did anybody define the difference so he could answer inteligently?

Mr. CALDER, K.C.: That is a matter of which Captain LaCouvee had no knowledge. There is a letter in the file which I will put to the party concerned, by which he was asked whether it was land miles, and afterwards some good arithmetician in the Department discovered the fact that it was land miles, which would bring the vessel 277 feet outside the limit, and she was released.

Mr. BELL: Is there a letter showing there was such a request?

Mr. CALDER, K.C.: Oh yes; it is coming later.

Mr. BELL: I have not seen that on the file.

By Mr. Calder, K.C.:

Q. Have there been many releases on that same basis, namely, the Department taking the view that you should calculate your distances at sea in land miles?—A. That was the first time I was asked that question by the Department.

Q. Was it the last?—A. And the last; the first and the last.

Mr. CALDER, K.C.: Probably the principle had then been settled.

By Mr. Calder, K.C.:

Q. You were quite confident there were no disturbing factors of mist or fog on this occasion? Your position was absolutely accurate?—A. On the Jeanne d'Arc?

Q. Yes.—A. Absolutely, sir.

Q. You pricked off the position on the chart?—A. Right here, sir (indicating), if you wish to see it. I could have taken her out here (indicating), if I had wanted to, but I chased her a long while.

The CHAIRMAN: Is that a hypothesis?

Mr. CALDER, K.C.: Oh no. He indicated it on his chart.

By Mr. Calder, K.C.:

Q. You had your instruments aboard, and took your exact position?—A. We took the cross bearing by the points of land which were there.

Q. And that gave you the exact position, mathematically?—A. Yes.

Q. Captain LaCouvee, I suppose you have no choice as to the waters you cruise in?—A. No.

Q. You have been cruising chiefly in the Gulf—A. Yes, sir.

Q. Would you not be more useful on the Atlantic seaboard, do you think? —A. Last summer I had more than I could do in the Gulf.

Q. I know that, but supposing you were interested in making as many seizures as possible, of people dumping along the Maritime coast, do you not

think the "Margaret" would be better employed on the Atlantic seaboard than on the Gulf coast?—A. I don't think so, not with the situation as it was last year.

Mr. DOUCET: Not with the Northumberland Strait classed as territorial waters.

The WITNESS: No, and especially along the New Brunswick shore.

Mr. CALDER, K.C.: That is all, Captain, thank you.

By Mr. Doucet:

Q. Captain LaCouvee, I want to ask you this; when you effected the seizure of the Jeanne d'Arc and the cargo, did you get a declaration from Captain Therriault?—A. Yes, sir.

Q. In that declaration did Captain Therriault tell you where he was bound for?—A. I think so.

Q. He had a clearance from St. Pierre to Nassau?—A. Yes, sir.

Q. Did he state where he was to unload that liquor?—A. I think so, sir.

Q. Will you tell us whereabouts?—A. A place called Cocagne; it is between Buctouche and Pointe du Chene. I think you will find that in the affidavit on Mr. Wilson's file.

Q. As a matter of fact, Captain, in order not to mislead you, I might say that the affidavit states that Captain Therriault said the liquor was to be landed somewhere in the vicinity of Pointe du Chene?—A. Yes.

Q. And Cocagne is not very far from it. Pointe du Chene happens to be in Westmoreland County, and Cocagne is in Kent. Now, Captain, on the strength of the Captain's affidavit that he was to unload his liquor at Pointe du Chene or thereabouts, and your knowledge of the seaworthiness of the craft to make that voyage to Nassau, is there any reasonable doubt in your mind as to whether he intended to proceed to Nassau or not?—A. I firmly believe he had no intention whatever of going to Nassau.

Q. In that, you coincide with my views, knowing the facts as I do. Now, Captain, in connection with the "W. C. Kennedy": You had a statement from the Captain before he had communication with some one from land, did you not?—A. At Pictou?

Q. At Pictou.—A. No, sir; not to my knowledge.

Q. Did you not take an affidavit from the Captain?—A. Yes, sir.

Q. Which affidavit was read into the record?—A. Yes, but to my recollection I do not think he had any communication with anybody from the shore, because he said they were slow.

By Hon. Mr. Bennett:

Q. You said you got a statement from him before he talked to anybody on the shore?—A. Verbally.

Q. Yes.—A. Yes.

By Mr. Doucet:

Q. You made your report accordingly?—A. Yes.

Q. Afterwards a note was sent to him written on a telegraph blank, from some one on the shore, and after he had taken note of the contents he had a different story to tell, or he would not say anything? Now—

The CHAIRMAN: Wait a minute. He did not answer the question. You have put the full answer in his mouth, and he has only to say "yes" or "no", but he realizes the situation, and he can hardly say "yes". I think the question should be withdrawn.

Mr. DOUCET: I will withdraw the question, but I will put it in another form, as is my right.

The CHAIRMAN: Agreed.

By Mr. Doucet:

Q. After making the first declaration, to your knowledge did the Captain of the W. C. Kennedy receive a written communication from somebody on shore? —A. Yes sir.

Q. In what form?—A. On a telegram form.

Q. A telegraph blank, written out?—A. Yes.

Q. Now, after he received that communication, did he give you any further information?—A. No. I sent my Chief Officer on board immediately to get that; I intercepted that.

Q. Did he refuse to give it to you?—A. No.

Q. He gave you that communication?—A. Yes sir; willingly.

Q. And you referred it to the Department?—A. Yes sir.

Q. Did he talk after that?—A. Well, no; not until he gave his affidavit before a Justice of the Peace.

Q. Now, I want to ask you this question; do you know of the Gaspe Fisheries Company?—A. No; I do not recollect a firm by that name.

Q. Do you know a Mister Wicks on the Gaspe shore?—A. Yes sir.

Q. What firm does he represent?—A. Wicks Limited.

Q. Were any seizures of liquor made in that vicinity last year?—A. Yes sir.

Q. From whom?—A. Wicks.

Q. A large quantity?—A. There were 49 barrels of rum, and, if I remember right, 100 cases of whiskey. I do not recollect all of it in a minute.

By Hon. Mr. Bennett:

Q. Is it in the log?—A. No.

By Mr. Doucet:

Q. That was from a vessel?—A. Yes, it had been landed from his vessel, the Esther W.

Q. The liquor was seized on shore?—A. Yes sir.

Q. About what time of the year?—A. I don't recollect.

Q. Would it be in the early part of the summer?—A. No, it was coming on in the fall.

Q. It would be after the month of June, 1925?—A. Oh, yes, it was September, I think; some time in September.

Q. You made the seizure yourself?—A. I did.

Q. And do you know anything more about the case?—A. No sir.

Q. And was he prosecuted?—A. No sir.

Q. He was not?—A. No sir.

Q. Was the liquor forfeited?—A. Yes sir.

Q. You took it away yourself?—A. Yes sir.

Q. What became of it?—A. I landed that in Charlottetown.

Q. And do you know anything about it after that?—A. No, sir; I think it was sold.

Mr. DOUCET: We will get the rest of the information from the officers of the Department.

By Mr. Doucet:

Q. Now, in the case of the W. C. Kennedy, you transferred the liquor from the Kennedy on to the Margaret?—A. Yes sir.

Q. Was there any discrepancy in the number of packages on the manifest, and what you found in the hold?—A. Yes sir.

Q. About how many packages?—A. 188.

Q. What excuse did he give for having a wrong cargo—larger than the manifest showed?—A. The Captain informed me that he had landed 188 cases outside of Halifax harbour.

Q. How far outside?—A. At the outer automatic buoy, off Sanbro.

Q. How far from land?—A. Well, it would be about four miles, I should say, from Sanbro, and about fifteen miles from the harbour.

Q. Four miles from the nearest point of land?—A. Yes.

By the Chairman:

Q. And fifteen miles from the harbour?—A. Yes.

By Mr. Doucet:

Q. In that case, he would have broken bulk inside the nine mile limit?

The CHAIRMAN: That is a question for the committee to decide.

Mr. DOUCET: Surely that is a proper question.

The CHAIRMAN: That is a deduction.

By Mr. Doucet:

Q. Four miles from Sanbro Point would be within the nine mile limit?

Mr. BELL: We want the answer to that anyway.

Hon. Mr. BENNETT: He is an expert.

Hon. Mr. STEVENS: Put your question again.

The WITNESS: I think he did.

By Mr. Doucet:

Q. Now, after transferring the liquor from the Kennedy on to the Margaret, where did you take it?—A. Brought it to Quebec.

Q. On whose orders?—A. Ottawa.

Q. And there you delivered the cargo to— —A. The Collector of Customs.

Q. And he gave you a receipt?—A. Yes sir.

Q. What happened to that cargo?—A. I was ordered to take it back to Halifax.

Q. You were ordered to take it back to Halifax?—A. Yes, the next year.

Q. By whom?—A. By the Department, or I would say, by the Chief of the Preventive Service, Mr. Wilson, from whom I take all instructions.

Q. From whom you would take all your orders?—A. Yes.

Q. Well now, you landed it in Halifax?—A. Transferred it to the Vincent White, the Schooner Vincent White.

Q. Where?—A. Alongside the terminus.

Q. In what harbour?—A. Halifax harbour.

Q. On whose orders did you transfer it?—A. I had orders to give it to the owners who claimed it, through the Collector of Customs in Halifax.

Q. You had orders from the Department here?—A. To give it back to the owners, and I delivered it where the owners required it, on board the Vincent White which came alongside and took it.

Q. Who were the owners?—A. Well, the man who claimed it was Howard Wentzell, in Halifax, who represents Howards, Limited.

Q. Of Halifax?—A. Yes.

Q. Was he to your knowledge the owner of the liquor, when you made the seizure?—A. No.

Q. He became subsequently the owner of the cargo, after it had been in Quebec for a year?—A. Apparently.

Q. And had been seized?—A. Yes.

Q. You say you got that order to release the cargo from Mr. Wilson?—Yes.

Q. That is, Mr. W. F. Wilson, the Chief of the Preventive Service?—A. Yes.

Q. You would not be in a position to say why the liquor was delivered in Halifax, instead of it being delivered in Pictou, where it was first seized, would you?—A. No, sir.

Q. It strikes the Committee as rather peculiar that you were asked to go from Pictou to Halifax. However, you have no information on that point. Now, I want to ask you this question: You told the Committee you thought there was very effective work done in the Gulf by the Schooner Margaret?—A. Yes.

Q. Prior to the seizure of the W. C. Kennedy, were the waters between Cape North and Cape Ray considered territorial, or international waters, to your knowledge?—A. To my knowledge, it should be territorial water.

Q. You have been in the Service since 1919?—A. I have been in the Customs Preventive Service since the 12th of March, 1896.

Q. Since the 12th of March, 1896?—A. Yes, sir.

Q. And up to the 26th of June, 1923, a period of over twenty-seven years and three months, you always considered the waters inside of Cabot Strait territorial waters?—A. Yes.

Q. The seizure of the W. C. Kennedy and subsequent events to your mind was the first occasion when the question was put in doubt?—A. If I might be allowed to state, we reckoned them territorial waters in regard to vessels laden with liquor. In previous years, wherever we found a vessel with a load of liquor, it did not matter where she was, we performed a seizure.

By Mr. Calder, K.C.:

Q. If she was a Canadian vessel?—A. If she was a Canadian vessel.

By Mr. Doucet:

Q. I am going to ask you this question Mr. LaCouvee, although I do not know whether you can give me any information upon it or not. You know the Canadian cruiser, Arleux is employed in the Gulf, for the protection of the fisheries, do you not?—A. Yes.

Q. In that connection, have you any knowledge that the Arleux would make seizures, or destroy any bait found outside the three-mile limit, if those gears were set in the close season, for instance?—A. That is a difficult question to answer, but to my knowledge, I would speak of the Northumberland Straits.

By the Chairman:

Q. That is where you get your experience?—A. Yes. Outside in the Gulf, it is a different question. There are all kinds of questions to be answered there. In the Northumberland Strait, it is only a narrow strip of water, and at certain times of the year the fishermen are not allowed to catch lobsters; therefore, it must be territorial water. If it was the high seas, they could not prevent them from catching lobsters. It applies both ways.

Q. I should not have said the Gulf. I should have said the Northumberland Strait, because the Marine and Fisheries Department considered the waters within the Northumberland Strait as territorial waters for the purpose of protection to the deep sea fisheries. Captain LaCouvee, you have had reports, I believe, complaints of heavy smuggling in the Gulf, have you not?—A. Yes, sir.

Q. In fact, I believe clergymen on the Gaspé coast have made complaints to the Department, which complaints were transferred to you, were they not?—A. Yes.

Q. Answer me this question: How long are vessels allowed to come within the three miles, and land within three land-miles—with the expert mathematicians we have in some of the departments?—They come there and anchor for weeks and months? Can you prevent smuggling, under those conditions?—A. No, sir. According to the laws as they are at present, we cannot touch them, and as long as we are alongside them, there is nothing doing.

Q. My point is this: that so long as you are alongside of them?—A. Yes.

Q. You have to leave them to get supplies of provisions and coal?—A. Yes.

Q. You cannot get those provisions at every small fishing port; you have to go to a large port?—A. Yes.

Q. Were you not anchored by the Shepherd King some weeks, last fall?—A. I was anchored alongside the Shepherd King for a short time. In fact I did not anchor, I kept circling around. Twenty-four hours after, he left and proceeded out to sea. That was in September. In November they came back and I got after them again and drove them out.

Q. That is not the schooner I have reference to. I know of one schooner where you hung around the vessel for some time, and when your stocks of provisions and coal and oil were gone, you had to make your way to a larger port for provisions, and they had the opportunity they looked for, did they not?—A. I may say that there were several; not only one, but several.

Q. Now, Captain LaCouvee, if the Committee could get a decision that the waters inside Cabot Strait, including the Northumberland Strait and the Gulf of St. Lawrence were territorial waters, so far as contraband liquors were concerned, would it be easier to control the smuggling traffic in that section?—A. Yes, sir.

Q. As a matter of fact, could you practically prevent all smuggling?—A. Yes, sir.

Q. I am going to point out Cabot Strait on the map for the benefit of the Committee. It is between Cape Breton Island and Cape Ray, or Port aux Basques in Newfoundland?—A. Yes.

Q. All the waters inside of that Strait, is it not?—A. Yes.

Q. And is that the only channel through which vessels can get into the Gulf of the St. Lawrence, with the exception of the Gut of Canso, which is about a mile and a quarter wide?—A. And the Straits of Belleisle.

By Mr. Bell:

Q. Which are infrequently used?—A. Yes.

By Mr. Doucet:

Q. Another question, Captain LaCouvee; do you know, if we could get territorial waters inside of Cabot Strait, the western shore of Nova Scotia and Cape Breton Island would be still exposed to the three-mile limit?—A. Yes, along the Atlantic seaboard.

Q. Supposing a regulation could be adopted whereby the existing regulations in the United States, making it one steaming-hour from land, or twelve or fifteen hours; would that not be a great help to prevent smuggling?—A. In a way, it would, but the great trouble is that there are so many of them, that one cruiser cannot watch them all.

By the Chairman:

Q. You want more cruisers?—A. I have seen as many as four in a distance of forty miles.

By Mr. Doucet:

Q. Remember this, that if the inside of Cabot Strait were territorial waters, you would not need so many patrol boats and cruisers, inside; you could use

them on the Atlantic?—A. Yes, but, as it happens, we have only one in the Gulf, with the exception of a small patrol boat.

Mr. DOUCET: I think I have finished with what I wanted to find out from Captain LaCouvee.

By the Chairman:

Q. You are a man of experience, Captain?—A. Yes, sir.

Q. You have been there since 1896?—A. Yes, sir.

Q. For how many years has the rum-running business been going on there through Northumberland Strait, Belleisle, or Cabot Strait and Gaspe, how many years?—A. Well, in the St. Lawrence, when I first entered the service, since the last four years it has been pretty bad.

Q. But for how many years has it been going on? It did not start four years ago?—A. No, sir.

Q. When?—A. Thirty years ago. Since I entered the Service, smuggling has been going on.

Q. Smuggling was always a benefit and a pleasure for some fishermen?—A. Sure.

By Hon. Mr. Stevens:

Q. Was it as bad twenty years ago as it has been lately?—A. No, sir, it has never been as bad as it has been the last four years.

By the Chairman:

Q. You contend you need more cruisers?—A. Yes.

Q. How many would you need, speaking from your own experience?—A. From my experience, if you were to put on four or five more good, able boats, able to do some work, and amend the laws, then we would be able to do smething.

By Mr. Bell:

Q. And enforce them?—A. And enforce them.

Mr. DOUCET: And, prosecute perjurers.

Mr. CALDER, K.C.: And restore the nautical mile to its proper status.

WITNESS: Then amend the laws, so as to give us a chance.

By the Chairman:

Q. Have they been smuggling liquors through those Straits and Channels since thirty years?—A. Yes, and before thirty years. I am speaking of the thirty years I have been in the Service.

Q. The situation was always the same there?—A. Yes, the first year there was never any question. For your information, I might as well tell you that I have seen them seizing vessels ten miles outside the Magdalen Islands, which is an open Gulf, and there was a comeback.

By Mr. Calder, K.C.:

Q. Are you speaking of Canadian vessels?—A. Of Canadian vessels, and foreign vessels as well.

By the Chairman:

Q. And since thirty years it has been going on along the same line?—A. Yes, sir.

By Mr. Bell:

Q. Do you say in that connection that you seized them, whether it was right or not?—A. It must have been right, because there was never any comeback.

Q. It was a case where might was right?—A. Yes.

By Mr. Doucet:

Q. I understand there has been smuggling going on in the Gulf of St. Lawrence for the last thirty years. We have been all agreed on that. Prior to five years ago, was it not only smuggling from St. Pierre Miquelon through the Gulf of St. Lawrence, or did you come across schooners or vessels coming from the West Indies?—A. Five years ago, I can safely say there was no smuggling done in the Gulf of St. Lawrence from St. Pierre.

By the Chairman:

Q. That is an old story?—A. It is an old story.

By Mr. Doucet:

Q. But since the last four years, smuggling has increased?—A. It has increased.

By the Chairman:

Q. We understand that since prohibition has existed in the United States, St. Pierre Miquelon has become a land of gold?—A. St. Pierre Miquelon is only a depot; they go to Demerara for their rum. We have only had smugglers since the Nova Scotia Temperance Act came into force, and New Brunswick.

Q. And before that?—A. Before that we were quiet.

By Mr. Calder, K.C.:

Q. Before that, in Cape Breton they used to make their own rum?—A. They make it yet.

By the Chairman:

Q. If the two provinces came back wet, would you need any five cruisers? —A. We would be happy.

By Mr. Doucet:

Q. Wait a moment. For fear that the Committee might think that if the provinces of Nova Scotia and New Brunswick go wet you would have no trouble, is it not really the heavy excise tax on liquor that makes it profitable for these people to be in the business?—A. I do not think so.

Q. You do not think it is the profit in the business?—A. It is not the high duty.

By Mr. Calder, K.C.:

Q. It is the thirst?—A. I remember when the duty was only $2.50 a gallon. There was still smuggling going on.

By Mr. Doucet:

Q. But that was the large expense?—A. No.

Q. The point I want to make is this, and I think you will agree with me. If there was $10 excise tax per gallon, and you could import a cargo of liquor without paying the excise tax, some cargoes of rum, for instance, coming from the West Indies with 12,000 gallons, a saving of $10 a gallon would mean a lot of money?—A. Yes. I am not arguing for a reduction.

Q. I want to put the question in this way: Possibly a reduction in the excise tax would make the business less profitable for the importer?—A. For the importers, not for the smugglers.

By Mr. Bell:

Q. Do I understand you correctly to say that the situation did not become acute until after the passage of the prohibition laws to which you have referred? —A. Yes.

By Mr. Kennedy:

Q. Where do these smugglers get the liquor they are smuggling into Nova Scotia?—A. They go to Demerara for their rum, they go to the West Indies' Islands, and they will go to the Old Country for their Scotch.

By the Chairman:

Q. That is a good field for their operations?—A. Yes, sir.

By Mr. Kennedy:

Q. Do you say that we, as the Canadian people, ought to back down before the smugglers? It has been suggested that the abolition of prohibition would solve the problem. Do you think we ought to take the position that we cannot fight the smugglers, that we should back down before the bombardment of smugglers?—A. No sir.

Mr. BELL: We do not want to get into an argument on the question of prohibition.

By Hon. Mr. Bennett:

Q. What Mr. Kennedy asks is this: Do you think that Canada cannot cope with smugglers? Do you think the Canadian people cannot cope with these gangs of smugglers?—A. They can, if they go to the expense, but it will take money.

By the Chairman:

Q. It will take money to fight money?—A. Yes, sir.

By Hon. Mr. Bennett:

Q. How many cruisers were there in the Northumberland Strait, besides the Margaret?—A. None, except a couple of small patrol boats.

Q. Were they engaged in the fisheries?—A. I do not know that the fisheries have anything to do with the Customs.

Q. No, they have not. Tell me this, you were taking liquor from the Kennedy up to Quebec, and when you were doing that who looked after smuggling in the Strait then.—A. There was nobody.

Q. How long did it take you to go to Quebec and back with the Margaret? —A. It might have taken me about a week. I cruise up and down on the regular course.

Q. When you went up to Quebec in the spring, who looked after the Gulf? —A. Nobody.

Q. How long would it take you to go from Quebec to Halifax?—A. If I remember rightly, I was a week going down.

Q. And the same time going back?—A. Yes.

Q. Did you seize the Rising Sun?—A. No.

Q. Did you seize the James?—A. No sir.

Q. Captain, of the ships that you seized in the last three or four years, how many were condemned?—A. None that I know of.

Q. Of all ships that you seized for violation of the laws of the country, you know of none that was forfeited?—A. No, with the exception of one called Adana C off of Sydney; she was forfeited.

Q. You got her within the three mile limit?—A. For breaking cargo. He dumped some cargo overboard.

By Mr. Calder, K.C.:

Q. That was one that was sold for $45?—A. Yes.

By Hon. Mr. Bennett:

Q. Was that a large ship?—A. No.

Q. Schooner?—A. Yes.

Q. Outside of the $45 boat that was condemned, during all your experience in your patrol service of the ships you seized, not one has been forfeited?—A. No.

By Mr. Calder, K.C.:

Q. There is just one question. You said that the ships plying down to Nassau and Demarara and British West Indies bring liquor to St. Pierre?—A. Yes.

Q. And from there it is distributed?—A. In some case. Not in all cases; they go to Demarara for their load of rum and will come off our coast and remain there until they are disposed of.

Q. It must be clear to any person that a ship that has cleared from St. Pierre Miquelon for Nassau or for Demarara with liquor on board is not going to Demarara?—A. No, there are some go to St. Pierre.

Q. I mean a ship clearing from St. Pierre laden with rum and clearing for Demarara, does not necessarily mean that she is going to Demarara, and no person would be crazy enough to bring rum to Demarara?—A. No.

Witness discharged.

Mr. CALDER, K.C.: The Dominion Wreck Commissioner is here, Captain Demers, and he will speak as to the practice regarding Northumberland Strait. Do you think it is necessary.

Hon. Mr. BENNETT: This Committee will decide that. However, call him.

ALEXANDER A. DEMERS, called and sworn.

By Mr. Calder, K.C.:

Q. Captain Demers, what is your official position?—A. Dominion Wreck Commissioner.

Q. How long have you been Dominion Wreck Commissioner?—A. 1908.

Q. What is your jurisdiction?—A. The Dominion.

Q. The whole of the Dominion?—A. Yes.

Q. All cases arising out of wrecks with respect to ships, come under your jurisdiction?—A. Yes.

Q. It is a position involving necessarily all sorts of questions, having regard to cargoes with which you are very familiar?—A. Yes.

Q. Tell us first what has been the practice in your court with regard to the Northumberland Strait, whether you regard them as territorial waters or not?—A. As Wreck Commissioner, I can say this, that the law allows me to try any case of any ships coming to Canadian ports no matter where the accident happens. I may give you an idea which has prevailed in my mind, and which was carried out when I was in charge of a cruiser, looking after the Customs, doing similar work to Captain LaCouvee, and the Northumberland Strait, I have always taken into consideration and every time Canadian, French-Canadian, or English vessels would be arrested, the Northumberland Strait would always be considered as Canadian waters.

Q. The Cabot Strait was the limit of Canadian waters?—A. It was then as now. I am speaking from 1892 to 1901.

By Hon. Mr. Bennett:

Q. When the Gulf was made open?—A. Yes, 1901.

By Mr. Calder, K.C.:

Q. Was there ever any act making it open, any treaty?—A. No, the Treaty was between the United States and Canada for fishing and describing the limits of the territory.

Q. Will you come here and look at the chart, at the position that has been pricked off on it? You see the position that has been pricked off on the chart by Captain LaCouvee as the position at which arrested and detained schooner W. C. Kennedy was located, and at which place he arrested and detained her? —A. Yes.

Q. Will you say whether, in your opinion, that is within or without territorial waters, if Northumberland Strait be considered such?—A. I have no doubt it is in our waters, and that we have jurisdiction.

By the Chairman:

Q. If you take the contention of the other Captain, is it the same answer; another one said that it is about ten miles and a half.

By Mr. Calder, K.C.:

Q. If this position is correctly shown, if it is within territorial waters, the Chairman's question is, if it was thirteen miles, say off Pictou Island, what would you say?—A. It would not make any difference.

Q. You would say that it was still within territorial waters?—A. Sure.

By Hon. Mr. Bennett:

Q. It is three miles from the shore, three nautical or three land miles?—A. I beg your pardon.

Q. When we speak of three miles from the shore, is it three land miles or three sea miles?—A. I think it is understood to the three nautical miles, three thousand and eighty feet.

Q. I am asking you, as a man of experience and a sea captain, that is your understanding all your life?—A. Yes, that is my understanding and part of my duty to consider it in that way. There has never been any fuss or objection.

Q. Some reference has been made to three leagues or three miles; what has that to do with it?—A. I never heard of it.

Q. I never saw it in the statutes?—A. There is no such a thing.

Q. It is three nautical miles from the shore, which is the limit of our jurisdiction?—A. Yes.

Q. You treated Northumberland Strait as territorial water always?—A. Yes.

Q. For all purposes up to the time of the treaty with the United States, we treated Cabot Strait as territorial waters?—A. Yes. When I was looking after smuggling operations off Cape Breton coast, I drew a line three miles north from Cape Breton, and considered the land coming within that to be the limit, and I would make arrests. I did not make any arrests at the time but I made some arrests in the Gulf of St. Lawrence, half way between the north shore—possibly forty miles off shore. I made a seizure and brought a man to Rimouski and he got three months for smuggling, the first arrest that was ever made.

Q. We have in our statutes, section 13, which 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, or from any vessel having dutiable goods on board brought coastwise, nor shall bulk be broken within three leagues of the coast, until due entry has been made of such goods, and warrant granted for the unlading of same."

Do you know upon what that was based, whether there are any treaties? —A. No, I do not know; it never came before me before. I never had any chance to study the point.

Witness discharged.

C. P. BLAIR, recalled.

By Mr. Calder, K.C.:

Q. Mr. Blair, you have been looking over this file while waiting to be called?—A. That is Waisberg?

Q. Yes. That is file 109389, subject information re attempt of David Waisberg to bribe officer at Barrie, and re smuggling silks. We had gone on with the witness Kendall as far as a letter from Mr. Young, sub-Collector at Barrie, dated October 25th. I want to put into the record some of the rest of the correspondence, and you will probably identify the letters as I read them?—A. Yes.

Q. On October 30, 1922, on the letterhead of the House of Commons is the following letter, dated at Barrie, October 30:

"*Re Waisberg*

R. R. FARROW, Esquire,
Commissioner of Customs,
Parliament Buildings.

DEAR Mr. FARROW,—The Minister agreed to dispose of this matter either by confiscation of the goods or double duty, and I presume that he has given instructions accordingly. I did not think of arranging definitely with him as to settlement. I presume, however, the matter will be completed through the Collector at Barrie. I forgot to mention the sales tax was to be paid if the goods were not confiscated.

If you have not already done so, will you kindly send instructions to the Collector at Barrie giving the exact amount required to secure a release of the goods and I will be pleased to have a letter from you as to what is to be done.

Yours truly,

(Signed) W. A. BOYS."

Then you have the following letter, dated November 7, 1922:

"*Re Waisberg*

W. A. BOYS, Esquire, M.P.,
Barrie.

My DEAR BOYS,—After your visit to my office with reference to the above, I sent for the file and went through it very carefully. I presume that Mr. Waisberg did not represent to you the facts as they were, so that you might judge for yourself.

I am sending you a copy of part of the file which will explain itself. Under the circumstances, I do not think I would be justified in exercising any special leniency towards Mr. Waisberg. You will see by this part of the file which I enclose herewith that the case is more serious than you thought or than you represented it to me. If Mr. Waisberg has been the man you represented him to be, I am afraid he is not now of the same calibre, and that it will be dangerous to, in any way, condone or show leniency before further action is taken.

I will wait till I hear from you.

Yours very truly,

Minister of Customs and Excise."

Were you taken into consultation before the letter was written?—A. That is a letter—

Q. From the Minister?—A. No.

Q. You were not present at the interview between Mr. Boys and the Minister which apparently took place before October 30?—A. I never saw Mr. Boys.

Q. The next is written on the letterhead of the House of Commons, Canada:

"*Re Waisberg*

Hon. JACQUES BUREAU,
House of Commons,
Ottawa.

DEAR Mr. BUREAU,—I have just received your letter and naturally regret that you feel disinclined to adopt the suggestion you made during our interview. I note you think the case more serious than presented by me. I really do not think this conclusion is justified.

As far as I know, I told you Waisberg had attempted to bribe a Customs officer and I intimated he had been persistent, and I also told you he had pulled out $50 in money and offered it.

I did say I was of the opinion he was not making it a business and his crude effort in my opinion warrants that conclusion.

After all, the offence of which Waisberg was guilty was exactly as I stated.

As you know, I did not ask that he should go Scot-free and I felt now, having to pay double duty and sales tax, he is being severely penalized, and unless you think he is a confirmed smuggler or one of a gang, I am still of the opinion that for this, his first offence, the penalty suggested is very severe.

I reported the result of my trip to him and to his wife, and it will certainly come as a serious blow if criminal proceedings are now taken, and I trust, upon further consideration, you will see your way clear to carry out the arrangement made when I was with you.

I do not think you should lay too much stress upon the question and answer portion of the interview. No stenographer was present, and it is purely from memory.

It is true, it seems very impressive, but after all it is a case of attempted bribery and I definitely presented it as such, and I would be sorry to have you think I did not represent it according to the facts.

In view of the incident alleged and in view of Mr. Young's letter requesting you to deal leniently, and in view of the fact that it is his first offence, I think justice will be done by carrying out the arrangement made, and if you do not feel free to so dispose of it, I would be glad if you would let it stand until I again see you.

I think I will be in Ottawa next week on other business and at the very worst, will be there on the 27th or 28th, at which time I am to interview the Acting Minister of Railways, and in the meantime the only person suffering is Waisberg, for his goods are under seizure.

Sincerely yours,
(Signed) W. A. Boys."

Mr. BELL: The date is what?

Mr. CALDER, K.C.: It is undated, but it follows immediately upon the letter dated November 27th, and it precedes the letter dated November 13th.

Mr. BELL: I am trying to get the year.

Mr. CALDER, K.C.: 1922.

Then follows a letter from the Minister, or apparently from the Minister, which reads as follows:—

"OTTAWA, November, 27th.

MY DEAR MR. BOYS,—I never intended to insinuate that you had misrepresented the case to me, but what I understood of the case at the time you saw me, did not tally with the documents when I read them.

Mr. Waisberg wanted to establish a system, and as you are aware he did it because that appears by the correspondence.

It is an unfortunate misundertanding, but as you have made representations to Waisberg, I will reconsider the subject for your sake.

Yours very truly,"

On the letterhead of Boys and Murchison, Barristers and Solicitors:—

"BARRIE, ONTARIO, November 13th, 1922.

Hon. JACQUES BUREAU,
House of Commons,
Ottawa.

MY DEAR MR. BUREAU,—I have to be in Ottawa on Friday and will call and see you re Waisberg, so kindly let the matter stand till then.

Sincerely yours,
(Signed) W. A. BOYS."

Then follows a number of telegrams which are irrelevant. Then later on the letterhead of Boys and Murchison dated at Barrie, Ontario, November 30th:

"Hon. JACQUES BUREAU,
Minister of Customs and Excise,
Parliament Buildings,
Ottawa, Ontario.

DEAR SIR,—Waisberg has just sent me enclosed notice from the department. Surely there is some mistake in this matter for it was understood when last I saw you that it would be disposed of on payment of double duty and a sales tax.

The notice calls for the filing of evidence within thirty days, and I presume that in view of the terms of settlement, this will be satisfactory. Since my interview I have been waiting to hear from either your office or the local office and would be exceedingly obliged if you would instruct Mr. Young, Collector in Barrie, to dispose of the matter on the terms agreed on.

In the enclosed notice the value is placed at $1,164.60, but that is a mistake, the correct amount being $1,162.

I will be exceedingly obliged if you will give the matter the personal attention you were kind enough to promise, and let us have it disposed of as soon as possible.

I presume it will not be necessary for me to write to the departmental solicitor in respect to the notice enclosed.

Yours very truly,
(Signed) W. A. BOYS."

Then again on the letterhead of the House of Commons and dated at Barrie, Ontario, December 13th:—

"*Re Waisberg*

Hon. JACQUES BUREAU,
Minister of Customs and Excise,
Parliament Buildings,
Ottawa,

Dear Mr. BUREAU:—I have had no word herein as yet, and unfortunately the silk in question is still being held. I saw Mr. Young, Customs officer, and he told me he had received no word. I would be exceedingly obliged if you would give the necessary instructions to the local officer to release the silk on receipt of the amount payable.

Sincerely yours,
(Signed) W. A. BOYS."

Mr. CALDER, K.C.: This was formal notice of the seizure, and contained the charge which was mentioned.

Mr. BELL: I want to be sure as to the date of the letter.

Mr. CALDER, K.C.: A notice was sent in between the two letters I have read, on the ordinary form—

Mr. BELL: But Mr. Calder, reference is made twice in the letter to a notice.

Mr. CALDER, K.C.: Yes. It mentions this trunk contained silk goods and there is a lot of printed matter.

Mr. BELL: May we have the substance of it?

Mr. CALDER, K.C.: It is noticed that a seizure was made on the 21st October of one trunk valued at $1,664.60. The charge is, "You attempted to defraud the revenue by evading the payment of duty." It says that if he wants to present any sworn evidence he is at leisure to do so. Then you have on the letterhead to the Department of Customs and Excise, 18th December, 1922, a memorandum for the Honourable Jacques Bureau, Minister of Customs and Excise:

> "The attached letter from Mr. W. A. Boys, M.P., refers to the seizure of silk garments made from one Waisberg, at the outport of Barrie, Ontario. You may remember that I discussed this case with you and pointed out that Waisberg had twice tried to bribe our officer, and in my view the goods should not be released on payment of double duty and sales tax.
>
> Respectfully submitted. (Sgd.) R. R. FARROW."

Then follows a rush memo. to R. R. Farrow, Commissioner of Customs and Excise, Ottawa, dated Barrie, December 20, 1922:

> "Re *D. Waisberg seizure*
>
> DEAR SIR,—W. A. Boys, K.C., M.P., D. Waisberg and myself, are anxiously waiting decision regarding this seizure, and would appreciate word from you or the Minister of Customs.
>
> I am, sir your obedient servant,
>
> (Sgd). T. T. YOUNG,
>
> *Sub-Collector.*"

Then follows a memo. which deals with two matters, one of them being an application for selling excise stamps, which is irrelevant. The other reads:

> "PORT OF BARRIE,
>
> R. R. FARROW, October 1, 1923.
>
> Commissioner of Customs.
>
> On October 21, and 23, 1922, I notified you of the seizure of silk goods brought in by baggage by one D. Waisberg, who resides at 184 Queen Street West, Toronto, and have your telegrams of October 24, and copy of their telegram on file. This has never been further dealt with, and I still hold the goods. I sent copies of the seizure report to Toronto and to you, notifying Inspector Wood. On November 21, 1922, I received a letter from W. A. Boys, K.C., M.P., saying the Minister had agreed to release the goods upon payment of double duty and sales tax, but no orders came to me to carry this out. Part of the goods are out of fashion, and the rest are deteriorating. In August last, my assistant mentioned the matter to Inspector Wood, who said you would likely attend to it some of these days.
>
> I have the honour to be, Sir,
>
> Your obedient servant,
>
> (Sgd). T. T. YOUNG,
>
> *Sub-Collector.*"

Then follows a manuscript letter. (Reading):

"Re *D. Waisberg seizure*

CUSTOMS AND EXCISE OF CANADA,
Outport of Barrie, Ontario,
November 13, 1923.

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

DEAR SIR,—On October 21, 1922, I placed under seizure a trunk of silk goods belonging to the above, and notified the Toronto office, and also yours, and sent in the seizure report.

Nothing has been heard of this since, and I would like to get rid of it. On November 21 and 22, I received a letter from Boys and Murcheson, W. A. Boys, M.P., stating that the Minister had agreed to release the goods upon payment of double duty and sales tax. I think Waisberg would have paid that and a $200 fine to have the matter squared up about that time. He is in Toronto yet, I believe, and I would like to have your Department do something about this at an early date.

I am sir,

Your obedient servant,

Sub-Collector."

And then comes your report in the matter, which reads as follows:

"This is a seizure from Mr. D. Waisberg, Toronto, Ontario, of silk fabric, for having attempted to enter same into Canada, as ordinary baggage, by bribing the Custom officer to pass same. The duty paid value of the goods is reported to be $1,664.60 and they have not been released. The seizing officer at Barrie, Ontario, reports that on the night of the 16th of October, Waisberg, approached the Custom officer and offered him a sum of money if he would pass a trunk he was bringing into Canada, as ordinary baggage, without examining same. On being questioned by the officer, he admitted he intended bringing the silk into Canada in this manner. The officer reported this matter to the sub-collector. On the evening of October 20, Waisberg arrived in Barrie with the trunk, and again interviewed the examining officer, who asked him to go to the Custom House, and talk the matter over. Arriving at the Custom House, he questioned Waisberg, and was told by him that the merchandise in the trunk was worth $1,140.60, and Waisberg again offered to pay him for the release of the trunk without examination. The officer then placed the trunk of silk fabrics under seizure. At the time of this conversation, the sub-collector was in the back office of the Custom House, and heard the conversation between the Custom officer and Waisberg.

The matter stands as follows: Appraised value $1,200; duty $360 sales tax $93.60; penalty $360, a total of $813.60. I would recommend that the goods be released on payment of $813.60, or the goods forfeited, and in default of such release within thirty days, that the goods be and remain forfeited and dealt with accordingly.

(Sgd.) CHARLES P. BLAIR."

[Mr. C. P. Blair.]

By Mr. Calder, K.C:

Q. Mr. Blair, at that moment, you knew this attempt at bribery could be proven?—A. Yes. I would like to explain with regard to that. You will see the date—

Q. Yes, 7/3/24.—A. Away in the fall of 1924. The matter had stood all that time. I know from conversations with the Deputy Minister concerning it, that he was very anxious Waisberg should be prosecuted on both charges, and that the goods should be forfeited, and there is no question but that is what should have been done. It dragged along, as you will see. The goods were lying there, and depreciating, and he finally called me into his office, and said "You had better prepare a report."

Q. Who told you that?—A. The Commissioner. He said "Because it is the intention of the Minister to release these goods upon payment of double duty," according to a promise he had given Mr. Boys. I should never have signed that. You will see that is a carbon copy. That is not my recommendation.

Q. But the recommendation was prepared by you at Mr. Farrow's request? —A. His instructions.

Q. But Mr. Farrow, at that time, was very strongly disinclined to abandon prosecution?—A. Yes, that was the cause of all the delay.

Q. And it was against his recommendation, and his desire to prosecute, that the goods were released on payment of double duty and sales tax?—A. Yes. He was very anxious for the man to be prosecuted from the start.

Q. You have a letter dated June 19, 1924, on the letterhead of the House of Commons of Canada, which reads as follows:

"Re: Toronto Seizure 30713-995.

R. R. FARROW, Esq.,
Commissioner of Customs,
Ottawa.

DEAR SIR:—I thank you for your letter of the 16th. I intend to call at the office and discuss the matter with you, and would, therefore, ask you to let the matter be held in abeyance until my interview"—

A. Of course, that letter he is referring to is the letter notifying him of the terms of the decision.

Q. Then we turn up the file of evidence— —A. No, he was short of money, and he could not take release within the thirty days, and the Collector writes he thought it was wise to extend that a few days.

Q. Then we have a letter of August 16, 1925:

"R. R. FARROW, Esq.,
Commissioner of Customs,
Parliament Building,
Ottawa, Ontario.

DEAR Mr. FARROW:—I have just to-day learned that Waisberg paid the duty and penalty on the silk seized by the examining officer in Barrie, and that a report was forwarded you to that effect. I now write to ask you not to overlook Major C. R. Kendall in connection with the reward, which I brought to your attention while in Ottawa.

Sincerely yours,

W. A. BOYS."

A. All the balance of the file refers to the reward; there was some dispute about that.

Q. Did Kendall get the reward?—A. I believe he got the entire reward—from the correspondence; I would have to check that over with the accountant's books. I believe he got it, and the sub-collector got nothing, because he was found to be the real seizing officer.

Q. And there is one more letter from Mr. Boys dated November 11th, calling attention to the fact that the reward was not paid?—A. Yes, and there is a letter stating that it had been paid.

Q. So that the file reveals the bribery, with sufficient proof to establish it in a court of law, and the attitude of the Commissioner was that there should be a prosecution?—A. Undoubtedly.

Q. And upon representations made by Mr. Boys and Mr. Young, in the letter, which are seriously contradicted previously— —A. Yes, I notice that.

Q. —the goods were released upon payment of double duty and prosecution was abandoned?—A. It appears.

Q. Not abandoned; it was never commenced.—A. No, it was never commenced.

Q. Now, the recommendation, of which I read you a carbon copy, signed by you, or signed "R. R. Farrow, Commissioner" is initialed by you 7/6/24, and the signature affixed by a rubber stamp, "W. Ide"?—A. I presume Mr. Ide had instructions to that effect.

Witness retired.

The committee adjourned until Tuesday, May 4th 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. 42—TUESDAY, MAY 4, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESS:

Mr. John William Gaunt, John W. Gaunt Company, Limited, Montreal, Que.

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

EXHIBITS FILED

No. 148—Agreement in German, with English translation, dated 30th September, 1921, between John Gaunt Company and Robert Schneider.

No. 149—Agreement in German, with English translation, dated 17th July, 1924, between John Gaunt Company, Ltd., and Robert Schneider.

No. 150—Agreement in German, with English translation, dated 29th July, 1924, by Robert Schneider, per Greta Schneider, respecting dissolution of agreement of 1st September, 1921, between Robert Schneider and John Gaunt Company, Ltd.

No. 151—Agreement in German, with English translation, dated 25th November, 1922, between John Gaunt Company and Robert Schneider.

No. 152—Invoice dated 6th August, 1923, respecting goods purchased by John Gaunt Company from Robert Schneider, also receipt dated 25th August, 1923, respecting $1.57, received by Robert Schneider from John Gaunt Company.

No. 152 (a)—Blank invoice form, similar to that included in Exhibit No. 152, signed by Robert Schneider.

MINUTES OF PROCEEDINGS

TUESDAY, 4th May, 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.

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting—30th April—were read and adopted.

The Auditors submitted their Fifth Interim Report.

Mr. G. W. Taylor submitted,—

1. Preventive Service File No. 13893, seizure of liquor at Halifax, N.S., and Schooner Eva June.
2. Customs File No. 124532, schooner Eva June.
3. Preventive Service File No. 15429, steamship Constance.
4. Customs File No. 126390, steamship Constance.
5. Customs Files Nos. 37110, 56602, 68640 and 86694, re report of Inspector Jimmy Andrews at Toronto re Gauger McKay.

Hon. Mr. Boivin produced,—

Customs File No. B4852, seizure of still, mash and spirits from Oliver Plamondon and others, seizure No. 699.

The Manager, Bank of Nova Scotia, King and Victoria Branch, Toronto, submitted,—

Statement of account and debit vouchers of Mr. Gentles for April, 1926.

Mr. W. F. Wilson submitted,—Statement of Officers appointed to the Preventive Service since April, 1909, who are on the Preventive Service establishment 1st May, 1926, who would have been dismissed by the Chief of the Preventive Service had he been free to have done so, or whose dismissal he would have recommended, with the date, as nearly as can be determined, when he was prepared to take such action.

Mr. Charles P. Blair submitted,—Four agreements in German, with English translation, between John Gaunt Co. Ltd. and Mr. Robert Schneider.

Moved by Hon. Mr. Stevens,—That a summons be issued for the attendance before the Committee of E. S. Busby, Chief Inspector of Customs, to give evidence. Date to be arranged by Mr. Calder.

Mr. John William Gaunt, John W. Gaunt Company, Limited, Montreal, Que., was recalled. Mr. O. S. Tyndale, K.C., Montreal, received permission to act as counsel for Mr. Gaunt. Mr. Gaunt was sworn and examined as to the books of the John Gaunt Company Limited, to which reference is made in the Fifth Interim Report of the Auditors to the Committee.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Gaunt was recalled and further examined, in the course of which the following were filed,—

Exhibit No. 148—Agreement in German, with English translation, dated 30th September, 1921, between John Gaunt Company and Robert Schneider.

Exhibit No. 149—Agreement in German, with English translation, dated 17th July, 1924, between John Gaunt Company Ltd. and Robert Schneider.

Exhibit No. 150—Agreement in German, with English translation, dated 29th July, 1924, by Robert Schneider per Greta Schneider, respecting dissolution of agreement of 1st September, 1921, between Robert Schneider and John Gaunt Company, Ltd.

Exhibit No. 151—Agreement in German, with English translation, dated 25th November, 1922, between John Gaunt Company and Robert Schneider.

Exhibit No. 152—Invoice dated 6th August, 1923, respecting goods purchased by John Gaunt Company from Robert Schneider, also receipt dated 25th August, 1923, respecting $1.57 received by Robert Schneider from John Gaunt Company.

Exhibit No. 152 (*a*)—Blank invoice form, similar to that included in Exhibit No. 152, signed by Robert Schneider.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, May 4, 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.: I will call Mr. Gaunt.

Mr. O. S. TYNDALE, K.C.: Mr. Chairman, I ask permission to appear on behalf of Mr. Gaunt, and also to make a short statement before he says anything. It was my intention, Mr. Chairman, to make what would be called, in our Courts, an exception of litis pendens on the ground that it is already under investigation by the Customs Department under Sections 174 and following of the Act. For some months past all the books of the company and a certain amount of the company's goods have been under seizure by the Department. The investigation is still going on, and if it has lasted for some time, it is because Mr. Gaunt has already obtained some, and endeavoured to get more evidence concerning the defalcations of his German agent, and if this evidence is as we anticipate, it will establish that instead of the John W. Gaunt Company Limited being indebted in any way to the Customs Department, the Company has overpaid to a very large extent duties on the importations from Germany, by reason of the fact that the purchase prices of these goods were fraudulently raised by their resident agent there. Mr. Gaunt, however, and the company generally, told me that in view of the statements which were made in the House, and reports published in the Press, which have already done their company a great deal of harm, they would prefer to have the matter looked into and investigated, and be given an opportunity themselves to explain what the real situation is. I, therefore, refrain from making an exception, which, I think, would legally be well founded.

JOHN WILLIAM GAUNT, re-called and sworn.

The CHAIRMAN: Mr. Tyndale, we appreciate your observations and this case will go on under the reserve of your objections.

By Mr. Calder, K.C.:

Q. What is your full name, Mr. Gaunt?—A. John William Gaunt.

Q. Is that your right name?—A. Yes, sir.

Q. Is that the name you were christened in?—A. No, sir, I was christened in the name of William Gaunt.

Q. When did you come to this country?—A. 1919.

Q. Where did you go when you came to this country?—A. I first went to Winnipeg.

Q. Were you in business?—A. I was connected with the Standard Sales Limited.

Q. When you say you were connected, do you mean you were operating under the name of the Standard Sales Company?—A. No.

Q. Who were the Standard Sales Company?—A. A company selling American light plants, for farms.

Q. Farm lighting plants?—A. Yes.

Q. You were with them first?—A. Yes.

Q. Were you in business on your own account?—A. Yes, a short time.

Q. Under what name?—A. John Gaunt Company.

Q. What kind of business?—A. The same line, importation.

Q. What line?—A. Dolls and toys.

Q. Made in Germany?—A. Yes.

Q. Were you paying for the goods or receiving them on consignment to be sold on account?—A. I was paying for them in Germany.

Q. Before they were sold?—A. Yes.

Q. Did you have any goods at all on consignment?—A. No, sir, I don't remember.

By Hon. Mr. Stevens:

Q. I did not get your answer.—A. I do not remember ever selling any goods on consignment.

By Mr. Calder, K.C.:

Q. Did you keep books when you were doing business in Winnipeg?—A. Yes, sir.

Q. Where are those books now?—A. They were retained by an employee called Smith.

Q. What is the full name?—A. I do not remember.

Q. What employee was he, in what capacity?—A. I left Winnipeg in December, 1920, after doing business a short time and left my books with Mr. Smith and he did not return them to me.

Q. Was your business wound up at that time?—A. Yes.

Q. Liquidated under the Bankruptcy Act?—A. No.

Q. Was it a voluntary liquidation?—A. Yes.

Q. You cannot tell us where the books are now?—A. No.

Mr. BELL: Can he tell us the reason why they were left with Smith.

By Mr. Calder, K.C.:

Q. Why were they left with Smith?—A. Mr. Smith wanted to go to Montreal as my employee and I did not see fit to bring him over, pay all his journey, and I would not take him and he would not surrender my books.

Q. I suppose the law of the land rules in Winnipeg, why did you not force him to surrender the books?—A. There was very little to it, I was only in business about two months.

Q. That would be a record of your business and it would be interesting at this juncture to get them, interesting to you and to the Committee.—A. I suppose a search could be made for Smith.

Q. What was the reason for your giving up business in Winnipeg?—A. Winnipeg was not a port.

Q. I beg your pardon.—A. Winnipeg was not a port; you have to live in a harbour town in order to import.

Q. You have to live in a harbour town to import?—A. Yes.

Q. You have to get closer to the Customs officials?—A. No, I had nothing to do with them.

Q. Do you mean to say you cannot import goods and sell in Winnipeg?—A. Yes, but nobody will pay the difference in freight. If you make a price in Canada and say one dollar, and quote a price in Winnipeg and say one dollar and ten cents, they will not take the goods.

Q. However, he would take them from Montreal and pay the freight?—A. Yes.

By Hon. Mr. Stevens:

Q. There is a cheaper freight rate from Germany to Winnipeg than to Montreal, and then pay the freight to Winnipeg?—A. People will not pay the freight.

Q. Isn't the freight cheaper?—A. Yes, freight is cheaper. If I have two or three cases, the freight on two or three cases would be too much, and it becomes a good deal more expensive, when the Customs is added to it.

By Mr. Calder, K.C.:

Q. Did you have any stock on hand when you closed out your business in Winnipeg?—A. A small quantity.

Q. Did you ship that back to Germany?—A. No, we had two or three cases that came from Montreal.

Q. Are you sure you did not ship any of them back to Germany for re-shipment to Montreal?—A. No.

Q. Did you go into business in Montreal as soon as you liquidated the John Gaunt Company in Winnipeg?—A. I went into business in June, 1921.

Q. When did you liquidate in Winnipeg?—A. Well, I think at the end of January, 1921.

Q. At the end of January, 1921?—A. As far as I remember.

Q. You ought to remember.—A. I do not. It was not of very much importance as I only had fourteen cases in all in Winnipeg.

Q. It should not be impossible to tell us when you left off in Winnipeg and began in Montreal.—A. I left Winnipeg, I think, on January 4th and I came to Montreal and was in Montreal June 21st or 22nd, and started in at once.

Q. Under what name?—A. John Gaunt Company.

Q. Did you start in under a new firm, establish a new firm?—A. Established a new firm.

Q. Had you any partners?—A. No.

Q. Doing business alone?—A. Yes.

Q. Where?—A. In the Reid Building.

Q. Well now, if you started business in January 1921, why did you only open your books in September, 1921?—A. Because I had not anything to sell in January, 1921, I had only expenses.

Q. Yes, do not expenses go into dealer's books as well as profits?—A. Yes, but I was all alone.

Q. Even a man who is all alone keeps an account of his expenses, even if it is only to show a partner who wants to come in ultimately?—A. Yes.

Q. You have no better reason than that?—A. I was too busy, I went to Europe at the end of June, 1921.

Q. This was money that was readily chargeable to your firm, even if it was only for a diminution of your income tax. Why did you not charge these expenses?—A. I did not because I was too busy and did not have a book-keeper.

Q. Do you keep books yourself?—A. I can.

Q. You know there is an obligation upon every dealer to keep books?—A. I started books in September, 1921, when I started actual trading. I was only selling before.

Q. None of your receipts were kept track of until September, 1921?—A. No.

Q. Did you make purchases in Germany before September, 1921, from Montreal, I mean?—A. I made purchases whilst I was in Germany, in 1921.

Q. Did you ship any of the goods?—A. Yes.

Q. Before September?—A. Yes.

Q. To a bonded warehouse?—A. Yes.

Q. Why?—A. Well, they had to be kept in a bonded warehouse on account of the law coming in, the fifty per cent law.

Q. Tell us what the fifty per cent law was?—A. The Minister of Finance, Sir Henry Drayton, passed a law that on goods originating from countries with a depreciated market or a depreciated currency for Customs purposes, no allowance should be made for fifty per cent of the gold valuation.

Q. In other words, the valuation in the depreciated market should not fall below fifty per cent of the par value for Customs purposes?—A. Yes.

Q. I take it to mean early in 1921?—A. Yes, about June, 1921.

Q. When did you leave for Germany?—A. The end of June, 1921.

Q. Was your voyage to Germany made for the purpose of making arrangements to circumvent the paying of Customs?—A. No, my purpose was to place orders.

Q. Why could you not place them by correspondence?—A. That is not so easily done, especially as the Mark was going down.

Q. Your trip to Germany was in consequence of a desire to place orders personally and also it was a result of the valuation or value of the currency?—A. Yes, and prices were changing every day.

Q. These goods that you shipped to the bonded warehouse, were they purchased outright or were they consignment goods?—A. They were purchased outright.

Q. Without exception?—A. Yes.

Q. Did you ever include in your statement purchases that you made before September, 1921, during the trip in Germany?—A. Yes, they were goods in transit.

Q. You paid for these purchases before shipment?—A. Oh, yes.

Q. And remitted to the manufacturers in Germany?—A. I do not remember every case, it is all in the books; it must be there.

Q. The purchases you made in Germany while you were there yourself; you paid direct to the manufacturers there?—A. I paid a certain amount on account and paid later on.

Q. The question I am asking you is this, did you pay the manufacturers themselves or pay the manufacturers' agent?—A. I paid the manufacturers themselves.

Q. You were acting through Schneider at that time?—A. No, sir. For certain shipments in September, 1921, Schneider started then.

Q. Schneider started in September, 1921?—A. Yes.

Q. When you returned to Montreal?—A. Yes.

Q. From that moment on you acted through Schneider exclusively?—A. Yes.

Q. Instead of remitting direct to the manufacturers?—A. Yes.

Q. What capital did you start with?—A. I invested between five to six thousand pounds sterling.

Q. You mean that was your original investment in Winnipeg?—A. Not Winnipeg, or rather in Winnipeg and Montreal, and expenses I paid out. In all I spent from five to six thousand pounds sterling.

Q. Where was that derived from?—A. London.

Q. Had you been in business in London before?—A. No.

Q. Was it in the shape of a loan?—A. There is no harm in borrowing?—A. I got the money in London. I financed in London.

Q. You financed in London?—A. Yes.

Q. Did you deposit five thousand pounds sterling in cash?—A. No, it was spent in expenses and buying goods.

Q. It was not put in the bank?—A. Some I obtained in England and paid it right over to Germany; it did not touch a Caadian bank.

Q. Prior to September, 1921, were you banking in a Canadian bank? Did you deal with any Canadian bank prior to September, 1921?—A. Yes, I had an account with the Union Bank?

Q. Where?—A. Montreal, it was only for expenses.

Q. Did you say this money was a loan, five thousand pounds?—A. No.

Q. It was funds of your own?—A. Yes.

Q. How were you applying that five thousand pounds sterling to purchase $32,000 worth of goods; $32,000 went for the purchase of goods? How do you make that out? Your books appear to show you purchased $32,000 worth of goods the time you went to Germany?—A. I cannot recollect.

Q. Before we come to that, was that sum of five thousand pounds impaired at the time of your Winnipeg experience?—A. Yes.

Q. To what extent was the five thousand pounds sterling impaired?—A. I do not know that.

Q. Approximately?—A. That I cannot say.

Q. You would know how much money you had when you went into business in Montreal?—A. I would have to look up the statements; I do not remember.

Q. You cannot give us approximately, say within a thousand pounds?—A. I will have to look up the statements before I will be prepared to say.

Q. Have you got the statements, showing the statements by which you closed up the Winnipeg business?—A. No.

Q. They are all in the hands of Mr. Smith?—A. Yes.

Q. Even the balance sheet?—A. I did not make a balance sheet.

Q. You did not close up your business very ship shape, did you?

Mr. TYNDALE: Mr. Chairman, I must confess I am not just acquainted with the exact status of the attorney for a witness in an inquiry such as this. If it were proper for me to do so I would be inclined to suggest it is rather unfair when the witness' books and statements are, and have been for some months, in the hands of the Department, to ask him from memory to give figures dating back to 1921. If that is the endeavour, I suggest it is unfair. If it is an endeavour to get the information, the information is in the hands of the Department and my friend has the books before him.

Mr. CALDER, K.C.: My friend has gone off at half cock. I venture to say Mr. Tyndale may be acquainted with the fact that the rights of counsel for a witness are the same as in any jurisdiction. I am trying to elicit from this witness something which is not revealed in the books of the auditors or the Department. I must trust to the witness' memory or to any papers he has got, or else get no information.

Mr. TYNDALE: If that is the case, my objection is not well founded.

Mr. CALDER, K.C.: I want to know what his balance was when he left Winnipeg.

Hon. Mr. STEVENS: Your client told us he gave his books to Mr. Smith. Mr. Smith has not produced the books and Mr. Calder is trying to get information from him.

WITNESS: Why take this up? I may get the books in the meantime.

By Mr. Calder, K.C.:

Q. You do not know where Smith is?—A. I have made search for him.

Mr. TYNDALE: There is not a single thing before this Committee to show that there is any charge made out against this man. There is no declaration in any action at law, and he does not know what the Committee wants. If he had been served with a subpoena duces tecum, so to speak, asking for the production of certain books and papers, he would have known what the Committee wanted, and would have made a search for it. He comes up here without ever consulting counsel or trying to familiarize himself with what you are going to ask him, and I submit he is answering as well as he can, under all the circumstances. He is absolutely in the dark as to what he is supposed to tell.

Mr. BELL: I know what at least one member of the Committee wants to know. I would like to know why he gave Smith books and documents of all kinds. I think we ought to have all that.

WITNESS: I did not give them to Smith; he kept them instead of sending them back to Montreal.

By Mr. Bell:

Q. What quantity of the books and documents did he keep instead of sending them back to Montreal?—A. He kept certain parts of my furniture, for one thing.

Q. I am not asking you about furniture, I am asking you about what statements he kept?—A. I do not remember what they were.

Q. Do you mean to say you are not able to tell us now about any of the statements of accounts, when you were deprived of them by Smith retaining them?—A. I was deprived of the incoming invoices, and outgoing invoices. I know what I sold.

Mr. TYNDALE: I thought you were asking the witness about the balance sheet, Mr. Calder?

Mr. CALDER, K.C.: Yes, so I was.

Mr. BELL: Would it not be helpful if he would tell us what balance sheets Smith kept?

WITNESS: I am pretty sure no balance sheet was prepared.

By Mr. Calder, K.C.:

Q. Were any books kept?—A. Yes, we kept our invoices on the file.

Q. That was your book-keeping?—A. Yes.

Q. That brings us down to the question that we were going to ask you, and which you could only answer through him?—A. Yes.

Q. In other words, you have no balance sheet?—A. Correct.

Q. What was you balance, when you left Winnipeg?—A. The balance in cash?

Q. Cash, or collectable accounts, anything that could be comprised under the head of assets, net assets over liabilities?—A. I do not remember, I could not say.

Q. Not even approximately?—A. I must have had a few thousands, or I would not have been able to carry on.

Q. Precisely. That is what we want to find out. We want to find out how many of those thousand dollars there were?—A. I should imagine from this statement here that there would be about £2,000 in Winnipeg.

Q. £2,000 in Winnipeg?—A. Yes.

Q. What statement are you looking at now?—A. My own private statement.

Q. May we see it?—A. No.

Q. Why not?—A. It is my own. It has nothing to do with the Customs Committee at all.

By the Chairman:

Q. Are you using it to refresh your memory?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. What are you using it for, really?—A. Surely this is a Committee to investigate the Customs. This has nothing to do with the Customs.

By Mr. Bell:

Q. Tell me this; if you are now telling Mr. Calder what balance you had, and you are referring to this memorandum, in order to tell him that, what is the source of the information that got into that memorandum?—A. Who supplied this money, do you mean?

Q. I suggest to you that it might have been obtained from some records Smith did not get?—A. No, that is not correct.

Q. The party who gave that information is available, is he?—A. No.

Q. Why?—A. The party who gave the information is in London, England.

Q. How recently did you get it?—A. I got it about six months ago, I would say.

By Mr. Calder, K.C.:

Q. Did you not get it for the purpose of putting yourself properly before the Customs?—A. No, sir.

Q. Not directly or indirectly?—A. Not directly, or indirectly.

Mr. TYNDALE: I may say, Mr. Chairman, the witness' counsel has not seen this statement, so that it does not come through him.

Mr. CALDER, K.C.: I take that for granted, Mr. Tyndale.

By Mr. Calder, K.C.:

Q. The question I asked you, Mr. Gaunt, before we got into this side street, was, how were you able to purchase $32,000 worth of goods with what we know now to be approximately £3,000 sterling, remembering that your expenses had to be deducted from that sum?—A. Well, I do not know that. I could not say.

Q. You will have to speak a little louder?—A. Does the balance sheet show $32,000?

Q. I am taking my information from the auditors' report. I did not say that there was a balance sheet.

Mr. TYNDALE: Would it not be fair to show the witness the auditors' report from which you are quoting, so that he will be able to answer properly?—En connaissance de cause.

Mr. CALDER, K.C.: I think he has greater " connaissance de cause" than the auditors have.

Mr. TYNDALE: I doubt that very much. It is very unfair for counsel to keep before him a statement and ask the witness questions concerning entries on that statement, without having witness or counsel for the witness see the statement. These statements have been out of my hands for a month, and he has not been in position to refresh his memory about them; he has not had them in his hands since the first seizure by the Customs Department, so that we do not know where he stands in the matter.

Mr. BELL: He is not being asked anything out of the way.

Mr. TYNDALE: But if my learned friend puts a question on only one part of the statement at a time, the witness might be able to answer more intelligently.

By Mr. Calder, K.C.:

Q. I have here in the balance sheet prepared by Clarkson, Gordon & Dilworth, chartered accountants, an item of Merchandise on Hand.

The CHAIRMAN: Are you answering the objection made by Mr. Tyndale, Mr. Calder?

Mr. CALDER, K.C.: I am putting in this item, Mr. Chairman.

The CHAIRMAN: Perhaps he would like to have a copy of it.

Mr. CALDER, K.C.: If there is a copy available, I think he should have the opportunity of seeing it. I suggest that he should take my copy for the time being.

Hon. Mr. BENNETT: He may have mine, for the moment.

Mr. CALDER, K.C.: I have a balance sheet here, but I am afraid it is not contained in the report. It is a balance sheet dated the 31st December, 1921.

By Mr. Calder, K.C.:

Q. This is from your own balance sheet, of the John Gaunt Company, of December 31, 1921, which shows in the Profit and Loss Account the following item, namely, Merchandise on Hand and in Transit, September 1, 1921, $23,011.20. Where did you purchase that merchandise?—A. In Germany.

Q. How did you manage to purchase $23,011.20 worth of merchandise with £3,000?—A. I may have had a loan from the bank, I do not know.

Q. You may have had a loan from the bank? You know better than anybody else whether you had a loan or not?—A. Well, the statements were prepared by the auditors in 1921, and they must have known all about it.

Q. Do you not know whether you had a loan from the bank in 1921 or not, in order to enable you to effect these purchases?—A. I had a loan in 1921, but I do not know how big it was.

Q. With what bank?—A. The Imperial Bank.

Q. This $23,011.20 is at a date about the 1st September, 1921, when you first started your books?—A. There must have been that many goods in transit.

Q. Purchased in Germany?—A. I presume so.

Q. Therefore, it is certain that you must have effected a loan somewhere? —A. I presume so.

Q. And it would be with the Union Bank, if you effected it at all?—A. No. I was not with the Union Bank, I was with the Imperial Bank.

Q. If you made a loan it was with the Imperial Bank?—A. Yes.

Q. Did you make a loan prior to September, 1921?—A. I do not think so.

Q. Did you, subsequent to September, 1921?—A. If I had £5,000 surely I could buy $23,000 worth of stuff. If the balance sheet said $23,000, it must have been there.

Q. I am interested now to know where they were procured?—A. I cannot tell you anything more.

Q. You do not know whether up to September, 1921, you had made a loan from any bank at all?—A. No, not up to September, 1921.

Q. You had made no loan?—A. No.

Q. Any subsequent?—A. I subsequently had many loans.

Q. You subsequently had many loans, prior to the 31st of December? —A. I do not remember. I would have to look at the books.

Q. What books?—A. The ledger, and one thing and another to find out if we did make a loan. These things have been out of my hands for over a year, and I cannot keep them all in my mind.

Q. You show in the same statement a balance at the 1st of September, 1921, of $28,000. What does that include?

Hon. Mr. BENNETT: He has not got a copy of it before him, Mr. Calder.

By Mr. Calder, K.C.:

Q. Will you take this copy of the auditors' report, and look at it?—A. There is a loan here by the Imperial Bank, a direct advance of $6,500.

Q. You showed $28,000 chargeable to Capital Account, under Capital?—A. That is between £5,000 and £6,000 is it not.

Q. Yes. But you did not have £5,000 or £6,000; you told us you were down to two thousand. How long were you in Germany all together?—A. From September, 1921?

Q. You mean in the summer of 1921?—A. Yes, about two months I would say.

Q. Was it while you were in Germany that you appointed Schneider your agent?—A. Yes.

Q. Who is Schneider?—A. Mr. Robert Schneider? He was a manufacturer at one time of kid-dolls and teddy bears.

Q. When you appointed him your agent, what was he doing?—A. He was a merchant of toys.

Q. What was the scheme or proposal made between you, as to the purchasing and forwarding to Canada of dolls and toys?—A. Mr. Schneider was to buy for me on a five per cent commission basis.

Mr. TYNDALE: I think there is a contract filed made between the parties, which will show the arrangement between these parties. That is better than the evidence of the witness from memory.

The CHAIRMAN: Will you file a copy of it with the Committee?

WITNESS: It is on file with the Department now. I hope it will not be lost.

By Mr. Calder, K.C.:

Q. Was that contract filed as Exhibit No. 12 in the case against you?—A. In what case against me?

Q. Do you have many cases against you?

The CHAIRMAN: Have you the record? Perhaps Mr. Gaunt can assist you in that.

Mr. CALDER, K.C.: The record is not here, I am afraid.

The CHAIRMAN: File it immediately; he must know his own paper.

By Mr. Calder, K.C.:

Q. Will you look at this file, and see whether you can find it for us?—A. The contract is not in here.

Q. Did you ever give it to anybody?—A. Yes.

By the Chairman:

Q. To whom did you give the contract?—A. I saw it last in the Department of Customs, in the special file.

Mr. CALDER, K.C.: There are several files here. I am under the impression that we never got that contract.

By Hon. Mr. Stevens:

Q. There is some correspondence referring to the contract. What form is it in?—A. I think it is on one of Mr. Schneider's letterheads.

Q. It is a letter, is it?—A. It is a contract, on a letter paper.

By Mr. Calder, K.C.:

Q. Did you not get back that contract from the Department?—A. I got it back, but it is back again, I think.

Q. Did you not take that very contract?—A. Yes.

Q. Well, we will have to find it?—A. It was sent back.

Q. To whom?—A. It was sent back to the Department.

Q. By yourself?—A. By my lawyer in Germany.

Q. Are you sure of that?—A. I am positive.

Q. I am instructed that it never got back?—A. I saw it three or four weeks ago.

Q. Where?—A. In Mr. Blair's hands.

By Hon. Mr. Stevens:

Q. Within a month?—A. Yes, sir.

Hon. Mr. STEVENS: These files have been here for two months, so it must be on another file.

Mr. CALDER, K.C.: We will let that pass for the time being, Mr. Gaunt. We will get the contract, if it is available.

By Mr. Calder, K.C.:

Q. Did your contract stipulate what should be done with the packing, insurance, shipping, and supplementary charges?—(No answer).

Mr. TYNDALE: One moment. Mr. Chairman, I think, in accordance with the general rules of evidence, that if this contract is available, we should not have any verbal evidence about it until it is produced.

Mr. CALDER, K.C.: You can defer your evidence, as far as the contract is concerned. I am merely leading up to something which is not on any special contract.

Hon. Mr. STEVENS: I have telephoned over to see if they can get the other file.

By Mr. Calder, K.C.:

Q. Mr. Gaunt, who instructed Mr. Schneider to leave off the packing, insurance, shipping and supplementary charges from the Customs invoices? —A. I did.

Q. You did?—A. Yes.

Q. Why?—A. Because I was told that other big firms did the same. I was under the impression that that was a general practice.

Q. What other big firms did the same?—A. That was my information at the time, in 1921.

Q. But what other big firms did the same?—A. I am not here to say. That is the information which was given to me.

Q. Who gave you that information?—A. In Germany, an ex-servant of a big company.

Q. An ex-servant of a big company?—A. Yes.

Q. And you wanted to take advantage of the same thing?—A. Yes.

Q. Why?—A. Very often merchandise is sold, excluding all packing charges.

Q. Packing charges, insurance, shipping and supplementary charges are added on to the inclusive price, forming with the purchase price, the inclusive price of the goods?—A. There are charges for shipping.

Q. But charges outside the actual purchase price of the goods, in Germany; those you say are added to form the inclusive price?—A. No. Only the case is included. If I buy F.O.B. Hamburg, all that is included is the case and the freight from the place of shipment to Hamburg, nothing else.

Q. Well, the case is included?—A. Yes.

Q. What about insurance?—A. The insurance is covered from house to house; it is covered in Montreal.

Q. It is never invoiced?—A. No.

Q. That is the practice of the trade, that insurance is not invoiced?—A. Insurance is not invoiced.

Q. Commission is not added on?—A. I do not think so, because I know the big houses over there had their own staff, and when they packed the merchandise themselves they did not charge anything for packing.

Q. I am not talking about the work of packing; I am talking about the cost of the packing cases—diecassen.—A. It depends entirely on the class of merchandise; some merchandise is sold "No charges for packing—"

Q. Take the merchandise you were buying? Was it customary to charge the chest or packing cases?—A. It was customary to charge them, yes.

Q. On the invoices?—A. Yes.

Q. What about insurance? Was it customary, too?—A. No.

Q. And the shipping charges?—A. What shipping charges?

Q. The ones you mentioned in your "Important Notice to Exporters." You must have known what that meant at the time—

Mr. TYNDALE, K.C.: Mr. Chairman—

Mr. CALDER, K.C.: Do you think it is necessary to always show the document to the witness?

Mr. TYNDALE, K.C.: I think it is fair, Mr. Chairman, particularly under the special circumstances of this case, when the witness has not seen his papers for nearly a year. If my learned friend is quoting from the papers, the witness should see them.

Mr. CALDER, K.C.: The principle is very, very often invaded in our Courts—if it is a principle. There are repeated examinations of witnesses being conducted on documents, without the documents being shown to the witnesses, because if the documents were shown to them, it would very often defeat the very purpose of the examination.

Mr. BELL: No doubt about that.

Hon. Mr. STEVENS: Of course Mr. Gaunt knows what the practice was. I know it from just looking over his documents. It is a practice he followed all through, of not reporting the packing cases in his price for duty. He knows whether he did that or not.

Mr. TYNDALE, K.C.: My objection, sir, did not have reference to that particular part of the questioning, but when Mr. Calder began to read from apparently a written instrument, it was then I thought it opportune to suggest that the witness be given communication of the document.

By Mr. Calder, K.C.:

Q. Now, Mr. Gaunt, you have had communication of the document; you have asked me "What shipping charges?", and I ask you now to what shipping charges you were alluding in your instructions which you now have in your hand?

Mr. TYNDALE, K.C.: I presume counsel may see the document also? (Witness' counsel peruses document).

By Mr. Calder, K.C.:

Q. What were those shipping or supplementary charges which you mentioned in your memo. headed "Important Notice to Exporters re Invoices for Canadian Customs"?—A. It must have been referring to inland freight.

Q. That would be shipping charges? What are the other supplementary charges to which you allude in this memo?—A. I don't remember—

Q. What?—A. I don't think there are any supplementary charges.

Q. And because there are no supplementary charges, you carefully mentioned them in your notice?—A. Well, I was new to the import business in 1921.

Q. Now, what was the purpose of instructing the exporters re invoices for Canadian Customs, on your letterhead, dated December 15, 1921, as follows:

> "Packing: Packing, Insurance, Shipping, or any other supplementary charges should not be entered on the Customs invoices."

A. I must have copied that from somewhere. I don't know, but I think I copied that from somewhere, when I made out the Customs invoices.

Q. Tell us from where you copied it, because we want to find out how many people were doing it.—A. I don't know where I got it from; I got it from somewhere.

Q. You got it from somewhere, but you don't remember? You were organizing your business; you were new to the import business; you proposed to follow

the lead of some other person or persons, or firms, but you don't remember who any of them were?—A. Oh, yes, I remember who told me this, in Germany, all right.

Q. So this was copied from a notice which you saw in Germany?—A. Not from a notice I saw; I remember who told me about it in Germany.

Q. You said you copied this from some instruction of a similar tenor?—A. I said I believed I did. Somebody told me about it. That is how I got it.

Q. Somebody did more than tell you about it, because you said you copied it?—A. Yes, that is what I believe.

Q. That is what you believe?—A. Yes.

Q. Do you not know?—A. I don't remember, frankly, where I got it; where I saw it written.

Q. Was it in Mr. Schneider's office?—A. No, I don't think so.

Q. Try and recollect where this was. You cannot recollect where it was—where you got it?—A. I was given to understand that was the general practice, and that is why I wrote it down. That is all I can say.

Q. You immediately sensed that that general practice would reduce your duty?—A. Well, there is no reason to pay duty if you don't have to, is there?

Q. You immediately sensed that leaving off the packing, insurance, shipping, and supplementary charges, would diminish the prices of the goods?—A. Well, naturally.

Q. And to that extent cut down your duty?—A. Well, naturally.

Q. Did you ever think of consulting the best authority on the point, namely, the Customs authorities?—A. Well, the Customs authorities have always seen the invoices; when there was no packing charges on, they must have seen it.

Q. You told us a few moments ago that some people put an inclusive price on, including the packing, inland freight, and other charges?—A. That is done by the exporter.

Q. Yes, and this was an instruction to the exporter?—A. We import all merchandise, mostly from small men—small manufacturers—and pack them ourselves.

Q. Through Schneider?—A. Yes.

Q. Schneider, thereupon, becomes, as far as the Customs Department is concerned, the exporter?—A. Yes.

Q. He draws the invoices?—A. Yes.

Q. And when he mentions a certain price, you assume that the Customs would take it for granted that that included all charges?—A. No; in the summer of 1923, the Customs were in our office, and I explained exactly what happened.

Q. What Customs officer was in your office, to whom you explained exactly your method of shipping?—A. I think it was a man called Fowler.

Q. When was this?—A. This must have been in the summer of 1923.

Q. When the process had already been going on since September, 1921?—A. (No audible answer).

Q. Was that during the investigation.—A. Well, they came into the office and asked questions for a whole day, and looked at the books, and I told them that.

Q. What Customs authority did you consult before the practice started?—A. I did not consult any.

Q. You consulted an exporter in Germany as to what you should do with respect to the Customs of Canada?—A. Yes.

Q. Although you were in Canada doing business, you might have consulted Customs authority?—A. Well, they export a lot of merchandise to Canada—those people; and they know about it.

Q. And they were interested in not paying much duty?—A. No, they have no such interest; the forwarding agent does not care whether he pays any duty or not.

Q. Does not the duty diminish the sales?—A. Well, after all, it is a very small item.

Q. Well, if it is such a small item—30 per cent— —A. Not 30 per cent.

Q. On the chests, the total duty?—A. Yes, but the packing is only 20 per cent.

Q. Of the duty?—A. No, 20 per cent of the value of the cases.

Hon. Mr. STEVENS: A 20 per cent duty.

By Mr. Calder, K.C.:

Q. And that is of no importance?—A. It is comparatively small, is it not?

Q. Why did you take such special care to have it done if it was so negligible?—A. Because I was told it was the general practice; that is all I can say.

Q. How did you pay Schneider? What method of payment obtained in your payments to Schneider?—A. That is all in our books.

Q. Tell us?—A. Well, sometimes we made remittances; when I was in Germany I issued cheques; different kinds of remittances.

Q. How often did you remit to him from Canada?—A. That is also in our books.

Q. Yes; tell us.—A. Well, as requirements demanded.

Q. There was no periodical remittance?—A. No. That is all in our books.

Q. Did Schneider open a bank account in Germany?—A. Yes, sir; you mean in the name of the John Gaunt Company?

Q. Yes.—A. Yes.

Q. Did he have a right to make withdrawals from that bank account on his own signature alone?—A. Not on his own signature; "John Gaunt Company, per Robert Schneider."

Q. But his was the only written signature?—A. Yes, sir.

Q. Did he send statements to you?—A. Yes, sir.

Q. Do you know a man called Buytendyk?—A. Yes.

Q. Who is Buytendyk?—A. Buytendyk is a merchant living in Holland—in Rotterdam.

Q. Did he act as your forwarding agent?—A. Yes, sir.

Q. When did he begin to act as your forwarding agent?—A. In 1922.

Q. Was this for the purpose of purchasing Dutch goods and forwarding them to you?—A. That was for the purpose of forwarding German goods.

Q. When you appointed Buytendyk, did you have in mind the regulation that German goods should be invoiced at 50 per cent of the par value of the market?—A. I didn't say they should be invoiced.

Q. They should be dutiable at 50 per cent of the par value of the market. —A. Goods originating in that country, and being shipped direct to Canada—there was nothing in the law to say they should not be shipped via Holland.

Q. Did you take legal advice before you appointed Buytendyk?—A. Everybody else did the same thing; I did not originate the system.

Q. Who did?—A. I don't know.

Q. From whom did you copy it?—A. There was 101 people who did the same thing.

Q. From whom did you copy it? Who gave you the idea?—A. I heard about it in Germany.

Q. From whom?—A. A forwarding agent.

Q. Schneider?—A. No.

Q. Which forwarding agent?—A. A man who did the same thing for other firms.

Q. Who is he?—A. I have no interest in incriminating other people.

Q. Do you not think he is pretty safe in Germany? It is not an extraditable offence. Come on, who is he?—A. Four or five forwarding agents in Sonneberg; they all did the same thing.

Q. Who are they?—A. Hoffman, Guttman, Boelfeldt, Ropke and Otto.

Q. Well, that was the purpose? Wasn't it the purpose of appointing Buytendyk to enable you to ship through Holland because the fifty per cent regulations applied only to direct shipments?—A. Yes.

Q. You appointed Buytendyk in order to get around that?—A. Yes.

Q. From whom did Buytendyk receive the goods which he reshipped?—A. From Schneider.

Q. How were they invoiced to Buytendyk?—A. The same price we paid for them.

Q. In marks?—A. Yes.

Q. Which was then the depreciated value fifty per cent?—A. Yes.

Q. And what did Buytendyk do with regard to invoicing when he reshipped the goods?—A. He reinvoiced them in guilders.

Q. Guilders were not a currency depreciation to fifty per cent below par?—A. No.

Q. What guided him in fixing the rate of exchange?—A. Well, he took the date of shipment.

Q. By Schneider or himself?—A. As a matter of fact, I had given instructions to Mr. Buytendyk when taking the date of shipment to arrive at the value of the goods in that way, the date of shipment and Buytendyk made a mistake and took the date of shipment from Holland.

Q. Well, did not this mistake almost invariably work out to your advantage?—A. It did as the mark was sliding down.

Q. You state Buytendyk did the contrary to your instructions?—A. On the day when I spoke to Mr. Buytendyk I gave him the momorandum and wrote down. I never saw this till last fall and wrote down a translation covering the date of shipment. I naturally gave the date of shipment from Germany.

Q. You naturally did that?—A. Obviously that is the date of shipment.

Q. Do you not think a man would be very loath to give that as the date of his own shipment?—A. I do not think so.

Q. You are dealing with a man who is shipping to you and you see the invoice as per date of shipment, that is, quoting the exchange as per date of shipment, and you think he would naturally understand that was the shipment in Germany?—A. Yes, naturally as the exchange of the mark was changing from day to day.

Q. And sliding, going down?—A. It sometimes went back, Mr. Calder, too.

Q. As a general rule it was tobogganing?—A. Yes, it sometimes went back.

Q. Not very much.—A. There was a strong feeling in Germany that the mark was going to hold its own.

Q. When was that?—A. April, 1923.

Q. This went on from 1921 to 1923, when the tendency was the other way?—A. Buytendyk was in 1922—

Q. From 1922 to 1923, the tendency was downwards?—A. On the whole it went down.

Q. On the whole, Mr. Buytendyk's mistake was beneficial to you?—A. Yes.

Q. You did not rectify it to the Customs?—A. I did not know about it, I did not check the Customs invoice.

Q. Now, is there a rule that the country of origin should appear somewhere on the case or packages?—A. I think that rule was in force later.

Q. When?—A. I do not remember.

Q. On the marking?—A. On the what?

Q. On the marking.—A. There was a law that every shipment of goods should be marked.

Hon. Mr. STEVENS: In 1921.

By Mr. Calder, K.C.:

Q. Was it in 1921, that the obligation was laid upon importers of having goods imported stamped in some way or manifested?

Hon. Mr. BENNETT: It was never in force.

By Mr. Calder, K.C.:

Q. At any rate, whether it was the law or not, your goods were not stamped to show that they were of German origin?—A. It was not practical.

Q. They were not stamped " made in Germany "?—A. Yes, for quite a time, these were all stamped; mechanical toys were all stamped.

Q. Dolls and other toys?—A. No.

Q. Do you not think, Mr. Gaunt, that the two points coupled together, the shipment from Holland in guilders and the omission of the " made in Germany " stamp would lead the Customs naturally to believe that it was a shipment originating in Holland?—A. No.

Q. You do not think so?—A. No.

Q. Why?—A. Anybody knows that dolls are not made in Holland.

Q. Mr. Gaunt, you do not know how ignorant some of our appraisers are. —A. The man would know perfectly well that the dolls came from Germany.

Q. By the way, who was the man who used to pass your entries all the time? —A. The appraisers, I do not know.

Q. The man who went out of the drug department to appraise dolls, who was that?—A. Well, they were appraised by various people.

Q. You had one special appraiser, had you not?—A. I do not remember.

Q. What?—A. I do not remember.

Q. What?—A. I do not remember of getting any special—

Q. Was there not a man in the drug department who used to appraise your goods almost as a matter of course?—A. No, Mr. Calder, I have seen—

By Hon. Mr. Bennett:

Q. May I ask a question, Mr. Gaunt?—A. Yes.

Q. Am I right in assuming that on your invoices you did not show the real cost of the goods to you?—A. Well, it depends; on all orders?

Q. I am not taking any particular order. You employed a man to buy goods for you?—A. Yes, Schneider.

Q. And from what you have said to Mr. Calder it seem to me to be a reasonable conclusion when you presented your invoices you did not include the sum total of the cost on the invoices?—A. I did not include Mr. Schneider's commission.

Q. Or any other incidental expenses in connection with the acquisition of the goods?—A. That is correct.

Q. That is right?—A. Yes.

Q. Mr. Schneider invoiced all the goods through to you as seller?—A. No.

Q. As seller?—A. Schneider was our employee.

Q. He invoiced them through to you as seller although he invoiced them in his own name?—A. Yes.

Q. In fact, Schneider was never out any money; he bought the goods with your money?—A. Yes.

Q. And was paid for it?—A. Yes.

Q. Your evidence is that in reference to these goods, you invoiced the goods through by arrangement with Schneider at what he alleged they were worth at the factory and not what they really cost you?—A. You mean the cost in the way of expenses?

Q. Using the word cost as representing the purchase price of goods, you would pay the factory costs plus commission, and plus transportation from the factory at Rotterdam, that is right?—A. I am quite sure other firms did not invoice.

Q. I do not say other firms did, that is what you did?—A. Yes, that is correct.

Q. Mr. Goodison says your invoice was really the factory price.—A. Yes.

Q. Although the actual cost of the goods to you when they went on shipboard in Europe was the factory price, or more than the factory price?—A. Quite.

Q. May I ask another question? The invoices that you used for the purpose of putting your goods through the Customs at Montreal, were invoices made up and brought with you from Europe?—A. Brought with me?

Q. I put it this way, that they were certified and obtained from Europe? —A. Schneider made up the date.

Q. There were certain invoices in blank?—A. No, that is only one phase of it. That was only done on one particular occasion.

Q. On one occasion?—A. Yes.

Q. Were you caught that time?—A. No,

Q. That was at the end of 1923?—A. I think I could give a satisfactory explanation.

By Mr. Calder, K.C.:

Q. Well now, you told us that it was of no importance to use the country of origin? You began to say that the country of origin was not put on after the first of September, 1922?—A. Well, there was a column in the statement showing country of origin.

Q. Had not that always been there?—A. I don't think so, I am not sure.

Q. That is the reason why you began to show the country of origin as there was a column in the specimen invoice?—A. Yes.

Q. We will return to the question about your using one particular appraiser almost constantly. Who was that? Do you know a man called Redmond? —A. Yes.

Q. John Redmond?—A. Yes.

Q. What department was he appraiser in?—A. In the Customs Department, Montreal.

Q. What particular department of the Customs Department?—A. Drug department.

Q. Did dolls come under the classification of drugs?—A. I believe so.

Q. They do?—A. Yes.

By Hon. Mr. Stevens:

Q. Narcotic drugs?—A. I had nothing to do with narcotic drugs.

Q. Are dolls under the heading of narcotic drugs?—A. I do not know.

By Mr. Calder, K.C.:

Q. Do you assert that dolls are usually examined in the drug department? —A. I do not know.

Q. Your knowledge of Customs practice is abyssmal apparently? You do not know whether your own goods would go in the ordinary course of procedure?—A. They go to the examining warehouse.

Q. What part?—A. As far as I know to the drug department.

Q. Would they be examined by Mr. John Redmond constantly?—A. No, there were other people.

Q. He was the principal examiner of your goods?—A. I had nothing to do with Mr. Redmond.

Q. Was there a certain time—

The CHAIRMAN: When you refer to these invoices, the best way of giving this evidence is to file the invoices, and they will show the signature of the one who appraised the goods in the warehouse.

Mr. CALDER, K.C.: A certain amount of information is possessed by this witness, and is known by him better than any other witness in the world. The placing before him of a number of invoices bearing the name of Mr. Redmond would probably not assist his recollection very much. The point I am making is whether he sought out Mr. Redmond by preference.

By Hon. Mr. Bennett:

Q. Did you do the entries yourself, or did you have a broker?—A. We had a broker.

Q. Did you do the work yourself?—A. I would be called there by the Customs on certain occasions.

Q. Who were your brokers?—A. John Casgrain.

Q. Were they your brokers permanently?—A. During two or three years.

During the relative years we are discussing here?—A. Yes, John Casgrain. As a matter of fact, I very seldom attended to Customs matters, it was done by my manager.

By Mr. Calder, K.C.:

Q. Who was your manager?—A. I had one, a Mr. Meredith, or a Mr. Burgess.

Q. Will you make a statement whether or not you entered into any special arrangement with Mr. Redmond of the drug department to appraise your goods?—A. Never.

Q. You never held goods for a certain time so Mr. Redmond would examine them?—A. No, sir.

Q. Did you instruct your managers to do that?—A. No, sir, certainly not, I had no control over the Customs.

Q. Did Redmond ever visit your firm?—A. Yes, he was in once or twice.

Q. Oftener than that?—A. He came in, sometimes he wanted a doll or so.

Q. You sold them to him at a very favourable price?—A. I did not see fit to make any money on him.

Q. You found it of benefit to lose some money on him, and often saw fit to lose some money on him?—A. No, I do not think so.

Q. I am going to read you a letter, Mr. Gaunt, of which I have only a copy, and tell me whether you recollect it or not. It is a translation.—A. Who translated it? Do we know who translated it?

Q. They are badly translated?—A. Yes. Mr. Hursan, at one time figured as translater.

Q. It purports to be translated by Buytendyk.

Hon. Mr. BENNETT: Written in Dutch or German?

The WITNESS: Buytendyk always wrote in English.

By Mr. Calder, K.C.:

Q. It reads:

"ROTTERDAM, February 27th, 1922, March 11th, 1922.

JOHN GAUNT COMPANY,
Reid Building,
Montreal, Canada.

DEAR SIRS: I have still to acknowledge receipt of your telegram of the 9th instant and this morning I received your favour of the 14th instant for which I beg to thank you.

Please find enclosed three copies B. S./L for which I sent you invoices with my letter of the 28th ultimo.

I further beg to enclose one set of invoices re two cases shipped per steam-ship "Western Plains" of the 31st December last. The total of these invoices amounts to 75.10."

The WITNESS: That is florens.

Mr. CALDER, K.C.: (Continues reading):

"In the meantime I received advice from Messrs. Rodgers and Webb that they agree to the rates mentioned by you.

The Agent of the Canadian National Railways has nothing to do with ocean rates, and therefore I cannot ask him to confirm the same.

The steamship Worcester will most probably leave our port on the 7th instant and I have about thirty sets of invoices nearly ready for goods to be forwarded by this steamer.

I have been in correspondence with Messrs. Robert Schneider and E. Weiden & Co. regarding sample case and after all I have decided that the best would be forwarding the goods by rail to Rotterdam, as if the goods arrive here by post we will have much trouble with the Customs authorities and then the goods will have many days relay.

Moreover, the manipulation mentioned by you would be very expensive.

I hope to be able to send you a good deal of invoices next week, and remain, dear sirs,

(Sgd.) A. BUYTENDYK."

Q. What was the manipulation?—A. At the time—was not that in the spring of 1922?

Q. March 11, 1922?—A. We wanted to get some samples in a hurry, and there was no possibility of getting them by parcel post, and I suggested that he send them by parcel post to Holland, pay the duty in Holland, and forward them from Holland.

Q. That was the manipulation?—A. Yes. It just referred to a few samples we wanted to get in a hurry.

Q. At that time they were brought in and sent to Holland to be smuggled to you in Canada?—A. They were in transit.

Q. Not to be smuggled to you in Canada?—A. No.

Q. Could you not have started out by showing guilders at three to the dollar?—A. I think they were, at one time.

Q. I am talking about April, 1922, when you started out with him?—A. That probably was wrong then.

Q. That was the correct value of the guilder at that time, with respect to our own currency?—A. No, sir.

Q. What was the correct value?—A. About two fifty; it may have been two fifty-one, or two fifty-two, but around two fifty.

Q. He was ignorant of the true exchange rate on his own currency?—A. No, I do not suppose for one minute that he was.

Q. If he was not ignorant, why was he charging three guilders to the dollar instead of two fifty?—A. That I do not know.

Q. What special reason could he have?—A. For charging what?

Q. He was charging three to the dollar?—A. The true value of the guilder was about forty cents.

By Hon. Mr. Bennett:

Q. And this was thirty-three and a third?—A. I do not know.

By Mr. Calder, K.C.:

Q. At any rate, you instructed him to have all invoices show two and a half guilders to the dollar?—A. Yes.

Q. You state that upon one occasion you had blank certified invoices sent over to you?—A. That was in 1923. That had nothing to do with Buytendyk.

Q. We will see whether it had nothing to do with it or not. You must have had them sent for some purpose?—A. I did.

Q. The blank certified invoices?—A. From whom?

Q. Did you receive invoices, that is, certified invoices from—we will take from Schneider first?—A. Yes, we received certified blank invoices from Schneider, in December, 1923.

Q. For what purpose?—A. For the purpose of obtaining a refund from the Government.

Q. For the purpose of obtaining a refund from the Government?—A. Yes. From the Customs.

Q. How would that enable you to obtain a refund from the Government?—A. Well, at that time the mark was going down very rapidly. I was in Europe, and did not know anything about my people having trouble in Canada here. I came back in October, 1924, and the same evening Mr. Burgess and Mr. Hurson came to my office, and told me their troubles.

Q. What troubles?—A. That they had not any correct invoices. The mark was sliding down, and had got to about twelve or fifteen figures, anyway, and the invoices were not made out correctly, mistakes in the addition, the subtraction, etc., and the Customs simply refused to accept them, and they suggested to me at the time that I should obtain blank invoices, and we would be at least certain to get them filled out correctly.

Q. Who suggested that?—A. Either Mr. Burgess or Mr. Hurson.

Q. I thought you said some Customs officials suggested that?—A. No.

Q. It was either Burgess or Hurson?—A. Yes. The same night I cabled to Germany asking Schneider to send blank invoices signed by him.

By Hon. Mr. Stevens:

Q. You mean certified invoices?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Schneider was to certify to a blank instrument?—A. Yes. That was better than making out wrong invoices, and certifying to them.

Q. Could you not send back an invoice for correction, so that Schneider would know what you were putting in them?—A. Have you ever tried to make out correct Canadian invoices?

Q. No, I have not?—A. That would be different.

Hon. Mr. BENNETT: I have, and I appreciate what you say.

By Mr. Calder, K.C.:

Q. Could you not fill them as you wanted them, and send them back to him for certification?—A. That would have been the better course; that would have been the better way.

By Mr. Bell:

Q. How many did you ask for?—A. I do not think I specified any amount, for the last four or five shipments. I do not think I specified that in the cable.

Q. You did not indicate any number at all?—A. I do not think so; I do not remember.

By Mr. Calder, K.C.:

Q. How many such invoices did you get?—A. To the best of my recollection, we got two envelopes.

Q. How many all together?—A. At the very outside, two hundred.

Q. Did you not get three hundred of them?—A. I do not think so.

Q. Look at the envelope now shown to you, bearing the return address of Robert Schneider, Coburg, Enikoufshaus of the John Gaunt Company, Reid Building, 45 St. Alexander St., Montreal, Canada, addressed to John Gaunt & Company, registered apparently and sent postmarked Coburg, 8/11/23, on which is written the word Einsohreiben?—A. That means registered. It is marked postage paid.

Q. Will you state whether that is one of the envelopes you received?—A. That is impossible to say. We receive such envelopes every day, or practically every day.

Q. Look inside at the contents?—A. They may have been put in afterwards. That is no proof.

Q. Did you receive those?—A. I received envelopes similar to these.

Q. Have you any doubt that these are part of the invoices you received? —A. Yes, and very strong.

Q. Why?—A. Because we had I think, about 200 invoices at the outside. Mr. Hurson made those invoices out, and I asked Mr. Hurson repeatedly whether all the invoices were used, and he said "yes" several times.

Q. That might not be true, he might not have told you the truth?—A. Exactly.

Q. That would mean that he had kept back some of the invoices, that of those 200 invoices, he kept back some?—A. Well, there are over 100 in this envelope.

Q. Do you suppose he wrote to Schneider, and Schneider sent him out additional invoices?—A. Something of the kind.

Q. Have you any proof of that, beyond surmise?—A. Yes.

Q. What is it?—A. A young man called Blau was in our employ.

Q. Where is he now?—A. He is now in Germany. He was sent back in March, 1925.

Q. By whom?—A. That I do not know. But he travelled on a C.P.R. charity ticket for $25 to Germany. I do not know what he had done to the C.P.R. to deserve that. On April 15, Mr. Hurson suddenly finds these invoices in his house, after about fifteen months.

Q. So that Hurson would have sent Blau to Germany?—A. I do not say Mr. Hurson did. There were other people interested.

Q. If Hurson got the invoices, and they were not part of the invoices you had ordered, then your theory of it is that Blau went to Germany to get these invoices, and he got them from your trusted agent?—A. Pardon me, Mr. Schneider was not my trusted agent in 1925. I had started proceedings against Mr. Schneider then.

Q. And that Schneider sent those here to implicate himself with you?—A. Mr. Schneider is not implicated in this.

Q. If he sends certified invoices for an illegal purpose, I think he is implicated?—A. I am sure you will not do much to Mr. Schneider. You might do a lot to me, but you will not do much to Mr. Schneider.

Q. That is simply because he is out of reach?—A. Yes.

Q. He implicates himself, anyway?—A. I do not see that any German can say the value of the invoices; that is the trouble.

Q. All you have to offer in support of your statement is that Hurson did it?—A. Hurson at that time had used about 200 invoices.

Q. He had used them on whose instructions?—A. On my instructions.

Q. How had he used them, merely in correcting invoices, adding them up properly?—A. Adding them up properly, to make out the refund.

Q. Will you swear he did not put a valuation there, dictated or suggested by you?—A. No, sir. Because I told him at the time, and I have asked him since, and he has admitted in the presence of witnesses, that those invoices were made out correctly.

Q. With that theory in your mind, you pleaded guilty to an offence to which that statement might have meant a complete defense?—A. No, sir. Not with that theory in mind. I pleaded guilty on the advice of counsel. The case had been hanging on, I wanted to get away, and I did not want the publicity of a public trial.

Q. When you pleaded guilty, were you sure of a settlement at $3,200 or thereabouts?—A. No sir. That had nothing to do with the case whatever.

Mr. TYNDALE: It might be desirable, Mr. Chairman, to explain what this case was to which this witness pleaded guilty. I do not know that my learned friend has any unfair idea in his mind.

By Mr. Calder, K.C.:

Q. What was the charge you pleaded guilty to?—A. Of having blank invoices in my possession.

Q. Perhaps I had better read the charge?—A. See Section 207.

Q. Here is the charge:

"Peace Officer

The Information and Complaint of James Edward Knox, Occupation, Customs-Excise Enforcement Officer, of the city of Montreal, in the district of Montreal, taken upon oath this fifth day of May, one thousand nine hundred and twenty-five, before the undersigned judge of the Sessions of the Peace, acting in and for the district of Montreal, who saith:—

"I reside at room 125, Windsor Hotel, Montreal. I am credibly informed and do verily believe that at Montreal, said district, during the course of November and December, 1923, John W. Gaunt, of the city and district of Montreal, did commit an indictable offense in that he, without lawful excuse, did send and bring into Canada, and, being in Canada, had in his possession bill headings and other papers appearing to be headings and blanks capable of being filled up and used as invoices, and bearing certificates purporting to show, and which could be used to show, that the invoices which might be made from such bill headings and blanks were correct and authentic.

And I have signed JAMES E. KNOX."

So that what you pleaded guilty to was not the possession only, but the invoice?—A. My purpose was admitted and stated the very first day Mr. Knox came into our place.

Q. If you had done no wrongdoing at all, criminal intent is the basis of that charge. If you had no such criminal intent, why did you plead guilty?—A. As a matter of expediency.

Q. You pleaded guilty as a matter of expediency?—A. Yes, sir.

Q. At that time, Mr. Gaunt, had negotiations been begun for a settlement here, in Ottawa?—A. No sir; that had absolutely nothing to do with that.

Q. Were instructions begun in Ottawa with a view to settling your case for a certain sum of money?—A. No, sir.

Q. They were not begun at the time, or at the date you pleaded guilty?—A. I think we had to pay something on account, to get our cases released, that was to get the seizure removed.

Q. You did not pay a certain amount in full settlement to get a release of the seizure?—A. To get a release of the seizure, but not in full settlement.

Q. That was not in full settlement?—A. No Sir, it was not.

Q. It was just a deposit?—A. Yes.

Q. What persons besides Mr. Hurson filled in these invoices?—A. Nobody, so far as I know.

Q. Did Burgess have anything to do with it?—A. Mr. Burgess had less, at that time.

Q. Did you ever have similar invoices which Burgess filled in?—A. I do not think so.

Q. You say you do not think so?—A. I am not aware of it.

Q. You would have sent for them?—A. Yes, I would have sent for them.

Q. Were any of them sent to you?—A. To the best of my knowledge and belief, these are the only blank invoices we ever received.

Q. Did you direct in December, 1923, any to somebody else?—A. No. There were about 200 invoices, to the best of my recollection.

Q. Sent to you on two occasions?—A. As far as I remember, there were two occasions.

Q. You say that the whole two hundred were used?—A. Mr. Hurson assured me. I only have his word for it.

Q. A short time ago, you contended that this must have been sent out from Germany. Subsequently, you gave as one of the reasons for your surmise that you knew the whole 200 had been used.—A. I have every reason to believe that, yes.

Q. And you swear positively that no similar invoices were used at any time prior to 1923?—A. No; if they were used I have no knowledge of it.

Q. Was there a Mr. Mann in your employ at one time?—A. Yes, Mr. Mann was in our employ at one time.

Q. Were any of these documents or similar documents used by Mr. Mann? —A. Not that I recollect, Mr. Calder.

Q. Well, Mr. Mann or you did not send for any?—A. No sir.

Q. And none were sent to you?—A. No, I don't think so.

Q. Did you ever get any similar invoices from Buytendyk?—A. No, I do not recollect, at all.

Q. What?—A. I do not recollect getting any blank invoices from Mr. Buytendyk.

Q. Will you state on oath whether you did or not?—A. I can only say I don't recollect. I recollect this very well; the other thing I do not recollect.

Q. That would be a thing you would recollect, I should imagine.—A. Well, Buytendyk was a capable man, for making invoices out himself; there was no reason for it.

Q. With that in mind, are you not able to tell us positively whether you sent to or got from Buytendyk, invoices similar to those you got from Schneider? —A. I don't think so, Mr. Calder.

Q. Were any persons besides Mr. Hurson and Mr. Burgess, in your employ, aware that you were doing this?—A. I don't think so.

Hon. Mr. BENNETT: Mr. Blair has sent over four contracts in German, with the translations by the Mounted Police.

The WITNESS: The stenographer must have known, because I dictated the cable to her.

By Mr. Calder, K.C.:

Q. Who is the stenographer?—A. Mrs. Kendall.

Q. Is she still in your employ?—A. Yes sir.

Q. When did you cancel the agreement with Schneider?—A. The final settlement was made, I believe, in July, 1924.

Q. Why did you cancel it?—A. Well, because I was not satisfied with the service.

Q. That is all? That is the sole reason?—A. At the time, that was the sole reason, yes.

Q. In what way were you not satisfied with his services?—A. Well, he was not a good buyer.

Q. That was your chief reason?—A. That is a service, is it not?—He was my buyer.

Q. Have you cancelled your agreement with Buytendyk?—A. I don't think there was any agreement with Buytendyk?

Q. No agreement with Buytendyk at any time?—A. I don't think there was any agreement in writing. The understanding was I was to pay him a certain commission on the amount of the invoice value.

Q. What commission?—A. It was three and a half or four per cent; I don't remember.

Q. That was also omitted from the invoices?—A. Yes sir.

Q. So you omitted five per cent—Schneider's commission—?—A. Yes.

Q. —and you omitted three and a half—is it three and a half or four and a half percent?—A. It varies.

Q. I am instructed it was four and a half per cent.—A. I don't think so.

Q. Was it raised to seven later on?—A. No, never.

Q. Never?—A. No. Seven? Never.

Q. How high was it raised?—A. I think he complained at one time, and I gave him one-half of one per cent extra.

Q. That would raise it to five?—A. I don't remember. Mr. Calder, you are asking me a lot of questions; Good God, this is three or four years ago; I don't remember.

Q. You were dealing with only two men, Schneider and Buytendyk?—A. Yes.

Q. And you don't remember the commission you were paying them?—A. It is shown by the books; the statement of Mr. Buytendyk—what we paid to Mr. Buytendyk—

Q. What ever you paid to Schneider and Buytendyk—the total commissions —were left off the invoices?—A. Yes sir.

Q. Did you stop doing business with Buytendyk?—A. Yes.

Q. When?—A. At the end of 1922, I think.

Q. Why?—A. Well, because it was then possible to import merchandise from Germany direct.

Q. Without paying on the fifty per cent of the market?—A. The fifty per cent law was cancelled or suspended.

Q. Did you cancel your agreement with Buytendyk after the Customs became suspicious, or in consequence of their becoming suspicious?—A. No.

Q. Do you do business in Toronto?—A. We did business from a sample room in Toronto.

Q. All the books referring to that sample room were kept in Montreal?—A. Yes.

Q. And the same is true for Vancouver?—A. We have no sample room; we never had a sample room—

Q. You have no establishment at all in Vancouver?—A. No sir.

Q. No office?—A. No sir.

Q. No address for mail?—A. No.

Hon. Mr. STEVENS: Any agent?

By Mr. Calder, K.C.:

Q. Any agent?—A. Well, Crickmay Brothers, Customs brokers—

Q. Have you still the warehouse in Toronto?—A. No.

Q. What name was it under?—A. John Gaunt Company.

Q. Who handled your shipments in Vancouver—?—A. That was not a warehouse in Toronto; it was a sample room.

Q. Yes, so you told us. Who handled your shipments in Vancouver?—A. I stated that before.

Q. Who?—A. Crickmay Brothers.

Hon. Mr. STEVENS: Just a minute, Mr. Calder, please.

By Hon. Mr. Stevens:

Q. Crickmay Brothers are Customs brokers?—A. Yes.

Q. They did not act as agents for the sale of your goods?—A. No—

Q. Mr. Calder asked you who acted as your agents?—A. We sent a traveller from Winnipeg to the coast.

Q. Who distributed your goods in Vancouver for you?—A. Crickmay Brothers.

Q. Did they distribute to each person to whom you— —A. We only sell in case lots. I mean, we have only sold through Crickmay Brothers in 1924 and 1925.

Hon. Mr. BENNETT: They were shipped direct?

Hon. Mr. STEVENS: Let the witness say that.

By Mr. Calder, K.C.:

Q. Do you ship direct to Vancouver from Germany?—A. Yes, via the Panama Canal.

Q. Who handles the shipments when they arrive in Vancouver?—A. Crickmay Bros.

Q. Who are H. & B. Siebendicher?—A. They were agents of a firm in Sonneberg.

Q. When did you appoint them your purchasing agents?—A. In, it must have been July, 1924.

Q. What territory do they cover?—A. Sonneberg and Thuringen, in general.

Q. Are they on commission?—A. Yes.

Q. What commission?—A. Well, the rate depended.

Q. On what?—A. Well, whether they were directing shipments from the manufacturers—

Q. They did not quote in the same way as Schneider from the manufacturers?—A. Yes, they did.

Q. And part of their purchases was sent direct from the manufacturer? —A. Yes.

Q. In that case, you would get invoices from the manufacturers?—A. No, from Siebendicher.

Q. Did they make the invoices out in their own names as shippers?—A. Yes.

Q. Did they include the cost of the case on their invoice?—A. No.

Q. Did they include—they did not then?—A. They have done so since 1925.
Q. Since your arrest?—A. Yes, since this whole business.
Q. Did they include their commission?—A. Yes.
Q. Who are G. Spiegal, who are they?—A. Agents in Nuremberg.
Q. Dolls?—A. No, dolls are not made in Nuremberg; mechanical toys.
Q. When did you appoint them purchasing agents?—A. The same time as Siebendicher.
Q. What territory?—A. The district of Nuremberg.
Q. What commission are they paid?—A. The same as Siebendicher.
Q. When they ship direct from the factory, what is their commission?—A. I think two per cent.
Q. When they quote and ship themselves?—A. Eight, first.
Q. And then?—A. And then it was raised to ten, in 1925.
Q. Do they make all invoices in their own name?—A. Yes.
Q. Do they show the cost of packing?—A. They do now, since 1925.
Q. Their commission?—A. Yes.
Q. Did you ever put anything else in the goods you purchased from your agents besides the goods that were actually shown on the invoices?—A. No.
Q. Never, at any time?—A. There may have been an odd sample in it.
Q. Of what?—A. Dolls or toys.
Q. Did you ever ship any drugs?—A. No.
Q. Did you ever ship any sanatogen?—A. Sanatogen is not a drug.
Q. It is not a narcotic drug?—A. No.
Q. It is not a doll anyway?—A. It is not a drug, it is a food like Binge's food.
Q. Did you ever get any of these?—A. Yes.
Q. Did you ever disclose it?—A. Not that I brought myself.
Q. Did you declare the sanatogen?—A. No, I do not think so.
Q. Why not?—A. If I brought it myself I showed it to the Customs Officer.
Q. Did you do that often?—A. When I went to Germany I brought one or two packages of sanatogen.
Q. Only on one occasion?—A. I may have done it twice.
Q. You did not officially declare that?—A. I used it for my own purposes.
Q. You did not declare it?—A. No.
Q. What would the duty be on sanatogen, thirty per cent?—A. It was just a small quantity, one hundred and six marks would be very small. If you brought two pieces of soap, you would not declare them.
Q. I was looking at this amount, I thought it was $106, we will absolve you. —A. A hundred marks were probably worth fifty cents or less. May I know the date?
Q. It is shown as 1922.—A. The mark was worth then about fifty cents for one hundred marks. One hundred marks were worth about fifty cents.
Q. Then, your statement under oath is that the sum total of the invoices, every one of these invoices was only 200?—A. That I cannot say, that is my judgment.
Q. In your judgment you say two hundred?—A. Yes.
Q. How many did you ask for?—A. My correspondence and one thing and another is in Germany.
Q. All your correspondence?—A. For the special case, yes.
Q. Why is your correspondence in Germany?—A. For the prosecution of Schneider.
Q. For the institution of a law suit?—A. Yes.
Q. I suppose, when you asked for these invoices, which were in your mind, it was perfectly above board as a transaction?—A. Well, I thought the Customs could not say very much as long as we paid the right duty.

Q. If that were so, as a natural consequence, you would communicate directly with Schneider?—A. Yes.

Q. Did you communicate directly with Schneider or relay the cablegram? —A. No, I sent a cable to Schneider, that could be checked up.

Q. Did you not telegraph or cable to Mrs. Wheeler, Five Stanley Gardens, asking for the invoices?—A. Mrs. Wheeler lives at Stanway Gardens.

Q. Stanway Gardens. Then it is a correction. Did you request or demand certain invoices by inquiry to Mrs. Wheeler?—A. No, that has been brought in before. I do not see why they are trying to bring Mrs. Wheeler in.

Q. You are the man who brought this up. Did you cable to Mrs. Wheeler to have the invoices sent, and to relay a cable to Germany?—A. No, to the best of my knowledge and belief I went after Mr. Burgess and Mr. Meredith left, and I called in the stenographer and gave her the cable and sent it to Schneider.

Q. That is the best of your recollection, and you state it positively.— A. That is the best of my recollection.

Q. Will you now look at what appears to be a contract on the letterhead of Robert Schneider, Cobourg, dated 30 September, 1921, and state whether that is the agreement you referred to in the first part of your testimony?—A. Yes, sir.

By the Chairman:

Q. Written in German?—A. Yes.

Mr. CALDER, K.C.: Will you look at the translation? It is written in German, Mr. Chairman. I will produce it with the translation.

By Mr. Calder, K.C.:

Q. Will you look at the translation, Mr. Gaunt, and say whether in your opinion it is correct? (No answer).

By the Chairman:

Q. Mr. Gaunt, do you know the German language?—A. Yes, sir. There is one expression here, Mr. Calder.

Mr. CALDER, K.C.: Where is it?

WITNESS: There is an expression in German, which being translated means "consignments."

By Mr. Calder, K.C.:

Q. What does it mean?—A. It is a remittance.

Q. Will you make a little marginal note opposite; make any correction in the margin, or underline. Do not strike the original out, but put your suggestion above it or beside it.

The CHAIRMAN: We will have to compare the original with this document. That will take some time.

Mr. CALDER, K.C.: Mr. Gaunt will immediately make his suggestions above, or at the side of the German words.

The CHAIRMAN: Very well, this Committee will stand adjourned until half past three o'clock this afternoon.

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.

The Committee has received the following telegram:

"MONTREAL, May 4th, 1926,
1.00 o'clock p.m.

PAUL MERCIER,
Chairman, Customs Committee, Ottawa.

Heard on my arrival to-day from Scotland that your committee had called me. I am ready at a moment's notice.

JAMES COOPER.

JOHN W. GAUNT recalled.

By Mr. Calder, K.C.:

Q. Before we adjourned, Mr. Gaunt, certain documents were put in your hands originally drafted in German, with the translations attached, and you were asked to criticize the translations if there were any divergences from the proper ones, and you have done that, have you not?—A. Yes sir.

Mr. CALDER, K.C.: I will now proceed to read them into the record.

"COBURG, 30th September, 1921.

ROBERT SCHNEIDER, Coburg:
Furniture, etc.

Agreement between the John Gaunt Company, a legally registered trading company, with its head offices in the Reed Building in the city of Montreal, in the province of Quebec, in the Dominion of Canada, and

The firm of Robert Schneider, a legally registered trading company in Coburg, Germany.

This agreement takes force from the 1st of September, 1921, and shall be for a period of six calendar years; that is to say, till the 1st of September, 1927. In case neither of the parties shall have notified the other in writing by the 1st of April, 1927, that he intends not to renew this agreement, the same shall be automatically extended for a further period of six years.

The John Gaunt Company hereby transfers to Mr. Robert Schneider, the matter of all toys to be bought in Germany, dolls, baskets, tinware, etc., ets., and all orders, payments, and consignments—"

which word you have changed to "remittances"?—A. Yes.

Q. (Reading):

"for the wholesalers—"

which word you have changed to "manufacturers"?—A. Yes.

Q. (Reading):

"Shall go only through the firm of Robert Schneider.

The firm of John Gaunt binds itself to pay to Mr. Robert Schneider, a commission of five per cent for his services of the total turnover in the above mentioned transactions. On the other hand, Mr. Robert Schneider herewith takes upon himself the obligation to safeguard the interest of the above firm in every way, to the utmost of his ability, and to obtain the lowest possible prices from the different manufacturers.

Prices and quality shall be the standard"—and you use instead of "standard" the words "guiding line"?—A. Yes sir.

Q. (Reading):

"in the purchase of goods, without regard to the personal position of manufacturers, Mr. Schneider binding himself to absolutely refuse all irregular commissions from the manufacturers, if it prove necessary to test the quality of goods supplied, and to secure prompt delivery, to the utmost of his power.

Closing of accounts, and balance statements shall be every three months; all original receipts and accounts shall be sent to Montreal. The above mentioned firm of Robert Schneider shall have a free hand in settling the condition of payments with the manufacturers.

This agreement is drawn in duplicate, and has been duly attested by both parties.

(Signed) ROBERT SCHNEIDER, Coburg,
(Signed) JOHN GAUNT COMPANY,
per (Sgd.) JOHN WILLIAM GAUNT."

It says in this instrument that all original receipts and accounts shall be sent to Montreal?—A. Yes.

Q. That was done?—A. Yes.
Q. Were they kept in Montreal?—A. Yes.
Q. Were they handed over to the accountants in this case?—A. Yes.
Q. I am instructed there were quite a lot of them missing?—A. The Customs Department got quite a few of them.
Q. At the original investigation?—A. Yes. In 1925?
Q. In 1925, yes.—A. Yes.

Mr. CALDER, K.C.: This is filed as Exhibit 148. Then follows a letter on the letterhead of the Hotel Victoria, Nuremburg, which reads as follows:

"NUREMBURG, 17th July, 1924.

From JOHN GAUNT, President,
JOHN GAUNT COMPANY, Montreal, Canada,

at the time of writing at Hotel Victoria, Nuremburg, Germany,
To ROBERT SCHNEIDER, Coburg, Germany.

Without admitting your claim, I propose the following: I shall pay you by note $500 on the 1st of October, 1924, and $500 by a second note on the 1st of January, 1925, a total of $1,000; the delivery of the notes will take place on Monday, the 21st July, at the latest. If you agree to this, then you waive all other claims against the John Gaunt Company Limited, of Montreal, and the John Gaunt Company Limited, of Montreal, likewise agrees to waive all other claims against Mr. Robert Schneider.

(Signed) JOHN GAUNT LIMITED,
per JOHN WILLIAM GAUNT.

P.S. I confirm to Mr. Robert Schneider, of Coburg, that I shall substitute a cheque on Montreal, on Monday, the 1st July, 1924, in place of cheque B-45187, if found correct. The foregoing agreement has been fulfilled except cheque B-45187, and is fully binding on both parties.

JOHN GAUNT COMPANY LIMITED,
JOHN WILLIAM GAUNT, *President,*
(Signed) ROBERT SCHNEIDER, *Coburg,*

July 15th, 1924."

I file this as Exhibit 149. Then follows a document which reads as follows, in translation:

"COBURG, 29th July, 1924.

The undersigned, Mr. Robert Schneider, of Coburg, hereby certifies that in consideration of certain payments to be made by John Gaunt Limited:

(1) The agreement made between the John Gaunt Company Limited and Mr. Robert Schneider, Coburg, on the 1st September, 1921, is hereby dissolved, and Mr. Robert Schneider has, in connection with this claim, no further claim either on the John Gaunt Company Limited, or on its president, Mr. John William Gaunt:

(2) Mr. Robert Scheider also has no further claim outside the agreement against the John Gaunt Company, Montreal, or against Mr. John William Gaunt, personally:

(3) Mr. Robert Schneider binds himself not to utter any statement calculated to injure the reputation of the John Gaunt Company or the personal reputation of Mr. John William Gaunt.

(Signed) ROBERT SCHNEIDER,
(Signed) per GRETA SCHNEIDER,
(Signed) JOHN REUTHER."

Mr. TYNDALE, K.C.: What is the date of that, Mr. Calder?

Mr. CALDER, K.C.: The 29th of July, 1924.

The WITNESS: The 21st, is it not?

Mr. CALDER, K.C.: It is the 29th, as far as I can see. It is "23rd" corrected to something else. Oh, I am looking at the other one. It is the 23rd of July, on the original.

The WITNESS: Yes.

By Mr. Calder, K.C.:

Q. It is not customary, is it, Mr. Gaunt, in a contract dissolving a partnership in respect of relations between an agent and principal to provide a clause against slander?—A. No.

Q. Well, what statement did you expect Mr. Robert Schneider might make, which would be detrimental to you, and which you expressly provided against by the contract?—A. Well, Mr. Schneider had made a good many statements. He had made the statement that the John Gaunt Company was bankrupt, and a lot of other things.

Q. Make any statement as to your methods of business?—A. No.

Q. Make any statement as to your undervaluation?—A. No.

Q. Sure?—A. Yes.

Q. To anybody?—A. No.

Q. Was it not a fact that you were expressly providing against any statement he would make as regards undervaluation?—A. I am sure Mr. Schneider never had any idea of undervaluation.

Q. Did he not know that you were undervaluing?—A. No.

Q. Then follows a document on the letterhead of Robert Schneider, Coburg, buyers for the John Gaunt Company, Montreal.

"COBURG, 25th November, 1922.

We hereby certify to the fact that we will remit to Mr. Robert Schneider in the firm of Robert Schneider, Cobourg, in the beginning of

January, 1923, five per cent commission in dollar currency of the total amount of goods bought from first September, 1921, to the end of September, 1922. The settlement will be based on the value of the dollar at the time of consignments in accordance with the provisions of the agreement.

For other expenses incurred during the above named period we shall pay in addition to Mr. Robert Schneider $2,000 during January, 1923. Settlements up till the end of September, 1922, for the John Gaunt Company.

(Sgd.) JOHN WILLIAM GAUNT.

I declare myself in agreement with the above.

(Sgd.) ROBERT SCHNEIDER."

By Mr. Calder, K.C.:

Q. We will mark that as Exhibit 151. I asked you this morning whether you had ever received from Buytendyk blank invoice forms?—A. I answered, not to the best of my recollection.

Q. Did you ever receive a letter to the following effect?

"ROTTERDAM, November 30, 1922.

Messrs. JOHN GAUNT & COMPANY,
Montreal.

DEAR SIRS,—On the 28th instant we had the pleasure of seeing your Mr. John W. Gaunt, and the undersigned agreed with him, that in the future the John G. Co. would pay me five per cent commission on dolls and toys and four per cent on aluminum ware, household art, pencils, cutlery, chinaware and thermos bottles.

On this occasion we learned that eight packages had been shipped on the 8th instant by Messrs. Wm. H. Muller & Company, Antwerp, as per copy B-L enclosed herewith. Under this cover I beg to hand you five sets of invoices and I beg to observe that two sets have been sent you on the 25th instant."

Q. Were these blank or filled invoices?—A. They must have been filled.

Q. At this point, do you recollect whether you received any blank invoices at the same time?—A. No.

Q. So far, do you recognize them?—A. That is correct.

"I further beg to enclose herewith twelve sets of invoices in blank which you can use in case of need. Mr. John W. Gaunt promised me you would inform him of the value declared therein in the event you should make out some invoices yourself."

Q. Do you recollect that?—A. If it is there it must be true.

"I further beg to hand you my commission bill amounting to F. 16.96, for which sum I have debited your account. I signed bill that I have received from your Mr. G., F. 765—in fact I received $300—which were converted at the rate of F. 2.55. You will find attached a banker's note that the actual value was F. 751.50 only, which amounts I will mention on my next account current. Kindly note and oblige.

Yours faithfully,

(Sgd.) A. BUYTENDYK."

Q. It appears from that letter, Mr. Gaunt, that accounts, small accounts were being dressed up for some purpose or other?—A. How do you mean dressed up?

Q. I mean, you got notification from Mr. Buytendyk that he has certain items which he is charging, otherwise than truthful.—A. Which item did he charge?

> "I signed bill that I have received from your Mr. G., F. 765—in fact I received $300—which were converted at the rate of F. 2.55. You will find attached a banker's note that the actual value was F. 751.50 only, which amounts I will mention on my next account current."

Is that just a correction?—A. I think when I translated the guilders into dollars that it was too high a rate of exchange and he felt there was some money coming to him.

Q. What was done with the blank invoices you received?—A. I do not remember.

Q. They were put through in case of need. Did he not need the rest?—A. I do not remember.

Q. These were signed invoices, of course?—A. I presume so.

Q. Signed blank invoices?—A. What time was that?

Q. November 30th, 1922.—A. I was not there.

Q. Where?—A. In Montreal in November.

Q. They were sent in consequence of your visit.—A. I did not come back till the middle of December, 1922.

Q. These blank invoices were signed by Buytendyk at the time of a visit and interview between you and Buytendyk. You must have asked Mr. Buytendyk to send you or your firm blank invoices, or rather certified invoices with blanks. For what purpose?—A. Well, I do not remember anything about it, I am sure.

Q. Now, when I asked you whether you received from Schneider's blank invoices, previous to the two hundred blank invoices which you say you got from him in two lots you say you were speaking of invoices completely blank with the exception of certain ones, were you not?—A. Yes.

Q. Did you ever receive any invoices partly blank?—A. That I don't remember.

Q. You do not remember?—A. No.

Q. Tell me, did you ever receive any invoices, the endorsement of which was in blank, but the face of which was filled up, and afterwards instructed somebody to use the endorsement so as to produce an undervaluation by translating the mark at the moment the goods arrived instead of at the moment they were shipped?—A. I cannot get that at all.

Q. You mean you cannot understand, or do not understand?—A. I cannot remember any case.

Q. Will you look at the invoice I am now showing you which is on a file of papers taken in your office? You will note that the space is apparently filled in by what I think you will tell me is a German typewriter?—A. Yes.

Q. Did you have a German typewriter in your office?—A. No.

Q. You did not?—A. No.

Q. There is this certificate?—A. This is only the banker's signature.

Q. There is this certificate of the rate given by the bank?—A. Yes.

Q. Where was that filled in?—A. Montreal.

Q. By whom?—A. Probably by Mr. Hurson.

Q. Is it not a fact that the rate quoted there is the rate at the date of the arrival of the goods?—A. No, it cannot be, there is August sixth.

Q. That is the date it was sent.—A. It has to be the same.

Q. It ought to be?—A. If it is not it is the fault of the Customs in taking it. I was not there myself at the time.

Q. You were not there?—A. No.

Q. Had you given any instructions to Mr. Hurson, with the mark declining almost constantly; did you suggest to Mr. Hurson that the rate to be entered was of the date of the arrival of the goods and the certificate should be so drawn? —A. No, it would not be any use if I did. The Customs officer certainly would not mark it if you did not have the right rates.

Q. You do not know how automatic the Customs Department have become. —A. I am very sorry.

Q. On which of the two typewriters did you—

Hon. Mr. STEVENS: The banker's certificate should show the rate of the mark on the date of the invoice.

Mr. CALDER, K.C.: On August sixth.

Hon. Mr. STEVENS: That is a fact?

Mr. CALDER, K.C.: Yes, that is what should be done. Our contention is that the rate was shown at the time the goods arrived.

The WITNESS: At the date of exportation.

By Mr. Calder, K.C.:

Q. That is the bank's certificate?—A. Yes.

Q. Look at the endorsement now, and tell me whether the amount is not calculated at this rate; on the rate of the bank's certificate?—A. It does not occur in any others, the two figures do not agree.

Q. On the endorsement here you have this certificate filled in at the time on a Canadian typewriter, is it not?—A. That is on it.

Q. Look, examine particularly the letter "M" and the letter "M" on the endorsement, it is not the same typewriter, is it?—A. No, there is some different marks. That is the same "M" there. (Indicating.)

Q. This was not filled in in Montreal?—A. That I do not know.

Mr. TINDALE: The witness has said the date of the invoice is not in Montreal.

Hon. Mr. STEVENS: That is not the point.

By Mr. Calder, K.C.:

Q. Will you produce this now, detach it from the file and produce it as exhibit 152, together with the receipt? Will you try and recollect whether you asked or directed Schneider to send you invoices on which the endorsement is signed by him?—A. I know we had a great deal of trouble getting the rate right.

Q. The endorsement?—A. Yes.

Q. How would that endorsement be sent to you in blank?—A. I do not remember.

Q. It is certified by him?—A. Yes.

Q. There is a purpose in that?—A. Because Mr. Schneider could not ascertain what the rate of exchange was in Canada.

Q. Why not?—A. The Customs issue a bulletin every week, and the rate is given at so much.

Q. You do not mean to say that the Customs fix a rate of exchange?—A. They fix an average rate of exchange.

Q. How?—A. For the week; for a period. The mark has to be taken for Customs purposes over a period, regardless of what the rate actually was at the date of shipment. The rate has to be taken on the Customs bulletin.

Q. You asked Mr. Schneider to certify to something which he was and remained completely ignorant of?—A. No, because he had bought the goods and he knew what he had paid.

Q. You asked him to certify the value in our currency, did you not?

Mr. DONAGHY: Is that necessary? The invoice is in marks and we can figure the exchange.

By Mr. Calder, K.C.:

Q. They sent the invoice with the quotation marked, and this is endorsed with a certificate. It shows a fair market value as sold to you, and it must be especially shown on this invoice. The marks are shown as 54,387 in paper currency and is the equivalent of marks 18,488 in gold at the rate of marks a million and a quarter to the English dollar. Why was it impossible for the Customs here to make an approximate valuation according to their bulletin? —A. It was not impossible.

Q. Why was it not done?—A. It would have to be certified by Mr. Schneider.

Q. Which, according to your statement now, has not been done?—A. It is certified, and has been filled in.

Q. As it has to be?—A. Yes. You ought to go Germany and make the Germans comply with the Canadian Customs law and you will find where the trouble is.

Q. That is the sole object?—A. Yes.

Q. The object was not to take advantage of the sliding of the mark and put the rate as of the date of arrival?—A. No.

Q. You swear that?—A. Yes.

Q. You gave no instructions to any of your staff to make a translation as at the date of arrival?—A. No, because it would be of no use.

By Hon. Mr. Stevens:

Q. Mr. Gaunt, these blank invoices you brought—you admitted I think this morning that you used a good many of them—never mind the exact number?—A. Yes, sir.

Q. Your firm used a good many?—A. Yes.

Q. Never mind whether there was one or a thousand, you did use a number of them?—A. Yes, we did.

Q. Taking the original invoices sent to you by the German exporter, and transferring the items on that invoice onto the blank invoice?—A. Yes, exactly.

Q. And for Customs purposes, you used to fill up blank invoices?—A. No.

Q. For Customs purposes, the invoices which were filled in in the way you have just described?—A. They were used only to get rebates.

Q. But you used them to go to the Customs?—A. But only to get rebates, not to pass merchandise.

Q. What do you mean?—A. The merchandise was passed on sight entries long before we got those blank invoices.

Q. You mean your Customs entries were based upon the original invoices? —A. No, the Customs entries were not based upon the original invoices. Suppose we had taken in one hundred cases, and there were no invoices on hand, we would ask that that entry be passed on the sight entry, increased about fifty per cent; consequently we had to tie up a lot of money.

Q. When you came to settle up with the Customs, and make your adjustments, you called it a rebate?—A. Yes.

Q. You used the new invoices, which were filled in in Montreal?—A. Yes.

By Mr. Bell:

Q. What proportion of those which were used were new invoices, and in what proportion of cases did you use the new invoices?—A. That only occurred in the fall of 1923; I mean in December, 1923, just before the shipping season closed.

Q. But you can give us some idea of the extent to which you did that?— A. As I said this morning, about 200 invoices.

Q. In all those 200 cases, the invoices, were used for the purpose of rebate, were they?—A. Yes.

By Mr. Donaghy:

Q. Do you say that the Customs regulations require that the mark should be translated into dollars at Coburg, and put on the certified invoices in dollars? —A. Yes.

Q. Do you say that that is a Customs regulation?—A. The Customs regulations demanded that the gold value of the paper mark be stated on a certificate to that effect on the invoice, at the foot of the invoice.

Q. Your position is that that had to be done in Germany, that translation from marks into gold?—A. It had to be done in Germany or in Canada. They always accepted the bank's certificate. The Customs always accepted the bank's certificate.

Q. Would it not have been in compliance with the Customs regulations if your invoices had covered the mark only?—A. Would it have been in compliance?

Q. Yes?—A. They were in marks only. That invoice is in marks only, but there is a certificate at the bottom to show the true value of the paper mark.

Q. You filled that in here, at Montreal?—A. Yes. It is a very complicated system.

Q. You filled in the dollars in Montreal, and put the marks in, the same as they were in Germany?—A. Exactly.

Q. Did you reduce the marks at all?—A. No.

Q. In no case?—A. No, absolutely, no.

Mr. CALDER, K.C.: I am asked to read into the record, for future reference, the endorsement of which we have been speaking. It reads as follows. (Reads):

"To be Used for Goods Not Entitled to British Preferential or Treaty Tariffs.

Form M.

I, the undersigned, do hereby certify as follows:

(1) That I am the proprietor exporter of the goods of the within invoice mentioned or described:

(2) That the said invoice is in all respects correct and true;

(3) That the said invoice contains a true and full statement showing the price actually paid or to be paid for the said goods, the actual quantity thereof and all charges thereon;

(4) That the said invoice also exhibits the fair market value of the said goods at the time and place of their direct exportation to Canada, and as when sold at the same time and place in like quantity and condition for home consumption in the principal markets of the country whence exported directly to Canada, without any discount or deduction for cash, or on account of any drawback or bounty, or on acount of any royalty actually payable thereon or payable thereon when sold for home consumption, but not payable when exported, or on account of the exportation thereof, or for any special consideration whatever;

(5) That no different invoice of the goods mentioned in said invoices has been or will be furnished to any one; and

(6) That no arrangement or understanding affecting the purchase price of the goods has been made or will be entered into between the said exporter and purchaser or by any one on behalf of either of them, either by way of discount, rebate, salary, compensation, or, in any manner whatsoever other than as shown in the said invoice;

(7) That each article on this invoice is bona fide the produce or manufacture of the country specified on the invoice in the column provided for that purpose.

"The fair market value as sold for home consumption at time shipped, shown on this invoice is M54387000 in paper currency, and is equivalent to M.184.88 30/M. in gold at the rate of M.1250000 to the Canadian dollar.

Dated at Coburg, this sixth day of August, 1923.

(Signature) ROBERT SCHNEIDER."

Hon. Mr. STEVENS: That appears on the back of Exhibit No. —.

Mr. CALDER, K.C.: That is on the back of Exhibit No. 152.

Hon. Mr. STEVENS: I am going to ask, Mr. Chairman, that as Exhibit No. 152-A we have attached to this exhibit one of these blank certificate invoices, so that we may have the record clear.

By Mr. Calder, K.C.:

Q. It seems you used Mr. Schneider's signature for the purpose of making over that signature a certain number of mis-statements?—A. Well, we buy from a lot of small manufacturers, and if we ever tried to get them to make out Customs invoices, we never could do any business at all.

Q. What about his statement, over his signature that there is no compensation other than as shown on the invoice. Was that a mis-statement as regards his commission?—A. I was told at the time, and I am still of the opinion that no duty is payable on commission, if the buyer, the resident buyer in a country, is an employee and buys in and for a Canadian company.

Q. But what about his statement that no compensation was paid except as shown on the invoice; it might not be due, but he says it is not due?—A. He was paid five per cent commission.

Q. He says that that is shown on the invoice, because there is no other compensation accepted except as shown on the invoice?—A. That is not correct.

Q. That is an incorrect statement, then?—A. It must be.

Q. Which you caused Schneider to sign in blank?

Hon. Mr. STEVENS: I also notice, Mr. Calder, and you might ask the witness about it, that Mr. Robert Schneider is shown on this invoice as a manufacturer of dolls and toys, in Coburg, not as an employee.

By Mr. Calder, K.C.:

Q. And as the proprietor of the goods. What about that, Mr. Gaunt?—A. Mr. Schneider as a matter of fact is a manufacturer of dolls.

By Hon. Mr. Stevens:

Q. How can he be an employee, then?—A. He has a firm that makes dolls, at a place near Coburg.

By the Chairman:

Q. The word proprietor means vendor or exporter?—A. He was the exporter. Mr. Schneider was the exporter.

By Mr. Calder, K.C.:

Q. You received from Schneider an invoice, you also received blank invoices, and you rewrote the invoice, using the blank, then used the blank for the Customs—that is right, is it not? You filled up the blank for the Customs?—A. That was not a general practice.

Q. But you did it 200 times; is that right?—A. For the four or five shipments, in the fall of 1923.

Q. For the two blank invoices, it was correct?—A. Yes.

Q. Which documents did you use in making up your books, the original invoices sent to you, or the amended invoices which you sent to the Customs,—be careful now?—A. The Customs invoices only were left with the Customs.

Q. But which invoice did you use in your books?—A. The original invoice, from the manufacturers.

Q. I am instructed that you used neither the one nor the other?—A. I do not think there is any proof of such a statement, Mr. Calder.

Q. Mr. Nash is coming here, and we will hear what he has to say. You say you used one or the other, according to you?—A. We used the original invoice from the manufacturers.

Q. Why did you not use the amended invoice, which you presented to the Customs?—A. We did not keep it, we gave it to the Customs.

Q. Why did you not keep a copy of it, or keep the amount of it?—A. Well, I do not know.

Q. Where the two invoices are different?—A. They were not supposed to be different. I do not know that they were different.

Q. They were not suposed to be different?—A. No.

Q. What was the use of amending them, or changing them—we are doubling up; you got an invoice, and a blank invoice?—A. Yes.

Q. You used the blank invoices for the purpose of presentation to the Customs?—A. Yes.

Q. Either the blank invoice was exactly a duplicate of the original invoice, in which case I cannot see why you got a blank at all, or else it was different, and if different, why did you use one at the Customs, and one in your books?—A. We started business in 1921, 1922 and 1923; at the end of 1923 we once got in a bunch of blank invoices, and they were filled in in the way you have just described. Before that, in 1922 and 1923, or during the year 1923 we had invoices, Customs invoices which were supposed to be an exact duplicate of the manufacturer's invoices.

Q. And then at a certain period you started making different invoices from the ones sent by the manufacturers?—A. No.

By Mr. Tyndale:

Q. Is that right, or not, Mr. Gaunt?—A. No.

By Mr. Bell:

Q. If they were not different, why were you claiming rebates through them?—A. At that time, the mark was going into billions, and Mr. Schneider sent out invoices which were not right, which were not correct, and they were refused by the Customs; we tied up about $5,000 of surplus money with the Customs, and the idea was to get out blank invoices, make them out correctly, and get the rebates.

By Mr. Donaghy:

Q. In the second new invoices you made, were the marks the same amounts as the marks in the original invoices?—A. Yes.

Q. Were the rates of exchange on the mark different, in the new invoices?—A. No.

Q. From the rates of exchange on the old?—A. No. The rate of exchange was taken exactly as on the original. If you had the original, the rates of exchange would be the same.

Q. Why did you make the change?—A. These were not Customs invoices; they had to have a certificate on the back, an original certificate signed on the back. The Customs will not accept them.

Q. You swore that the total number of marks on the originals was exactly the same as the total number of marks on the other ones?—A. That is what I was told; I did not make them out.

Q. The rate of exchange was exactly the same on the old ones as on the new ones in your office?—A. Yes.

Mr. DONAGHY: That remains to be seen.

By Mr. Calder, K.C.:

Q. Why did you not send the invoices which the Customs required to Schneider, to get them to fill them in?—A. Because we wanted to get our money back.

Q. I am instructed that you entered neither Mr. Schneider's original invoices, nor the blank invoices which you subsequently filled in, in your books, but that you entered the individual manufacturer's invoices.—A. That is correct.

Q. The original manufacturer's from whom Schneider had purchased?—A. That is correct. That is what I mean.

Q. So that there were three different invoices, first the manufacturer's invoice, the invoice from Schneider, and the blank invoice from Schneider for the purposes of correction?—A. There was no invoice from Mr. Schneider. There was a statement from Mr. Schneider every month, for payments he had made.

Q. There were no invoices from Schneider at all?—A. There were some from his factory.

Q. What about this one, in which he sets himself forth as the proprietor of the goods?—A. That is a Customs invoice.

Hon. Mr. STEVENS: But that is written by Schneider?

Mr. CALDER, K.C.: Is written by Schneider at Coburg, with the exception of the paper marks.

By the Chairman:

Q. Did you fill this invoice in, which is filed as an exhibit, at Montreal?—A. I do not know whether that particular invoice was filled in at Montreal or not.

By Hon. Mr. Stevens:

Q. Part was filled in in Montreal, and part in Germany?—A. The certificate was filled in in Montreal.

Q. And the rest in Germany?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. What did you mean a short time ago by saying that Mr. Schneider had no invoices in Germany to fill up for the purpose of making these invoices? (No answer).

By Hon. Mr. Stevens:

Q. In this file, Mr. Grant, I can see any number of invoices made out from Schneider. What do your mean by saying that you never received any invoices made out by Mr. Schneider—the thing is preposterous?—A. That is a Customs invoice.

Q. I do not care what it is, it is an invoice?—A. Mr. Calder asked me if we entered Mr. Schneider's invoices in our books.

Q. He asked you if you received Customs invoices from Mr. Schneider, and you said "no." Here are lots of them, in front of me.—(No answer.)

Mr. CALDER, K.C.: He also said that the certificate was filled in in Montreal.

By Hon. Mr. Stevens:

Q. This is precisely the invoice that Mr. Schneider sent, under the same form?—A. That is a Customs invoice which Mr. Schneider made out, and made out all the time.

Q. Why did you not use it?—A. I did use it, for my books.

Q. Not for your books?—A. We did, some of them, and some not.

Q. You told us a moment ago that you used these blank invoices, filling them out again afresh in Montreal, for Customs rebate purposes?—A. Yes.

Q. That is right, is it not?—A. Yes.

Q. Then you told Mr. Calder a moment ago that you used the invoices direct from the factory, some of which are here?—A. Yes.

Q. But that you did not use any invoices direct from Mr. Schneider?—A. Mr. Calder asked me whether we entered Mr. Schneider's invoices in our books.

Q. Why did you not?—A. Because we entered the invoices direct from the manufacturer into our books.

Q. Why did you do that?—A. That was the system, I do not know why.

Q. Schneider collects from all over Germany?—A. Yes, sir.

Q. He brings in goods, and packs them himself, in his plant?—A. Yes, mostly.

Q. You pay him a commission for the packing?—A. Yes, sir.

Q. Schneider renders you an invoice for that purpose?—A. No, he sends us an invoice at the end of the month, a customs invoice.

Q. Well, that may be. Why did you not use his Customs invoice instead of making out at a new one?—A. Well, because on the Customs invoice—we would not be able to use that at all in our business; on the Customs invoice we have to show the fair market value, and we cannot show any unit, or we cannot show anything on the Customs invoice.

Q. Then Mr. Calder's question is correct. You had three invoices, one from the factory in Germany, one from Mr. Schneider, and a third one you made out in Montreal, and used for Customs rebate purposes?—A. That was only done once. As a rule—

Q. Never mind whether it was done once or a hundred times. It was done.

Mr. BELL: He said two hundred times a minute ago.

By Hon. Mr. Stevens:

Q. You admitted, I think, that you used 200 of them?—A. I think we have this thing all balled up.

Q. I think you are balled up; badly balled up.

The CHAIRMAN: Start again, and explain this thing once and for all.

The WITNESS: Mr. Schneider collected the merchandise from the different manufacturers, and obtained original invoices from the manufacturers, with original receipts, and those he sent to Montreal, and they were entered in our books.

By Mr. Donaghy:

Q. Now, what did they show?—A. They showed the price of the merchandise.

By Hon. Mr. Stevens:

Q. At the factory?—A. At the factory.

By Mr. Donaghy:

Q. No inland freight?—A. No inland freight.

By Mr. Tyndale, K.C.:

Q. In marks?—A. In marks.

Mr. CALDER, K.C.: Shipped from Germany—

Mr. TYNDALE, K.C.: They were shipped direct from the manufacturer.

By Mr. Donaghy:

Q. That is the last invoice of all?—A. Yes, and then Mr. Schneider went ahead and made out a Customs invoice.

Q. What did he put on it?—A. The same price as was on the original invoice.

Q. Anything else?—A. No; and the Customs invoice was handed to the Customs Department, and we did not have any record of that.

Q. What?—A. We did not have any record of the Customs invoice.

Q. It was the same as the factory price?—A. It was the same as the factory price.

Q. No inland freight?—A. No.

Q. No commission?—A. No.

By Hon. Mr. Stevens:

Q. No packing?—A. No.

By Mr. Donaghy:

Q. What else was made out?—A. Nothing. He made out a statement every month to show what moneys he had spent for us.

Q. That was his statement of account?—A. Yes.

Q. It was not an invoice?—A. No.

By Hon. Mr. Stevens:

Q. That statement would include what ?—A. That statement would include his office expenses, some of his travelling expenses, and money paid the manufacturers.

Q. And inland freight?—A. Yes.

By Mr. Donaghy:

Q. And packing?—A. (No audible answer).

By Hon. Mr. Stevens:

Q. And packing?—A. And packing.

Mr. DONAGHY: That is clear now.

By Mr. Calder, K.C.:

Q. You said Schneider was also a manufacturer?—A. Yes sir; at least he was a partner in a firm of doll manufacturers.

Q. These invoices from Schneider were for the purposes of Customs: Did they refer merely to the goods bought from Schneider's factory?—A. They referred to all goods.

By Mr. Donaghy:

Q. Mr. Gaunt, can you pick out for me a factory invoice?—A. Oh yes, easy.

Mr. DONAGHY: Pick one out for me.

Hon. Mr. STEVENS: There was one right on top. (Handing file to Mr. Donaghy).

By Mr. Donaghy:

Q. Take the first one here. There (indicating) is a factory invoice. Can you pick out the corresponding invoice made for Customs purposes by Schneider —one which will correspond to that.

(Witness refers to file.)

Hon. Mr. STEVENS: Take the second one; pass over the first one.

Mr. DONAGHY: Yes, pass over that one, and take the second one. Get me a factory invoice and the corresponding Customs invoice, and we will check them.

Hon. Mr. STEVENS: That is one, right under your hand there (indicating).

The WITNESS: That is one, yes.

By Mr. Donaghy:

Q. Was that for the same amount?—A. This one is in pounds (sterling).

Q. Which one are you talking about?—A. The original—Robert Hardwick.

Q. And the factory invoice is in pounds (sterling)?—A. Yes.

Q. Is it not in marks also?—A. No; he does not show the fair market value on it.

Q. Wait a minute. We don't want to be tricked into this. Why does that not show the marks?—A. Because he showed his merchandise in pounds (sterling).

Mr. DONAGHY: That is the trick. He does not show his factory price in marks.

The WITNESS: That is equal—

Mr. DONAGHY: That is your loophole, right there.

Hon. Mr. STEVENS: I think if we got the auditors who have checked every invoice, we would get some light on this thing.

Mr. DONAGHY (To witness): You told me your factory invoice showed the price in marks, and it does not do it.

The WITNESS: I can show you lots of invoices in marks.

Mr. DONAGHY: That one does not (indicating).

The WITNESS: That is only one. This particular man is invoiced in shillings and pounds.

By Mr. Donaghy:

Q. Where is the factory?—A. In Germany.

Mr. DONAGHY: There is your loophole for getting out of the Customs, in my opinion. There is no use in comparing them.

The CHAIRMAN: Even if you took it in pounds (sterling)—the amount you put there on the Customs invoice—

The WITNESS: That man's particular market is in England; he sells to England, you see, and he has his prices figured in shillings and pounds. If you go to the man and want to buy from him he says, "That is my price; you can pay me in shillings".

By Mr. Goodison:

Q. When he is quoting to these people, he quotes in English money?—A. Yes.

Mr. GOODISON: A good many manufacturers do that.

The WITNESS: A great many people who export to America will quote in dollars.

Mr. DONAGHY: Now, take your Customs invoice, corresponding to that pounds (sterling). Is it made out in pounds and translated into marks?

The WITNESS: The Customs invoice is made out in marks.

By Mr. Donaghy:

Q. Why?—A. You have to show the fair market value in marks.

Q. Did you translate it into pounds or dollars?—A. It has to be translated into the Canadian dollar, of course.

Mr. GOODISON: Mr. Gaunt, will you pick out one there, in marks, and show us the corresponding Customs invoice.

By Hon. Mr. Stevens:

Q. These are the same invoices here?—A. Yes, but he wants one in marks.

Hon. Mr. STEVENS: Don't pick them; take the first one you come to.

The WITNESS: He wants one in marks.

By Mr. Donaghy:

Q. The factory invoice in marks is what you are looking for?—A. Here is one (indicating) in marks, but there is no corresponding Customs invoice.

Q. Why?—A. I don't know.

Mr. DONAGHY: Get one, where there is a corresponding Customs invoice.

Q. You have the factory invoice in March?—A. Yes.

Q. What is the total in March?—A. Two hundred and thirty-two thousand.

By Hon. Mr. Stevens:

Q. Two thirty-two thousand marks?—A. Yes.

By Mr. Donaghy:

Q. Give us the date.—A. December 30.

Q. What year?—A. December 30, 1922.

Q. How do you identify it?—A. I can only say by the number of the cases.

Q. Have you got the Customs invoice corresponding to the factory invoice?—A. Yes.

Q. What is the number of marks on it?—A. The Customs notice is dated April 3, 1923.

Q. How many marks were shown there?—A. One hundred and seventy-six thousand. There is a difference there.

By Hon. Mr. Stevens:

Q. About forty thousand?—A. Thirty-six thousand.

By Mr. Donaghy:

Q. Why the difference?—A. They left the cases out; left the packing cases out.

By Hon. Mr. Stevens:

Q. You deducted thirty-six thousand marks for packing? Does it show thirty-six thousand for packing?—A. Yes.

Q. Does it show?—A. Two cases.

By Mr. Donaghy:

Q. That factory invoice never went to the Customs at all?—A. No.

By the Chairman:

Q. After the deduction of the two cases, was the invoice accepted by the Customs?—A. Yes.

By Hon. Mr. Stevens:

Q. The Customs invoice does not show the cases, they simply delete them.

By the Chairman:

Q. Signed by whom?—A. The Customs.

Q. Yes?—A. Here is the signature, I do not know who that is.

Mr. TYNDALE: There are two cases.

By Mr. Donaghy:

Q. Your Customs invoice of the rate of exchange, have you got the number of marks?—A. April 3, 1923, is when it was shipped.

Q. What is the rate of exchange?—A. 0041, I think.

By Hon. Mr. Stevens:

Q. That is the date it was received?—A. No, I know perfectly well nothing would come in until the opening of navigation; it came in in May.

Q. Apparently this is dated December?—A. Yes.

By the Chairman:

Q. It was received in April?—A. Received in May.

By Mr. Donaghy:

Q. Received in Montreal, in May?—A. Yes.

Q. Shipped when?—A. At the opening of navigation.

Q. When?—A. About April 15, from Hamburg.

Q. What is the rate of exchange?—A. .004 something.

Q. I want it exactly.—A. I cannot read it.

Hon. Mr. STEVENS: It has apparently been mutilated.

The CHAIRMAN: .004 and a fraction.

The WITNESS: The mark at the time was about—

Hon. Mr. STEVENS: You can testify that, to be accurate.

By Mr. Donaghy:

Q. Where did you get the rate?—A. From the Imperial Bank.

Q. Montreal?—A. Yes, it had to be obtained.

Q. Without agreeing with the Customs policy, or did it agree?—A. Yes.

Q. Do you swear to that?—A. Yes, it would not be accepted if it was not.

Q. Where did you get the rate?—A. The Customs.

Q. Do you say it was the same as the Customs, as of the date?—A. Yes.

Q. That is the point I want to get from you, and I trust will not get anything beyond that?—A. My accountants did it.

Q. Did they have instructions to put it as of the Customs bulletin; as of the date?—A. Yes.

Q. No instructions were given to the contrary?—A. No.

By Hon. Mr. Stevens:

Q. You made this Customs invoice out at Montreal?—A. No.

Q. Where is it made out?—A. At Coburg.

By the Chairman:

Q. Do you see in this invoice that what you have referred to is .004 per one hundred marks?—A. Yes.

Q. Do you see that the writing, the ink writing, corresponds to the one signed, for the Imperial Bank of Canada?—A. Yes, Riley is the man's name.

Q. Do you see the same type of writing?—A. Yes.

Q. Did you rely on any bank clerk to have it exact?—A. Well, the bank surely had it more accurate than we had. Coburg is a small place, and Schneider could not ascertain what it was.

By Mr. Calder, K.C.:

Q. Why should you go to that trouble when the Customs had the bulletin? It is accurate.—A. It is the customary thing to do; go to the bank.

Q. The Customs fixes an average per week?—A. Yes.

Q. You went to the bank and your office had the rate set by the bank?—A. We had to get the bank's certificate.

Q. To fix the rate exactly?—A. To certify to the rate of exchange.

Q. Of which the Customs had a bulletin which fixed it for their purposes?—A. Yes, exactly.

Mr. DONAGHY: This is the bank in Germany.

The CHAIRMAN: The Imperial Bank of Canada.

By the Chairman:

Q. Where?—A. Montreal.

Q. (Reading):

> "We certify that at the date of exportation of the goods described in the within or annexed invoice, a true value of the currency in which the invoice is made out as compared with the standard dollar of Canada is at the rate of .004 per one hundred marks.
>
> For Imperial Bank of Canada,
>
> (Sgd.) J. RILEY,
> *Manager.*"

That appears on the invoice for the goods, and it is marked place: Coburg, 1923.

Mr. TYNDALE: Might I make a suggestion, Mr. Chairman?

By Hon. Mr. Stevens:

Q. Mr. Gaunt, you said a little while ago that you brought your goods in and made sight entries, and then later entered your invoices and secured a rebate; is that correct?—A. Yes, that was done in the fall, 1923.

Q. Only in the fall of 1923?—A. Yes, sir.

Q. You never made sight entries up to that time?—A. There may have been some in the fall of 1922, when we had not invoices to present.

By Mr. Calder, K.C.:

Q. You say you may have; did you?—A. I believe so.

By Hon. Mr. Stevens:

Q. Over what period did you make sight entries, and for how many shipments, approximately?—A. We only made sight invoices when we had not any Customs invoices.

Q. Were you allowed to make sight entries whenever, you declared you had not any invoices?—A. Yes, sir. That is the general practice.

Q. No, hardly. It is permissible when invoices are lost, or there is some unusual delay; is that not correct?—A. Well, when we declare that invoices have not yet arrived, the Customs invariably allow us to make a sight entry.

Q. Then you take one of these certified Schneider invoices from Germany, from Schneider, fill it up and present it later on for your rebate?—A. That is not done, as a general rule.

Q. As a matter of fact, you did make sight entries on several occasions?—A. Yes.

Q. You did on several occasions fill out certified blank invoices, brought in from Germany, and passed them for your rebates at the Customs office; that is correct, is it not?—A. In December, 1923.

Q. But that is correct?—A. That is correct, in December, 1923. At other times, we presented invoices and passed our goods in the ordinary way.

By Mr. Calder, K.C.:

Q. But with the certificate in blank filled in by you?—A. There was not always a certificate, no, sir.

Q. But wherever it was necessary, it was filled in by you, after being signed in blankby Schneider?—A. It was only in 1923 when a certificate was required with regard to the value of the paper mark.

By Mr. Goodison:

Q. Would those invoices be for a higher face value than the real invoices; would the Customs insist from time to time upon a sight invoice?—A. Absolutely.

Q. So that when you made these new invoices out, you made them on the correct amount?—A. Yes.

Q. And you would get credit for what you had overpaid the Customs as a penalty for getting the goods out?—A. Not as a penalty, but as a security for the Customs.

By Mr. Calder, K.C.:

Q. That did not happen very often, when you bought goods in December, and only took delivery in May? I presume the invoices must have reached you by then?—A. I do not think any importer imports very much during the close of the season.

Q. You are not answering my questions. You are not even listening to them. I say you cannot very often have passed sight entries upon occasions when you bought in the fall, and only took delivery in the spring, because you should have got your invoices by then?—A. The sight entries were generally made in the fall of the year, just before the close of navigation, when shipments were being rushed across.

Mr. CALDER, K.C.: Do you wish to examine the witness, Mr. Tyndale?

Mr. TYNDALE: Yes. At what time does the Committee adjourn?

The CHAIRMAN: You have five minutes yet, if you wish to proceed.

Mr. TYNDALE: Five minutes will not exhaust what I have to ask Mr. Gaunt. Perhaps it is hardly worth while entering on it at all to-night, if you adjourn at six o'clock. I am quite at the disposal of the Committee, if you wish to adjourn now.

Witness retired.

The Committee adjourned until Wednesday, May 5, 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. 43—WEDNESDAY, MAY 5, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. E. A. B. Ladouceur, Clerk of the Crown, Montreal, Que.
Mr. Louis Philippe Caisse, Clerk of the Peace, Montreal, Que.
Mr. Alfred L. LaCouvee, Captain of the Cruiser Margaret, Quebec. Que.
Mr. John William Gaunt, John W. Gaunt Company, Ltd., Montreal, Que.
Mr. James H. Mann, Sherbrooke, Que.
Mr. Thos. Hurson, Customs Officer, Montreal, Que.

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

EXHIBITS FILED

No. 153—Statement of amounts paid and refunded to watchmen on liquor-laden vessels, Halifax and Yarmouth, N.S., referred to by Captain Zinck, in his testimony.

No. 154—Record of seizures made by Captain LaCouvee, or by his men, from 1920 to date.

No. 155—Copy of the record in the case of Quebec Liquor Commission vs. Barge Tremblay.

No. 156—Report of Captain LaCouvee, dated 4th September, 1923, to Mr. W. F. Wilson, respecting seizure of schooner Mary F. Hyde.

No. 157—Copy of British War Office certificate in respect to service during the Great War, of Mr. J. W. Gaunt.

No. 158—Copies of six letters from The John Gaunt Company to Messrs. John Coskery & Co., Montreal, respecting customs invoices.

No. 159—Request to Committee by Mr. J. H. Mann, that he be reimbursed for expenses incurred by him in connection with John Gaunt Company seizure.

ERRATA

Page 1161, line 5—Delete "and he closed his factory" and substitute "although he continued operating his factory on other lines".

Page 1654, line 39—Delete "By the Chairman" and substitute "By Mr. Doucet".

Page 1660, lines 21-22—Delete "three thousand and eighty feet" her nautical mile and substitute "six thousand and eighty feet".

MINUTES OF PROCEEDINGS

WEDNESDAY, May 5, 1926.

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

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

Committee Counsel present: Messrs. Calder and Tighe.

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

The Chairman read a letter from Dominion Wreck Commissioner Demers, respecting an error in the transcription of evidence given by him on 30th April. (3,080 feet to a nautical mile instead of 6,080.)

The Chairman read a memorandum from Mr. R. P. Sparks respecting Mr. James B. Thomson of Vancouver, B.C. who was referred to in evidence given by Mr. A. O. Dawson, at the top of page 1161 of the proceedings as follows:—

> "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 wishes a correction made to the effect that while he discontinued making certain lines, owing to competition from Rock Island, he continued operating his factory on other lines.

The Chairman read a letter from Commissioner Starnes R.C.M.P. to the effect that he was unable to serve a summons upon Mr. George Hearn as he is not in Montreal at present.

Moved by Mr. Donaghy,—That Mr. B. Balthazor, customs officer, Montreal Port, be summoned before this Committee on Tuesday next, May 11th, 1926, and bring with him all documents, papers, memos, and all records, private or public, regarding orders received from any of his superior officers of the Montreal Customs Port, in connection with the entry and examination or passing of goods or merchandise imported into Canada from any foreign country through the port of Montreal, or by or upon any of the railway trains entering Canada, since his appointment as an employee of the said Customs Department.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Thursday, 6th May, 1926, at 10.30 a.m.

Robert Burgess, Mansion Apts., Guy Street, Montreal, and to have then and there with him all papers, documents, memoranda referring to the business of John W. Gaunt, and John W. Gaunt Limited.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That the following be summoned for Friday, 7th May, 1926 at 10.30 a.m.

H. R. de St. Victor, Controller, Quebec Liquor Commission, Quebec, P.Q., and have then and there with him, all documents, books, cheques, etc., in any way referring to the Barge "Tremblay".

Motion agreed to.

Mr. Calder filed,—

Exhibit No. 153—Statement of amounts paid and refunded to watchmen on liquor-laden vessels, Halifax and Yarmouth, N.S., referred to by Captain Zinck, in his testimony.

Exhibit No. 154—Record of seizures made by Captain LaCouvee, or by his men, from 1920 to date.

Mr. E. A. B. Ladouceur, Clerk of the Crown, Montreal, Que., was called and sworn and examined in French, interpreted by Mr. Beauchamp. He produced documents in the case of Rex vs. Brien et al, said documents to be returned by the Clerk of the Committee, when the Committee has finished with them.

Witness discharged.

Mr. Louis Phillipe Caisse, Clerk of the Peace, Montreal, Quebec. was called and sworn and examined in French, interpreted by Mr. Beauchamp. He filed,—

Exhibit No. 155—Copy of the record in the case of Quebec Liquor Commission vs. Barge Tremblay.

Witness discharged.

Mr. Alfred L. LaCouvee, Captain of Cruiser Margaret, Quebec, Que., was recalled and examined with reference to the seizure of the schooner Mary F. Hyde. Mr. Calder filed,—

Exhibit No. 156—Report of Captain LaCouvee, dated 4th September, 1923, to Mr. W. F. Wilson, respecting seizure of schooner Mary F. Hyde.

Witness discharged.

Mr. John William Gaunt, was recalled and examination continued, respecting the business transaction of the John W. Gaunt Company Ltd. Mr. Tyndale, counsel for Mr. Gaunt filed,—

Exhibit No. 157—Copy of British War Office certificate in respect to service during the Great War of Mr. J. W. Gaunt.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. John William Gaunt was recalled and examination continued.

Witness retired.

Mr. James H. Mann, Sherbrooke, Que., was called and sworn, and examined respecting the John W. Gaunt Company, Ltd., with which company he was at one time employed as bookkeeper. During the examination there were filed,—

Exhibit No. 158—Copies of six letters from the John Gaunt Company to Messrs. John Coskery & Co., Montreal, respecting Customs invoices.

Exhibit No. 159— Request to Committee by Mr. J. H. Mann that he be reimbursed for expenses incurred by him in connection with John Gaunt Company seizure.

Witness discharged.

Mr. Thomas Hurson, Customs Officer, Montreal, Que., was called and sworn, and examined respecting the John W. Gaunt Company Ltd., with which company he was at one time employed as bookkeeper.

Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, May 5, 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.

E. A. B. LADOUCEUR called and sworn.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Ladouceur, you are Clerk of the Crown at Montreal?—A. Yes, sir.

Q. In your capacity as Clerk of the Crown at Montreal, have you all the documents, or any of the documents relating to the case of the King v. Brien et al?—A. Yes, I have them.

Q. That case relates to the Barge Tremblay?—A. Yes sir, that is a fact.

Q. Will you exhibit those to the Committee? Will you produce those documents before the Committee?—A. I regret that I have not those documents in the room here, but I will produce them in a few minutes.

Mr. CALDER, K.C.: All right, I will call Mr. Caisse, who has made a record in the office of the Peace.

Witness retired.

LOUIS PHILIPPE CAISSE called and sworn.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Caisse, you are Clerk of the Peace at Montreal?—A. Yes, sir.

Q. Is there, in the office of the Clerk of the Peace a record bearing the title of the King v. Brien, and has it been placed in the records of the Clerk of the Peace at Montreal?—A. Yes, sir. The only document I brought with me is one relating to the Quebec Liquor Commission v. the Barge Tremblay.

Q. Is that a case which is before the Court dealing with an infraction against the Liquor Act of the province of Quebec?—A. Yes.

Q. Is there a case of the King v. Brien, which has been transferred to the Assize Court?—A. I could not state.

Q. Have you a copy of the record of the case of the Liquor Commission v. Tremblay prepared?—A. Yes, I have had a copy prepared of the whole record.

Q. Will you produce a copy of the record as Exhibit No. 155—A. I will.

Witness discharged.

LOUIS-PHILIPPE CAISSE est appelé et assermenté.

M. Calder, C.R.:

Q. Vous êtes greffier de la Paix, à Montréal?—R. Oui, monsieur.

Q. Est-il passé, au greffe de la Paix, un dossier portant le titre: Le Roi contre Brien et autres?—R. Le seul dossier que j'ai apporté est un dossier de la Commission des liqueurs de Québec contre U. Tremblay.

Q. C'est une cause devant la Cour qui s'occupe des infractions à la loi des liqueurs de la province de Québec?—R. Oui, monsieur.

Q. Il y a eu une cause de: Le Roi contre Brien et autres qui a été transférée à la cour d'Assises?—R. Je ne pourrais pas dire.

Q. Avez-vous fait préparer une copie du dossier de la cause de la Commission des liqueurs de Québec contre U. Tremblay?—R. Oui, j'ai fait préparer une copie de tout le dossier.

Q. Voulez-vous produire la copie du dossier comme pièce 155?—R. Je la produis.

Le témoin est congédié.

E. A. B. LADOUCEUR recalled.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Ladouceur, you have the record of the case of the King v. Brien et al?—A. I have it.

Q. Does this document or record include among other things the evidence taken at the enquete?—A. It does not include the evidence taken at the enquete at Montreal.

Q. It includes the evidence taken at the enquete at Quebec?—A. It does.

Q. The preliminary enquete was held at Quebec?—A. Yes.

Q. And the record was transferred to Montreal on motion of defense counsel?—A. Yes; that is a fact.

Q. Would you produce this record before the Committee, so that the documents which it contains may be read upon occasion, or when the need arises?—A. I have some reluctance to produce these records, because it was almost physically impossible for me to prepare copies of the same. I received my summons rather late yesterday afternoon, and these records are rather voluminous. I was unable to have copies of the same made. I have only the original records, which I can place before the Committee, if the Committee orders me to do so. I can produce these records, but if I do so, I will do it with some reluctance, because we are rather forbidden to allow the originals out of our hands in any other place than in our own court.

Mr. CALDER, K.C.: Mr. Chairman, I make application for it to be within the power of the Committee to issue such an order, that the witness be ordered to deposit the record here. As a general rule, an officer of the Court cannot be forced to file any part of a record in his control. That is not what I am asking for; I am asking that instead of Mr. Ladouceur's constant attendance here with the record under his arm, it should be deposited in some safe place, under the guardianship of the Clerk of the Committee, who will only issue it to myself. It can be kept for instance, in the locker especially alloted to my care, of which I alone have the key, and I will undertake that no part of this record will pass into other hands.

The CHAIRMAN: Under these conditions, Mr. Ladouceur, you may leave the record with the Committee.

WITNESS: The Clerk of the Committee will surely give me a receipt for the same?

The CHAIRMAN: The Clerk will deliver it to you personally, when the Committee is through with it.

WITNESS: Am I allowed to go home now?

The CHAIRMAN: Yes, you are discharged.

Hon. Mr. STEVENS: Mr. Todd will give you a receipt for it.

Witness discharged.

EDMOND A. LADOUCEUR est appelé et assermenté.

M. Calder, C.R.:

Q. Vous êtes greffier de la Couronne, à Montréal?—R. Oui, monsieur.

Q. En votre qualité officielle, avez-vous en votre possession le dossier dans la cause du Roi vs Brien et autres?—R. Je l'ai.

Q. C'est une cause dont le fond du litige réfère à la barge *Tremblay?*—R. C'est bien cela.

Q. Voulez-vous exhiber ce dossier au comité?—R. Je regrette, je devrai aller le chercher, je l'ai laissé dans la chambre d'un de mes amis, dans la bâtisse, cela prendra quelques minutes.

(Le témoin sort et revient avec le dossier dont il est question.)

Q. Vous avez maintenant le dossier de la cause du Roi vs Brien et autres? —R. Je l'ai.

Q. Est-ce que ce dossier comprend, entre autres choses, la preuve prise à l'enquête?—R. Il ne comprend pas la preuve prise à l'enquête à Montréal.

Q. Il comprend la preuve prise à l'enquête à Québec?—R. Oui, monsieur.

Q. L'enquête préliminaire a eu lieu à Québec; le dossier a été transféré, sur motion de la défense, à Montréal?—R. C'est bien cela.

Q. Voulez-vous déposer ce dossier devant le comité pour que lecture soit faite, au besoin, des pièces qui y sont contenues?—R. J'ai un peu d'hésitation à déposer les deux dossiers, parce qu'il m'a été presque matériellement impossible d'en faire faire des copies. J'ai reçu ma sommation un peu tard hier après-midi; ces dossiers sont assez volumineux, il m'a été impossible d'en faire faire des copies. Je n'ai que les pièces originales que je puis déposer devant le comité, si le comité me l'ordonne. Cependant je le ferai avec un peu d'hésitation, parce qu'il nous est défendu de laisser nos originaux ailleurs que chez nous.

Le témoin est congédié.

Mr. CALDER, K.C.: I am going to recall Captain LaCouvee who does not want to stay around here any longer. It is with reference to the seizure of the schooner "Mary Hyde."

ALFRED LACOUVEE recalled.

By Mr. Calder, K.C.:

Q. Captain LaCouvee, you are already sworn?—A. Yes, sir.

Q. Were you concerned in the seizure of the schooner "Mary Hyde"?—A. Yes, sir.

Q. You made a report of that seizure on the 4th of September, 1923?—A. Yes, sir.

Q. Setting forth all the facts?—A. Yes.

Q. I have detached that report from the Customs file, and will ask you to put it in as an exhibit. It reads as follows. (Reads):

EXHIBIT No. 156

" GASPE HARBOUR, P.Q., 4th September, 1923.

W. F. WILSON, Esq.,
Chief, Customs-Excise Preventive Service,
Department of Customs and Excise,
Ottawa, Ontario.

SIR:—I beg to report as follows:

Saturday, the 1st instant, after taking coal at Charlottetown, P.E.I., we left at three p.m., and cruised towards East Point, P.E.I. Strong N.E. wind at the time. I judged from the weather conditions that liquor landing would hardly be attempted on the north side of P.E.I., so we continued to cruise between East Point and Souris all night, the weather being clear, but sighted no vessels. On Sunday morning we called at Souris, P.E.I., and left there at 1.30 p.m., wind being moderate and changing to S.W., fine and clear. We cruised towards St. Peter's Bay as I was already supplied with information in effect that an attempt would be made to land liquor in that vicinity.

At 3.10 p.m., a course was set along the shore from East Point, P.E.I., approximately three miles out. At 4.45 p.m., we sighted a schooner ahead on our course steering westward. The Margaret was immediately put at full speed, and upon overhauling the schooner she was observed to change her course away from the land with all sails set.

6.10 p.m., we overtook the schooner and discovered her to be the Mary F. Hyde, of Newfoundland, Captain Nelson Dicks, already suspected of smuggling liquor into Canada. Upon taking bearings, etc., of the nearest points of land, the schooner was then about eight miles off the coast of P.E.I., in the Gulf of St. Lawrence.

Upon boarding the schooner Mary F. Hyde, we discovered a considerable quantity of liquor, which was not manifested, and I thereupon placed the schooner under seizure, the Mary F. Hyde, Captain Nelson Dicks, for attempting to smuggle liquor into Canada in contravention of the Canada Customs Act, clause 206. Captain Dicks was brought on board the Margaret, and my Chief Officer, Hubert Coffin, was placed on board in charge of the schooner with a crew from the Margaret of five men. I then proceeded to tow the seized schooner to Gaspe as the most convenient port to make with the prevailing weather. Leaving the point of seizure at 7 p.m., and arriving at Gaspe at noon the following day, Monday the 3rd instant, where the Mary F. Hyde was moored in the harbour, with a suitable guard from the Margaret on board.

Captain Dicks admitted to me verbally that he intended to land his cargo along the shore on Sunday night, and he had already been three days off awaiting a landing party. He considered himself quite safe as being on the high sea. He admits to already having disposed of 286 kegs of rum off Scatarie, Cape Breton, well off shore, but will mention no names in connection. Upon leaving Georgetown, Demerara, he admits to having on board the Mary F. Hyde, 561 kegs of rum, but this amount is not mentioned on the clearance which is to Nassau, B.W.I., but it appears on other papers which I found on board.

I have not yet taken a sworn statement from Captain Dicks, and I do not think it would be worth while as he refuses to make a full or true statement.

The Mary F. Hyde is registered in Newfoundland, and owned by William Dicks, North Sydney, N.S., who is a brother to Captain Nelson Dicks. The amount of liquor found on board was in payment for freight on the quantity already landed.

In my humble judgment this is a case of smuggling, and I trust the department will recognize it as such and support my actions.

I have the honour to be, Sir,

Your obedient servant,

ALFRED LACOUVEE,

Captain, Customs Cr. Margaret."

Q. Apparently the Hyde was within the three mile limit, but set sail and slid out of it when they observed you?—A. I would judge she would be just on that line of sailing.

Q. When she sighted you she set her course to keep without the three mile limit?—A. Yes, right off shore, the wind being clear.

Q. You seized her upon a continuous pursuit from that moment?—A. Yes.

Q. Was there anybody present when Captain Dicks made this admission to you about the intention to land the cargo on the shore on Sunday night?—A. No.

By Mr. Doucet:

Q. Was Captain Dicks noted to be a rum smuggler?—A. Yes, he had been doing it before.

Q. And he has been doing it since?—A. I think so.

Q. Did you know at the time that the same schooner The Mary F. Hyde had been seized on the 14th July, 1922 for smuggling?—A. Captain Dicks did not own her then.

Q. Captain Dicks was not the master of the vessel then?—A. No, did not own the vessel.

Q. She was off Prince Edward Island going towards the Cape Breton coast? —A. When I first seen her she was hovering westerly or north westerly up along the land line. When he sighted the Margaret he sailed straight off to a point off the land, the wind was clear.

Q. There was a custom or practice that was followed when you were in the Preventive Service in 1896, that waters of the Gulf of St. Lawrence were considered as territorial waters, and she could not have been released, could she?—A. No.

By the Chairman:

Q. Captain LaCouvee, you will admit that the whole question is whether these waters are territorial or not?

Mr. CALDER, K.C.: In this case she was within the three mile limit and sailed out, and the rule is you can go outside the three mile limit when they are ships under your own flag. I intend to put that up to the Department.

The WITNESS: I would not consider that she was within the three mile limit on the course.

Mr. CALDER, K.C.: It appears that she was within the three mile limit, but put out at angles.

By the Chairman:

Q. I understand you are stating this evidence to the best of your knowledge? —A. Yes, to the best of my knowledge.

By Mr. Calder, K.C.:

Q. When she sighted you she turned at right angles and went away from the coast?—A. Yes.

Q. That has been your experience in other waters, that boats will sail out of the three mile limit and sort of waggle their fingers at their nose?—A. Yes.

Mr. CALDER, K.C.: Captain LaCouvee says that in justice to his service he would like to state some of the difficulties he has encountered.

The WITNESS: If you would grant me the privilege I would be pleased to do it.

By the Chairman:

Q. I am told that a few years ago you gave an opinion about smuggling in Canada. Did you do it?—A. Perhaps I did, I don't remember.

Q. You can say yes or no.—A. What I want to point out to the investigating committee is the disadvantage we are up against. We have been criticised in regard to this, and in connection with the patrol. We have been criticised by the public about not being able to make seizures when there was all these rum vessels on the coast, and I would like to explain the reason. I would only take a few minutes to give you a little illustration of what happened last summer. There has been a question asked whether the Margaret would do better in the Gulf or would do better along the Atlantic coast and in the Gulf. Last summer, to my knowledge, take the Bay of Chaleur, about twenty-four miles across, there was the Maxwell, a little further the Shephard King—that is seven miles south east by east. There was the Merina, and a little further on a three masted schooner, and take a little further down the Straits, a few miles off Cape Bear there was the Grace Hilda; there was also, I think, the J. King, and a French schooner, the Melita from St. Pierre. You can understand at the time how we would be unable to watch these vessels, all at the same time.

By the Chairman:

Q. This is the biggest fleet you have ever seen in these waters?—A. Yes, and business is always going on, and when you come along side the schooner there is nothing doing.

Q. You stated the other day you needed five more cruisers and it would take money to fight them, is that what you mean?—A. Yes.

Q. About that smuggling, did you ever give an opinion on smuggling? Perhaps it is in this way you have stated it.—A. I have given my opinion.

Q. To the press?—A. About the Preventive Service.

Q. You have given it to somebody and it has been repeated to the press regarding smuggling, especially in the Maritimes?—A. I did last fall.

Q. What did you say, can you repeat it?—A. No, I could not memorize it.

Q. Didn't you say you were paralyzed on account of the Temperance Act through New Brunswick and Nova Scotia?—A. Yes, I admit that.

Q. That if this Act was not in existence you would be just as happy as you were twenty-five years ago?—A. Yes.

Mr. BELL: What does he mean by being happy?

The WITNESS: No smuggling, no cruisers, only the moon and stars to watch.

The CHAIRMAN: You are discharged.

The WITNESS: Can I return to my ship?

The CHAIRMAN: Yes.

Witness discharged.

By Mr. Donaghy:

Q. Is this one of the cases of vessels seized in the Northumberland Strait? —A. Yes.

Q. (To Mr. Calder) Can you enlighten the Committee as to what you think you have proved in regard to the Northumberland Strait as to whether they are open or Canadian waters?

Mr. CALDER, K.C.: No, I have not proved anything; I have only proved it is a serious point, and the question was raised and it should be decided by the Department. My submission is it was too grave a decision to be dealt with, without prior opinions of some other authority than that of counsel for the accused. This was decided by the Department on one thing, and that is on the opinion of the attorney for the defence.

Mr. DONAGHY: There is one thing we will have to clear up. Have you followed it further and found out what the policy of the Marine Department is, and as to the policy of the British Government in regard to this question of the three mile limit, and also the policy of the Foreign Affairs Department?

Mr. CALDER, K.C.: No, but that will have to be gone into. I realize it will have to be cleared up.

Mr. DONAGHY: Do you realize it is a matter for reference to the court?

Mr. CALDER, K.C.: Yes, I think it should be.

Mr. DONAGHY: We will have to call some other officers. I understand that this is a grave international question and should not be submitted to the courts. It involves the Dardanelles and the Baltic and other waters. I am directing that to your attention in order that the Committee may arrive at a proper conclusion. It should be followed up along that line. I think the Deputy Minister of Marine was summoned but he has not been called. I think he could throw a great deal of light upon that aspect of the case.

Hon. Mr. STEVENS: I think, Mr. Chairman, it would be very, very unfortunate if the whole of this inquiry would go out to the press or through any other source, carrying with it a suggestion of a question arising that would attract attention throughout the different countries to this situation. Unless we had previously given it consideration in conjunction with the proper officers of the Crown in camera I think it would be most unfortunate to precipitate a discussion of the kind and I would respectfully suggest that the matter should be left entirely in abeyance until we can go over it in camera.

Mr. DONAGHY: I quite agree with what the Hon. Mr. Stevens says; it was a very delicate question. It may be better to leave it until we can take it up in camera. There have been serious charges made against Mr. Blair which may be right or wrong, which may be unfounded.

Mr. CALDER, K.C.: I think if it had been proven that Mr. Blair was right —that is, he would have been sustained if he had made a reference of the matter to the proper authorities, but he took action without having made any reference.

Mr. DONAGHY: One lawyer does not need to answer everything to another lawyer. I think we had better call Mr. Johnston, the Deputy Minister of Marine and Fisheries.

The CHAIRMAN: It is a matter of opinion. When I am convinced of something rightly or wrongly I do not want to evade imputation.

Mr. BELL: It is well to remember, nevertheless, that Mr. Wilson, Chief of the Preventive Service, stated it always had been and is now his opinion that these Straits were territorial waters. That is the opinion of the head of the Department, whatever the impression of counsel for the defence may have been.

Mr. DONAGHY: We cannot take a policeman's opinion on a question of high international law.

The CHAIRMAN: I would like to see an expert in the box to testify in connection with international waters.

Hon. Mr. STEVENS: I think the less we discuss the question the better.

Mr. DONAGHY: I think Mr. Stevens has hit the proper solution.

JOHN WILLIAM GAUNT recalled.

By Mr. Tyndale, K.C.:

Q. Mr. Gaunt, you are a British Subject, are you not?—A. Yes, sir, I was born of British parents.

Q. You were educated in Germany, I understand?—A. Yes, sir.

Q. Will you tell the Committee what you were doing when the war broke out in 1914?—A. I was representing a British firm on the Continent.

Q. What happened to you when the war broke out?—A. I was arrested sixty hours before the out-break of war.

Q. On what charge?—A. On no charge.

Q. Why?—A. Simply because I was English.

Q. You were arrested as a prisoner of war?—A. As a supposed spy.

Q. How long did you remain in custody in Germany?—A. For two years.

Q. Were you then released?—A. No, sir, the Germans did not release anybody during the war.

Q. What happened?—A. I had to release myself.

Q. Then what did you do?—A. I went to England.

Q. What did you do in England?—A. I became a Postal Censor.

Q. In the British Postal Department?—A. No, War Office.

Q. How long did you remain in the Department?—A. Three years, until I came to Canada.

Q. Did you resign?—A. Yes, sir.

Q. You have, I understand, a certificate relating to your service?—A. Yes.

Q. I do not think, Mr. Chairman, it is necessary to produce that as it is not entirely relevant, but I would like Mr. Gaunt to read it to the Committee as insinuations have been made here and elsewhere.

Hon. Mr. STEVENS: What insinuations do you refer to?

Mr. TYNDALE, K.C.: It is in the press.

Hon. Mr. STEVENS: What insinuations?

Mr. TYNDALE, K.C.: As to the honesty of my client.

Hon. Mr. STEVENS: This has nothing to do with his honesty. You made the statement to the Committee three times yesterday, and to-day you trot out a lot of the private history of your client, and I want to know what the insinuations are.

Mr. TYNDALE, K.C.: I refer to the general tone of the press throughout the whole reference to this case. I also refer, if I may, to remarks made in the House about this case. I submit that with great respect, and it would seem that these remarks were based on inadequate data. I say all that with respect.

Hon. Mr. STEVENS: We are here to get the data. I do submit that you have no right to come here and refer in a general way to certain insinuations and then ask your client questions regarding his record of which he knows only, and gives only his own statement, with no supporting evidence at all. When you state there have been insinuations, I do not think it is the proper course to pursue. You are referring to my own remarks when this matter was discussed and it may be before we are through with the case, perhaps before we are through with the facts, we shall justify those statements, but I certainly object to counsel constantly and repeatedly referring to vague insinuations.

Mr. TYNDALE, K.C.: Very good, sir, I will withdraw the question in the form in which it was put.

The CHAIRMAN: I think there is more in the words than in the facts.

Mr. TYNDALE, K.C.: If I have offended Mr. Stevens in the form of the question I withdraw it, but I do think, in as much as my learned confrere went

through the business operations of my client, beginning at a period which is not in question, I should be allowed to go back a year or two previous.

Hon. Mr. STEVENS: Nobody is objecting to that.

Mr. CALDER, K.C.: I may say, Mr. Tyndale, that the question as to the right name of Mr. Gaunt was not put with the object of arousing hatred of any kind, but it was merely, in order that certain correspondence might be tied up to him.

By Mr. Tyndale, K.C.:

Q. Will you please produce the certificate which you obtained from the War Office on resigning from your position as Censor?

Mr. BELL: That might be pretty well stated.

Hon. Mr. STEVENS: Do you want to put this in as an exhibit?

Mr. TYNDALE, K.C.: I would rather file a copy, if I may?

Hon. Mr. STEVENS: Go ahead and file a copy.

The CHAIRMAN: It will be Exhibit 157.

Mr. TYNDALE, K.C.: May I proceed?

The CHAIRMAN: Yes.

By Mr. Tyndale, K.C.:

Q. Reference was made, Mr. Gaunt, in your examination about the books in your business in Winnipeg will you explain how long you were in business in Winnipeg?—A. From October 4th to the end of the year; to the beginning of January, 1921.

Q. You were alone in business?—A. Yes.

Q. That is to say, you were the sole proprietor?—A. Yes, sir.

Q. Why did you not keep a regular set of books?—A. Well, I was alone and I did not have much time. I had copies of invoices sent out.

Q. When you left Winnipeg for Montreal, why did you not take with you what books you did have?—A. There were some collections to be made and I left the books with Mr. Smith to make the correction.

Q. If I may make reference to a statement which appeared in one of the Ottawa papers this morning, and which was stated by the paper—I forget which one—that you had failed in business in Winnipeg, as I understand your evidence in answer to Mr. Calder, you say you liquidated the business by simply giving it up—

Hon. Mr. STEVENS: Voluntary liquidation?

By Mr. Tyndale, K.C.:

Q. You were not a bankrupt?—A. Not at all; no, sir.

Q. In regard to the five or six thousand pounds capital which you said you had at your disposal; did you get this sum all in one lump?—A. No sir.

Q. How did you get it?—A. In portions; from time to time as I required it.

Q. It was paid from time to time as you required it?—A. Yes sir.

Q. Mr. Calder read from the auditors' statement an item to the effect that you had bought, previous to September, 1921, an amount of $23,000 worth of goods? Is that correct?—A. I believe so.

Q. Did you buy this $23,000 worth in one consignment—in one lot?—A. No sir.

Q. How did you buy it?—A. Well, they were bought in various parcels.

Q. Were they all paid for at once—completely?—A. No.

Q. It is a fact, is it not, that some of this would be paid for after others had been sold?—A. Yes sir.

Q. And paid for by your customers?—A. Yes sir.

Q. When did you first hear from the Customs authorities about your affairs, other than the ordinary passing of entries?—A. In the summer of 1923.

By Hon. Mr. Stevens:

Q. Was that the first?—A. Yes the summer of 1923. They came in for one day and examined the books, and took away all the invoices for 1922.

By Mr. Tyndale, K.C.:

Q. That was the first time you ever heard from the Customs authorities apart from the normal course of business?—A. Yes.

Q. What did they do with those invoices?—A. They took them away to Ottawa.

Q. Did you get them back?—A. Yes.

Q. How long afterwards?—A. About six weeks later.

Q. What did the Customs authorities say to you when they returned the invoices?—A. Nothing.

Q. Did they make no comment at all?—A. None whatever.

Q. No complaints were made?—A. No, none.

By Hon. Mr. Stevens:

Q. Had the packages been opened?—A. Had what packages been opened?

Q. That the documents had been sent up in?—A. I am unable to say, sir.

By Mr. Tyndale, K.C.:

Q. I understand, Mr. Gaunt, with regard to the question of your Holland agent, that you gave him certain instructions with regard to the making out of invoices?—A. Yes sir.

Q. In view of this inquiry, you communicated with Mr. Buytendyk in that connection, and obtained, I understand, an affidavit from him?—A. I did, sir.

Q. Have you got that?—A. It is filed with the Customs Department.

Mr. BELL: How long ago was that, Mr. Tyndale?

Mr. TYNDALE, K.C.: I think last year.

The WITNESS: Last summer.

By Mr. Tyndale, K.C.:

Q. In 1925?—A. Yes sir.

Mr. TYNDALE, K.C.: I think I should ask, Mr. Chairman, that that affidavit be produced at this stage as an exhibit.

Mr. CALDER, K.C.: What affidavit is that?

Mr. TYNDALE, K.C.: The affidavit of Buytendyk.

Mr. CALDER, K.C.: I object to the production of the affidavit in lieu of the witness, because I cannot cross-examine an affidavit. It was taken ex-parte; it was not taken under any supervision or control except that of the man now in the witness box, and I submit it is too easy to make an affidavit across seas.

The WITNESS: It was sworn to before the British Consul.

Mr. CALDER, K.C.: I don't care before whom it was sworn. It was not cross-examined, and it was produced for the purpose of defending a possible charge.

The CHAIRMAN: Perhaps we may allow the production of this affidavit under reserve. You must not forget it is part of the record, Mr. Calder; that it will be taken under consideration when our finding is reached.

Mr. CALDER, K.C.: Personally, if the principle is admitted of producing affidavits, I will be much relieved, because there is a great deal of evidence which I refrained from putting in—

The CHAIRMAN: It can be taken under reserve, Mr. Calder.

Mr. BELL: That is a very dangerous precedent.

Mr. CALDER, K.C.: To illustrate my point: there are certain people in prison in the United States whom I cannot reach otherwise than by correspondence. Some of the cases I have put before this committee would be very much strengthened if the testimony of these people could have been put in, but I refrained from putting it in because I did not think it was proper to put in, even under reserve, an improper affidavit. If the principle is laid down that Mr. Gaunt can produce, even under reserve, an affidavit taken under those conditions, the precedent would help me considerably.

Mr. BELL: I was going to say, Mr. Calder, that I think if you feel that cases which you have in mind might be completed by the production of such affidavits, if we admit this affidavit, your only course would be to supplement your other evidence by affidavits from persons imprisoned in the United States.

The CHAIRMAN: I understand, Mr. Bell, that this is not the best evidence; I agree with you on that. But I say, on the other hand, that we are only threshing out the records, and you will find in the departmental records such affidavits filed, and they will be taken into consideration when we endeavour to reach a finding in this case. These affidavits as appearing in the record, were taken into consideration by the officers of the Department, whether rightly or wrongly; nobody has had any opportunity to cross-examine the affiants who have given these affidavits, and you may refer to them but they need not be taken as proof.

Hon. Mr. STEVENS: Mr. Chairman, may I ask a question before that affidavit is put in?

The CHAIRMAN: Yes.

By Hon. Mr. Stevens:

Q. Was Mr. Buytendyk a partner in your business?—A. No sir.

Q. You swear that?—A. Yes.

Q. Positively?—A. Positively.

Q. Well, on the file is the declaration of Mr. Buytendyk that he is a partner.—A. A partner?

Hon. Mr. STEVENS: Now, what value can we put upon an affidavit from a man who declares that he was a partner, when the witness now swears he was not.

The WITNESS: A partner? Mr. Buytendyk? That is news to me.

Hon. Mr. STEVENS: The record shows that he is a partner in the John W. Gaunt Company, so I do not think there will be much value to that affidavit.

Mr. CALDER, K.C.: Mr. Tyndale, can you go on for a minute while I search the files?

Mr. TYNDALE, K.C.: Surely.

The WITNESS: I suggested to the Department that they take their own evidence in Rotterdam; they could take the evidence from Mr. Buytendyk themselves, but they did not do it.

By Mr. Tyndale, K.C.:

Q. Mr. Gaunt, in connection with the inland freight charges which were omitted from the Customs invoices: I would like you to explain to the committee a little more fully the character of the manufacturers from whom your agent Schneider purchased goods in Germany?—A. Well, they are all small manufacturers—at least, mostly small manufacturers, and they could not make out a Customs invoice if they tried.

Q. Were they at a great distance from the point where Schneider made the shipment?—A. No; they mostly delivered the merchandise to Schneider's warehouse.

Q. Without cost?—A. Yes sir.

Q. The procedure with regard to the passing of entries in the Customs Department was certainly not made clear to me by yesterday's evidence, and I imagine perhaps the committee did not get a very much clearer impression than I did myself. You are not a Customs expert?—A. Not in the least.

Q. But you have passed entries?—A. I have had entries passed for me; I never passed any entries myself.

Q. You know, however, in a general way, what the procedure is?—A. Yes sir.

Q. Would you tell us briefly what steps would be taken from the time Schneider bought these goods from the manufacturer in Germany, to the time you got them out of the Customs warehouse? Make it as clear as you can on the assumption that nobody knows anything about it.—A. Schneider sent the goods on to us on ocean bill of lading, and made out the Customs invoice. When the Customs invoice arrived, I gave it to the accountant, and he checked it up, took the bill of lading, and endorsed it, and took it down to the Customs broker.

Q. And from there?—A. From there the broker passed the entry. When it was necessary to put a declaration on as regards the currency value, the accountant obtained the rate prevailing for the week during which the merchandise was shipped—

Q. Where did he get that?—A. From the Customs Bulletin.

Q. And then what did he do?—A. He filled this declaration out, and went to the bank and got it signed.

Q. Why did he do that?—A. That is what the Customs demanded at the time.

By Mr. Calder, K.C.:

Q. Who did that?—A. My accountant.

Q. Hurson?—A. Hurson or Mann.

By Mr. Tyndale, K.C.:

Q. When Schneider shipped the goods, did he send only the Customs invoice with them?—A. No, he sent us the original manufacturer's invoice; at least, what I believed to be the original invoice.

Q. What was, on the face of it, at least, the original manufacturer's invoice? —A. Yes.

Q. Naturally the cost of the goods was the same in both?—A. You mean on the original invoice, and on the Customs invoice?

Q. Yes.—A. Yes.

Q. It was presumed to be the same?—A. Yes.

Q. This original invoice, I presume, you retained for your book-keeping?— A. Yes sir, and checking up when the merchandise arrived.

Q. You have told us incidentally, but you might put in definitely, as to what your role was in the business—what part of the business you personally attended to.—A. I bought and sold; I did not attend to the clerical part of it at all. I left that entirely to my staff, and that is why I am here.

Q. Did your business necessitate your absence from Montreal from time to time?—A. Yes; I was away a great deal. When I went to Europe, I was away at least two months at a stretch.

Q. How frequently would you have to go to Europe?—A. Once or twice a year.

Q. Chiefly to Germany, I suppose?—A. Yes. I travelled a good deal in Canada, too.

Q. Reference was made yesterday to sight entries. Would you explain exactly what you mean by a "sight entry"?—A. Well, when the merchandise arrived, say a shipment of 100 cases, and there was no invoice at hand, we had to go to the Customs broker, and say "Here are 100 cases containing toys." We knew the value was approximately so much, and the Customs broker would clear them for us, and the Customs put on an extra 50 per cent, generally, on the value.

Q. They increased the value which you gave by about 50 per cent?—A. Yes.

Q. In order to be sure that it was not under-stated?—A. They generally took two or three cases and checked up, to find out if the values were correct.

Q. And, as a matter of fact, it usually turned out, when the invoices came, that the valulation was excessive to the extent of— —A. About 50 per cent.

Q. —about 50 per cent?—A. Yes.

Mr. TYNDALE, K.C.: This question may perhaps be leading, but I do not think there will be any objection to it, Mr. Calder.

By Mr. Tyndale, K.C.:

Q. The result is that you paid to the Customs a higher duty than was called for by the real value of the goods?—A. About 50 per cent more—

Hon. Mr. STEVENS: He deposited it.

By Mr. Tyndale, K.C.:

Q. And that money is retained by the Customs authorities at least until you produced proper invoices showing the actual value? Is that right?—A. When you put in for a refund, it takes at least six weeks to get the money back.

Q. After you put in your proof?—A. Yes.

Q. So that the money is tied up for a period of some six weeks, roughly speaking, after you have produced the invoices which were not obtainable at the time the sight entry was made?—A. Yes sir.

Q. When was the question of blank certified invoices first mentioned, to your knowledge?—A. On October 24, 1923.

Q. In what circumstances?—A. I just returned from Europe in the afternoon, and Mr. Hurson and Mr. Burgess came in at night, just before leaving the office, and told me about their trouble with regard to sight entries, and the tying up of a lot of money; that Schneider had sent invoices which could not be used.

Q. Why?—. Because they were not properly made out. He had not taken the trouble to put in the proper fair market value; there were mistakes in addition, etc., and the Customs refused them, and then they suggested to me I should get blank invoices, and I cabled that night to Germany—

Q. And got them?—A. Yes, and got them, subsequently.

Q. Did you personally ever fill in any of these blank invoices?—A. No, never.

Q. Did you give any instructions about that?—A. Yes, sir.

Q. What instructions did you give?—A. I told Mr. Hurson to fill in those invoices, and fill them in properly, and he assured me at least a dozen times that they were filled in properly.

Mr. DONAGHY: Who did he say suggested the blank invoices?

Mr. TYNDALE, K.C.: It was suggested to him.

Mr. DONAGHY: Did he say by whom?

The WITNESS: It was either Hurson or Burgess—I just came back.

By Mr. Tyndale, K.C.:

Q. You were discussing the matter with Hurson or Burgess?—A. Yes.

Q. You had just returned?—A. Yes; I had been in England, and I was not in touch with the office for over a month—as regards the routine work.

Q. When did you next hear about blank invoices?—A. I heard next when I was arrested in May, 1925.

Q. Did you take the advice of counsel when you were arrested?—A. Yes, Mr. Couture of Campbell, McMaster and Couture, represented me.

Q. Throughout?—A. No; Mr. Peter Bercovitch took over the case afterwards.

Q. When was it that you pleaded guilty?—A. About October 20th, 1925, on the advice of Mr. Bercovitch.

Q. Tell us why you pleaded guilty to a charge, which, on the face of it at least, is a criminal charge?—A. No; that is not the way Mr. Bercovitch explained it to me. Mr. Bercovitch explained to me that it was merely a technical charge, and I felt that I had not done anything wrong, so I saw no reason why I should not plead guilty. It was better to plead guilty and get it over with than to have it hang on and lose my whole trip to Europe.

Q. Were you afraid that you would be put in jail?—A. I did not think I would be put into jail, considering that I had not anything to do with it.

Q. As a matter of fact, what did they do to you?—A. They fined me $500.

Mr. CALDER, K.C.: Which was the maximum.

By Mr. Bell:

Q. How long was that before you were to undertake the trip to Europe?—A. Two or three days. I left immediately afterwards.

By Mr. Tyndale:

Q. That was a purely business trip, was it not?—A. Yes.

By Hon. Mr. Stevens:

Q. You were fined merely for having certified blank invoices in your possession?—A. Yes, and they were not found in my possession.

Q. Never mind that, you were found guilty?—A. I pleaded guilty.

Q. You pleaded guilty to having blank invoices in your possession?—A. Yes.

Q. And you were fined $500?—A. Yes, it was not alleged at the time in the charge that there were any defalcations, or that I had the invoices for any unlawful purpose.

Q. Not under that charge?—A. No, sir.

By Mr. Calder, K.C.:

Q. If Mr. Tyndale will allow me, I will put one question at this stage, you pleaded guilty in October, 1925?—A. Yes.

Q. The other charge was still pending of using the blank certificates?—A. There was no charge for that.

Q. You understood there was a charge hanging over you for using them, and in November you secured these affidavits you put on file?—A. What affidavits?

Q. The affidavits of Sippel, Routhor, Hoehn and Buytendyk; is that right?—A. No, Buytendyk and Sippel had nothing to do with those invoices or affidavits.

Q. You got affidavits in November, 1925, including Buytendyk?—A. Buytendyk's was in the summer. That was on a previous trip to Europe.

Q. On the 3rd day of September—you are right.

Hon. Mr. STEVENS: What date is that, Mr. Calder—the 30th of September?

Mr. CALDER, K.C.: The 3rd day of September.

By Hon. Mr. Stevens:

Q. You were in Germany then?—A. I was in Rotterdam.

Q. You were in a hurry to get back to Europe?—A. Yes, I would not have come back at all if it had not been for this charge. I had to come back especially for this charge.

By the Chairman:

Q. To face the music?—A. Exactly.

Mr. TYNDALE: You mentioned a charge, Mr. Calder; have you got the document on the file there, the complaint, in whatever form the charge was laid? I ask if you have this document incorporated in the charge you referred to a moment ago; have you the complaint there?

Mr. CALDER, K.C.: I understand the charge was not made, Mr. Tyndale, that it was held in abeyance.

WITNESS: I did not know anything about it.

Mr. TYNDALE: There was no actual charge, Mr. Calder?

Mr. CALDER, K.C.: Before the courts, you mean?

Mr. TYNDALE: Yes.

Mr. CALDER, K.C.: No charge was made, the warrant was held in abeyance in the event of easy bail being made on the first charge, and of Mr. Gaunt leaving for Germany.

Mr. TYNDALE: Of course, I do not want to cross-examine counsel, but from the Customs it appears that the charge was never in fact laid.

Mr. CALDER, K.C.: It was not put through the court.

By Mr. Tyndale:

Q. Mr. Gaunt, did you know about this warrant which you never saw?—A. No.

Q. What was pending at that time, Mr. Gaunt, was an investigation I understand, being conducted by the Customs Department? (No answer).

Mr. CALDER, K.C.: Here is something that will absolutely clear up the matter. In a letter which is on file, dated March 13, 1926, it is stated:

> "I also beg to enclose office copy of Information and Complaint as prepared to be sworn to by officer Knox. If I remember correctly, this complaint was prepared in anticipation and in view of the possibility that Gaunt might not be committed for trial upon the preliminary inquiry upon the charge for possession of blank invoices, which was fixed for the following day. The original complaint and warrant as drafted by me were handed to Knox unsigned, in order that they might be sworn to unattested at court and Gaunt be released at the preliminary enquete on the other charge. This contingency did not occur, however, and I presume the unsigned information and warrant are still in the possession of officer Knox."

WITNESS: I do not know anything about that.

Mr. DONAGHY: The Information was never sworn to?

Mr. TYNDALE: The Information was never sworn to, so that the charge does not exist; there never was a charge.

By Mr. Tyndale:

Q. I ask you Mr. Gaunt, whether or not there was at that time an investigation pending by the Customs Department?—A. There was.

Q. And within a few weeks after your plea of guilty—a coincidence upon which my learned friend seemed to lay some stress yesterday—a payment was

made to the Customs Deparment with regard to duties which they said you had not fully paid. Is that correct?—A. Yes, sir.

Q. Just under what circumstances was that money paid?—A. The Commercial Protective Association people came in and made a seizure.

Q. When?—A. In about June, I think, of 1925. They made a seizure of about 180 cases of merchandise belonging to the John Gaunt Company, Limited, and it was alleged by the Department that no duty had been paid on the commission and on the cases.

Q. That is to say—you put it in a rather ambiguous way—on the cases, you mean the entire cases?—A. No, just on the packing.

Q. On the case itself, as distinct from the merchandise?—A. As distinct from the merchandise, just on the packing. In 1924 the mark was stabilized, and anybody could transfer the mark or change a dollar into marks, or vice versa. There was no question about that.

Q. In 1924?—A. Yes.

The seizure concerned the non-payment of duties on the value of the cases themselves as distinct from the contents and the commission?—A. That is correct.

Mr. DONAGHY: He is wrong about the Canadian Protective Association, Mr. Tyndale.

The CHAIRMAN: It was a Canadian officer.

Mr. DONAGHY: You had better correct it.

Mr. TYNDALE: The impression of the witness was that it was the Canadian Protective Association.

Hon. Mr. STEVENS: It was on information by them, but they could not make a seizure. It is only an inaccuracy. It must be made by an officer of the Department.

The CHAIRMAN: Or a Customs officer.

WITNESS: Mr. Knox was a Customs officer, to get those cases released. These cases were packed up in the spring to be shipped in the fall, and of course our customers did not require that merchandise until the fall, and to get this merchandise released we paid a deposit pending a settlement of the case.

By Mr. Tyndale:

The receipt which you got for the money paid shows $3,296.73?—A. Yes.

By Mr. Calder, K.C.:

Q. Is that a K-9½?—A. That is correct.

Mr. CALDER, K.C.: Are you filing it, Mr. Tyndale?

Mr. TYNDALE: You had better read it into the record.

WITNESS: (Reads):

"Form of voucher for money received from persons charged with infractions of the Customs Law.

$3,296.73.

Received from Messrs. John Gaunt, Company, Limited, through Mr. John Bain, Ottawa, this twenty-ninth day of September, 1925, subject to the decision of the Minister of Customs, the sum of $3,296.73 on account of charges against them for contraventions of the Customs law.

W. F. WILSON."

By Hon. Mr. Stevens:

Q. What date is that?—A. The 29th day of September, 1925. (Reads:

"The above sum of $3,296.73 has been paid by me to the Customs officer as stated in the foregoing receipt."

There is no signature.

Q. What officer is that?—A. The first time is Mr. Wilson, the second time there is no signature.

By Mr. Tyndale:

Q. The last part, which you have just read would normally be signed by the party concerned?—A. Yes.

Q. On the Customs copy of it, I presume that signature will appear?—A. Yes, I suppose so.

Q. Was this matter considered, was that question of duty on those cases discussed or taken into consideration when the other case was disposed of, or the charge under Section 207?—A. That charge had nothing whatever to do with it.

Q. Just answer the question "yes," or "no". Was this matter of duty discussed at the time you pleaded guilty to the other charge; was it or was it not?—A. Yes, it was.

Q. To what extent?—A. Mr. Brais made a statement to the effect that I had defrauded the Customs of $64,000, but he had no evidence to substantiate it.

Mr. CALDER, K.C.: Mr. Tyndale, do you not think you might tell your client that when he pleads guilty and says no evidence is put in, it is not fair for Mr. Gaunt to state there is no evidence to substantiate it, because Mr. Brais was there ready with the evidence.

WITNESS: He had not the evidence.

By Hon. Mr. Stevens:

Q. How do you know?—A. That is what judge Decarie said.

The CHAIRMAN: Anyway, in accordance with the decisions of the Committee, I will not allow any reports made in court to be told by hearsay. That is hearsay evidence. We have the records.

Mr. TYNDALE: The only reason I was putting that question was that it really arose out of a question put by my learned friend Mr. Calder, yesterday. He said that his plea of guilty was arranged in connection with, or in consideration of the settlement of the other case. At least, that was the impression I had in my mind, and I wanted to dispose of it now.

Mr. CALDER, K.C.: It is even worse now than it was.

Mr. BELL: It impresses me, Mr. Calder, at least, that he is a rather loose swearer.

Mr. TYNDALE: I am afraid you misunderstood his answer. As I understood it, he said that the matter was discussed before judge Decarie, and that Mr. Brais had information or was informed that Gaunt had defrauded the Customs of $64,000, but had not evidence to adduce at that time to put before the court. On that, point I think that is what the witness intended to say.

By Hon. Mr. Stevens:

Q. Before we leave that point in this rather confused manner, may I interject a question which I think will probably have some bearing upon it.

About May or June, is it not true that the Department put I think it was two accountants, or three accountants on to make an audit of your books?—A. That I do not know; they took the books away.

Q. But that meant an audit of your books; we can produce that audit on the files, I think. However, the whole point in this will be disclosed, but I do not think you should make hearsay statements about their having no evidence.

Mr. TYNDALE: I did not expect that answer. That was not the information I expected to get.

The CHAIRMAN: What took place before judge Decarie is clear. It is perfectly stated in the record, because I have gone through the record, and I see that on Wednesday, October 21st, 1925, Mr. Knox, then a Customs officer, made a report from Montreal to Mr. Wilson. You can find the whole thing there.

Mr. TYNDALE: I presume that record will be produced?

The CHAIRMAN: The report will be ready.

Mr. TYNDALE: The Committee will appreciate the rather anomalous position in which both my client and myself find ourselves. The Committee is hearing the evidence for the defense, before the evidence for the prosecution has been put in.

Hon. Mr. STEVENS: Precisely.

Mr. TYNDALE: I presume I will have the opportunity to examine Mr. Gaunt again, when the other witnesses have been heard?

The CHAIRMAN: There will be rebuttal evidence here, and you will have all the chance you want to furnish evidence.

Mr. TYNDALE: I am going to put this question very plainly, and I do not think my learned friend Mr. Calder will object to the form of it.

By Mr. Tyndale:

Q. Was there any arrangement between you and the Customs Department to the effect that if you pleaded guilty to this charge they would settle up the other matter?—A. No sir, none whatever.

Q. In connection with the cancellation of the agreement, Mr. Gaunt, between you and Schneider, the letter which was read into the record referred to a couple of notes and a cheque, which you or your company was giving to Schneider, in payment of past services, I presume, and expenses previously incurred; were those notes and cheques duly paid to Schneider?—A. No sir. They were never paid.

Q. Why not?—A. Because afterwards I found out that Mr. Schneider had swindled me.

Q. And you retained that money to counterbalance?—A. No sir, I simply did not pay it. That did not by any means counterbalance what Mr. Schneider did.

Q. You thought you would save that much from the wreck, anyway?—A. Yes.

Q. That was the intention?—A. Yes.

Q. I understand you have engaged counsel in Germany, who are investigating the alleged defalcations of Schneider?—A. Yes, sir.

Q. That investigation is now proceeding?—A. We have two cases being investigated.

By Hon. Mr. Stevens:

Q. When did it start?—A. I found this out in about a week after I had made a settlement with Mr. Schneider.

By Mr. Tyndale:

Q. Is that why you did not pay the cheques?—A. Yes.

By Hon. Mr. Stevens:

Q. What date was that?—A. That was in August, 1924.

By Mr. Donaghy:

Q. Are you suing Schneider?—A. Yes.

Q. Where?—A. In Coburg. There is a civil action and a criminal action.

By Mr. Tyndale:

Q. Do you know when that action was stated?—A. The action is pending now. It was started in the fall of 1925.

By Hon. Mr. Stevens:

Q. About December?—A. Well, we had to collect evidence for it.

Q. I am not making any criticism, I only want to know the date; was it about December?—A. Yes.

By Mr. Bell:

Q. Was that when the criminal proceedings were instituted?—A. Against Schneider I am not instituting them until I get my money. My trouble is getting the money back from Schneider first.

By Mr. Donaghy:

Q. Which is a civil suit pending now?—A. Yes. I mean I have enough evidence to put Schneider in jail any time I want to.

By Mr. Tyndale, K.C.:

Q. As a matter of expediency you think you had better wait until you get your money?—A. Yes, do you not think if I could get $10,000 from Schneider it would be better than the man sitting in jail for two or three years.

The CHAIRMAN: We give this advice to our clients in connection with Insurance Companies, if they can get half the money, take it. They prefer to get half the money than to put the man in jail for sixteen years.

The WITNESS: Schneider is an old man.

By Mr. Tyndale, K.C.:

Q. In answer to the Hon. Mr. Stevens, Mr. Gaunt, you stated to the best of your personal knowledge, there were about two hundred blank certified invoices used in your company?—A. Yes, sir.

Q. And all these were used for the purpose of obtaining a rebate?—A. Yes.

Q. How much merchandise would these two hundred invoices represent?—A. About four or five shipments, that would be about two hundred and fifty cases, I should say.

Q. Four or five shipments?—A. Yes.

Q. The shipments in connection with which these blank invoices were used, would they extend over a long period of time?—A. No, sir.

Q. Approximately, I do not expect you to tell me exactly?—A. About October, 1923.

Q. Shipments around October, 1923?—A. Yes.

Hon. Mr. STEVENS: What was his answer?

Mr. TYNDALE, K.C.: The shipments in connection with which these blank invoices were used were made in October, 1923.

Hon. Mr. STEVENS: Why were the blank invoices given, for rebates?

The WITNESS: Shipments came in about October, 1923, and rebates were put in in January, 1924.

By Mr. Tyndale, K.C.:

Q. That is to say, when shipments came in you passed them on sight entries?—A. Yes.

Q. Which took place in October, 1923?—A. Yes.

By Hon. Mr. Stevens:

Q. Then that method of clearing was limited to the fall of 1923, and January, 1924?—A. Exactly, Mr. Stevens.

By Mr. Calder, K.C.:

Q. You say you used two hundred blank invoices in putting through four or five shipments?—A. Approximately.

Q. That would be forty invoices per shipment?—A. Yes.

Q. It seems like a waste of paper.—A. No, because our cases contain a lot of details; a lot of small items.

Q. You made an invoice for every item?—A. No, if the case contains ten items you have to specify them on a Customs invoice.

Q. You cannot use one invoice to specify ten items, you have to use ten invoices?—A. If there are forty cases—

Mr. TYNDALE, K.C.: That is hardly fair.

By the Chairman:

Q. Explain it?—A. Suppose the shipment contains fifty cases, ten of these cases may contain straight merchandise, for instance containing, mamma dolls, that is, coming from one factory, but then there may be other goods where you have a half dozen of these and a half dozen of those, all different items.

Q. I understand you declare the merchandise by the numbers of cases?—A. The numbers of items are all numbered. For instance you might have three and one half dozen mechanical toys; one case might contain one thing, and one, different mechanical toys.

Mr. DONAGHY: You have not explained why you used two hundred invoices.

Mr. TYNDALE, K.C.: If you will allow me I will make it clear.

By Mr. Tyndale, K.C.:

Q. Every time you produce an invoice it has to be produced in duplicate? —A. Yes.

Q. That is that?—A. Yes.

Q. You fill in the invoice if space will suffice for the different items you have to enter?—A. Yes.

Q. If the space does not suffice you use another?—A. Yes.

Q. You do not necessarily use one invoice for each separate item?—A. Yes.

Hon. Mr. STEVENS: No one who knows anything about making invoices would accept your client's explanation for a moment. It is a fact that you can put on invoices forty different items. The invoice will show. He either does not understand or he thinks someone else does not understand merchandising.

Mr. GOODISON: I think they are getting confused between invoices and copies. One invoice may take half a dozen or a dozen sheets. Every one of these is included in the two hundred, as I understand it.

Mr. TYNDALE, K.C.: Separate sheets, as I understand.

Mr. GOODISON: It might take ten copies to make one invoice, and invoices have to be made out in duplicate to pass the Customs.

By Mr. Tyndale, K.C.:

Q. When you said there were two hundred blank invoices, did you mean two hundred separate sheets of paper?—A. Yes, surely.

Hon. Mr. STEVENS: Your witness is giving the impression that one of these blank sheets will only contain one item.

The WITNESS: No.

By Hon. Mr. Stevens:

Q. You can put four or five or a dozen?

Mr. TYNDALE, *K.C.*: That is what I am trying to bring out.

By Mr. Tyndale, K.C.:

Q. Is it not true that you would put as many items on one single sheet as the sheet would contain?—A. Yes.

Q. The Customs Department specify that they do not want to have an invoice where you show ten cases containing two hundred dozen mechanical toys?—A. No, they will not accept it.

By the Chairman:

Q. You try to comply with instructions received from the Customs Officer? —A. Yes.

Q. It is a matter of good faith?—A. Yes.

By Mr. Calder, K.C.:

Q. You say they do not accept a description of cases containing so many items?—A. They have to be the same; all one kind.

By Mr. Donaghy:

Q. If they are all one kind, that would be a good description?—A. If there are two different kinds of toys they have to be specified on the invoice.

Q. In Schneider's buying he used your company's money?—A. Yes.

Q. Your company's name?—A. Yes.

Q. Would it be to Schneider's interest to reduce the purchase price shown on the invoices?—A. What is that?

Q. Would it be to Schneider's interest to reduce the purchase price shown on the invoices?—A. No.

Q. On what figures did you base the amount you paid him as commission? —A. On the purchase value of the invoice.

Q. As shown on the invoice?—A. Yes, as shown on the invoice which he submitted to me.

Q. For Customs purposes?—A. Yes.

Q. Did that same system obtain with regard to your agent Buytendyk? —A. Yes.

Q. So that it would not be to the interest of Buytendyk to reduce the purchase price either?—A. No.

Q. On the contrary, isn't that correct?—A. That is quite correct.

Q. I want you to clear one point about invoices you received from Schneider. You would receive a Customs invoice accompanying the original manufacturer's invoice?—A. Yes.

Q. Reference was made towards the close of the sitting yesterday, to a particular invoice which showed the date of purchase at the factory as 20th December, 1922, and the accompanying Customs invoice was dated April 3, 1923. Will you explain the lapse of time, or the discrepancy between the two dates?—A. Well, we do not ship any merchandise during the close of navigation because inland freight is higher than ocean freight. We bought the merchandise during the winter in Germany, and stored it there and shipped it out on the opening of navigation.

Q. There is nothing abnormal in the difference in dates between the Customs and the actual factory?—A. No, everybody does the same; it is the usual practice.

Q. As a matter of fact, it indicated a true state of affairs?—A. Yes.

Q. The goods were actually purchased by Schneider on the date and shipped on April 3, 1923?—A. Yes.

Q. During the course of your business, of your company, your Customs Broker made a good many sight entries from time to time?—A. No, not very many.

Q. What I want is this, whether the sight entries in connection with these invoices were the only sight entries made by your brokers?—A. No, we made sight entries at other times.

Q. There was one point which appeared to impress one of the members of the Committee yesterday, during the examination of the invoice, that is the fact that in one or more cases the purchase prices on the manufacturer's invoice were shown in pounds, shilling and pence, instead of marks. Will you explain this point?—A. Well, this man deals particularly with England and he has calculated his price in shillings and he has no other calculation and he quotes in shillings.

Q. It would be fair to say that certain manufacturers in Germany, from whom you purchased through Schneider, sold their goods in shillings as most of the trading was done with English people?—A. Yes.

Q. There was nothing unusual about the price being stated on the manufacturer's invoice in shillings as regards the passing of the goods through the Customs?—A. None whatever.

Q. There was no connection at all?—A. No.

Q. Mr. Calder yesterday read a letter from Buytendyk in which reference was made to two sets of invoices being forwarded to you, blank invoices. How many would two sets be?—A. There would be four sheets.

Mr. CALDER, K.C.: I thought he said twelve.

By Mr. Tyndale, K.C.:

Q. What is one set?—A. Two sheets.

Q. What is your understanding—I am not trying to prove the law—what is your understanding with regard to the payment of commissions to agents outside the country?—A. My understanding is that if the agent is a resident agent, is employed by a Canadian company, and buys in the name of the Canadian company, and with the money of the Canadian company, that that commission is not dutiable.

Q. That is—A. That is my understanding and is my impression still.

Q. Whether it is correct or not?—A. Yes.

Mr. CALDER, K.C.: That commission is not dutiable?

Mr. TYNDALE, K.C.: Dutiable in certain circumstances which he has explained.

By Mr. Tyndale, K.C.:

Q. As a matter of fact, where do you insure goods which are bought?—A. The goods are insured in Montreal.

Q. What was your understanding with regard to the duty on the actual cases?—A. Well, I was wrongly informed about packing cases, that is an error.

By Mr. Donaghy:

Q. Who informed you wrongly?—A. A German, a man at Sonneberg.

Q. Who was he?—A. An ex-employee.

Q. Who was he?—A. Berger.

Q. What is his first name?—A. I do not know.

Q. What is his address?—A. Sonneberg.

Q. What is his occupation?—A. Employee, I think.
Q. Of whom?—A. I do not know where he is now.
Q. Of whom?—A. I think he was with Baufeldt, forwarding agents.

By Mr. Tyndale, K.C.:

Q. The one you mentioned in your evidence yesterday?—A. Yes.

By Mr. Donaghy:

Q. When did he tell you this?—A. At Sonneberg.
Q. Did you ever take it up with your Customs Broker?—A. No.
Q. Did you take it up with anybody in Canada?—A. No.

By Hon. Mr. Stevens:

Q. What was he doing?—A. Clerk with the Forwarding Agent.
Q. You notice in your Customs invoice you very carefully left off all mention of packing cases and paid no duty on them?—A. No.
Q. Although these cases in the factory were entered and the cost charged to you?—A. Yes, exactly.
Q. You concealed that from the Customs of Canada?—A. Yes.

Mr. TYNDALE, K.C.: Our position in the matter was, we were wrongly informed and did not pay duty on the goods, and did not think duty was payable. Whether that is justification it is for other persons to decide.

By Mr. Tyndale, K.C.:

Q. What would be the approximate value of the average case which you received; I mean the case itself?—A. At one time it was fifty cents and rose to a dollar; it is two dollars to-day.
Q. Do you happen to recall the highest price you ever paid for a packing case?—A. It depends on the size of the case.
Q. Can you tell us, as a matter of interest, what would be the most expensive case?—A. About three dollars.
Q. What is the duty on these cases?—A. Twenty per cent.
Q. About how many cases would you get into Canada each year?—A. Well, of course—in 1921, about two hundred cases, 1922 five hundred; and 1923, perhaps 900.

By the Chairman:

Q. That is sixteen hundred cases?—A. Yes.
Q. And the value of the case?—A. Average value a dollar.

By Hon. Mr. Stevens:

Q. When were they a dollar?—A. In 1922.

Mr. TYNDALE, K.C.: I presume the record is there to show, just to give an idea.

By the Chairman:

Q. Some cases would be three and other cases would be two?—A. It depends on the case.
Q. Take an average?—A. In 1922 the average was a dollar.
Q. On the whole sixteen hundred cases?—A. Say a dollar to a dollar fifty. That is the outside.

By Hon. Mr. Bell:

Q. You say that the duty would have been $500 or $600 altogether?—A. The duty would have been twenty percent on $1,600 and would be $320.

Q. If you are averaging a little higher. At any rate, you claim $500 or $600 would cover it?—A. Yes. There was a merchandise invoice inclusive of cases.

By Hon. Mr. Stevens:

Q. And he was under the impression that the cases were not dutiable?

Mr. TYNDALE, K.C.: Yes. I thought that would be of interest for the moment.

Hon. Mr. STEVENS: It is only a minor matter.

Mr. TYNDALE, K.C.: That is all I was trying to establish.

Hon. Mr. STEVENS: It is a minor matter; it is all on the record, we have every item here.

Mr. TYNDALE, K.C.: There appears to be no doubt, sir, that technically speaking Mr. Gaunt was guilty of an infraction of the Customs Act with reference to these cases.

Hon. Mr. STEVENS: He admits that.

Mr. TYNDALE, K.C.: I am endeavouring to show that he was acting in good faith.

The WITNESS: We do not charge for the cases, we get nothing for them.

By Mr. Tyndale, K.C.:

Q. You do not resell the cases?—A. No.

Q. Do you charge your own customers for cases?—A. Mr. Burgess did at one time. We cannot get any money for cases in Canada; customers strongly object to paying for cases.

Q. This would be shown in the books, but can you give us, approximately, the total amount of your purchases from Germany in 1921, 1922 and 1923, giving each year separately?—A. I think in 1921, it was $20,000; 1922, $45,000 of merchandise; and in 1923, $75,000, in all about $150,000.

Hon. Mr. STEVENS: There again I think it is hardly fair to put in these approximate figures. There are exact figures to be produced by the auditors from the invoices and from the books, and it is hardly right to put in approximate figures in a matter of that kind.

The CHAIRMAN: No, Mr. Tyndale; you may wait for the report of the auditors. The figures will be given, and you will have a chance to contradict them, if you can, and offer other figures from your books.

Mr. TYNDALE, K.C.: On the assumption, Mr. Chairman, that I will have the opportunity, if necessary, of having Mr. Gaunt heard again, after the other witnesses have passed before the Committee, I have finished.

The CHAIRMAN: If you think it proper to put him in the box again, you may do so.

By Hon. Mr. Stevens:

Q. Just a few questions before you go, Mr. Gaunt. You told Mr. Tyndale, your counsel, a moment ago, that in making out the blank invoices which you got from Germany, you made them correspond exactly with the invoices which you got from the manufacturers, with the exception of the cases, perhaps?—A. Those were the instructions I gave to Mr. Hurson.

Q. And then these were presented for clearance at the Customs?—A. These were presented for refund, Mr. Stevens.

Q. I will deal with the question of refunds in a minute. Now, another question: I think I understood you yesterday—the record is there, and I will not look it up just at the moment, but you may correct me if I am wrong—that the reason you brought in those blank invoices was because of the difficulty of transposing the values in marks to the values in dollars?—A. Exactly.

Q. That is correct, is it not?—A. Yes.

Q. That is, the mark was fluctuating, and there was considerable difficulty in transposing one to the other?—A. Exactly.

Q. Now, I have here an invoice. This invoice is from Boehm and Company, Coburg, March 27th, 1923. It is stamped "Original" and it has Mr. Robert Schneider's name on it also, and it sets forth 1,200 packages of, in German—I will spell it and you can tell us what it is. I think it means vacuum bottles. It is E-r-s-a-t-z-f-l-a-s-c-h-e-n.

Mr. CALDER, K.C.: That is substitute flasks.

The WITNESS: Refills for vacuum bottles.

The CHAIRMAN: In Canada we call them thermos bottles.

Mr. CALDER, K.C.: It is the inside of thermos bottles.

Hon. Mr. STEVENS: Let us get this thing straight. This is an invoice from Boehm and Company, Coburg, dated March 27th, 1923, bearing also the name of Robert Schneider, of Coburg, and setting forth 1,200 packages of those things I have just spelled—

The WITNESS: Does it say "packages"?

Hon. Mr. STEVENS: Well, "S-t-c-k."—

The WITNESS: That is pieces.

Hon. Mr. STEVENS: Well, pieces; don't let us split hairs. The value set forth on this invoice, is, in dollars, $206; five cases at $1.30 apiece, $6.50, a total of $212.

The WITNESS: Yes.

By Hon. Mr. Stevens:

Q. This is an original invoice from the manufacturer. That was cleared through the Customs on another invoice— —A. That invoice—

Q. Just a minute. I want to get this thing in sequence. It is dated Coburg, April 6th, 1923, 1,200 pieces, articles of glass, purchased by John Gaunt Company from Robert Schneider, and the original invoice is then divided up into certain descriptions; each case is described "250 pieces each," and extended in paper marks, the total being 4,120,000 Marks, and then the invoice shows that this is again reduced to guilders, I think— —A. No.

Q. Well, it is reduced to a figure, and is equal to 693.28 marks; that would be gold marks—and was actually passed through the Customs at $165 instead of $212 as shown on the invoice, and I have here the Customs entry form showing the numbers corresponding to these cases; this number is 377-381, five cases of glass refills for flasks, 1,200 pieces, 693.28 gold marks, value for duty in dollars, $165; rate of duty 32½ per cent, total Customs duty $53.63. Now, Mr. Gaunt, why did you take an invoice that was already made out in Germany, in dollars, showing the correct value in dollars—by the way, I overlooked this; this was supposed to be in United States dollars. In making out the receipt it reads "U.S.A. dollars," so that Canadian currency being at that time at a discount of two per cent or thereabouts, the amount would be increased by whatever that discount is; but we will leave that out of the question—why did you take an invoice clearly shown in dollars and transpose it back to marks, and from marks back to dollars again.—A. Because, first of all, that invoice was not transposed in Montreal; that was done by Schneider.

Q. That is all right— —A. You referred formerly—

Q. Why did you not use this invoice?—A. Because that is not a Customs invoice.

Q. No, it certainly is not; the one you used is about 70 per cent odd of the regular value?—A. That is not correct. The difference comes in—Schneider exchanged the dollar; you have to show the fair market value in the currency of the country of export.

By Mr. Tyndale, K.C.:

Q. That is, for Customs purposes?—A. Yes.

By Hon. Mr. Stevens:

Q. The country of export was Germany?—A. Yes.

Q. You then interchanged dollars and marks; you started with $212, you transposed it into marks, and wound up with $165?—A. Mr. Schneider translated the dollar into marks, at the rate of exchange prevailing on April 6th.

Q. All right, go ahead?—A. Mr. Hurson, or somebody got ahead, made the declaration at the foot of the invoice, and apparently the Customs had a different rate, and that is where the difference came in.

Q. Answer me this: When you paid for those goods, you paid in United States gold at the rate of the original invoice?—A. Well, we remitted dollars to Schneider.

Q. The full amount of $212.20? I have the receipt to you right before me, and I might as well read it; it is in German, so I cannot read it very well, but as near as I can I will do so. This is a receipt to John Gaunt Company, Montreal, for the sum of $212.20 in U.S.A. dollars?—A. Yes.

Q. By cheque on Cologne, "together our credit," then there is thirty cents, I do not know what that is for—"in full settlement of invoice dated March 27th, 1923," which is this invoice. Now, you pay for these goods to Boehm & Company, $212?—A. Yes.

Q. You enter them through the Customs for $165? Please explain that?—A. Mr. Schneider had to translate the dollars into paper marks, to get the fair market value in the currency of the country of export.

By Mr. Donaghy:

Q. Do the Customs regulations require that?—A. Yes.

By Hon. Mr. Stevens:

Q. That does not explain it at all?—A. Just a moment. If you look up the rate on April 6th, the rate betweeen the dollar and the mark, you will find that that is the correct amount.

Q. Well, it is not. You have an invoice showing $212 have you not?—A. Yes.

Q. On March 27th, 1923?—A. Yes.

Q. You paid duty on $165; is that not correct?—A. That happened through the declaration at the foot of the invoice. The rate must be right, or there could not be any difference.

By Mr. Donaghy:

Q. The rate varies?—A. The rate the Customs had in their bulletin must be different from the fair market value Mr. Schneider had.

By Hon. Mr. Stevens:

Q. But Schneider did a lot of funny things. This is not a case where he cheated you?—A. I do not know.

Q. He could not cheat you if you paid the full amount of the original invoice, and you had the original invoice; why did you not pay on $212? Why did you not pay Boehm & Company, $212?—A. Because we received 1,200 pieces of glass.

Q. Certainly. If you paid them $212 for the goods, should you not have paid duty on $212 to the Customs Department?—A. Yes.

Q. That is correct?—A. That is correct.

Q. You did not pay $212?—A. That I do not know.

Q. Here is the Customs entry, come and look at it. There is no use going away and saying you do not know, because here it is, and here is the invoice, and they have all been carefully checked by the auditors and by myself. You see the entry; I do not want to repeat the numbers again, but they are just as I read them a moment ago, showing $165 as the value upon which you paid duty; that is correct, is it not?—A. Yes.

Q. And here you see by this receipt you paid Boehm & Company $212 for that same invoice. That is correct, is it not?—A. Yes.

Q. Therefore, the Customs suffered the loss of the duty, the loss of the duty on the difference between $212 and $165, and this is only a specimen invoice, not an isolated case?—A. The fair market value as sold for home consumption at the time shipped, in paper currency, had to appear on the Customs invoice. Mr. Schneider translated, and he had instructions to translate dollars into paper marks on the date of purchase.

By Mr. Tyndale, K.C.:

Q. Had to, in accordance with the Customs regulations?—A. No, in accordance with my instructions.

By Hon. Mr. Stevens:

Q. Go on with your explanation?—A. This invoice came here, it was handed to Mr. Hurson, Mr. Hurson went to the bank and put the declaration at the foot of the invoice regarding the currency. That currency did not agree with Mr. Schneider's currency, and that is where the difference came in.

Q. Let us look at it from the Customs revenue of this country. The fact, remains, does it not, after the making of this explanation of the transposing in both ways, that you paid $212 gold to the manufacturer for these goods, and you only paid duty on $165; that is correct, is it not?—A. That is correct.

Q. Now, pass the papers back to me. You said a moment ago—I have left out discussing the cases—you said a moment ago that you were informed by some irresponsible person in Germany that you did not have to pay duty on cases?—A. Yes.

Q. You have also told us in your evidence, Mr. Gaunt,, that you have retained Schneider and Buytendyk for the purpose of collecting small shipments from small factories?—A. Schneider, not Buytendyk.

Q. Well, Mr. Schneider was retained for the purpose of collecting these small shipments from small factories?—A. Yes.

Q. Then he repacked those goods in Rotterdam?—A. No, sir.

Q. In Coburg?—A. Yes.

Q. He repacked the goods in Coburg?—A. Yes.

Q. Is that not altogether different from simply excluding the cases when they came from the original factory?—A. The small merchants delivered their merchandise to Schneider; the others packed their merchandise and shipped it direct under Mr. Schneider's supervision.

Q. Yes, but Schneider describes himself as a proprietor, not as an agent; in this invoice, for instance, we have his statement where he certifies as follows. (Reads):

"I,....., the undersigned do hereby certify as follows: That I am the proprietor of exportable goods."

A. He is a proprietor of the firm of Robert Schneider.

Q. You are playing upon words, and making words that are not in accordance with the facts at all. This is a signed declaration upon which these goods were passed through the Customs. (Reads):

"I,....., the undersigned do hereby certify as follows: That I am the proprietor exporter of the goods in the within mentioned invoice."

That is what he says, and it is signed "Robert Schneider, Coburg, April 6th."

How do you exclude Schneider's commission, Schneider's costs of packing, the cost of transporting to Schneider in Germany and the packing cases from your Customs invoice in the face of Mr. Schneider's declaration?—A. Well, Mr. Schneider was not the proprietor of the goods. We were the proprietors.

Q. Well, Mr. Gaunt, that may be, but for Customs purposes, he declares himself the proprietor?—A. Yes.

Q. He is an assembler, is he not?—A. Yes.

Q. An assembler of your goods?—A. Yes.

Q. He repacks the goods, does he not?—A. He repacks the merchandise, from the small manufacturers.

Q. Certainly, that is what I am asking about. He repacked these, and we have the specific case before us. By the way, Mr. Calder just called attention to this, which we have noticed on several. This was filled in at Montreal, by your office?—A. What is that?

Q. Schneider's declaration. Come and look at it, it is a different typewriter from the face of the invoice altogether. Examine both of them?—A. Mr. Schneider must have signed it.

Q. Yes, he signed it, but it was filled in in your office, one was a German typewriter, and the other a Canadian?—A. "Proprietor at Cobourg?"

Q. Yes, take another look at it. Let me ask you this, so that the stenographer may get it clear. Look at the face of this invoice, that is, that portion including the description of the goods, and the total value, where the letter marks appear, that is undoubtedly the work of a German typewriter, is it not?—A. Yes.

Q. That is quite true, is it not?—A. Yes.

Q. The bank certificate is Canadian, there is no objection to that?—A. No.

Q. On the back, you will notice where the consent is given, apparently in blank, the typewriter used for filling the blank space in, namely: 6th April, 1923, and place Coburg, is a different typewriter altogether from that used on the face.

By Hon. Mr. Stevens:

Q. Some of these additions are made similar. You see the difference?—A. Yes, I see the difference in figures.

Q. Is that correct?—A. Mr. Schneider had a couple of typewriters.

Q. You think Mr. Schneider may have had a typewriter similar to the one in your office, is that your explanation, and used the same typewriter on the same form, is that right?—A. I did not use any since I filled that out in Montreal.

Q. You did use a lot?—A. In Montreal.

Mr. CALDER, K.C.: Mr. Gaunt admitted that yesterday.

By Hon. Mr. Stevens:

Q. Let us get this clear. We will let that go for a moment. You did fill out a lot of blank invoices of this character in Montreal?—A. About two hundred.

Q. According to your evidence yesterday?—A. Yes.

Q. That is correct?—A. Yes.

Q. You used blank invoices exclusively for shipment in the fall of 1923?—A. I said, for four or five shipments.

Q. In the fall of 1923?—A. Yes.

Q. I have a statement here showing all of your rebates, and a letter from Mr. Farrow, the Deputy Minister. I might as well read the letter, if I may, Mr. Chairman, so we will have it before us:

"MARCH 26, 1926.

Messrs. CLARCKSON, GORDON and DILLWORTH,
Chartered Accounts, House of Commons Committee,
Ottawa, Ontario.

DEAR SIRS: As requested by your letter of the 25th instant, I enclose a statement of all refund claims paid to the John Gaunt Company, Limited, Montreal, from September, 1921, to December, 1925 inclusive.

Yours truly,
(sgd) R. R. FARROW,
Deputy Minister."

Now, Mr. Gaunt, this statement shows the total and I think we had better incorporate this in the record at this point. I will not read it, but I will give it to the stenographer. It shows the total of refund claim from 1921 to 1925?—A. Yes.

Q. "Refund Claims for the John Gaunt Co. Ltd., certified for payment from September, 1921 to December, 1925, inclusive.

Claim No.	Entry No.	Date of Entry	Amount	For Payment	Date Paid
			$ cts.		
80225	25952	Sept. 5, 1925	31 25	Dec. 14, 1925	Dec. 16, 1925
62136	11631	June 6, 1925	52 85	July 23, 1925	July 24, 1925
62126	45217	Jan. 29, 1925	6 11	June 27, 1925	June 29, 1925
61619	47430	Feb. 14, 1925	40 85	June 24, 1925	June 25, 1925
57675	48696	Feb. 23, 1925	3 95	May 18, 1925	May 19, 1925
54003	52496	Mar. 19, 1925	29 95	April 15, 1925	April 17, 1925
53987	48504	Feb. 21, 1925	17 88	April 15, 1925	April 16, 1925
53984	47548	Feb. 15, 1925	20 80	April 15, 1925	April 16, 1925
49644	45555	Jan. 31, 1925	22 30	Mar. 5, 1925	Mar. 6, 1925
41516	31507	Oct. 22, 1924	11 30	Jan. 16, 1925	Jan. 17, 1925
41330	34021	Nov. 6, 1924	90 15	Dec. 16, 1924	Dec. 17, 1924
37183	31146	Oct. 13, 1924	31 00	Nov. 12, 1924	Nov. 17, 1924
12442	35692E	Nov. 26, 1923	27 04	April 23, 1924	April 24, 1924
12432	36594E	Nov. 25, 1923	36 88	April 23, 1924	April 24, 1924
12431	33326E	Nov. 14, 1923	19 15	April 23, 1924	April 24, 1924
12429	35693E	Nov. 28, 1923	29 59	April 23, 1924	April 24, 1924
12428	33327E	Nov. 14, 1923	31 60	April 23, 1924	April 24, 1924
10854	29392E	Oct. 12, 1923	236 81	April 29, 1924	April 30, 1924
10012	30919E	Oct. 25, 1923	286 02	Mar. 18, 1924	Mar. 26, 1924
9490	26156ExWH	Nov. 5, 1923	249 01	Mar. 12, 1924	Mar. 13, 1924
9351	33684E	Nov. 13, 1923	9 68	Mar. 12, 1924	Mar. 13, 1924
9349	31028E	Oct. 26, 1923	178 57	Mar. 12, 1924	Mar. 13, 1924
59517	32438E	Nov. 24, 1922	684 25	Jan. 22, 1923	Jan. 24, 1923
59501	30230E	Nov. 9, 1922	255 63	Jan. 22, 1923	Jan. 24, 1923
50894	12358	Aug. 28, 1922	45 10	Nov. 9, 1922	Nov. 11, 1922
49304	24062E	Sept. 29, 1922	227 39	Oct. 26, 1922	Oct. 28, 1922
34013	5725E	May 10, 1922	19 62	June 7, 1922	June 9, 1922
33108	526E	April 4, 1922	109 56	May 31, 1922	June 2, 1922
24029	29157E	Nov. 8, 1921	30 25	Mar. 15, 1922	Mar. 17, 1922
24028	26659E	Nov. 1, 1921	264 34	Mar. 15, 1922	Mar. 17, 1922
23823	39637E	Dec. 1, 1921	96 76	Mar. 14, 1922	Mar. 16, 1922

10/1923.

R. S.
J. A. R.

W. T. U.

31 Refund Claims

Q. Now, you have already sworn twice that these blank invoices were used exclusively in a series of shipments in 1923. I find a total of refund claims here for 1923 of ten, and you qualify that by saying that some of them might run over to January, 1924. There is nothing in the 1924 prior to October, so that does not apply. So we have a total of ten, in which, according to your evidence, blank invoices were used. Your estimate was two hundred blank invoices in ten shipments, in ten entries, ten clearances?—A. There were two hundred sheets referred to.

Q. That is all right, go ahead, take all the latitude you want, on the sheet question. Still, explain that?—A. I do not know whether you have the sight entry in May or June, 1923.

Q. I am giving you the benefit of the doubt and I am putting all of 1923 into these ten.—A. Are they September and October, 1923?

Q. Yes, these are October and November, as a matter of fact.—A. Ten; I gave my evidence based on my recollection, I did not look it up.

Q. Never mind giving evidence on these. We have the record certified by the Deputy Minister before us, and it shows ten sight entries in 1923, for which you got rebate.—A. Mr. Stevens, it very often happens when a shipment comes in of fifty cases the Customs Broker splits them up into three entries, and he may out of four or five shipments, have made ten entries.

Q. You do not get my point, but we will agree with that. What I am asking is, whether it was five or six shipments or a dozen? You did use two hundred blank certified invoices in that number of entries, that is what I am asking? How did you do that?—A. You mean, we should have used a much smaller number?

Q. I am asking how you used two hundred.

By Mr. Tyndale, K.C.:

Q. How did you come to use so many sheets for so few shipments?—A. In the fall of the year we get merchandise which is packed through specific orders and each case may take up one sheet and it has to be handed into the Customs in duplicate, and that would take two sheets sometimes.

Q. How many cases would there be in a shipment?—A. There might be fifty cases in a shipment.

By Hon. Mr. Stevens:

Q. Of course, when you were handling these personally, these deliveries, that is what you refer to, personal delivery?—A. I am referring to shipments that were made us specifically for our customers.

Q. To deliver direct to the customer without unpacking?—A. Yes.

Q. That is a through delivery?—A. Yes.

Q. You would clear each of these?—A. We would clear the whole shipment.

Q. You still have ten on the total, and you can give no explanation.

Mr. TYNDALE, K.C.: Would you like me to put the question?

Hon. Mr. STEVENS: So as not to break into this, this statement is supposed to be read.

Mr. CALDER, K.C.: I had better read this into the record.

Hon. Mr. STEVENS: It can be copied in.

By Hon. Mr. Stevens:

Q. My point is this, Mr. Gaunt, according to that, taking the average, you must have used twenty of these blank certified invoices for each of these entries. Now, can you show me a single entry where you used twenty sheets? —A. Where I used twenty sheets?

Q. Yes.—A. I think that would be an easy job.

Q. Well, take one out and we will look it over.—A. Well, I have not got the invoices, but I think it would not be a hard job.

Mr. TYNDALE, K.C.: May we do that during the luncheon adjournment?

The CHAIRMAN: Certainly.

The Committee adjourned till 3.30 p.m.

AFTERNOON SITTING

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

JOHN WILLIAM GAUNT recalled.

By Hon. Mr. Stevens:

Q. Have you succeeded in locating a sample of an invoice with 20 sheets?—A. Oh, easily. Here (indicating) for instance.

Q. Is this the only entry?—A. This is one case which took one sheet. If the Customs sheets were in duplicate it would take two sheets.

Q. Can you show me an entry with 20 sheets? It is not important, but you said you could.—A. I have no entry forms.

Hon. Mr. STEVENS: All right; let it go at that. It is not worth bothering about.

By Mr. Bell:

Q. Mr. Gaunt, this morning you made a statement, if not just in these words, at all events to this effect, "I left my business a good deal in the hands of my staff, and that is why I am here to-day." Do you recollect saying that?—A. Yes.

Q. In whose hands specifically did you leave it, with that result?—A. First with Mr. Mann, then with Mr. Meredith, and then with Mr. Burgess.

Q. What were the things to which you refer done by either or all of these men, which have brought you here to-day?—A. They attended to the clerical work; they attended to the checking of the Customs invoices; they attended to the bookkeeping end entirely.

Q. I take it that had their work been properly, legally, and conscientiously done, that would not have brought you here to-day?—A. No.

Q. Then what was it that they did which brought you here to-day?—A. Personally I believe they did not understand this whole thing. They got balled up with the exchange.

Q. And do you suggest that their ignorance of the work they were doing was responsible for anything that happened?—A. Their ignorance and their carelessness.

Q. And in what specific acts did that ignorance and carelessness result?—A. For instance, when we were shipping via Holland, the invoice value of the Customs—

Q. I will put it briefly to you in this way; it has been suggested here that there has been gross undervaluation. Is it gross undervaluation you have in mind when you speak of their acts?—A. I have never been shown any undervaluation. I have been told there is, but I have never seen it myself.

Q. What do you criticize them for, which brought you here?—A. I criticize them because I personally never checked the Customs entries—

Q. No, you would not criticize them for that. What did you criticize them for doing that brought you here?—A. For assuring me that everything was all right; that everything was carefully checked and gone into.

Q. When the truth was what?—A. When the truth was that they did not check it; they just signed the invoices and never bothered their head about it.

Q. And in what did that result, that brought you here?—A. After Mr. Mann left, he started to write to Mr. Wilson, and Mr. Wilson sent up two men to inquire.

Q. And they found what?—A. They examined the books in our office for a day, and took all the invoices away, and sent them back again.

Q. And then they found out about those invoices, of which complaint is now made?—A. In 1925, Mr. Burgess started again.

Q. Tell me this. At what date did you discover that your employees, of whom you have just spoken, were not properly conducting your business?—A. I would say in 1924.

Q. You discovered that then?—A. Yes.

Q. In respect of whom of the three you mentioned?—A. Hurson, for one. Hurson made a good many statements which were found to be unfounded.

Q. And what of the others?—A. And Mr. Burgess left in November, 1923—at the end of November, 1923.

Q. Yes?—A. And he personally left it all to Hurson.

Q. And when you made any of these discoveries, did you continue to keep the men whose incompetence you had discovered?—A. No.

Q. At what date did their discharge take place?—A. At various dates, but they all left.

Q. You never kept one of them after you found that out?—A. No.

Q. And then in what respect, having discovered their incompetence, and dispensed with their services, did you change your system, finding it had been wrong?—A. I do not think there is any undervaluation in 1924 or 1925.

Q. So it comes to this; that, having discovered they were not doing it properly, having discharged them in consequence of that discovery, you still kept on in the same old way yourself?—A. No, I was not aware of undervaluation at all. They started in 1925.

Mr. BELL: I will ask your attention to that, without delaying the committee longer, when we have the report of the auditors.

By Mr. Calder, K.C.:

Q. Do you know now whether there is undervaluation or not?—A. I have never been shown a single invoice by the Customs Department.

Q. You were shown one by Mr. Stevens this morning?—A. Oh yes; since I have been here.

Q. Is it not a fact that they are all practically in the same condition, that every change wrought by the use of blank or partly blank signed and certified invoices resulted in a benefit to you?—A. No, sir. I saw an invoice last year on which we paid double duty we should not have paid.

Q. One invoice? Were there several such?—A. It was used as a specimen by Mr. Fowler.

Q. It is not true, then, according to you, that the invoices used for Customs purposes were uniformly lower in the valuation of the goods than the prices you actually paid?—A. That depends entirely on the exchange.

Q. Is it true or not?—A. I don't know. I have not checked them, Mr. Calder.

By Mr. Tyndale, K.C.:

Q. It is not true in respect to the one you have mentioned?—A. No.

By Mr. Calder, K.C.:

Q. Mr. Gaunt, in every case you knew what you paid, did you not?—A. Yes —at least, my employees did.

Q. And you knew at what amount the invoices had been calculated, did you not?—A. Well, we were supposed to.

Q. Did you not?—A. Yes.

Q. Then in every case in which there was an undervaluation, you were aware of it?—A. I personally was not.

Q. What do you mean by saying that "you knew" and that you "did not know personally."—A. I knew the way those invoices were supposed to be filled in; the instructions I had given.

Q. On each individual invoice you knew what you paid the man who sent you the goods, did you not?—A. Yes.

Q. And in each of those cases you knew at what price the invoices had been entered?—A. I did not check them up, Mr. Calder.

Q. So, as a business man, you looked only at the paying end of your business, and not at the receiving end?—A. Well, the goods were checked up. I knew the goods were checked up when they came in.

Q. Is it your oath that you never, on any occasion, inquired into the amount paid for Customs—or checked it?—A. I personally did not check it.

By Hon. Mr. Stevens:

Q. You did not answer Mr. Calder's question. You simply said you did not personally check it. That might simply be physically checking the invoices. —A. Yes.

Q. Did you have any knowledge of the amount of those invoices?—A. No, I did not.

By Mr. Calder, K.C.:

Q. Now, you told us that a settlement of the seizure here in Ottawa—I do not want you to play upon the word "settlement;" I had better make that clear —that the payment of a sum of $3,900 odd—

Mr. TYNDALE, K.C.: $3,200.

By Mr. Calder, K.C.:

Q. —$3,200 as a deposit on the goods seized in order to procure their release, was no ingredient at all in your pleading guilty?—A. That is correct, sir.

Q. Did you see Mr. Knox on the morning of your plea of guilty?—A. Yes, I did.

Q. Did you not say to him at that time that a settlement had been arranged and you would plead guilty and that would clean up the business?—A. That is what my partner said.

Q. Did he not say that in your presence?—A. I think he did. I was talking to Mr. Knox—

Q. You heard him say that, and yet you contend that was no element in your plea of guilty?—A. I think you had better ask my partner about that.

Q. You know, Mr. Gaunt, it is a principle of law that if a man allows a statement to be made in his presence, without challenge, when he has the facts to challenge, he is held to concur in it. It may be an unfair rule, but it is generally so taken. So you did not protest against that statement at that time? —A. I don't think—

Q. You heard the statement?—A. Yes.

Q. It was made in your presence?—A. Yes, I think so.

Q. And you did not challenge it?—A. I was talking to Mr. Knox about something else—

Q. You did not challenge it?—A. No.

Q. Then you concurred in it?—A. No.

Q. Did you challenge that statement?—A. No, I did not.

Q. Then you concurred in it?—A. No, I did not.

Q. You are quite energetic about saying "no" now. Why did you not say "no" as clearly at that time?—A. That was made in response to Mr. Knox. What had Mr. Knox to do with it?

Q. That is your attitude?—A. Yes. What is the use of talking to Mr. Knox, anyway. He has not got anything to do with it.

Hon. Mr. STEVENS: Well, he had quite a bit to do with it, I should think.

WITNESS: I am not responsible for his acts.

The CHAIRMAN: That has been settled already, Mr. Calder.

Mr. CALDER, K.C.: That is not the point I am making, Mr. Chairman. The point I am making is that he stated this morning that the settlement was no element in his plea of guilty.

By Mr. Calder, K.C.:

Q. Now, Mr. Gaunt, that settlement was not negotiated, was it, without your knowledge?—A. No sir.

Q. Who negotiated it for you?—A. I think Mr. John Bain did not negotiate; the Customs simply told us to pay so much, we paid it, and the goods were released.

Q. It is your statement that the seizure being imposed on the goods, you did nothing until the Customs volunteered to release them, that they went to you and said that they would release them upon payment of $3,200?—A. They did not come to us, Mr. Bain came to us.

Q. Mr. Bain initiated it?—A. I do not know.

Q. Did anybody else intervene in the case?—A. Not so far as I know.

Q. Did you understand at the time that that would end the matter?—A. No, sir.

Q. When was the matter taken up by the Department with you again, after the settlement, and before this inquiry?—A. I went to the Department, I think, the day after the conviction for having blank invoices; after being fined I went to the Department and got certain invoices before going to Germany. Those invoices I wanted for the prosecution of Mr. Schneider.

Q. So that the Department relinquished a part of the evidence they might have used against you, to enable you to go to Germany to defend your rights? —A. Yes.

Q. While the matter was still pending?—A. They could have got those invoices at any time they wanted them. They did get them all back, too.

Q. But in the meantime they trusted you with an important part of the evidence, to be taken over to Germany, for your purposes?—A. These statements, and they had the correct lists.

Q. They gave you the correct invoices?—A. Yes.

Q. They gave you the original evidence?—A. They gave me part of the original evidence.

Q. To be taken to Germany?—A. Yes.

Q. What other step did the Department take in your case, until now?—A. I know that I sent certain affidavits from Germany.

Q. Outside of that, what step did the Department take in your case, of any kind?—A. This business started I think, on the 6th of January, and I only came back for this Customs inquiry business.

Q. From the moment you pleaded guilty and were released, and paid $3,200, your goods were released; from that moment what did the Department do to establish a mutual accounting between you?

Mr. TYNDALE, K.C.: I think, Mr. Chairman, in fairness to the witness, I should object to the form in which this question is put, for the reason that it assumes that the plea of guilty and the payment of the deposit to the Customs Department were made at the same time, which is not the case.

Mr. CALDER, K.C.: All right. I will make that distinction for my learned friend.

Mr. TYNDALE, K.C.: Because it is misleading.

Mr. CALDER, K.C.: It is misleading only to the person who wants to believe it so.

By Mr. Calder, K.C.:

Q. From the moment at which you paid $3,200, and your goods were released, and the subsequent and other moment when you paid the $500, and were yourself released, what steps did the Department take until now, to bring about a mutual accounting?—A. None, as far as I know.

Q. Did you tell Mr. Knox at the time your plea of guilty was accepted and the fine was imposed that you were going to Germany for the purpose of getting affidavits, and that upon the production of those affidavits, your deposit of $3,200 would be released?—A. I do not remember.

Q. You do not remember?—A. No.

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

By Mr. Tyndale, K.C.:

Q. Is it not a fact, that some of the goods are still under seizure by the Customs Department?—A. Yes.

Mr. CALDER, K.C.: Since we are very formal here, I object to my learned freind doing this afternoon what he did all morning; that is, putting in evidence to which his client may assent.

Mr. TYNDALE, K.C.: The question is withdrawn.

By Mr. Tyndale, K.C.:

Q. Did you receive back from the Customs Department all the merchandise which they seized?—A. No, sir. Five cases which were imported prior to the 1st of January, 1924, are still under seizure.

Q. They are still under seizure?—A. Yes, sir.

Q. Have you ever received a notice from the Minister of Customs or from anyone on his behalf that the Customs Department had come to a decision in your case, and that you were or were not to pay a certain amount of duty?—A. No, sir, never.

By Mr. Bell:

Q. Did you ever press for a decision?—A. Did I press for a decision?

Q. Yes?—A. No. I want to get my evidence in Germany first.

By Mr. Calder, K.C.:

Q. Have you any other evidence besides the affidavits you filed with the Department?—A. Evidence in what behalf?

Q. You have just mentioned evidence, have you any other evidence to file with the Department except the affidavits you file now?—A. I think Mr. Bain filed a letter from my lawyer to Mr. Schneider, and Mr. Schneider's reply.

Q. Did that complete the evidence that you had to produce?—A. No.

Q. How long is it going to take you to produce the evidence?—A. Naturally I cannot go over to Germany and spend two months there, just after Schneider's evidence.

Q. Is it not because you are satisfied with the payment of $3,200 instead of the amount you owe to the Department?—A. No, sir, because I figure that Mr. Schneider owes me between $20,000 and $30,000.

The CHAIRMAN: Can you give me that letter, Mr. Calder?

Mr. CALDER, K.C.: Yes, I think so. There was a request there which I thought I would preserve, Mr. Chairman, in that letter.

The CHAIRMAN: This is not the one I mean.

Mr. CALDER, K.C.: Is it the long letter?

The CHAIRMAN: Yes. It is dated September 21, I think.

Mr. CALDER, K.C.: It must be on that file, if it is at all available.

By the Chairman:

Q. Mr. Gaunt, Mr. John Bain, the Departmental agent was your representative in Ottawa?—A. Yes.

Q. In the Department?—A. Yes.

Q. Are you aware that on September 21, 1925, he stated your case to the Department of Customs?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. He was retained by you to do that, was he not?—A. Yes, sir.

By the Chairman:

Q. Do you identify this letter, Mr. Bain's letter, which shows the whole thing?—(No answer).

Mr. BELL: Is it one letter, or is there a letter in reply to that?

The CHAIRMAN: It is a brief.

Mr. BELL: That is his side of it.

Hon. Mr. STEVENS: No, Mr. John Bain is an expert on Customs work; he was retained by Mr. Gaunt to put his case up to the Department, and Mr. Bain put it up in this long letter which, from his angle, is a very complete resume of the case.

Mr. TYNDALE, K.C.: Since Mr. Bain's name has been mentioned, I may say that he has told me that although he is very busy, he will come here on a telephone call if required.

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

By Mr. Tyndale, K.C.:

Q. Do you remember in connection with the conversation of Mr. Porteous with Mr. Knox, whether that conversation took place, or that statement was made before or after you entered the plea of guilty?—A. After.

Q. Did the system in vogue with regard to the changing of currency from German marks to Canadian dollars, invariably work to the advantage of the importer?—A. It did not, apparently.

Mr. TYNDALE, K.C.: Might I ask for the production of file No. 8043 of the Department, Mr. Calder? There is a letter dated May 19, 1925, signed by one Paquette, addressed to Chief Preventive Officer Wilson, I think. I would like to ask that the letter bearing the date I have mentioned be read into the record.

Mr. CALDER, K.C.: All right. It is dated May 19, 1925, from Mr. Paquette to Officer Wilson, of the Department. Paquette was a Customs officer, I think, in Montreal, or one of the officials of the Department. The date is right; there has been some inversion in the filing, here. This letter is dated May 19, 1925 and reads as follows. (Reads):

"MAY, 19, 1925.

W. F. WILSON, Esq.,
Chief Preventive Officer,
Customs and Excise, Ottawa, Ont.

SIR,—With reference to the attached representative invoices for goods purchased in Germany by John Gaunt & Company, Montreal, Que., from Puppenfabrik Maar, Germany, through Robert Schneider, Coburg, Germany, before going any further in the way of compiling an undervaluation statement, it would appear to be necessary to have a ruling from the Department as to which is the true invoice for Customs purposes, viz., the one made at time of purchase, or the one made at time of shipment. For instance, entry No. 8712E; on the 18th December, 1922, John Gaunt, through Robert Schneider, his purchasing agent in Germany, purchased a lot of dolls amounting to 891,875 paper marks. (The mark at that time was quoted at .01 per cent) or $89.18 in Canadian money (Exhibit No. 1). The goods were sent to a warehouse in Germany, and on the 3rd of April, 1923 were shipped to Canada and passed at Customs at a value of 847,281 paper marks. (The mark at that time at the date of shipment was quoted at .004 per cent) or $33.90 (Exhibit No. 1-A).

In the case of Exhibit No. 2 and No. 2-A it will be noted that on the 22nd February, 1923, John Gaunt & Co. purchased a lot of dolls in Germany for $105.30. These goods were not shipped to Canada before the 3rd of April, 1923, and passed at Customs on an invoice for 2,106,000 paper marks, representing at that date $84.25 in Canadian currency. The purchaser paid the manufacturer in Germany $105.30 in dollars on the 28th of February, 1923 (Exhibit No. 2-B), but the importer (John Gaunt & Co.) paid duty on $84.25 only.

In the case of Exhibits No. 3 and 3-A it would appear that the value of the mark has increased from the 3rd of February, 1923, the date of purchase, and the 3rd of April, 1923, the date of shipment, inasmuch as the mark was quoted at .002 on the 3rd of February, 1923, and at .004 on the 3rd of April, 1923. In this case, the importer in Canada would appear to have paid duty on a higher valuation than the original purchase price for the said goods.

A ruling from the Department as to which invoice should be considered as the true invoice in the three representative cases submitted, would enable me to go ahead with the statement with more precision and correctness.

I have the honour to be, Sir,

Your obedient servant,

H. A. PAQUETTE,
Special Customs Officer.

Encls. 3."

Did you point out this invoice or these invoices, in which the mark had depreciated to the extent of 2/1000 of a cent to Mr. Paquette?—A. I did not. I do not remember. I have never seen Mr. Paquette—I may.

Q. That would make it certain. You surely can remember that you did not?

Mr. BELL: He is certain of the latter statement.

By Mr. Tyndale, K.C.:

Q. Have you ever seen Paquette, or discussed it with him?—A. He came in in September, 1925, if I remember correctly.

Q. Was that the first time you saw him?—A. Yes, and he did not come on business.

By Mr. Calder, K.C.:

Q. What did he come to see you about?—A. Some German imports.

Q. On Customs business?—A. No, he wanted to get some German razor blades.

By Hon. Mr. Stevens:

Q. Did he want to bring them in himself?—A. No. There would be no object in bringing German razor blades in for his own use. They were no good anyway.

Q. Did you tell him that there would be no object in bringing German razor blades in for his own use, that they were no good anyway?—A. No, I did not.

Mr. TYNDALE, K.C.: I would respectfully draw the attention of the Committee to two points in connection with that letter. The first is that the invoices attached thereto were typical invoices, or some such expression; secondly, that even a Customs officer in Montreal was uncertain as to the method of calculation which the regulations required, consequently it is not surprising if some of the importers from Germany did not know exactly how to proceed. These are two points which I think that letter brings forth.

Mr. BELL: The report of the auditors will help us, whether these are typical or not.

Mr. TYNDALE, K.C.: It is a letter from the Customs officer who did not himself know the proper procedure.

Hon. Mr. STEVENS: He was asking for a ruling from the Department.

Mr. TYNDALE, K.C.: Yes. Apparently the method was indefinite, at that date.

By Mr. Tyndale, K.C.:

Q. Now, Mr. Gaunt, at the adjournment we were discussing an invoice, where there appeared to be a certain discrepancy in the price paid to the original manufacturer and the price at which the goods were passed through the Customs in Montreal, the difference being approximately, if I remember rightly, thirty per cent; can you offer to the Committee and particularly to the Hon. Mr. Stevens, who discovered it, any explanation?

Hon. Mr. STEVENS: The Hon. Mr. Stevens did not discover it. The Hon. Mr. Stevens used an invoice which was before the Committee.

Mr. TYNDALE, K.C.: I will withdraw the latter part of the question.

By Mr. Tyndale, K.C.:

Q. Can you offer any explanation which will clear up this discrepancy?—A. Can I have the invoice? The invoice, I think, was dated April 6th, 1923.

By Hon. Mr. Stevens:

Q. The invoice is very simple. You remember the invoice from the shipper, Boehm was $212?—A. Yes.

Q. You paid Boehm $212?—A. Yes.

Q. The invoice upon which you paid duty was $165?—A. No, Mr. Stevens, that is not correct. The invoice on which we paid duty was in March.

Q. Reduced to $165; do not quibble about that?—A. The thing is this, the Customs used to issue a bulletin for each week, and they gave a rate on the

mark. There is just that much difference, if they gave a rate that would show .005 but they give .004 and that makes a difference of twenty-five per cent. If Mr. Hurson had taken the invoice at .005 it would have given over $210.

By Mr. Tyndale, K.C.:

Q. Did Mr. Schneider, so far as you know, take an average every week or take the exact rate of exchange on the date he made it out?—A. Mr. Schneider took the exact rate of exchange on the day he made it out, the exact rate as he made it in Germany.

Q. And the rate entered at the passing of the goods here was taken from the Customs bulletin, which as I understand you correctly gave an average rate or two rates, minimum and maximum?—A. Yes.

Q. That might vary as much as .001?—A. Yes.

Q. That is to say these Schneider invoices would show a mark at .004 and the Customs bulletin would show it at .005?—A. Yes.

Q. Is that correct?—A. Yes.

Q. Is there any other element that would enter into the matter and would want explaining?—A. There was no difference between the Berlin rate of exchange beyond the price of the mark in New York, and I think the Customs in Montreal were guided by the mark in New York, and only the difference between the American and the Canadian dollar.

Q. You paid this particular firm of Boehm and Company and they insisted upon payments for their goods in U.S. dollars?—A. Yes, because the Canadian dollar is not traded on the Berlin exchange.

By Hon. Mr. Stevens:

Q. That is your explanation?—A. Yes, Mr. Stevens.

Q. In full?—A. Yes.

Q. Then, the fact remains you paid Boehn $212, did you not?—A. Yes.

Q. Did you ever see a Customs regulation, in your life, which authorized you, or your Customs broker, no matter what the exchange was to clear an entry at a figure less than you paid for it?—A. No, I do not think so.

Q. Never?—A. No.

By Mr. Tyndale, K.C.:

Q. Did you ever see a Customs regulation which forbade such a practice?

Hon. Mr. STEVENS: That is not the point at all. Have we got to regulations to tell a man to go and eat?

By Mr. Tyndale, K.C.:

Q. I beg the honourable member's pardon. I want to establish and shall endeavour to do so, that this particular invoice was made out in accordance with the system which was in force in the Department at that time, and if it worked to the disadvantage of the Collector it is not Mr. Gaunt's fault, but is the fault of the law or regulations made under the law.

Hon. Mr. STEVENS: That is the reason I asked your client if he was quite through with his explanation. We have all the statements and witnesses will give evidence entirely different from your client, and we could argue the point with your client from now till doomsday.

Mr. TYNDALE, K.C.: It would have been fair to my client if the prosecution had made a case first and given us an opportunity to answer it.

Mr. CALDER, K.C.: It is not a prosecution; it is an inquiry.

Mr. TYNDALE, K.C.: That is merely a play of words. There is no question about it that the attorney for the Committee is endeavouring and the nature

of his questions shows that he is not examining but cross-examining the witness, inasmuch as practically every question is a leading question. There is no doubt about that, is there?

Mr. CALDER, K.C.: You would not expect me not to lead with your client.

Mr. TYNDALE K.C.: That establishes the fact that you are not examining the witness.

Mr. CALDER, K.C.: I am examining a witness whom I take to be hostile to my contention. He must be that, because you did not protest against the method of cross-examination.

Mr. TYNDALE, K.C.: I am simply pointing it out.

Mr. CALDER, K.C.: Besides, I think I was justified in what I did from the fact that we have a theory of explanation which changes as new facts are put to the witness, and I think it was a very good thing that we began with Mr. Gaunt, otherwise he may have shifted more excessively.

Mr. TYNDALE, K.C.: We had better not discuss the matter as it is going into the records, and these are statements we should not make.

Mr. CALDER, K.C.: I think we should remain out of the domain of argument as much as possible, and I did not begin it.

Mr. TYNDALE, K.C.: I only desired to give an explanation in regard to Mr. Stevens' question.

By the Chairman:

Q. See if I understand you; when you bought these things from Boehn and Company, you paid $212 to them?—A. Yes.

Q. Even after you received the goods in Canada?—A. Yes.

Q. You were obliged to pay that $212 because there was a contract between you and them?—A. Yes.

Q. And you received the goods in April—I think May?—A. The 24th of May.

Q. At the rate of exchange you calculated on the basis of $165?—A. Yes.

Q. Then, in connection with the currency at the moment, there was a rate of .001 per mark furnished by the Imperial Bank of Canada, and against that there is the rate of .004 and you paid the Customs duty of $53.63?—A. Correct.

By Mr. Calder, K.C.:

Q. You knew that was not the price you paid for the goods and the goods are dutiable upon the price they cost the importer?—A. I did not know at the time.

By Mr. Tyndale, K.C.:

Q. Is it not a fact, according to the law?—A. That is not a matter of regulation, but a matter of the act that goods are assessable on the appraised value.

Q. The invoice is not based on the calculation?—A. As a matter of fact, all goods should be appraised regardless of invoice value.

By Mr. Calder, K.C.:

Q. When that happened you put in papers to get a rebate basing your request upon invoices which you had made out in the way you told us?—A. When we passed a sight entry, the Customs accepted them, but the Customs accepted them, but the Customs law was that the goods have been appraised.

By the Chairman:

Q. Were you aware there were regulations of the Customs Department about the depreciation of the currency?—A. I knew in 1921 Sir Henry Drayton brought in a fifty per cent depreciation law which was in force for about a year.

Q. Afterwards?—A. Afterwards I think the law came out.

By Hon. Mr. Stevens:

Q. It was not in force at the time of these invoices that we are discussing? —A. No.

Q. The law came out because from a country whose currency was depreciated, the currency should be of a price showing the invoice value, with regard to the particular country, where their currency was not depreciated?—A. Yes.

Mr. CALDER, K.C.: The appraiser was not to value below the price actually paid.

By Mr. Tyndale, K.C.:

Q. Even in cases where you did not make sight invoices, but where invoices were introduced, the law provided that goods were to be appraised by the Customs official?—A. Yes.

Q. Apart from the instructions you have already mentioned as having been given by you to your employees, did you give any other instructions as to the manner in which invoices were to be made or entries were to be passed? —A. I did not.

Q. As a matter of interest, who were your auditors in 1921, 2, and 3?— A. Clarkson, Gordon and Dillworth.

Q. During the period, did they ever criticize the method of keeping your books or anything of the kind?—A. They did not, except in 1924, when they presented a written reply.

Q. Except what?—A. Except they made an audit at the end of June, 1924.

Q. Is that the only criticism you got?—A. That is the only criticism.

Q. Did the criticism have reference to the Customs invoices?—A. No, sir, it had reference to a discrepancy in the books.

Q. Not referring to Customs entries?—A. No.

Mr. TYNDALE, K.C.: Mr. Chairman, we may or may not introduce this later as occasion may require.

By Mr. Calder, K.C.:

Q. When you submitted all your documents and books for audit to Clarkson, Gordon and Dillworth, you did not submit the invoices you had submitted to the Customs because you told us this morning you did not have these?—A. They had the Customs entries. They had the vouchers from the Customs Broker.

Q. They were examining the books merely from the point of view of your firm to find out whether payments were properly vouchered and receipts properly accounted for?—A. I am not trying to blame the accountants for the defalcation.

By Mr. Tyndale, K.C.:

Q. Did they have access to all your books and documents?—A. Absolutely.

By Mr. Calder, K.C.:

Q. Did these include the invoices that were produced to the Customs?— A. They had access to any documents in the firm.

Q. Did these documents include invoices you turned in for Customs purposes?—A. They had access to anything that they wanted to see.

Q. Did these papers include your invoices? Please do not wriggle in that way, but give your answer.—A. The Customs invoices were handed to the Customs Department.

Q. You did not have them?—A. They got them.

By Mr. Tyndale, K.C.:

Q. Did they have the original invoices from the manufacturers? They would have the books and the books would show the entries and the amounts paid to the Customs?—A. If I remember rightly we had a copy of the entry forms.

By Mr. Calder, K.C.:

Q. Did you take up with the auditors the basis upon which your goods were appraised and what article of the schedule they fell under?—A. No, sir.

Witness retired.

JAMES H. MANN, called and sworn.

By Mr. Calder, K.C.:

Q. What is your occupation, Mr. Mann?—A. At the present?

Q. Yes.—A. Branch Managing.

Q. Were you ever in the employ of John Gaunt?—A. Yes, as accountant.

Q. When did you enter his employ?—A. In the fall of 1921, October.

Q. October?—A. Yes, the early part of October.

Q. Did you open the books?—A. I started the books.

Q. Before your coming were there any books of any kind?—A. Not that I saw.

Q. What were the documents that were handed over to you by Mr. Gaunt? —A. Well, nothing specifically other than a lot of papers that were in a valise.

Q. Did these refer to the business started in Montreal, or to the business that had been conducted in Winnipeg?—A. I could not draw any books from the papers that were handed to me.

Q. In the course of your operation as bookkeeper for John Gaunt, did you at any time draw up a profit and loss account, covering the period from the 1st September, to the 31st December, 1921?—A. I would think so.

Q. That would cover the papers that were handed to you by the firm, and would form the basis of your first report?—A. Yes.

Q. I am asking this question merely in order that the amounts of duty which is alleged to be due the Government may be fixed, because there was an item of $23,011.20, which the auditor in his report mentions as duties and which was not collected, and he must either take it into consideration or leave it out. When did Mr. Gaunt go to Germany to make purchases which ultimately were delivered?—A. Just after I joined his firm, I would say October or November.

Q. It was certainly after September, 1921?—A. Yes, he had already been there a year before.

Hon. Mr. STEVENS: What year is that?

Mr. CALDER, K.C.: 1921.

By Mr. Calder, K.C.:

Q. He had been in Germany before?—A. Before, I understand.

Q. When you started out with John Gaunt was there any stock on hand?— A. Very little, I never saw very much.

Q. Was there any stock in transit or in bond as far as any information Mr. Gaunt gave you was concerned?—A. No, sir.

Q. Will you tell us where you got the figure of the merchandise on hand and in transit as of the 1st September, 1921?—A. There is a balance sheet of 31st September.

Q. I do not want the statement of the 1st September, I am asking for any statement. This is the 31st September. This is the item I mean; you were looking at the top half?—A. Yes, I was looking at the top half.

Q. Who told you to enter the item of $23,011,20?—A. On the instructions of Mr. Gaunt.

By Hon. Mr. Stevens:

Q. Read the item into the record?—A. Merchandise on hand and in transit 1st September, 1921, $23,011.20.

By Mr. Calder, K.C.:

Q. You say you got instructions from Mr. Gaunt to show that item?—A. Yes.

Q. As far as your own knowledge goes, was there anything in existence, either in the books or the papers at all, telling about the stock present on the premises or advice as to any goods in transit to justify an item of $23,011.20?—A. Not to the full amount or anything near it.

Q. On the other side you have Capital Account, $28,000 payment in?—A. Yes.

Q. Where did you get that item?—A. It was given to me by Mr. Gaunt as the figure.

Q. For what purpose? Was it to offset the $23,011.20?

Mr. TYNDALE, K.C.: Might I suggest that the amounts do not coincide, and that counsel should take the figures.

Mr. BELL: I think we have been very, very lenient about that; that is a perfectly legal question.

The WITNESS: I would think so; that it was given to me to off-set.

Hon. Mr. STEVENS: Put your question in this way: Why was one put in assets and the other in liabilities?

Mr. CALDER, K.C.: Why—

By Hon. Mr. Stevens:

Q. Explain that as an account?—A. I do not say, that the Capital Account was put in to off-set the other fictitious amount.

By Mr. Calder, K.C.:

Q. Was there anything either in the books or in his accounts collectable, or in any other form of assets to justify an item of $28,000 beyond the statement of Mr. Gaunt?—A. None that I know of was there. There was very little in furniture and cash.

Q. Subsequently, Mr. Gaunt went to Germany?—A. Yes.

Q. And purchased goods which began to come in?—A. Yes.

Q. Can you tell us what the method of invoicing these goods was while you were accountant? By the way, I forgot to ask you how long you were with Gaunt?—A. I was with Gaunt, as accountant, from October, 1921, to the spring of 1923.

Q. Now, will you tell us while you were with Gaunt what was the method of invoicing from Germany to Canada?—A. There were two sets of invoices, one that came direct from the manufacturer in marks, which went through the books.

Q. At what date were these invoices translated into dollars?——A. They were never translated into dollars—oh, I beg your pardon, I think at the end of each month, but the auditors will tell.

Q. I don't mean at what date was the translation made, but what date fixed the rate of exchange for the purpose of translation? Was it the purchase date?—A. They came through Holland.

Q. Even at that time?—A. Yes.

Q. From the very beginning?—A. Yes.

Q. Through whom did they come through Holland?—A. Buytendyk.

Q. And consequently they were filed at that time in Dutch currency, as far as the Customs was concerned?—A. Yes.

Q. In guilders or florins?—A. Florins.

Q. Was there at that time a discrepancy between the amount paid for the goods on the basis of the manufacturer's invoice, and the amounts paid in the Customs?—A. I always thought so.

Q. It was the general result, was it not, of the double system of invoices? —A. Yes. We practically never saw the Buytendyk invoices. They were used for Customs.

Q. Who saw them?—A. Mr. Gaunt kept them separately, and they were hardly seen in the office; in fact, the auditors never got them.

Q. Mr. Gaunt got the invoices and dealt with the brokers personally?— A. I was the accountant; there was no manager, and he took the part of manager, and he dealt with the brokers during the first part of my tenure of office. I did nothing with the German end of the business. I just entered the German invoices which were paid through Schneider.

By Hon. Mr. Stevens:

Q. Do I understand you correctly that, you, as the accountant, never handled the invoices that were used to pass these goods at Customs?—A. They might have come into my hands, but were put through no books.

Q. You never made any entry of them?—A. No entry; alluding to the Customs entry?

Q. No entries in your books?—A. No, they never went into the books.

Q. And you only entered them in your books— —A. The German invoices.

Q. The original German invoices?—A.The original German invoices, which were paid for. The Holland invoices never went through the books; they were not used in the bookkeeping.

By Mr. Calder, K.C.:

Q. Were the amounts paid the Customs entered in the books?—A. Oh, yes.

Q. Were they entered as total payments, or as individual payments?—A. I don't exactly understand you.

Q. I mean to say, did you enter the amount of each entry as it was put through?—A. Yes, it was a check—as a cash entry.

Q. Did you keep separate Customs accounts?—A. I think the books will show that, Mr. Calder.

Q. Now, at that time, Mr. Mann, were they any blank invoices in the possession of Mr. Gaunt?—A. I never had them in my hands, but I have seen them.

Q. In whose possession?—A. Well, later on, Mr. Meredith joined the firm as manager. I was still the accountant. I have seen them in his hands, and also Mr. Burgess', who came in after Mr. Meredith.

Q. When did Mr. Meredith come in?—A. I am not sure as to the date.

Q. Approximately how long after you did?—A. I think around the spring of 1922.

Q. That is approximately six months after your own advent into the firm?—A. Yes.

Q. And at that time you say you saw blank invoices in the hands of Mr. Meredith?—A. I have seen them in the office.

Q. Do you know how they had reached the office?—A. I always thought that Mr. Gaunt had brought them personally—

Mr. TYNDALE, K.C.: What?

The WITNESS: —but they might have been mailed.

By Mr. Calder, K.C.:

Q. Did you ask for them?—A. No; I had nothing to do with the German end of the business.

Q. In the office at that time, there were, first, Mr. Gaunt and yourself?—A. When I joined the firm, it was in a very small room in the Read Building. There was Mr. Gaunt, a shipper whom he brought from Winnipeg, and a girl stenographer.

Q. And Mr. Meredith was subsequently added to the firm?—A. Yes. That was later on, when the firm grew.

Q. Did you ever see any of these blank invoices in the office before Mr. Meredith arrived?—A. No.

Q. It started at that moment, or thereabouts?—A. Well, after; at what date, I do not know.

Q. Whose signatures were on these blank invoices in the spring of 1922?—A. I cannot tell you.

Q. Were they signed?—A. Undoubtedly.

Q. But you do not remember whether it was the signature of Schneider or Buytendyk or some other person?—A. I don't know; I cannot say.

Q. Can you recollect whether the blanks actually bore signatures in the space where they should be signed?—A. Well, if they did not bear a signature they were signed in the office.

Q. But you saw a signature on them at one time or another?—A. I cannot say as to that, Mr. Calder. Mr. Meredith would handle them, you see. I only know they were in the office.

Q. Do you know where Mr. Meredith is now?—A. I do not myself, but I think the Customs do.

Q. You say you did not handle these invoices yourself?—A. Well, I have handled them—

Q. I mean with a view— —A. Of bookkeeping? No.

Q. Nor with a view of filling them in?—A. No.

Q. Nor with a view of using them?—A. No.

Q. So you do not know for what purpose they were used?—A. I assume they were used—and know they were used, for clearing of Customs, and they were in guilders and different from the amounts that were paid in German marks.

Q. Was the difference in favour of Mr. Gaunt, or against him?—A. Well, at that time there was the 50 per cent depleted currency Act in force, and it was very hard to reconcile how he obtained the difference at the bottom of the Buytendyk invoices. That was done over in Holland.

Q. You left Gaunt, you told us, at what time?—A. The spring of 1923.

Q. Did you at any time report to the Customs on Mr. Gaunt?—A. When I left, I had obtained some money, $5,000, for Mr. Gaunt—

Mr. TYNDALE, K.C.: I beg your pardon?

Mr. CALDER, K.C.: He said he had obtained $5,000 for Mr. Gaunt.

The WITNESS: —as a loan, from a personal friend of mine, and the only security was my own name. There was no other security given. While I was

there in charge of the books, I was the security, and I was afraid lest something might happen, and also I thought there was something wrong, the way these invoices were coming through Holland, so I took advice from a friend, and saw Mr. Wilson, Chief, Preventive Service, on the advice of my colleagues.

By Mr. Tyndale, K.C.:

Q. Your colleague is who?—A. A friend.
Q. I beg your pardon?—A. A friend.
Q. Who?—A. It is not necessary to say who, is it?
Q. Why not?

By the Chairman:

Q. When was that? Do you remember the date you went to the Customs to see Mr. Wilson?—A. Yes.

Q. Will you give us that?—A. I have a statement here I would like to make, which will cover the whole thing.

Mr. CALDER, K.C.: I had better use that as a basis for questioning. (Witness hands document to counsel).

Mr. BELL: I might say, Mr. Tyndale, that in our sittings down to date, we have followed, without exception, the rule that persons making suggestions or giving information, were not to be disclosed unless there was a reason sufficient in the eyes of the committee that it should be done. You may have some special reason now, but I merely mention that for your information.

Mr. TYNDALE, K.C.: I see, sir.

By Mr. Calder, K.C.:

Q. Whom did you see in the Customs Department?—A. Where?

Q. Whom did you first see in the Customs Department?—A. Mr. Weldon, Collector of Customs.

Q. You gave him all the facts you have related here?—A. Yes, and documents.

Q. Did Mr. Weldon take any action thereupon?—A. He telephoned Mr. Wilson.

Q. Did you speak to Mr. Wilson on the phone at that time?—A. No.

Q. Did Mr. Wilson make any request of you?—A. Yes, to go to Ottawa the next morning.

Q. Did you go?—A. I did, the same night.

Q. And you gave him the same details and information you have now given the committee?—A. Yes.

Q. In consequence of the information given by you to the Customs Department, was any investigation made, to your knowledge?—A. Yes, so I understand.

Q. Were you called in on that investigation?—A. I was called to interview the officers at the Windsor Hotel in Montreal, because they made an investigation.

Q. Who were they?—Messrs. Fowler and Paquette?—A. No; Fowler—

Q. And Moore?—A. And Moore.

By Hon. Mr. Stevens:

Q. At approximately what date?—A. About May, 1923. There is a letter on file which will show that.

Hon. Mr. STEVENS: That is close enough. Just so we can get some sequence to this.

By Mr. Calder, K.C.:

Q. You were advised as to the result of the investigation?—A. I was never advised officially.

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

By Mr. Donaghy:

Q. Mr. Mann, these invoices from the factories came into Montreal in guilders or marks?—A. Marks; and they were paid in marks.

Q. The invoices for the Customs: did they come in in guilders?—A. In guilders, yes.

Q. If you translated the marks on one invoice into guilders, and compared it with the guilders invoices, would they tally?—A. I never did that.

Q. You never checked that?—A. No, I did not.

Q. I have been wondering whether they were translated properly—at the proper rate of exchange.—A. That was done over there. Mr. Gaunt looked after all of that.

Q. I was wondering if we had any information on that, as to whether that had been checked or not.—A. I never made that my duty. Mr. Gaunt, in his evidence, said I used to check them. I never did. I resent that statement. He puts the blame on my shoulders. He looked after all the German correspondence and the German end of the business himself, and always did.

By Mr. Calder, K.C.:

Q. Were you still there when Mr. Hurson joined the firm?—A. For a short while.

By Hon. Mr. Stevens:

Q. Did Mr. Gaunt ever instruct you to make out these invoices?—A. Which invoices?

Q. For the Customs?—A. No.

Q. And you never made any out?—A. No.

Q. Then Mr. Gaunt was not correct in saying he did instruct you to make out these invoices?—A. He was absolutely wrong.

By Mr. Donaghy:

Q. Who made these out, Mr. Mann, when Mr. Gaunt would be away?—A. They were not made out here; they were made out over in Rotterdam, I presume—either Rotterdam or Coburg.

By Hon. Mr. Stevens:

Q. Who handled them when he was away?—A. I think he was always there. There were no goods coming over while he was in Germany.

Q. Did any goods arrive when he was away, and invoices from Germany for Customs purposes, come into the office and into your hands?—A. I never took any entries down to the brokers.

Q. None at all?—A. Never.

Q. You are quite clear on that?—A. Quite clear.

By Mr. Donaghy:

Q. Who was in the office who attended to the Customs invoices?—A. Mr. Gaunt. I might have checked additions, but there was nothing to be done with the Customs invoices but check the additions, and the stenographer would check them as well as I would. That was all that was to be done.

Q. You heard Mr. Stevens ask, and Mr. Gaunt said he would be away sometimes for two months, and sometimes travelling through Canada. Do you

know if there would be any Customs clearances made during his absence?—A. The first part of the company was a very small business.

Q. I was not confining my question to that end— —A. Then Mr. Meredith came in, and he took over that part of the business.

By Hon. Mr. Stevens:

Q. After he came in?—A. Yes.

By Mr. Bell:

Q. In Mr. Gaunt's absence, you mean?—A. Yes, he is the man.

By Mr. Tyndale, K.C.:

Q. Mr. Mann, do you say that you never attended to Customs matters while Mr. Gaunt was away, or in Montreal?—A. I said I never went down to the Customs brokers.

Q. Did you not communicate with them?—A. Oh, I might have phoned them about a detail sometimes, on the instructions of Mr. Gaunt, but I would never attend to anything without Mr. Gaunt's instructions.

Q. Not even in his absence?—A. I would not think so.

Q. Do you know when Mr. Gaunt was away, in 1922, for instance? At what period during the year 1922 was Mr. Gaunt absent in Germany, according to your recollection?—A. I think October or November.

Q. October or November?—A. No, it must have been December, because he was in London at Christmas.

Q. Are you quite sure he was not away in November, 1922?—A. I am not sure.

Q. He may have been?—A. He may have been, at the latter part of November.

Q. Is it not a fact, Mr. Mann, that you yourself signed the Customs invoices?—A. I might have done it at the instructions—

Q. Well, did you or did you not?—A. I don't know.

Q. Look here, Mr. Mann; you went and reported this matter to the Customs authorities after you had left the employ of Mr. Gaunt. Surely you know whether or not you signed the Customs invoices?—A. I might have done—

Q. Did you or did you not. Please answer?—A. I don't know.

Q. You are not prepared to say you did not?—A. You would have to show it to me.

Q. You are not prepared to say you did not?—A. No, I am not.

Mr. CALDER, K.C.: I might say right at this point that I am instructed by the auditors that there is not a single invoice in all the books signed by this witness.

Mr. NASH: Not that we have found.

Mr. GAUNT: Not a single Customs invoice?

Mr. CALDER, K.C.: I am not asserting that; those are my instructions.

The CHAIRMAN: Only speak through your lawyer, Mr. Gaunt.

Mr. TYNDALE, K.C.: I apologize for my client. He was carried away for the moment.

By Mr. Tyndale, K.C.:

Q. This friend of yours who loaned the $5,000 to Mr. Gaunt; did you not, during your regime, if I may use that word, renew that loan?—A. The auditors will tell you that.

Q. I am asking you.

The CHAIRMAN: That is easily answered.

Mr. BELL: Answer it, if you know.

The WITNESS: I don't know, definitely.

By Mr. Tyndale, K.C.:

Q. You are not prepared to say that he did not?—A. I don't think so.

By Hon. Mr. Stevens:

Q. In what form was the loan, a note?—A. An agreement, an assignment of life insurance. I must explain that this money was gotten for Mr. Gaunt to go over to Germany with; to capitalize his trip, $5,000.

By Mr. Bell:

Q. No ready money available without that?—A. No; always hard up.

By Hon. Mr. Stevens:

Q. That was the first trip, in 1921?—A. During my tenure of office.

Q. And that was in the form of an agreement with life insurance hypothecated?—A. Yes.

By Mr. Tyndale, K.C.:

Q. You said previously that you were the only security there was then other security beyond your personal guarantee?—A. The assignment of the life insurance.

Q. Gaunt was there for pretty good security?—A. If you like to put it in that way.

Q. So that there was other security besides your personal guarantee?—A. That was a life-saver.

By Hon. Mr. Stevens:

Q. You would not call it much security?—A. Would you call it collateral security?

By Mr. Tyndale, K.C.:

Q. I would call it security?—A. Not collateral.

By the Chairman:

Q. Did you sign this agreement?—A. Yes, as a witness, I think.

By Mr. Tyndale, K.C.:

Q. I am instructed, Mr. Mann, that this loan was renewed?—A. It might be. I am not denying it.

By the Chairman:

Q. Did you sign twice as a witness?—A. Well, I do not know. Did I sign what twice?

Q. The agreement which was renewed?—A. I do not think so.

By Hon. Mr. Stevens:

Q. I do not think there would be any object in saying that it was renewed, we can take it for granted that it was?—A. And I do not know. The books would show that.

By Mr. Tyndale, K.C.:

Q. I have here a letter addressed to the John W. Gaunt Company, under date of January 7th, 1923, which reads as follows:—

"The JOHN W. GAUNT COMPANY,

DEAR SIRS,—In reference to your inquiry *re* loan coming due next month, I would say that it is with great satisfaction that I say again what I said in conversation, that it is a great advantage to me to have the loan extended for a year on the same basis."

A. All right, then it was renewed. I did not know. I am not supposed to see that.

Q. It is not necessary to have the signature in the record, I presume? (No answer).

The CHAIRMAN: That is not very necessary, for the Committee.

By Mr. Tyndale, K.C.:

Q. That is from the lender?—A. Yes.

Q. You stated, I think, in your examination in chief that the practice in regard to Customs entries was followed from the beginning of your tenure of office, namely, in the fall of 1921?—A. That is right.

Q. You were aware of it at the time, were you not?—A. Yes.

Q. When did you first come to be anxious with regard to your friend's money, in view of the manipulations of the company in regard to the Customs duties?—A. As soon as I was disposed of.

Q. You say as soon as you were disposed of, although you knew it from the time you entered the employ of the company?—A. Knew what?

Q. You knew of these manipulations with regard to the Customs?—A. I never used the word "manipulations."

Q. Well, whatever it was, you knew the system followed at the Customs, in regard to Customs entries, from the time you entered the employ of the company in 1921?—A. It was only in accordance with your own statement.

Q. When you left the company in 1923, you became anxious about your friend's money?—A. I did not realize until later on, what it meant.

Q. It was not until you were dismissed that you began to worry about that money?—A. It was not until I was ruthlessly dismissed that I began to worry about the money.

Q. Did that have any reference to the Customs entries, or not; I put it to you that you did try to get that loan back?—A. Sure.

Q. Because you were dismissed?—A. Because I was not there to look after it.

Q. Therefore it had nothing to do with the system followed in connection with the Customs? Is that not correct? (No reply.)

Mr. BELL: He was not a moral reformer.

The CHAIRMAN: Will you allow me to ask a question, Mr. Tyndale?

Mr. TYNDALE, K.C.: Certainly, Mr. Chairman.

By the Chairman:

Q. You went to see Mr. Weldon, and were referred afterwards to Mr. Wilson?—A. Yes, sir.

Q. Did you come to Ottawa?—A. Yes, sir.

Q. What happened between you and Mr. Wilson; tell us that?—A. I showed him the documents.

Q. Which documents?—A. You have them on the file. You may look at them, they are on the file.

Q. You declared to him all the operations of the John Gaunt Company, Limited?—A. No, not all. I told him—what I told him he will be able to tell you.

Q. Do I understand that you gave all the information in that case?—A. All that I had.

By Mr. Donaghy:

Q. All you knew?—A. All I knew at the time.

By Hon. Mr. Stevens:

Q. That was in the spring of 1923?—A. Yes, sir.

By the Chairman:

Q. Do I understand that the declaration you made to Mr. Wilson led to the seizure, through the Customs Preventive Service?—A. Yes, sir.

By Mr. Tyndale, K.C.:

Q. And that was given after you were dismissed?—A. Yes.

Q. Immediately after you were dismissed?—A. Yes.

Q. Or practically so?—A. Yes.

Q. Is it not a fact that you endeavoured to have yourself reinstated in the employ of the company?—A. No.

Q. You did not?—A. No. I might have asked at the time he dismissed me; I might have asked him, naturally.

Q. Well, did you?—A. Possibly. That would be only a natural thing to do.

Q. Did not other persons intervene on your behalf, with Mr. Gaunt in an effort to have you reinstated?—A. Yes.

Q. They were unsuccessful?—A. Possibly.

Q. You did not go back?—A. Presumably not.

Q. After being dismissed, you did not re-enter the employ of the company?—A. No.

Q. In your evidence you said, Mr. Mann, that is, if I understood you correctly, that the amount of the purchase money on the Customs invoices did not tally with that on the manufacturers' invoices. Was that your evidence?—A. Well, one was in florins, and one was in marks. How could it?

Q. Did it correspond after reduction to a common basis?—A. What do you mean, by correspond?

Q. Was it the same price, was the same price entered on both?—A. How could it, when one was in florins and one in marks?

By Mr. Calder, K.C.:

Q. Translated into dollars, would the two sums be equal?—A. I never figured them out.

By Mr. Tyndale, K.C.:

Q. You do not know that?—A. No, sir.

By Mr. Donaghy:

Q. I got the impression from your statement that the Customs invoices showed a smaller valuation than the factory invoices, and I think that was the impression we all got from the answer you gave to Mr. Calder. I thought there was something at fault there when you made that statement. Let us find out about that? (No answer).

By Mr. Tyndale, K.C.:

Q. So that as a matter of fact, you do not know whether they did or did not correspond?—A. Not in dollars and cents.

Q. You do not know?—A. No.

Q. How would you know if you never saw the manufacturer's invoices?—A. I saw the Customs invoices.

Q. Did you not say that Mr. Gaunt kept the manufacturers' invoices?—A. No, I said the Customs. You have it all twisted.

Q. You never saw the Customs invoices, did you?—A. I saw them at a distance, and might have had them in my hands, but I did not work on them to any extent.

Q. I put it to you that you were more or less in constant communication with the Customs brokers through your entire tenure of office? Is that correct? —A. It is not correct, to any extent.

Q. What are your initials, Mr. Mann?—A. My initials are "J.H."

Q. J. H. Mann?—A. Yes.

Q. I have here, Mr. Mann, a few letters, or rather copies of letters on the files of the company, one of which is dated October 3rd, 1922, addressed to Messrs. John Coskery & Co., who were Customs brokers at that time?—A. Yes. What date was that?

Q. October 3rd, 1922?—A. All right.

Hon. Mr. STEVENS: Are these unsigned copies of letters?

Mr. TYNDALE, K.C.: There are notations on them, Mr. Stevens, that is what I have reference to.

By Mr. Tyndale, K.C.:

Q. There are some manuscript notes on these typewritten copies of letters. I have a letter here dated October 3rd, 1922, upon which the initials of the writer appear as "G.H.M." which would be Mr. Meredith, I presume?—A. Will you let me see it?

Q. Yes? (Showing to witness).—A. That is Mr. Meredith.

Q. There is a pencil notation on the letter, reading, "Refund obtained $45.10, J.H.M., November 25th, 1922." Is that your writing, that pencil notation?—A. Yes.

Q. I have another letter, or a copy of a letter, dated November 11th, 1922, on which the writer's initials appear as "R.W.B." That would be Mr. Burgess? —A. Mr. Burgess.

Q. And there is a red ink notation which reads as follows:

"Refund obtained for $255.63,"

and there is an initial below which I cannot quite make out. Is that red ink notation in your writing?—A. Yes, it is, and for book-keeping purposes presumably.

The CHAIRMAN: File it in a bunch, Mr. Tyndale.

Mr. TYNDALE, K.C.: Very good, sir. There is a series of these letters.

Hon. Mr. STEVENS: He has identified two of them, as I understand it.

Mr. TYNDALE, K.C.: Yes, Mr. Stevens.

By Hon. Mr. Stevens:

Q. Did you write these letters, Mr. Mann?—A. No, sir.

Mr. BELL: He says his notations on them were for book-keeping purposes.

By Hon. Mr. Stevens:

Q. Did you dictate these letters?—A. I dictated the "J.H.M." and the "R.W.B."

Q. Those notations are yours?—A. Yes.

By Mr. Doucet:

Q. For what purpose did you make them?—A. A notation as a check, when we got the refund; the cheque had gone through the books.

By Mr. Tyndale, K.C.:

Q. I have another copy of a letter, dated November 27, 1922, upon which the initials "R.W.B." appear, and there is in red ink this notation:

"Refund obtained on 137 cases of $684.25. 'J.H.M.' 13 cases were hardware on which we paid additional."

Is that your writing, that red ink notation?—A. Yes.

Q. It is?—A. Yes, but the cheque was only received on February 1, 1923.

Q. There is a date, February 1, 1923. That substantiates what Mr. Gaunt said a little while ago, that it took some time to get the rebate back. December 9, 1922, is the date of the next letter which I have, and the initials of the dictator, if I may use the term, in this case appear as "J.H.M." Those are your initials?—A. Yes.

Q. Look at that letter, and say whether you have any reasonable doubt but that you dictated it (Exhibiting to witness)?—A. Yes, that is correct.

Q. You did dictate that letter?—A. Yes.

By Hon. Mr. Stevens:

Q. What does it refer to?—A. It is just enclosing some documents.

By Mr. Tyndale, K.C.:

Q. It is dated December 9, 1922, and reads as follows. (Reads):

"Messrs. JOHN COSKERY & COMPANY,
59 St. Peter Street,
Montreal, Que.

GENTLEMEN,—We beg to enclose herewith Advice Note, original B/L and certified invoices together with letter from the Canadian Pacific Steamship Co., covering three cases of toys, and four cases of china goods, making a total of seven cases in all, which arrived on the ss. Melita.

Please be good enough to have these goods cleared for us in the usual way.

Thanking you in anticipation, we are.

Yours very truly,
THE JOHN GAUNT COMPANY,
Accountant."

J.H.M./G.K.

You were the accountant?—A. Yes.

Q. The initials at the bottom read, as I said before, "J.H.M./G.K."?—A. Yes.

Q. The next is a letter dated December 11, 1922, which is addressed to the same firm of John Coskery & Company, in which the initials appear as "R.W.B.", on which there is a red ink notation again, reading:

"For refund see our letter November 27, 1922."

That notation in red ink I presume is in your hand-writing also?—A. Yes, similar to that.

Q. It is yours, is it not?—A. Yes.

Q. I find another letter, dated November 23, 1922, on which the initials appear as "J.H.M."?—A. That is signed by "R.W.B., Manager."

Q. But the initials of the one who dictated it appear here as "J.H.M."?—A. Yes.

Q. Have you any reasonable doubt that you dictated this letter?—A. None.
Q. This letter reads as follows. (Reads):

"NOVEMBER, 23, 1922.

Messrs. JOHN COSKERY & COMPANY,
59 St. Peter Street,
Montreal.

GENTLEMEN,—We herewith beg to enclose Advice Notes together with Delivery Order for 142 cases and 8 cases which arrived on the ss. Minnedosa, invoices for which have unfortunately not arrived up to this hour.

We would, therefore, request you to place a Sight Entry on this shipment, the approximate total value of which we herewith guarantee not to be in excess of $5,200 consisting of:

13 Cases Steelware..	$1,300
137 Cases Dolls and Toys..	3,900
	$5,200

Yours very truly,
THE JOHN GAUNT COMPANY,
R.W.B.
Manager."

JHM/ES.

Apparently Mr. Burgess signed it, and Mr. Mann dictated it?—(No answer).

The CHAIRMAN: File them as one Exhibit, Mr. Tyndale.

Mr. TYNDALE, K.C.: Yes, Mr. Chairman. I will produce this series of six letters as Exhibit No. 158.

Mr. BELL: The latest is December, 1922?

Mr. TYNDALE, K.C.: Yes. They all refer to the months of October, November and December, 1922.

By Mr. Tyndale, K.C.:

Q. I put it to you, Mr. Mann, that from the outset of your employment with the company, you were well acquainted with the procedure that was followed in connection with Customs entries. Is that not the fact?—A. I knew to a certain extent.

Q. You said that when you saw Mr. Weldon you gave him the facts and the documents. What documents do you refer to?—A. Copies of invoices.

Q. Where did you get them?—A. They were duplicates.

Q. But where did you get them?—A. They were duplicates.

Q. Will you please answer the question. Where did you get them, not whether they were duplicates, but where did you get them?—(No answer).

By the Chairman:

Q. That is a very easy question to answer, Mr. Mann?—A. I am trying to think where I got them.

By Mr. Tyndale, K.C.:

Q. Where could the duplicates of these invoices normally be kept?—A. Some were destroyed, if not wanted.

Q. Obviously they were not destroyed. If you gave them to Mr. Weldon. The invoices you gave to Mr. Weldon were not destroyed?—A. They might have been put in the waste paper basket, and I might have taken them out.

Q. Well, where did you get them?—A. I do not know where I got them.

Q. In any event, I put it to you that you were not entitled to take those copies of invoices from your employers after you were dismissed?—A. I do not know.

Q. Did you not abstract them, necessarily?—A. Not necessarily.

Q. From the company?—A. Not necessarily.

Q. Is an employee who is dismissed entitled to take away documents from a company; is it your practice to carry away some of the documents when you are dismissed?—A. That is not any of your business.

The CHAIRMAN: Do not answer in that way, Mr. Mann. This is only to test your credibility.

By Mr. Tyndale, K.C.:

Q. So that your evidence under oath is that you do not know where you got these duplicate invoices you gave to Mr. Weldon?—A. Presumably.

Q. Do not say "presumably." Either say you do not know or do know. Can you not say "yes" or "no". I would like an answer to that question?—A. I do not know where I got them exactly. I got them from the office, somewhere.

Mr. BELL: I would like to know the probabilities.

By Mr. Tyndale, K.C.:

Q. You knew you were not entitled to these invoices?—A. Not if they were thrown away, or if they were put in the waste paper basket?

Q. Is it your evidence that you got them from the waste paper basket?—A. Possibly so.

Q. Those documents you gave to Mr. Weldon were duplicates of invoices which you took from the company's office?—A. And which were often thrown away and destroyed.

Q. But those were not destroyed, if given to Mr. Weldon?—A. No.

Mr. CALDER, K.C.: They were devoted to destruction.

Mr. BELL: Snatched from the burning.

WITNESS: Others similar had been thrown away in the waste paper basket and destroyed.

By Mr. Tyndale, K.C.:

Q. But those were not?—A. No.

Q. You took them from the company's office, and gave them to Mr. Weldon afterwards?—A. If you want to put it in that way.

By the Chairman:

Q. To Mr. Wilson?—A. Yes.

By Mr. Tyndale, K.C.:

Q. It was Mr. Wilson you went and gave them to?—A. Yes.

By the Chairman:

Q. To Mr. Wilson?—A. Wilson.

Q. When he came to Ottawa?—A. Yes.

By Mr. Tyndale, K.C.:

Q. It was Mr. Wilson that you gave them to?—A. Yes.

By the Chairman:

Q. You wanted to make a statement at the very start of the evidence, do you remember? You handed me a sheet of paper, now you are going to read it by order of the Chairman.—A. (Reading):

EXHIBIT No. 159

"That on February 26, 1923, I saw Mr. Weldon, Collector of Customs at Montreal, and did inform him of the facts re John Gaunt case. Mr. Weldon told me it was a bad case, and 'phoned Mr. W. F. Wilson at Ottawa, who asked me to go to Ottawa that night. I saw Mr. Wilson in Ottawa next morning, giving him fullest details, information and documents.

He also told me it was a bad case, and said he would hold off seizure for a while and that I had better see a lawyer and get back without delay the $5,000 which I had got for Gaunt as a loan on my "own name." (Lawyer's fees cost me $175.)

Mr. Wilson explained that when seizure was made everything would go and that I could reimburse my expenses out of the moiety which I would get as original informer.

File 8043 of the Customs Excise Preventive Service will give the committee all correspondence covering the case.

In May, 1923, Ottawa officials came down and made a seizure of Gaunt's books and took them to Ottawa, evidently these found their way back without being opened, so I am told.

When, on March 23, 1925, I was subpoenaed in the Gaunt vs. Burgess case, a friend of mine and an official of the Canadian Manufacturers Association requested the Montreal office of the C. M. A. to watch the case. Mr. Duncan and Mr. Knox were then put on the case.

In conclusion I request this Committee to see that I am reimbursed for my expenses in connection with this case, also that I am paid the moiety legally due me, (as original informer) on all seizures that have been made, or may hereafter be made in this case.

(signed), J. H. MANN."

Q. Now, as you stated you were the original informer in this case; were you paid by the Department the moieties?—A. No.

Q. Did you hear afterwards the moiety was paid to the Commercial Protective Association through their agents, did you know that?—A. Only when I came to Ottawa, not when I wrote that.

By Mr. Bell:

Q. I would like to be clear about that; you said you had prepared the statement and did not know that anybody else had any moiety?—A. No, I was told by Mr. Sparks.

Mr. CALDER, K.C.: The moiety is paid, and if the moiety is paid there must be a decision and the matter is therefore closed. Mr. Gaunt said it was not this morning.

Mr. BELL: That is exactly what suggested itself to me.

By Hon. Mr. Stevens:

Q. How do you know the moiety is paid?—A. I did not know.

Q. You were informed?—A. Yes.

Mr. BELL: I thought that the Chairman's statement was to that effect. I thought, Mr. Chairman, your question was to the effect that the moiety had been paid.

The CHAIRMAN: Paid and received by the Commercial Protective Association. It was admitted here, by Mr. Sparks if I remember.

Mr. BELL: Therefore, we can hardly accept Mr. Gaunt's statement on oath —the matter is still open.

The CHAIRMAN: On the second seizure of $3,400.

Mr. TYNDALE, K.C.: May I make an observation in connection with Mr. Bell's remarks?

The CHAIRMAN: You see, the informer is running still.

Mr. TYNDALE, K.C.: Mr. Gaunt's evidence was substantiated by the receipt which he produced which showed that this payment was on account. He also stated that there were five cases of merchandise still in the hands of the Customs Department, and therefore, I cannot see how the case can be completely disposed of.

The CHAIRMAN: There is the double duty and sales tax.

Mr. BELL: That is what we are discussing.

The CHAIRMAN: This was received by the Receiver General.

Mr. DOUCET: How could the moiety be paid if the seizure was not completed?

Mr. BELL: The Chairman must know.

The CHAIRMAN: That is not the point.

Mr. DOUCET: If the seizure is not closed, then the moiety is not paid.

The CHAIRMAN: It is right to complete the evidence which was given here this afternoon. We have the informer in the Gaunt case. He has come here as a champion of the public to see that they have made a case. That is what is revealed in the case up to to-day.

Mr. BELL: But he does not appear to be the actual informer, if the moiety is paid.

The CHAIRMAN: He comes to Mr. Wilson with the papers in his pocket.

Mr. DOUCET: Can we summarize it?

The CHAIRMAN: It is sometimes wise to summarize things a little. A champion coming before us as a witness.

By Mr. Donaghy:

Q. Who told you that they received the moiety for being the informer? —A. It was not put to me that way. I understood from Mr. Sparks that they had received some money from the seizure, that is all. It was very briefly put, casually.

The CHAIRMAN: You are not released, you will stay here.

Witness retired.

THOMAS HURSON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Hurson, were you ever in the employ of John Gaunt and Company? —A. I was.

Q. When did you enter that employ?—A. On January 2nd, 1923, until the latter end of June, 1924.

Q. January 2nd, 1923 till June, 1924?—A. Yes.

Q. What was the nature of your employment in the firm?—A. I was assistant to Mr. Mann until, I believe, March 28th, or 29th, 1923, when Mr. Gaunt let Mr. Mann out and I took over the office.

Q. During all the time you were employed by John Gaunt Company did you have anything to do with the invoicing in such a way as to know how the invoices were received from Germany and what was done with them?—A. Mr. Gaunt would hand me the manufacturer's invoice and also the Customs invoice. During the time I was there I did the entire Customs work for John Gaunt Company.

Q. You would receive the manufacturer's invoice?—A. Yes.

Q. Direct from each manufacturer, or through Mr. Schneider?—A. Through Mr. Schneider.

Q. Were the invoices, or the names on the manufacturer's headings such as to show the individual manufacturer?—A. Yes, except where Mr. Schneider would buy a job lot, and he would bill it, on his own bill-head.

Q. How were the funds quoted on these invoices?—A. Beginning with 1923 they came in lots starting about May. Seventy per cent came in at least in that way, and we used to pay in dollars, the mark went so far down until it got one hundred and seventy-five million to the dollar, and gradually kept sliding, and then the quotations were in U.S.A. dollars.

Q. At first, you received invoiced quoted in millions? Take for instance, in marks? What arrangement did you make in marks?—A. When the invoice was rendered in marks, they paid in marks; and when the invoice was rendered in dollars, they paid in sterling. When it was rendered in sterling, we paid in sterling.

Q. Were you employed in John Gaunt Company when the invoices were received through Holland?—A. I could not say, I do not know whether they arrived two or three days before I began keeping track of them. I was assistant to Mr. Mann and I saw some Buytendyk invoices the first week. Mr. Gaunt called me to the shipping room for the purpose of going over them, and I counted them and found an error. The man who counted out the aluminum ware had made a mistake and I discovered that the man had charged it twice.

Q. That was the beginning?—A. The first week I was there. A new invoice was made out for the Customs.

Q. A new invoice was typed out?—A. Yes, by Miss Walcott.

Q. Who was then the stenographer?—A. No, the term there was, personal secretary to Mr. Gaunt.

Q. Did you see it typed out?—A. Yes.

Q. What did she type it on, a blank customs invoice form?—A. Yes, there were blank ones there.

Q. And it was already signed?—A. Yes, by Buytendyk.

Q. That was in the first week of your employment?—A. Yes. To be absolutely frank, I called the matter to Mr. Gaunt's attention; called his attention to the mistake. They put, on the Customs invoice, the same entry twice. I called his attention to it and showed him the Customs invoice was more than it should be.

Q. It was rectified by a blank invoice that was filled in in Montreal, although it was signed by Buytendyk?—A. Yes.

Q. Did you see anything of these blank invoices, any more of them?—A. No, sir, it was the only one I personally saw.

Q. Did you see blank invoices subsequently?—A. Yes, in 1923, I sent for a number of them.

Q. How many did you see?—A. About three hundred and ten. We sent for three hundred and I believe they sent three hundred and ten.

By Mr. Tyndale, K.C.:

Q. What date do you say?—A. It was just at the time Mr. Gaunt returned from Germany.

Q. In October, 1923?—A. Yes.
Q. It was after that that you saw numerous blank invoices?—A. Yes.

By Mr. Calder, K.C.:

Q. Had you seen none in the interval between the ones you saw and those in October?—A. No, sir.
Q. There were three hundred?—A. Yes, we sent for three hundred and there were ten extra.
Q. You saw them personally?—A. Yes. I was present in the Private Office, when it was discussed between Mr. Burgess and myself, in Mr. Gaunt's private office, and he said he would send a wire to his mother in England and she would relay the cablegram.
Q. Arrange the invoices?—A. Yes.
Q. What was the purpose?—A. We did not want our customers to know that we were getting blank invoices.
Q. Was it sent in code—A. I could not say. I really do not know if Mr. Gaunt sent it that way.
Q. What date was it?—A. I do not know, Mr. Gaunt could tell you. I was not present when the wire was sent.
Q. I would like to know the date approximately, so that I could get it from the telegraph office.
Mr. TYNDALE, K.C.: May we refer to Mr. Gaunt's evidence?

By Mr. Tyndale, K.C.:

Q. Did you not say it would be October, 1923, that that would be the date?—A. Yes, towards the latter end of October.

By Hon. Mr. Stevens:

Q. The last week in October?—A. Yes, about that.

By Mr. Calder, K.C.:

Q. They arrived and you saw them?—A. Mr. Gaunt gave them to me as they came. They came in four or five different envelopes and Mr. Gaunt opened them and I saw the blank invoices and he gave them to me.
Q. Look at the envelope which was shown Mr. Gaunt yesterday and which has on the address of Robert Schneider, Coburg, care of John Gaunt Company, and is addressed to John Gaunt Company, Reid Building, Montreal, and say whether that was handed to you by Mr. Gaunt?—A. Yes, sir, it was found in my house by the Secret Service man of the Dominion Protective Association.
Q. Were the contents which are now in the envelope— —A. I think there has been nine put in after.
Q. Those that are together?—A. Those in the envelope are the balance.

By Mr. Tyndale, K.C.:

Q. They were what?—A. (No audible answer).
Q. You said they were the balance of?—A. Seven or nine of a balance on hand.
Q. What is that, a balance of what?—A. I said there were seven or nine outside of the envelope and the balance was inside.

By Mr. Calder, K.C.:

Q. When they were found?—A. Yes.
Q. How did they come to be in your house?—A. Mr. Gaunt gave them to me.
Q. To take away?—A. To take to my house.

Q. Why?—A. I typed the invoices at home.

Q. On your own typewriter?—A. No, sir, on the typewriter sent from the John Gaunt Company's office.

Q. What was the idea?—A. We did not want the office staff to know that we were making out invoices.

Mr. TYNDALE, K.C.: Mr. Mann was not there then. He had left the employ sometime before.

By Mr. Calder, K.C.:

Q. I take it—

The CHAIRMAN: The Chairman was not wrong in saying what I said.

The WITNESS: I think you are always right.

By Mr. Calder, K.C.:

Q. Now, since this secrecy was observed so elaborately there must have been a special purpose to which they were put, what was the purpose?—A. Well, some of these invoices were used for getting refunds and some were used for getting in merchandise.

Q. You mean refunds on the other side?—A. Yes. While Mr. Gaunt was in Germany from time to time, a lot of stuff came through Mr. Buytendyk and it is impossible to say in connection with the exchange—

Q. Why?—A. They added the New York exchange on to the invoice and hadn't made them out right. I wrote out the correct copy and sent it, and showed how it should be done and sent it with a letter to Mr. Gaunt in Germany. That missed him, as he had jumped from Germany to England and from England back to Canada. In the meantime, the stuff was going through the Customs, and it may have been five, seven or nine that I put through at sight. Some of these were put through to get a refund.

Q. Now, how many do you say were put through at sight, did you say, 200 sight entries?—A. No, sir.

Q. What was the maximum number of invoices ever used for the purpose? —A. I could not say.

Hon. Mr. STEVENS: It was not to get sight entries through; to get refunds.

Mr. CALDER, K.C.: It is my mistake.

The WITNESS: I could not say; I never kept account. The merchandise we did get through, and Mr. Gaunt will remember the goods, there was aluminum ware and they increased the price fifty per cent, but this was originally ordered for Chase Brothers in Vancouver. We used invoices to get that through.

By Mr. Calder, K.C.:

Q. Was there any other?—A. That came up in a police court action. We had discounted a note at the bank for the goods and we had not shipped all the merchandise, and it came up in a discussion and we got the balance through in March, if I remember correctly.

Q. Was there any use to which these blank invoices were put?—A. That is the only two they could be used for; for clearing merchandise and sight entries.

Q. What were the instructions you were given as to the translation of the marks?—A. Well, when I took over the Customs, Mr. Gaunt called me into his office, and that is really the only long talk we had regarding my duties, clearing at the Customs, and he showed me—they must have come in that morning—he showed me them and showed that they were in blank on the back.

Q. Besides getting invoices that were completely blank, save the signatures, you also got a lot that were blank in part?—A. Well, you could call it that.

Q. They were blank on the back, but the place for the signature was signed? —A. He told me, if I rang up Coskery, the brokers, they would tell me about the work, as they carried on quite a lot of work with which I was not very familiar, and it was the first time we had worked them out. I got in touch with them, and that is how I got to do it, and it was my instructions to do it all the time.

Q. You got your instructions to do it?—A. Yes.

Q. You got your instructions to do it? Now the rate that you were to obtain from Coskery was the rate of the day of purchase, or the day of shipment, or the day of arrival?—A. Well, there would have been no object in leaving the blank if we could put on it the date of arrival, or shipment. I had to get the gold rate on the date I telephoned. That was the date we used.

Q. The date of arrival?—A. The date we phoned through. If a shipment came in, say, on the 16th or 17th of March, I would phone through to Coskery and get the gold rate on that day.

Q. That was the date of arrival?—A. Yes, because I would not attempt to collect the Customs entries until I got the bill of lading.

By the Chairman:

Q. Then you were making money on the falling mark?—A. Yes, the mark was tobogganing and we were gaining by it.

By Mr. Donaghy:

Q. Was it the date of arrival, or entry at the Customs?—A. It would not be the date of entry. We would not enter it until the next day. When we would get the bill of lading, I would put in the date at which it arrived, and I would phone through to Coskery and get the gold rate. Then I would turn around and work them out, and give them to Mrs. Kendall or Miss Schill, or Miss Walcott, to type them in.

By Mr. Calder, K.C.:

Q. And the date which you got quotation for was the very day that you telephoned Coskery, which was the day of the arrival of the cases?—A. It was the day of the arrival of the bill of lading, and the cases would be there either that night, or the next day, within forty-eight hours.

Q. And the Customs clearance would be the next day?—A. Within a couple of days.

Q. Did you do this off your own bat—select the date, or do it on instructions?—A. If Mr. Gaunt told me to phone through for the gold rate, I would phone through for the gold rate on that date.

Q. Did Mr. Gaunt tell you to phone for the gold rate for the day the phone message was put through?—A. He never told me to put on the date of the shipment, or the date of arrival, but to get the gold rate on that day.

Q. And that was the practice invariably followed by you in using these blank invoices?—A. While I was with John Gaunt I did the entire Customs, and that was the arrangement I followed.

Q. During all this time, with very slight recoveries, the paper mark was going down?—A. I don't remember a recovery in 1923. There may have been one, but personally, I don't remember one.

Q. It was persistently going down?—A. Yes; it dropped out of existence finally, and even the Germans would not accept it.

By Mr. Donaghy:

Q. By the way, we saw some bank certificates of the rate. Did you notice that on some of these Customs invoices, apparently put on with a rubber stamp,

signed by the manager of the Royal Bank of Canada— —A. That is my work. I inspected that part of it, and I took them down to the accountant of the Imperial Bank—

Q. To work them out?—A. Yes, I would work them out and he would sign them.

Q. The accountant of the Royal Bank would ask you what rate it was? —A. What I worked out, so they would put on the date.

Q. Did he do that?—A. He would take the gold rate that day.

By Hon. Mr. Stevens:

Q. The same day you phoned through to the Customs broker?—A. Then he would take the date, when I went to the bank.

By Mr. Donaghy:

Q. What was the object of getting that signature?—A. I don't know what the object was; it was one of the Customs regulations we had to follow.

Q. Was it for the purpose of having a certificate from the bank manager as to what the gold rate was?—A. I believe so.

Q. They wanted a bank manager's certificate as to what the gold rate was on that day?—A. I believe so, that was the way it was done.

Q. Was that the general practice of merchants—this practice you have spoken of here, putting the goods through on the exchange rate of the day they went to the Customs?—A. I can only speak from hearsay. I don't know the names, but I could recognize the men. I saw three or four men in the Long Room in the Customs House, say it was their practice; they done the same thing.

Q. Have been doing the same thing?—A. Yes sir.

Q. Well, that would account, then, for the difference in dollars as shown upon the factory invoices, and the amount of dollars shown on the Customs invoices, the latter being of a much later date.—A. Yes, that accounts for the saving to the firm.

Q. It would always be for less dollars?—A. Every time.

Q. Because the market was tobogganing?—A. Yes, because the market was tobogganing; every time, we would save money.

Q. I was wondering how it was the two manifests showed different amounts in dollars?—A. What two manifests?

Q. The two invoices.—A. Because you see, we used the lower rate of the mark, which gave us the advantage.

Q. Mr. Stevens this morning had a factory invoice, we will say dated January 1st.— —A. For $212.

Q. —for $200.—A. Yes.

Q. And he had the Customs invoice for the corresponding amount when the goods arrived, say, two or three months later. It worked out into less dollars?—A. Yes.

Q. That was on account of the tobogganing of the mark?—A. Yes, it worked out about 30 per cent; it has worked out at 50 per cent of the value of what was paid in Germany by the John Gaunt Company.

Mr. DONAGHY: Mr. Calder, what we are interested in is whether Mr. Gaunt was taking advantage of this system at his own instance, or whether it was the general practice.

Mr. CALDER, K.C.: I have tried to find out from Mr. Gaunt, who has been proclaiming the fact, what others were doing, but he refuses to say.

Mr. DONAGHY: We ought to be able to find out from the Customs. If Mr. Gaunt was the only one who was getting by with this method, he will, I

suppose, be subject to some strictures, but if it was the general practice among the merchants, I do not see that we can say very much to him about it. I think you will have to deal with that further.

Mr. CALDER, K.C.: I intend to.

By the Chairman:

Q. Did you have any experience with the Customs Department in Montreal, before you went as a clerk with Mr. Gaunt?—A. No sir.

Q. It was your first experience?—A. Yes sir.

Q. Are you aware that other firms in the port of Montreal were following the same system that you followed for Mr. Gaunt?—A. As I told you, I simply heard a couple of men talking. I cannot tell you whether they were boasting or not. I do not know what they did on the invoices, but all I did as regards our invoices—Mr. Gaunt and I were both fully aware that through John Gaunt and Company, putting the rate in there, he was saving money.

Q. Saving money?—A. Yes; we were perfectly aware of that.

Q. And these were accepted by the Customs officials there?—A. Yes sir.

By Hon. Mr. Stevens:

Q. Mr. Hurson, you used these blank certified invoices for two purposes, as I understand it?—A. Yes sir; to bring in merchandise, and to get refunds.

Q. Could you have made an entry on the original factory invoice as received?—A. Yes sir; they would take them at once. It was in dollars, and the Customs would accept that invoice.

Q. You have had experience in passing goods through the Customs outside of this?—A. Outside of Gaunt?

Q. Yes?—A. No sir.

Q. You have not?—A. No, sir.

Q. No?—A. No.

Q. Well, you have had experience while with Gaunt?—A. Yes.

Mr. BELL: This is quite an experience.

Mr. DONAGHY: Maybe he will learn something.

By Hon. Mr. Stevens:

Q. In passing goods through the Customs, is it not assumed by the Customs authorities that the individual presenting the documents is presenting true documents; which he has in his possession?—A. It is not only assumed; you are bound to do it—produce the true values.

Q. If an importer or broker knowingly presents to the Customs for clearance purposes a document which is different from the original invoices which he has received, he is committing an offence against the Customs, is he not?—A. The Customs laws—he is, sir.

Q. And a broker, or a clerk, or importer, before he can have the privilege of the Long Room and the passing of entries, is registered, is he not, in the Customs House?—A. I believe he is, sir.

Q. And if he were caught passing invoices other than the original and correct invoices, he would lose that privilege?—A. He would lose his license.

Q. He would be refused the liberty of passing Customs papers?—A. Quite so.

Q. Now, the reason why the Customs authorities put on these safeguards, I presume, is that—I may be asking a leading question, but I do not think objection will be taken to it—with the mass of business offered to the Customs every day, it would be utterly impossible for Customs officers to check every individual entry, as to its truthfulness of character?—A. No question about that.

Q. I mean, it would be a hopeless task?—A. You could not do it.

Q. Therefore, the Customs must depend upon the honour, honesty, and truthfulness of those presenting documents?—A. Of the importer, every time.

Q. And the only check—the only control—virtually, is what I have already mentioned; that he shall lose his right to practice, and be subject to prosecution for fraud?—A. You are right.

Q. Now then, during your experience in the John Gaunt Company, did you ever present to the Customs authorities a true copy of the invoices of the goods which were being cleared?—A. I must honestly say that I do not think one true copy of John Gaunt's invoices were ever presented, because on every one cases were left off. So, putting it that way, there was never a true entry made.

Q. Now, just a moment. Supposing we leave aside—oh, you said cases were left off?—A. Yes.

Q. Do you mean the cost of the cases?—A. Yes.

By Mr. Donaghy:

Q. Packing cases?—A. Packing cases.

By Hon. Mr. Stevens:

Q. Did you ever know an instance where the number of the cases were reduced, or did they always tally?—A. They used to render the invoices of the cases on separate invoices, and they were always true, but they used to be sometimes five per cent of the value of the invoices, and for the cases they would charge anything from one dolllar to $8 or $9.

Q. Let us leave the cases for the moment out of the question—altogether out of the question.—A. Yes.

Q. Did you ever present during your services there,—and you cleared all the goods through the Customs broker for a period of about eighteen months or two years?—A. About eighteen months, I believe, Mr. Stevens.

Q. Did you ever present—?—A. Pardon me, sir. Under the instructions of Mr. Gaunt I cleared them.

Q. All right, I will ask you that question in a moment. If I forget it, you remind me. Did you ever present to the Customs for clearance, in any single instance, a correct copy or a correct original invoice?—A. I understand that "correct original invoice" means the manufacturer's invoice?

Q. Yes.—A. No, sir; to my knowledge I never presented a manufacturer's invoice to the Customs. They were invoices made out by Schneider or prepared by myself.

Q. On these blanks?—A. Yes, sir. Oh, pardon me. And from Sweden. We used to import some clothing boxes from Sweden, and that was the reason we found out the cases were dutiable, because of the Swedish invoices. The men put the inland freight on the cases, and I believe that Mr. Gaunt wrote to the Swedish company, telling them on future shipments to leave that out.

Hon. Mr. STEVENS: What were you going to say, Mr. Tyndale?

Mr. TYNDALE, K.C.: I was going to say, Mr. Stevens, that I do not think the last part of the answer should go in. If there is any question about Gaunt's writing, surely the best evidence is to produce some of it.

WITNESS: It is to the best of my knowledge.

By Hon. Mr. Stevens:

Q. I did not intend to put it in this way, but I will do so. You say you received certain shipments from Sweden?—A. Yes.

Q. The invoices, however, showed cases and internal freight?—A. Yes.

Q. Subsequently the invoices from Sweden were received, and cases and freight left off?—A. Not in my time. I believe they did afterwards .

Q. But you do not know that?—A. No, sir.

Q. Do not say it if you do not know it. Now, I want to ask you another question. Was there ever an instance in which there was merchandise received that was not represented on invoices presented for clearance?—A. No, sir. We never smuggled one piece of merchandise for the John Gaunt Company.

Q. The firm would not smuggle?—A. No, sir. The tobogganing mark, you know.

By Mr. Donaghy:

Q. You took advantage of the falling mark. What we want to know is, whether any merchandise was ever omitted from the Customs invoices?—A. No, sir.

Q. Outside of those packing cases?—A. No, sir.

The CHAIRMAN: They never smuggled anything for the John Gaunt Company.

By Hon. Mr. Stevens:

Q. If it is necessary, Mr. Hurson, I will ask you to give me your attention. If it was thought necessary for the purpose of clearness to make out a new invoice, would it not be a proper custom or practice, rather, to attach the original to such a duplicate, or newly made out invoice?—A. Well, sir, as a matter of fact, as far as I understand the Customs law, every invoice represented by Mr. Schneider was wrong, because Mr. Schneider was not a manufacturer. We should have presented a manufacturer's invoice for clearance.

Q. That was the procedure when there were additional charges, freight and cases?—A. Yes.

Q. Are you aware, as the accountant of this firm—and for the purposes of this question leave out the packing and internal freight—are you aware that invoices presented for clearance represented a substantially lower sum than the manufacturer's invoices?—A. They did, during 1922 and 1923.

Q. Was that a uniformly general practice, or result, rather?—A. I do not quite follow the question, Mr. Stevens.

Q. Were there any exceptions?—A. I would not really say, but I do not think so.

By Mr. Donaghy:

Q. Was it always due to the falling mark?—A. No. In order to answer that question, I would have to put one to you. When we bought in dollars, and turned it into marks, and received the invoice, why could you not turn around and put it on the gold exchange in the bottom, and give us the correct amount in dollars. Why leave it until they came across to Canada, if there was no catch in it.

Q. By the time the goods got to Canada, the mark would be falling still more?—A. The Customs says that it cannot be less than the purchase price paid.

By Hon. Mr. Stevens:

Q. My question was one of fact. I am very anxious for facts now. As a matter of fact, leaving out all about Schneider or anybody else, were there not cases where goods were cleared, where the amount upon which duty was paid was less than the amount of the original invoice?—A. I never considered so.

Mr. DONAGHY: We got his explanation as to the falling mark.

The CHAIRMAN: And the invoices were following the mark.

By Hon. Mr. Stevens:

Q. I wish you would answer the question, witness?—A. I will be pleased to do so, Mr. Stevens.

Q. Do you know, or do you not know?—A. Would you mind asking the question again?

Q. Do you recollect any case of any Customs clearance that passed through your hands where the invoice which was presented for Customs clearance purposes equalled that of the manufacturers?—A. No sir, I do not know of one.

By Mr. Donaghy:

Q. Was the value in marks different?—A. Yes. It was always low.

Q. Taking any manufacturer's invoice, made out in marks?—A. Yes.

Q. The Customs invoice had to be less in marks too?—A. Yes.

Q. But were they the same in marks?—A. Yes, sir, but they worked out differently.

Q. In dollars you mean?—A. Yes.

Hon. Mr. STEVENS: Will you permit me to finish my series of questions, Mr. Chairman.

By Hon. Mr. Stevens:

Q. I am trying to get certain facts. You answered my question a moment ago by saying that there was a different amount upon which duty was paid and the amount paid by the firm for the goods?—A. Yes.

Q. Now then, the date upon which you figured the exchange was the date in every case that the goods were cleared or received?—A. Yes.

Q. Within a day?—A. Yes.

Q. That is correct?—A. Yes.

Q. Now, then, one other question and I am through. Had you figured the exchange at the rate of exchange obtaining at the time that these goods were invoiced from the factory, the result you would have obtained would have been the same as the figures shown on the original invoice?—A. What we paid, correct, sir.

Q. I still have one more question, it is this: Are you aware that the Customs regulations of the Customs Department are to the effect that invoices must show the fair market value in Germany at the time of the shipment?—A. Yes, sir.

Q. You were aware of that?—A. Yes.

Q. You had no instructions from Mr. Gaunt when you made the invoice out, that you were to figure the exchange as at the date of arrival?—A. The instructions I had were to figure the exchange as of the date of arrival. I might tell you one thing—

Mr. DONAGHY: There is no doubt that Mr. Gaunt was violating the Customs regulations in using these invoices he got from Schneider or this Dutchman.

The WITNESS: Buytendyk.

By Mr. Donaghy:

Q. He was violating the law?—A. Yes.

Q. He was also taking advantage of the tobogganing of the mark?—A. Yes, sir.

Q. You say, his factory invoice showed the price in marks?—A. Yes.

Q. Is that right?—A. The factory invoice, some showed the marks, and some dollars, and some sterling.

Q. The Customs invoice would show the price in marks too?—A. Yes.

Q. Did you also check to see if these sums in marks were the same on the factory invoices as on the Customs invoices?—A. Yes, that is undervaluation and if you bought marks in March and marks stayed at a certain price for some time—

Q. I will come to that later. Did you check the invoice from the factory with the invoice presented to the Customs?—A. Yes.

Q. The marks were the same?—A. Yes.

Q. That is clear?—A. Yes, although they should not have been. They—

Q. Wait a minute, take it easy, do not run ahead.—A. I am not running ahead.

Q. If he bought a case of dolls for a million marks, when he made his Customs invoice out he should say in the Customs invoice, a million marks?—A. No.

Q. Should he say a million or more?—A. He should have put more, owing to this tobogganing down. I will give you an explanation; he should use marks and work the exchange out in the English price. It was a valuation of March 1, 1924, and say they cost him a thousand marks, he gets $104; that is $10 it costs him a case if he ships these, and the invoice should have read, three thousand paper marks to bring it to the value we paid. He would send in an invoice showing the original figure at a thousand paper marks and we take the rate of exchange, being figured at one third, being three hundred and thirty-three and a third and it was increased as it went down.

Q. I am afraid you are bad on your law.—A. I may be bad on law, but I am right on facts.

Q. Unfortunately, the Customs regulations do not read the way you think they ought to read, and the way it should be done, as you think.—A. I am saying this, that we could not go back to the manufacturer and repeat an order covering the same quantity. You would have to put up a thousand marks on the day of the shipment.

Q. The Customs regulations say that invoices shown to the Customs must show the value paid the factory in the currency of the nation at the time it is bought.—A. It does not say that you should not value it.

Q. No—A. It says, true market value. If the currency is going down, the market value would not be the same.

Q. I agree with you that if the law had been complied with, in the Customs invoice, the value of the marks would have been justified in dollars as of the date the goods were bought at the factory and paid for?—A. Yes.

Q. He should have done that?—A. Yes.

Q. Instead he was showing the value as of the later date when it arrived here?—A. Yes.

Q. That is the way he was violating the law?—A. He was violating the law by not showing a true return.

Q. What we are interested in is this, whether this was common practice or not in the Customs Department?—A. I worked for John Gaunt and Company and cannot say.

Q. Are you working for the Customs Department now?—A. Yes.

The CHAIRMAN: (To Mr. Tyndale, K.C.) If you want to cross-examine we will adjourn till to-morrow morning.

Witness retired.

Adjourned till 10.30 a.m. May 6, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 44—THURSDAY, MAY 6, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Thomas Hurson, Customs Officer, Montreal, Que.
Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que.
Mr. George Sloan, Montreal, Que.
Mr. Arthur C. Moore, Customs Department, Ottawa.
Mr. Charles Gendron, Clerk of the Peace, Quebec, P.Q.
Mr. John Bain, Departmental Agent, Ottawa.
Mr. John William Gaunt, Montreal, Que.
Mr. Albert E. Nash, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, Ont.
Mr. Mitchell, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, Ont.
Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.
Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, Ottawa, Ont.
Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont.
Mr. Charles F. C. Porteous, John Gaunt Company, Ltd., Montreal, Que.

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

EXHIBITS FILED

No. 160—Copies of two letters respecting customs invoices and commissions of John Gaunt Company, Ltd., viz.: (1) dated 19th May, 1925, from Mr. Paquette to Mr. W. F. Wilson; (2) dated 13th June, 1925, from Mr. J. A. Watson to Mr. W. F. Wilson.

No. 161—Letter dated 20th December, 1922, from Mr. T. B. Hurson to John Gaunt Company Ltd., making application for employment.

No. 162—Warrant, information and complaint of seizing officer J. Knox, respecting John W. Gaunt, of Montreal.

No. 163—Report of Mr. A. C. Moore to Mr. W. F. Wilson, dated July 23, 1925, respecting the John Gaunt Company, Ltd., Montreal, together with certain exhibits pertaining to said report.

No. 164—The Fifth Interim Report of the Auditors to the Committee, *re* the audit of the Gaunt books.

MINUTES OF PROCEEDINGS

THURSDAY, May 6, 1926.

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

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

Committee counsel present: Messrs. Calder and Tighe.

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

Moved by Hon. Mr. Stevens,—That Mr. Paul Gauthier, Inspector, Quebec Liquor Commission, be summoned to appear on Friday, 7th May, 1926.
Motion agreed to.

Mr. Donaghy moved,—That Mr. John Bain, of Ottawa, be summoned to appear before this Committee to-day.
Motion agreed to.

Mr. Thomas Hurson, Customs Officer, Montreal, Que., was recalled and examination was continued, respecting the John W. Gaunt Company Ltd., Mr. Calder filed,—
Exhibit No. 160—Copies of two letters respecting Customs invoices and commissions of John Gaunt Company Ltd., (1) dated 19th May, 1925, from Mr. Paquette to Mr. W. F. Wilson. (2) dated 13th June, 1925, from Mr. J. A. Watson to Mr. W. F. Wilson. Mr. Tyndale, counsel for Mr. Gaunt, read and filed,—
Exhibit No. 161—Letter dated 20th December, 1922, from Mr. T. B. Hurson to John Gaunt Company Ltd., making application for employment.
Witness discharged.

Mr. J. E. Knox, Customs and Excise Officer, Montreal, Que., was recalled and sworn and examined respecting the seizure made from John Gaunt Company Ltd., Montreal. During the examination there was filed,—
Exhibit No. 162—Warrant, information and complaint of seizing officer J. Knox respecting John W. Gaunt of Montreal.
Witness retired.

Mr. George Sloan, Montreal, Que., was called and sworn. He was examined in reference to the arrest of John W. Gaunt.
Witness discharged.

Mr. Arthur C. Moore, Customs Department, Ottawa, Ont., was recalled and examined regarding the investigation he made of the business records of John W. Gaunt Company Ltd., Montreal.
Witness retired.

Mr. Charles Gendron, Clerk of the Peace, Quebec, Que., was called and sworn and examined respecting barge "*Tremblay*" documents in his possession, which he produced and handed to the Clerk of the Committee. These documents to be returned to Mr. Gendron as soon as possible.
Witness discharged.

At the suggestion of Mr. Calder, it was Ordered,—That Mr. W. A. Paquette, called as a witness be discharged.

The Committee rose at 1 p.m.

The Committtee resumed at 3.30 p.m.

Mr. John Bain, Departmental Agent, Ottawa, Ont., was called and sworn. Mr. Calder read letters written by Mr. Bain to the department respecting the seizure from John Gaunt Company Ltd., and examined Mr. Bain thereon.
Witness discharged.

Mr. John William Gaunt was recalled and examination continued.
Witness retired.

Mr. Albert E. Nash, and Mr. Mitchell, members of the firm of auditors to the committee, viz,—Messrs. Clarkson, Gordon & Dilworth, were called and sworn. Mr. Calder read and filed,—
Exhibit No. 164—The Fifth Interim Report of the auditors to the committee, *re* the audit of the Gaunt books, respecting which Mr. Nash was examined.
Witness retired.

Mr. Arthur C. Moore was recalled and examination was continued respecting the audit conducted by him of the John W. Gaunt Company Ltd., books. He filed exhibit.
Exhibit No. 163—Report of Mr. A. C. Moore to Mr. W. F. Wilson, dated July 23, 1925, respecting the John W. Gaunt Company Ltd., Montreal, together with certain exhibits pertaining to said report.
Witness retired.

Mr. William Foster Wilson was recalled and examined respecting a letter dated September 29, 1925, written by him to R. R. Farrow, Esq., concerning the release of one hundred and seventy-eight cases of the John Gaunt Company Ltd., under seizure.
Witness retired.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, Ottawa, Ont., was recalled and examined as to the release of 178 cases of the John Gaunt Company Ltd., under seizure.
Witness retired.

Mr. R. P. Sparks, Commercial Protective Association, Ottawa, Ont., was recalled and sworn and examined as to a proposed settlement mentioned to him in connection with the John Gaunt Company Ltd., seizure.
Witness retired.

Mr. W. F. Wilson was recalled and examined respecting the departmental enquiry ordered into the affairs of John Gaunt Company Ltd.
Witness retired.

At the suggestion of Mr. Calder, it was Ordered,—That the current books of John Gaunt Company Ltd., be now returned to that company.

At the suggestion of Mr. Calder,—Mr. Burgess, summoned to attend as a witness was discharged.

Mr. John William Gaunt was recalled and examination concluded.
Witness discharged.

Mr. Charles F. C. Porteous, John Gaunt Company Ltd., Montreal, Que., was called and sworn and examined as to Customs invoices used by the John Gaunt Company Ltd.
Witness discharged.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

THURSDAY, May 6, 1926.

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

THOMAS HURSON recalled.

Mr. CALDER, K.C.: Will Mr. Tyndale permit one question, upon which he may later cross-examine?

Mr. TYNDALE, K.C.: Certainly.

By Mr. Calder, K.C.:

Q. Mr. Hurson, what was the rate of commission paid to Buytendyk?—A. Speaking entirely from memory, it was three and four, and then it was raised to six and seven per cent. I am speaking from memory.

Q. Do you know whether or not, upon occasion, more than the regular commission was paid to Schneider and Buytendyk?—A. I can only say one thing from hearsay—

Mr. TYNDALE, K.C.: Well, from hearsay—

Mr. CALDER, K.C.: Whose hearsay is it?

The WITNESS: Mr. Mann told me.

Mr. TYNDALE, K.C.: Well, Mr. Chairman—

Mr. CALDER, K.C.: Don't say it. We will put it to Mr. Gaunt later on. Proceed.

By Mr. Tyndale, K.C.:

Q. Mr. Hurson, yesterday, you referred to a shipment of aluminum in connection with one of the blank invoices?—A. Yes.

Q. Please explain a little more in detail about the shipment.—A. Well, it was originally ordered by Mr. Gaunt in connection with an order we got from Share Brothers and Company, Limited, Vancouver.

By Hon. Mr. Stevens:

Q. I did not get that.—A. It was originally ordered by Mr. Gaunt from Germany in connection with an order we got from Share Brothers, Vancouver, and owing to the French occupation of some parts of Germany the order was held up and we did not get it until the following March.

Q. What year?—A. 1924. We only made a small shipment to Share Brothers and they cancelled the order. We did not have the Customs invoices, and I made out the Customs invoices clearing the shipment in March, 1924.

By Mr. Tyndale, K.C.:

Q. Referring now, Mr. Hurson, to the blank invoices, you stated yesterday that you took them home and made them out there in order that the office staff should not be aware of what was going on.—A. Correct.

Q. Is it not a fact that the reason why you took them home, as you stated to Mr. Gaunt was, that your wife was a very good typist and it was quite troublesome as it took some time to make the invoices out and you did not have the opportunity during the business day?—A. No, sir.

Q. That is not correct?—A. No, I will tell you the exact conversation that took place with Mr. Gaunt. He told me that he did not want his stenographers to do it, and I said my wife was a typist and we could do it at home.

By Hon. Mr. Bennett:

Q. Was she paid for it?—A. No, sir.

By Mr. Tyndale, K.C.:

Q. In fact, they were done by you at home?—A. Partly by me and partly by my wife.

Q. Did you not tell Mr. Gaunt and others that in all cases these invoices had been correctly filled in?—A. According to my instructions from Gaunt as to getting the rate of exchange.

Q. Please, Mr. Hurson, if the witness would not argue, but answer the question, it would simplify and shorten proceedings. Did you or did you not?

Hon. Mr. STEVENS: He answered the question.

By Mr. Tyndale, K.C.:

Q. Did you or did you not tell Mr. Gaunt that these invoices were correctly filled in?—A. I told Mr. Gaunt that they were correctly filled in according to the arrangements that I worked under in making up the exchange for the Gaunt Company, that is, what the rate of exchange should be, or the rate of exchange that I should take, and I followed that arrangement in making up the rates of exchange exactly according to the arrangement. I never filled in the back in the invoices. That is why I say they were correct.

Q. My instructions are, Mr. Hurson, that when the matter of Customs entries was first discussed between you and Mr. Gaunt you told him that you were familiar with the procedure and that you would attend to it, and that you got definite instructions?—A. Mr. Gaunt asked me to do the Customs entries and I told him I had made myself familiar with the work of the Customs and Mr. Gaunt gave me instructions when he handed me the blanks. There must have been four hundred blank invoices, that is with the front part filled in, the details of the goods, but the back was not. It would be about four hundred that he gave me to start with. He told me to go ahead and make it up and have it passed by Coskery and get the current rate that way. The first shipment that was worked up by me, Mr. Gaunt took it up with me and told me I had made them right.

Mr. TYNDALE, K.C.: Mr. Calder, may I see the invoices showing the certificate of the bank?

(Mr. Calder hands Mr. Tyndale copies of certified invoices.)

By Mr. Tyndale, K.C.:

Q. I have in my hand, Mr. Hurson, invoice which has been produced as Exhibit 152 in this inquiry and I read the certificate of the bank which appears on the face of it:

> "We certify that at the date of exportation of the goods described in the within or annexed invoice a true value of the currency in which the invoice is made out as compared with the standard value is at the rate of .0002 per mark.
>
> For the Imperial Bank of Canada."

It is signed by somebody, "Manager". That is the certificate that was signed by the Bank Manager in every case?—A. Not signed by the Bank Manager, but by the Accountant or the Assistant Accountant.

Q. An official of the Bank?—A. Yes.

The CHAIRMAN: I suppose we should have somebody who knows something about it; one who looked after the Customs matters for the bank.

The WITNESS: I could go further and tell you why I worked them out. I would go to the bank and say I worked this out at the excahnge of so and so and they were put on and signed.

By the Chairman:

Q. You suggest that the bank official would take your word?—A. I state as a fact, that the Imperial Bank did not have the rate of the gold mark in their possession.

Q. You say the bank did not have it?—A. I say the Imperial Bank, at the corner of McGill Street, never had the rate, but they would have to telephone to the Bank of Montreal every time.

The CHAIRMAN: I will not take that as evidence. I will not take that as proof in regard to the bank until you prove what has been stamped on the invoice.

Mr. BELL: I take it, it is incumbent for the witness to state his reasons for stating that they did not know.

The WITNESS: I will tell you.

The CHAIRMAN: I will take it for granted until it is legally contradicted.

The WITNESS: The Imperial Bank of Canada never knew the rate, they had to 'phone to the Bank of Montreal. Whenever they wanted the rate they 'phoned to the Bank of Montreal.

By Mr. Tyndale, K.C.:

Q. You said they took your word.—A. I figured out the rate and put it on and they signed it.

By Mr. Bell:

Q. Do you mean now that you repeatedly put the rate on yourself and they took it, and simply signed what you had put in?—A. I can tell you the facts, that I would take the invoice and see the Accountant and tell him I worked it out and he would sign it.

Q. They accepted it from you?—A. Yes.

By the Chairman:

Q. I do not believe you until you prove to the contrary.—A. Please call the Accountant and he will tell you what I have done. I am simply telling you the true facts of what took place. Whether he neglected his duties I do not know.

By Mr. Tyndale, K.C.:

Q. In any event the signed certificate of the bank was to the effect that the rate of exchange was indicated on the invoice as of the date of exportation, that is correct, is it not?—A. I used to 'phone to Coskery—

Q. It is on the certificate?—A. Yes.

Q. Mr. Gaunt stated that so far as he was aware personally the two hundred odd certified blank sheets which he cabled for at your or Mr. Burgess' suggestion in the fall of 1923, were used for the purpose of refund or rebate from the Customs Department to get back excise duty paid on sight entry?—A. Part was, and part for bringing merchandise. Mr. Gaunt knows some were used for merchandise as he came with me personally to the Customs Department for the aluminum ware. He was with me personally in the Customs House.

Q. Your evidence is, blanks were used for both purposes?—A. Yes.

By Hon. Mr. Bennett:

Q. Before he leaves that. You know perfectly well that the Imperial Bank has not a London Branch and the Bank of Montreal has a branch and it is customary for the Imperial Bank to 'phone the Bank of Montreal?—A. Yes.

Q. They 'phone the Head Office of the Bank of Montreal, they not having a London branch?—A. Yes.

Q. And London was, at that time, determining for us in Canada, the value of the mark?—A. I was under the impression it came from New York.

Q. It comes from London via New York?—A. Yes. We took it to the Imperial Bank.

Q. Do I understand you to say you signed for the— —A. No, sir.

By Mr. Bell:

Q. You prepared the certificate and they signed without inquiry?—A. I never signed a certificate for the bank.

By the Chairman:

Q. You mean they believed you without making an investigation before signing that?—A. It is like this—

Q. Answer.—A. Because they trusted me in giving the correct rate.

Q. I do not believe you, no bank manager would trust anybody.

Mr. BELL: I regret, Mr. Chairman, I must with deference, take issue with your decision, and against that being said. I do not believe that is the way we should receive that evidence.

The CHAIRMAN: We must receive the evidence in justice to everybody. The statement is made in regard to the Imperial Bank of Canada, and I speak openly, I have no account there, but I do say this, that the Imperial Bank would not issue any statement unless it is correct. I will take that as proven until it is contradicted, and I will make the statement that the Manager or the Accountant would not be a party to defrauding the Customs.

Mr. BELL: I must decline to accept the position of the Chair in preference to my own.

The CHAIRMAN: If you wish to call the Accountant, you can do so.

Mr. TYNDALE, K.C.: It so happens that the firm to which I belong represents the Imperial Bank and I think it is most unfair to allow any verbal evidence to contradict a signed, written document without giving the bank an opportunity to be heard.

Mr. CALDER, K.C.: Mr. Tyndale must remember that this evidence was elicited by his own question. The witness had either to stand mute or answer as he did, and even a bank clerk is not infallible. There are some bank clerks who are in jail and some are there for neglect of duty and some are there for crime.

Hon. Mr. STEVENS: First I must say I must associate myself with Mr. Bell in differing with your reprimand of the witness. Is it not quite easy to clear the whole matter by a very simple process, by calling the Accountant of the bank. And I will ask Mr. Calder, or request Mr. Calder to arrange for this and then let us produce the official rates of exchange over the various periods in question.

Mr. TYNDALE, K.C.: That would be the way, surely.

Hon. Mr. BENNETT: That is what the Chairman has said.

Hon. Mr. STEVENS: I want to suggest this: if the witness gives evidence to the effect that when he goes to the bank, in connection with the certificate it is not a question of whether the figure is correct or not, it is what his experience was in going to the bank.

The CHAIRMAN: Even with that, I will not believe it until it is proven.

Hon. Mr. BENNETT: There is nothing to prove that the Accountant signed that and accepted this man's word, and did not verify it at the time.

Hon. Mr. STEVENS: He has sworn to a certain thing.

Mr. KENNEDY: I understood he said they telephoned to the Bank of Montreal.

Hon. Mr. BENNETT: He has now sworn that this man took his word.

Hon. Mr. STEVENS: I think the Committee has misunderstood the facts in this way; there are two points; the first is, when you took these invoices in you gave to the Accountant the rate, is that correct?

The WITNESS: Which I had worked out.

By Hon. Mr. Stevens:

Q. The Accountant filled in this form?—A. I got it typed out except the rate which was filled in with the signature and name.

Q. And the accountant or an official of the bank filled in the form?—A. Yes.

Q. The official of the bank filled in the form?—A. Yes.

Q. At the rate you gave him?—A. What I had worked it out at.

Q. The other case was where you were paying for goods in Germany?—A. Buying marks.

Q. In that case the Accountant would phone the Bank of Montreal to get the rate?—A. Yes.

Q. Making different transactions?—A. He always phoned to the bank and got the rates.

Hon. Mr. BENNETT: He said, in answer to counsel, they took his word for this. As a matter of fact, there may have been five hundred transactions that morning which the Bank Manager had verified.

Mr. BELL: He is speaking as far as he knows. When the Bank Manager is called he can tell whether he had earlier transactions and where he got this rate.

By the Chairman:

Q. More than that, you leave the impression they took your contention without verifying it?—A. No, sir, I am simply telling you the facts that took place, I am not asking you to take my word. You can call the Accountant and the other man.

The CHAIRMAN: I do not care for the Accountant, I will take things as they are.

Hon. Mr. STEVENS: Mr. Chairman, if you do not like his evidence, you do not need to accept it. He is just giving evidence of facts as he knows them.

The CHAIRMAN: You say, we can bring the Bank Manager to certify that and that the Chairman is not right.

Mr. BELL: Do not accept his word, or do not let us pre-judge until we hear all the evidence.

The CHAIRMAN: Go step by step.

Mr. CALDER, K.C.: I will undertake to clear it up.

Mr. DOUCET: I am under the impression so far, that we have been prevented from making any comments upon the evidence.

The CHAIRMAN: It is not a comment, it is a direction of the procedure and the Chairman has the responsibility of directing and if you are not satisfied there is a higher court.

By Mr. Tyndale, K.C.:

Q. Yesterday, you made a rather sweeping statement to the effect that in every case the method in which the rate of exchange was entered on the Customs invoice worked to the advantage of the company, and that in every case, consequently, they paid less duty than they should have paid. You said that, did you not?—A. Yes.

Q. I put it to you, Mr. Hurson, in several cases at least, it worked out to the disadvantage of the company?—A. If there are any instances it must have been in my working it out. The mark tobogganed in 1923, and they never went up except at one date in January.

Q. What year?—A. 1923, when they went slightly up.

Q. Now, Mr. Hurson, a letter was produced as an Exhibit here, and exhibited to the Committee from an official of the Department of Customs with certain invoices which were described as dutiable invoices, and one of these dutiable invoices showed that the Gaunt Company had paid twice the duty which they should have paid?—A. Well, sir, I would like to see the invoice.

Mr. BELL: Can you recall the date?

Mr. TYNDALE, K.C.: It was in April, 1923, or in the spring of 1923.

By Mr. Tyndale, K.C.:

Q. I am instructed that this was not an isolated case, so your statement was a little too general, was it not?—A. I will not say till I see the invoice.

Mr. TYNDALE, K.C.: Mr. Calder, may I see the letter that was discussed yesterday in which several of these were attached?

Mr. CALDER, K.C.: Here is a copy with the answer to the request for a ruling which we asked for production of.

Mr. TYNDALE, K.C.: In this letter which has been produced as Exhibit—

Mr. BELL: Identify it by date, in the meantime.

By Mr. Tyndale, K.C.:

Q. In this letter dated 19th May, 1925, addressed by one of the Customs officers—I think from memory it was Mr. Paquette to Mr. Wilson, the Chief Customs and Excise Preventive Officer, this paragraph is to be found:

> "In the case of Exhibits Nos. 3 and 3A, it would appear that the value of the mark has increased from the 3rd of February, 1923, the date of purchase, and the 3rd of April, 1923."

Therefore, if Mr. Paquette was correct and I presume he was, and I presume he made an investigation at the time, then your statement that the only time the mark increased in value was in January, 1923, is wrong?—A. It would be if Mr. Paquette is correct. It did increase once or twice.

Hon. Mr. STEVENS: I would like to point out to you, Mr. Tyndale, that you are quoting a Junior Customs Officer in connection with the exact rate of exchange of the mark. I am not going to quarrel about it, but it is rather far fetched.

Mr. TYNDALE, K.C.: The original letter was attached to the original invoice on which the substantiation of the statement will appear in the one case, in any event. I hope to prove subsequently that that is not an isolated case.

Mr. CALDER, K.C.: Mr. Hurson stated that that may happen through an average in working it out. As a matter of fact, the mark declined.

By Mr. Tyndale, K.C.:

Q. It remains a fact with that invoice in particular to which Mr. Paquette refers and the letter shows that the Gaunt Company paid double the Customs duty which they should have paid?—A. I was thinking the mark went up in

April. It would not very much have affected the case, because the goods did not start arriving until May 4th or 5th. Navigation did not open until April 29th, 1923, so that if the mark went up in April, I would not be using it on that day.

By Mr. Tyndale, K.C.:

Q. This shows one or two, anyway?—A. It is just possible, it is more than probable.

Hon. Mr. STEVENS: If the invoice was not cleared in January, which it could not have been, because the goods did not arrive until May, they did not pay double duty.

Mr. CALDER, K.C.: Mr. Nash has gone very carefully over all the invoices, and he will be able to speak about that.

Mr. TYNDALE, K.C.: If that invoice and letter have not been produced, I think they should be produced, and I will ask the Department to bring them out of the file, and produce them here.

Mr. CALDER, K.C.: Mr. Nash especially looked for them, in accordance with the ruling, and the request, but they were not on the file. A copy is attached to the letter which has been quoted by my friend Mr. Tyndale, and possibly at this stage, we might read the answer into the record.

Mr. TYNDALE, K.C.: We should at least have Mr. Paquette's letter anyway.

Mr. CALDER, K.C.: We are looking for it, Mr. Tyndale. You are surely not suggesting that Mr. Nash took another letter in its place?

Mr. TYNDALE, K.C.: Certainly not, Mr. Calder.

Mr. CALDER, K.C.: I read the letter, asking for the ruling yesterday, (see page 1749) and I now propose to read the letter giving the ruling.

EXHIBIT No. 160 *(See also page 1749)*

Subject—Goods Imported by the John Gaunt Company, from Germany

"DEPARTMENT OF CUSTOMS AND EXCISE,
OTTAWA, 13th June, 1925.

W. F. WILSON, Esq.,
Chief, Customs and Excise Preventive Service.
Ottawa, Ont.

SIR,—I have the honour to acknowledge the receipt of your letters of the 20th ultimo, and the 8th instant, relative to commission paid by the John Gaunt Company, Limited, of Montreal, and as to the value for duty purposes in respect of certain transactions, as I said.

In reply I am to state that without specific evidence to the contrary, the Department would hold that the fair market value as sold for home consumption on the date of shipment would not be less than the equivalent of the actual purchase price, in the first place $89.18, and in the second place $105.30. This is held on the grounds that any variations in the exchange rate would reflect itself inversely in the home consumption value in the currency of the country of export.

The value of Canadian funds on international exchange has been practically stationary during the period involved.

I have the honour to be, Sir,

Your obedient servant,

J. H. WATSON,
For Deputy Minister."

You were inquiring as to the signature of the letter of May 19th. That letter was signed by H. Paquette, and was read into the record yesterday.

Mr. TYNDALE, K.C.: I would like to draw the attention of the Committee to the fact that the ruling was given in 1925, so that there was obviously an uncertainty in the minds of the officials, and particularly in the mind of Mr. Paquette, as to what the proper practice was, and therefore, we cannot be surprised if an importer, who spent most of his time in Germany purchasing, and in Canada selling, should be a little puzzled.

Hon. Mr. STEVENS: You are not correcting that, Mr. Tyndale. As a matter of fact, Mr. Paquette was making an investigation, which was not an inquiry into the ordinary business at all; it was an investigation, and he wanted a ruling upon which to base his examination of these certificates.

Mr. CALDER, K.C.: Are we going on to argue this case now?

Mr. TYNDALE, K.C.: No doubt that was the request Mr. Paquette made.

Hon. Mr. STEVENS: So that it is not a fact that Paquette was asking for something in the daily routine of his business.

The CHAIRMAN: The letter will speak for itself.

Mr. TYNDALE, K.C.: My friend Mr. Calder asks if we are going to argue this case now. I say that this is an inopportune time to argue it.

Mr. CALDER, K.C.: Before the session ends, no doubt we will have plenty of time to argue, I hope.

By Mr. Tyndale, K.C.:

Q. Now, Mr. Hurson, will you tell us how you came to enter the employ of the John Gaunt Company in the first place?—A. Through answering an advertisement.

Q. An advertisement in a newspaper?—A. Through answering an advertisement in a newspaper.

Q. What were you doing when you answered that advertisement, what was your occupation at that time?—A. Clerk, accountant, on some books.

Q. You were not a chartered accountant, were you?—A. No, sir.

Q. In whose employ were you, prior to entering the service of the John Gaunt Company?—A. My own, up north, with the Abitibi Power & Paper Company, as paymaster for the woods department.

Q. How long were you there?—A. I was with the Abitibi Power & Paper Company about three and a half years.

Q. Was that immediately prior to your entering the employ of this company?—A. No, sir. I was away about a year.

Q. Where?—A. Up in Northern Ontario.

Q. What were you doing there?—A. Doing books for little places, little stores.

By Hon. Mr. Stevens:

Q. As a public accountant?—A. Yes.

By Mr. Tyndale, K.C.:

Q. I am instructed, Mr. Hurson, that you yourself kept a little store?—A. That is correct, I did that as well.

Q. What was the nature of your business?—A. A general store.

Q. You were born in England, were you not?—A. Yes.

Q. When did you first come to Canada?—A. About nine months before the war.

Q. You came to Canada about nine months before the war, so you were here during the war, I presume?—A. Yes.

Q. Did you work for any other company or person, except the Abitibi Power & Paper Company?—A. The C.P.R.

Q. For how long?—A. I do not know now, it is so long ago, and I was on the Westmount News, at Westmount.

Q. Were you ever engaged as an accountant, in any firm?—A. Yes, sir.

Q. Where?—A. The Abitibi Power & Paper Company.

Q. I do not want to be unfair to you, Mr. Hurson, but I am instructed that you were a storekeeper yourself for the Abitibi company?—A. No. I was paymaster.

Q. So my instructions are incorrect?—A. Yes. I was started as an accountant, but was made paymaster, a higher position.

Q. Prior to coming to Canada, in whose employ were you, in England?—A. I was with the Sellars Dicksie Company, in Leadenhall street, six years; then I went with George Windham Theatres, first as accountant, then as treasurer, then for two years I was manager of the Gaiety Theatre in London.

Q. Were you ever in the employ of any other person or company in England?—A. Yes, sir. I was with the importers of Vichy waters, in London.

Q. In what capacity?—A. I was there just as an office boy, a junior.

Q. In what capacity were you with the Sellars Dicksie Company?—A. I was going through for a chartered accountant with the Sellars Dicksie Company.

Q. You were in their employ preparing for your examination?—A. Yes.

Q. But you did not pass the examination?—A. I did not pass my final examination. I passed the first, but not the last.

Q. You were six years with them?—A. Yes, sir.

Q. Does that exhaust the list of your employers?—A. Well, I do not know; I do not think there was anybody else I worked for.

Q. Were you not with another company?—A. Yes. I was, the Ingram Royal Company. I do not remember how long I was with them.

Q. Would it be a matter of months, or years?—A. Years.

Q. Why did you leave the Gaunt Company?—A. I was sick to start with, and could not work when I left. Mr. Gaunt knows that.

Q. Were you not dismissed?—A. You can put it in that way, if you like.

Q. I put it to you that you were dismissed by Mr. Gaunt?—A. Well, Mr. Gaunt wrote me a letter that I was too sick and that I had better take a lighter job for three months, and when he came back from Germany, he did not re-engage me.

Q. Why did he not re-engage you?—A. Well, the next I heard from Mr. Gaunt was the action of Burgess vs. Gaunt.

Q. That was another employee of the company who had been dismissed? —A. Yes.

Q. He sued for damages?—A. Yes.

Q. Mr. Gaunt appears to have been unfortunate in his choice of employees? —A. Maybe.

By Mr. Calder, K.C.:

Q. Did he acquire the habit of non-payment of his employees?—A. No. Mr. Gaunt always paid up smartly. I will say this, for Mr. Gaunt, that I always found him a gentleman, in regard to his dealing with me.

Q. I do not think there are any suggestions derogatory to the character of Mr. Gaunt?—A. As far as I am concerned, there are none.

Q. Mr. Hurson, I tell you frankly that my instructions are that you were dismissed from the company because you made certain false statements to Mr. Gaunt?—A. Well sir, it is a case of Burgess, Mr. Gaunt and I, a fair mix-up all around.

Q. I am not talking about Burgess, I maintain that you were dismissed, in view of the evidence I am going to offer, because you told Mr. Gaunt something which was not true?—A. Well, state it, and I will tell you whether it is right or wrong.

Q. I have not got the exact details, but it concerned a remittance which was to have been made through the Imperial Bank to London, England?

Hon. Mr. STEVENS: Would it not be better to have given that by Mr. Gaunt in evidence?

The CHAIRMAN: You can put that yourself, Mr. Stevens.

WITNESS: I will answer the question.

By Mr. Tyndale, K.C.:

Q. In connection with this remittance, you told Mr. Gaunt that you could not get a receipt for it. He asked for a receipt, naturally, and you told him you could not get a receipt, because the accountant closed his books twice a month, and he could not give you a receipt, and subsequently, not having received the receipt, after some considerable delay, Mr. Gaunt was disturbed about it, and went to the Imperial Bank and there discovered that your statement was absolutely false and unfounded. I put it to you, that it was after that, that you were dismissed from the company?—A. I will give you my version of it, Mr. Tyndale. Mr. Gaunt used to send remittances to his mother at Acton, England, monthly. During the time I am referring to, we were very hard pressed by the German consul in England, and he instructed me to send $75 to England. As I say, we were pressed, and he instructed me to send $75 to England. I discounted a note to send the $75, another cheque came in, and Mr. Gaunt certainly asked me if I had sent it. I told him "yes," that I had sent the money; I owned up to it, and kept the slip in my pocket. Two or three days after that, Mr. Gaunt went to the bank, not with me, and found that the cable had not been sent; he taxed me with it, and I had not sent it. If Mr. Gaunt had had the money in the bank, that money would have been sent.

Q. We are not interested in that?—A. I am interested in that.

Mr. CALDER, K.C.: We are very much interested in it. You are attacking the man's character.

Mr. TYNDALE, K.C.: Do not get excited, Mr. Calder.

Mr. CALDER, K.C.: I am not excited; I may be emphatic, but I do not think you have the right to question the witness in this way.

WITNESS: I told him that the money had not gone.

Mr. TYNDALE, K.C.: I mean the exposition was not satisfactory.

WITNESS: I told Mr. Gaunt I had not sent the money. We did not have the money in the bank, and the cheques kept coming in, and the bank took every bit of money we had. I picked up the application, and put it in my pocket. I will go farther than his own lawyer did, and say that he asked me the second time had it gone, and I told him "yes." Still, I had forgotten it, and then he had a cable from his mother saying that they had not got the money. If the money had been in the bank the first day he told me, the money would have been sent.

Mr. CALDER, K.C.: That was the impression in my mind, Mr. Tyndale, and I am positive it is the impression upon the minds of the Committee.

Mr. TYNDALE, K.C.: All I want to do is to elucidate that he made a misstatement to Mr. Gaunt. I do not want for a moment to insinuate that you were stealing anything.

By Hon. Mr. Stevens:

Q. Was the money in the bank to send?—A. Well, we were very hard up. No, it was not. The Imperial Bank had practically closed down on us.

Q. The question is: Was it in the bank to send?—A. No. It was an application to remit $75 to Mrs. Gaunt, at Acton, England, and if the money had been available, that would have been done. That money was not available, and I forgot it. I remember telling Mr. Gaunt that it had gone, the next day, and I went farther than his own solicitor. I said that it had gone, and a cablegram came in from Mrs. Wheeler at Acton that it had not arrived. He knew my state of health.

By Mr. Kennedy:

Q. What was your object in telling him that you had sent it?—A. Well, I had forgotten it. If I had not forgotten it, I really would have thought I had sent it, in discussing it with the accountant. There was really no object, nothing except a case of forgetfulness.

Q. My question was, what was your object in telling Mr. Gaunt you had sent the money?—A. We had a note for discount the next day, and I left the application with the accountant at the bank that day, and I went off with the paper in my pocket.

Q. You had forgotten it?—A. I had forgotten it entirely, and I would not have remembered it unless Mr. Gaunt had reminded me of it.

By Mr. Tyndale, K.C.:

Q. You acknowledged that you had not sent it?—A. I have acknowledged that three times now.

Q. The only reason for my asking about this now, is this; Mr. Gaunt found you had told him something which was not true, and that he dismissed you—and I submit that that was a sufficient cause?—A. I never kicked about it.

Mr. CALDER, K.C.: And they wrote him a letter instead of allowing the matter to rest.

By Mr. Tyndale, K.C.:

Q. Did he give you any references?—A. I did not ask for references. I have met Mr. Gaunt scores of times since.

Q. Have you always been known as Hurson?—A. Well, that question has come up so much that I had better tell it again. I gave my full name here yesterday, the name by which I was christened. It is Thomas Barefoot Clawson Hurson Isaacs—and there is a name to carry about with you. The name of my father before me was Thomas Barefoot Hurson. The name Hurson is a compound name, and I left off the "Isaacs."

Q. Did you always leave off the "Isaacs"?—A. And my father before me. I think I have used it a few times, such as when I was married and when my child was christened, because I had to give my full name.

Q. I am informed that you were known in Ontario, at Cochrane, under the name of "Hurson-Isaacs"?—A. No, sir. Just as you know it now. My child was born in Cochrane, a little place with about five hundred inhabitants, and they would know all about it.

Q. When you applied for a position—

By the Chairman:

Q. Why did you leave aside the word "Isaacs", that of your ancestors?—A. My people never used it, sir, because it is a compound name, and I followed in my father's footsteps, and left off the second name of "Isaacs'. It is a name to carry about, Thomas Barefoot Clawson Hurson.

Hon. Mr. STEVENS: I think he exhibited considerable wisdom in abbreviating it.

Mr. TYNDALE, K.C.: Perhaps he did.

WITNESS: My child was christened in Cochrane, so that the "Isaacs" had to come out.

By Mr. Tyndale, K.C.:

Q. When you answered the advertisement appearing in the "Star" for a position in the Gaunt Company, did you answer in person or in writing?—A. I answered in writing.

Q. Is this document which I show you your letter of application? (Exhibiting to witness).—A. Yes, sir. That is my writing.

Q. Read it through to yourself, and we will identify it?—A. That is mine.

Q. It is yours?—A. Yes, sir.

Mr. TYNDALE, K.C.: May I read it into the record?

Hon. Mr. STEVENS: Has it anything to do with this inquiry?

WITNESS: It is my application for a position with the John Gaunt Company.

Mr. TYNDALE, K.C.: Frankly, the reason I am asking him to produce it is that I am endeavouring to discredit the witness.

The CHAIRMAN: This case stands by itself. This letter has nothing to do with this committee.

Mr. TYNDALE, K.C.: Let me finish first.

The WITNESS: I don't want this disgrace on me.

Mr. TYNDALE, K.C.: Here is the letter which the witness identified as being his application for a position with the John Gaunt Company:

EXHIBIT No. 161

"1474 Notre Dame Street,
Lachine, Dec. 20th 1922.

DEAR SIR:—In reply to your advert. of even date, I beg to apply for the position vacant.

I have passed the London Matriculation Exam. with honors, and I have had the following office experience. 4 years with Messrs. Moss Stole, 3 years in charge of the books for Messrs. Ingram Royal, and for about six years with Messrs. Sellars' Dicksie Company, Chartered Accountants of England, with whom I gained a complete knowledge of book-keeping, etc.

For two years I was with the Abitibi P. & P. Co., Woods Department, and lately I have been auditing and keeping the books for the different tradesmen at Haileybury until the town was completely destroyed by fire.

If you will favour me with a personal interview I could then give you any further particulars regarding ability and references you may require, age 34, and salary can be arranged.

Waiting the favour of your reply,

Yours truly,

(Sgd.) THOS. B. HURSON."

By Mr. Tyndale, K.C.:

Q. A moment ago you told us that your position with the Ingram Royal Company was that of office boy?—A. I said junior clerk.

Q. You said office boy?—A. Well, office boy—

Q. And in this letter you said you were in charge of the books for two years?

Mr. BELL: He did not say "the books"; he said "books".

The WITNESS: That is correct.

By Mr. Tyndale, K.C.:

Q. Would it not be fair to say that by that phrase "in charge of the books of Ingram Royal," the average man would mean, and the average man would understand you were the bookkeeper?—A. First of all you have to find out the size of the Ingram Royal firm, to start with—

Q. Please answer my question. Would the average man not mean by that phrase, and the other average man not understand by that phrase that you were the bookkeeper?—A. Correct.

Q. And you were not?—A. No.

Q. You were the office boy—one of the office boys?—A. (No audible answer).

By Hon. Mr. Stevens:

Q. Tell us what you did?—A. The first two months I was just about the office.

Mr. CALDER, K.C.: Anybody who knows the system by which a junior rises in England will understand that.

The WITNESS: Then I was put in the warehouse on the goods received and goods going out to the different vans.

By Hon. Mr. Stevens:

Q. Would that be what we call a shipping clerk?—A. Well, I don't know; I was not called a shipper anyhow, to be absolutely frank. Then the last year I helped on the ledger, and still kept the books for the entire warehouse; that is, all the goods coming from Europe—we used to import vichy water and all those waters—and I kept those books; it was called a stock book.

Mr. TYNDALE, K.C.: It is quite a big firm—

Hon. Mr. STEVENS: That is not an office boy.

Mr. TYNDALE, K.C.: He said—

The WITNESS: I started at the bottom as an office boy.

Hon. Mr. STEVENS: He said at first "junior," and you put in his mouth the words "office boy," and he said "yes."

By Mr. Tyndale, K.C.:

Q. Well, let us proceed a little further with your experience with Ingram Royal. How long ago was that?—A. When I first started?

Q. When was that—approximately?—A. I cannot remember the dates now with Ingram Royal. I cannot remember that.

Q. You were there, according to your statement, for two years, or "a matter of years," I think you said?—A. Yes.

Q. Therefore more than one year?—A. Yes.

Q. Now, can you remember—and take a moment to reflect if you like—surely you can remember at what period of your career you spent more than one year with a certain company in London?—A. I told you that was the first position I went to.

Q. What was the date of the very first position you went to? When did you start?

By Mr. Calder, K.C.:

Q. How old were you, when you started?

By Mr. Tyndale, K.C.:

Q. Yes, how old were you when you started? That is the purport of my question.—A. I believe I was about sixteen and a half.

By Mr. Calder, K.C.:

Q. And how old are you now? That will establish a calculation for this very important point—

Mr. TYNDALE, K.C.: I submit it is a very important point.

Mr. CALDER, K.C.: That is what I said; I don't see why you should be indignant if I do what you want.

Mr. TYNDALE, K.C.: You understand, Mr. Calder, that a normal inclination on the part of counsel which should be controlled, is to make comments, and I will endeavour to control it.

The WITNESS: I can tell you roughly about Ingram Royal. I just thought of it. I was working at Ingram Royal at the time that Mafeking and Kimberley were relieved.

Mr. TYNDALE, K.C.: That was about 1902?

Mr. BELL: 1900.

By Mr. Tyndale, K.C.:

Q. How old are you now?—A. 39 or 40.

Q. That would make you 13 years of age.—A. I think I am 39 or 40.

By the Chairman:

Q. You must remember your age?—A. No sir, I don't; I think I am about 39 or 40.

By Mr. Tyndale, K.C.:

Q. I thought you were 34 years of age.

Hon. Mr. STEVENS: No, that is Mr. Gaunt. Don't be unfair with this witness.

Mr. TYNDALE, K.C.: I am certainly not trying to be unfair with him.

The WITNESS: I should have to get my birth certificate to get my correct age.

Hon. Mr. STEVENS: I don't see any sense in following this through in detail, but put it down, and let us get it right.

Mr. DOUCET: It is taking the time of the committee.

Mr. TYNDALE, K.C.: I submit, Mr. Chairman—

Hon. Mr. STEVENS: Two years with one firm. Now give us the others.

Mr. TYNDALE, K.C.: He told Mr. Gaunt in his letter of application that he was in charge of the books for this very important and big firm, and now we get to the point—

Mr. BELL: I am sorry, Mr. Tyndale; if I understood him correctly, he did not say in his letter that he was "in charge of the books."

Mr. TYNDALE, K.C.: I will get the letter. I don't want to be unfair. I have enough information to serve my purpose, without trying to twist it.

Mr. CALDER, K.C.: Then, if I may suggest, why not go straight to that.

The CHAIRMAN: (Reading):

"Three years in charge of the books."

Mr. BELL (To Mr. Tyndale, K.C.) You did not read it that way.

The CHAIRMAN: And later on he says:

"I gained a complete knowledge of bookkeeping."

Mr. CALDER, K.C.: With a firm of chartered accountants.

Mr. TYNDALE, K.C.: "In charge of the books," was it not?

The CHAIRMAN: Yes.

Mr. TYNDALE, K.C.: At the age of 13—

The WITNESS: You must remember that I did not leave school when I was 13. I am sure of that.

By Mr. Tyndale, K.C.:

Q. Let us clear it up; let us get to the— —A. I thought I could go by the relief of Mafeking.

Q. You volunteered the statement that an idea had come into your head which would permit you to fix the date of your employment with that company, and you said it was at the time Mafeking was relieved. I suppose, if necessary, we can establish officially the date upon which Mafeking was relieved, but for the purpose of the moment we will say it was relieved in 1900— —A. I must be wrong.

Q. That was the time you went into the employ of Ingram Royal?—A. No sir; I must be mistaken.

Q. Then when did you go into their employ?

By Mr. Calder, K.C.:

Q. Mr. Hurson, will you allow me to suggest that you work backwards from to-day, with your various employments; then you will get the exact date.—A. I don't remember the different dates I left the places. Gee whiz, if I thought this was coming up I would have got my whole life's history.

Mr. CALDER, K.C.: Never mind; you must be patient in this affliction.

Mr. TYNDALE, K.C.: I would draw the Committee's attention to the fact that the information given by the witness about the fixation of the date was his own statement, and was not elicited by counsel, and I would ask that that be put upon the record—

Mr. CALDER, K.C.: It is on the record.

The WITNESS: Surely, if I make a mistake, I can withdraw it. I can rectify myself.

Mr. TYNDALE, K.C.: But my point was that the mistake was made voluntarily, and not through the pressing of counsel.

Mr. DOUCET: In order to get this point cleared up, did the witness say that he went into the employ of these people when Mafeking was relieved, or that he was in their employ when Mafeking was relieved.

The WITNESS: I think I said I was in the employ.

Mr. TYNDALE, K.C.: No sir, you did not. If the reporter will turn back and read what you did say, you will see just how you said it. (To reporter) Just read back what he said about the relief of Mafeking.

(Whereupon the answer in question were read as follows):

"I can tell you roughly about Ingram Royal. I just thought of it. I was working at Ingram Royal at the time that Mafeking and Kimberley were relieved."

Mr. DOUCET: He was working there.

The WITNESS: Yes, sir. I must be wrong in that, because I was not thirteen years of age when I left school; I am sure of that.

Mr. CALDER, K.C.: Don't make any more mistakes for Mr. Tyndale to take issue with. You mean you were not thirteen when you left school?

The WITNESS: No, I was at college at Wooden Bassett, when I was sixteen years of age.

The CHAIRMAN: There are things that we do not remember when we can't remember our age.

The WITNESS: If I could remember I would tell you, and if you will ask these questions to-morrow, I will get the information from Montreal, from old letters and so on.

The CHAIRMAN: To get through with this discussion; I think I understand your letter very well. You are like every other human being, when you look for a job you always disguise yourself a little for the best.

The WITNESS: I did. I gave the Canadian firms exactly as they were, but as to the English firms, I did.

The CHAIRMAN: And after we are employed, we endeavour to show we were right in our letters.

The WITNESS: Ingram Royal, frankly, Mr. Chairman—I boosted my position there, in my application.

The CHAIRMAN: That is human nature. Let us get through with this letter, and go on with the evidence.

Mr. TYNDALE, K.C.: Honest commendation of your own merchandise.

By Mr. Tyndale, K.C.:

Q. Mr. Hurson, you have not only stated in your letter, but also before this committee that you were employed by Sellars Dicksie for six years?—A. Yes.

Q. I am instructed and am prepared to prove that you were never in the employ of the Sellars Dicksie Company, and surely you could not have forgotten a period of six years employment?—A. I said I was employed with Mr. Pembridge for six years.

Q. You stand by that statement?—A. I stand by that statement.

Q. You were employed by the Sellars Dicksie Company for six years?—A. Yes.

Q. We now have you on record about that; there is no doubt about that. —A. I worked with Mr. Pembridge, one of the chartered accounts for Sellars Dicksie, for six years.

Q. Were you in the employ of the Sellars Dicksie Company?—A. Yes.

Q. Were you actually in their employ?—A. I was associated with Mr. Pembridge, one of the partners of the Sellars Dicksie Company. and the Sellars Dicksie Company paid my wages.

Q. Therefore your name would be on the books of the company as an employee?—A. Yes.

Hon. Mr. STEVENS: Do you intend to disprove his statement here, or are you storing it up for future use?

Mr. TYNDALE, K.C.: I am going to disprove it here.

Hon. Mr. STEVENS: There is no object in stating you can disprove it, unless you are going to do it.

Mr. CALDER, K.C.: There is another principle which Mr. Tyndale might call to mind, and that is, that you cannot try a witness upon a statement he makes, unless it is material to the matter in hand. If we are going to try every witness here in this manner, we will, I am afraid, live up to the prediction of the Standard that we will be here in 1930.

The CHAIRMAN: Mr. Calder, generally speaking, you are right, but there is a different aspect to some cases, and in this case, when we have had a witness

like Mr. Gaunt, and when two other main witnesses are dismissed employees of Mr. Gaunt, I think (to Mr. Tyndale, K.C.) you are entitled to discredit them if you can.

Mr. CALDER, K.C.: My point is this. There is one point which has come up, namely the quotation of the rate. That is germane to this inquiry, and the witness may be contradicted upon that, but the rule is that when you put discrediting questions to a witness, and he has answered them unsatisfactorily from your point of view, you cannot go ahead and try those statements, and bring proof unless the matter upon which you seek to contradict him is a matter relevant to the issue. You will see where it will leave us. Supposing I put a question to Mr. Gaunt here, and then ask that we suspend the inquiry as far as Mr. Gaunt is concerned, until I bring witnesses from England to discredit him on questions which are not relative to this issue. You can see the time it would take. I merely mention that. In the beginning of the inquiry I asked by what rules of evidence I should be guided, and the Committee told me they could not set any rule, and I have tried to be guided by a rule founded on fair common sense.

The CHAIRMAN: Now, Mr. Tyndale, you are a lawyer of experience; try to restrict yourself to the legal questions—

Mr. TYNDALE, K.C.: As a matter of fact, I have completed my cross-examination. I put it very fairly to the witness that I was in a position to produce evidence to the effect that he was never in the employ of Sellars Dicksie Company.

The CHAIRMAN: If he says "No", you can recall Mr. Gaunt, if you like, to give such information as he may see fit.

Mr. CALDER, K.C.: If I may be allowed, Mr. Chairman, there is one instance in which my learned friend can contradict the witness; if he has documentary evidence that he can put to the witness, he can use that. The point I am making is that he cannot bring witnesses here to try the issue, because that issue is not before the committee.

Mr. TYNDALE, K.C.: I suggest, sir, in all fairness to Mr. Gaunt, who, as a matter of fact, is almost being tried here, although this is an inquiry into the Customs Department, that I should be put in a position where I can criticise his discharged employees for the statements they make. One of the chief statements, and one that is apparently the most damaging, has reference to the instructions this witness got from Mr. Gaunt with regard to the manner in which invoices shall be filled out.

The CHAIRMAN: It is easy to contradict that; you have your client here.

Mr. TYNDALE, K.C.: Of course my client can contradict that, but I am trying to put evidence before the committee which will enable them to appreciate the relative value of the testimony of Gaunt and the others.

The CHAIRMAN: If he says "No", then you have a gate before you; you can call your client and he will testify, and then the committee will decide which to believe.

Mr. CALDER, K.C.: Mr. Chairman, as regards that; that is a relevant statement; that is a statement in issue. My learned friend can bring in any proof he likes to contradict Hurson on that point. What I say is that as regards his employment with these firms in England, it is not a point in issue, and counsel cannot bring evidence on that point, if the rules of evidence are to be followed.

Hon. Mr. STEVENS: The reason I raised this question a moment ago was this; if Mr. Tyndale is going to pursue a course of examining into the past history of witnesses, and seek to discredit them because of some discrepancy in

their statements, then, in all fairness, we would be justified, for instance, in examining into Mr. Gaunt's record.

Mr. TYNDALE, K.C.: I asked Mr. Gaunt to give that record.

Hon. Mr. STEVENS: Yes, you did. I quite agree. For instance, we have before us the fact that Gaunt used the name "William Gaunt" as often as he used the name "John W. Gaunt"—

Mr. TYNDALE, K.C.: John William Gaunt.

Hon. Mr. STEVENS: Yes, and there are other points, too. If we were to inquire into the past history of Mr. Gaunt and the other witnesses we would never get through this inquiry. Personally, I have no desire to dig into the past histories at all; what we want are the facts in connection with this investigation.

Mr. TYNDALE, K.C.: In order to get the facts, is it not necessary to bring in truthful witnesses before the committee, and, of course, draw the committee's attention to the past history of this company, and then I should be permitted to cross-examine as to any statements which are made.

Mr. CALDER, K.C.: My learned friend, Mr. Chairman, if you will permit me, so far has been absolutely legal.

Mr. TYNDALE, K.C.: Why all this fuss, I have finished?

Mr. CALDER, K.C.: There is only one fussy person in this room.

The CHAIRMAN: That is a legal expression.

Mr. CALDER, K.C.: What I wanted to warn Mr. Tyndale about is this, that he need not put himself to the trouble of bringing witnesses to disprove facts which are not in issue because I will protest against their being put in, and I trust the Committee will uphold me.

The CHAIRMAN: Let us continue and objection can be taken at the proper moment. If there is any objection we will consider it.

The WITNESS: May I make one statement?

Mr. BELL: No.

The WITNESS: I would like to produce papers from the Sellars Dicksie to prove my appointment, I will go to that expense.

By Mr. Calder, K.C.:

Q. Why go to that expense?—A. I will go to the expense to prove that I was employed.

Hon. Mr. STEVENS: The reason I raised the whole question was, the counsel stated that he had under his hand documents proving certain things, and I do not think counsel should make the statements—

Mr. TYNDALE, K.C.: I wanted to put the evidence in as accurate. I have here documents to prove, and you did not ask for them.

Mr. CALDER, K.C.: If Mr. Tyndale has legal producible documents under his hand he should produce them. If it is merely a letter or a statement or an affidavit which cannot be proved he should not produce it.

The WITNESS: I am perfectly prepared myself to pay the expenses of cabling England to prove my employment with Sellars Dicksie for seven years.

Mr. BELL: If he produces the communication later there is no reason why we should not receive it.

The CHAIRMAN: If on examination, you have a man who has written a letter and sent a letter, and you have asked a question and have that information, you have no other proof to the contrary, then it is finished.

By the Chairman:

Q. Did you state, at the beginning at your evidence that you were a Customs officer?—A. Yes.

Q. How did you come to be a Customs officer?—A. I was appointed by Mr. Farrow.

Q. Through the Civil Service Commission?—A. I do not know, sir.

Q. Did you make any application to the Civil Service Commission?—A. No, sir.

Q. Never signed any form whatever to that effect?—A. I only signed the usual employment form.

Q. Were you paid a salary?—A. Yes.

Q. What was the salary?—A. $170 a month.

Mr. TYNDALE, K.C.: May I ask one question arising out of that?

By the Chairman:

Q. Are you on the Preventive Service staff?—A. Yes.

Q. When did you enter the service, you must remember that?—A. Last September.

Q. You must remember the date?—A. September 19th.

Q. What year?—A. Last year, sir, I had previous employment with them. I was off for seven weeks exactly and worked for ten weeks before that.

Q. Do you remember that date?—A. I did not pay much attention to that. I was off seven weeks and previous to that seven weeks I worked for about ten weeks.

Q. You must have been recommended to Mr. Farrow by somebody. By whom whom were you recommended to Mr. Farrow?—A. I do not know what the recommendations were. I understood Mr. Duncan spoke on my behalf and Mr. Sparks and Mr. Knox.

Q. Mr. Wilson?—A. I do not know, I was not present when they decided to employ me. Mr. Jacobs—

Q. You were not appointed by the Civil Service Commission?—A. No.

Q. You never passed any examination?—A. No.

Q. You started with a salary?—A. Yes.

By Mr. Tyndale, K.C.:

Q. I would like to know, so far as you can recollect, Mr. Hurson, the date of your dismissal from the Dunn Company?—A. I think about the end of June.

Q. The end of June, what year?—A. 1924.

Q. What was the first date when you did any work for the Customs Department?—A. In May, 1925.

Q. May, 1925?—A. May or June, 1925. I can get the dates this afternoon. Will that be all right?

Mr. CALDER, K.C.: I will call Mr. Knox.

Mr. TYNDALE, K.C.: Mr. Chairman, I am very sorry, I forgot one question to the preceding witness, I apologize.

By Mr. Tyndale, K.C.:

Q. You said yesterday and repeated this morning that certified invoices were used for passing entries as well as for getting rebates?—A. Yes.

By the Chairman:

Q. Refunds?—A. Yes.

By Mr. Tyndale, K.C.:

Q. Is it not a fact, that in the preliminary inquiry held in connection with the prosecution of Mr. Gaunt under Section 207 of the Customs Act, you stated that these invoices were used for getting refunds?—A. I did say that. I was trying to help Mr. Gaunt against Mr. Burgess. I was on Mr. Gaunt's side against Mr. Burgess; I believe Mr. Gaunt was in the right, and I was against Mr. Burgess.

Q. This is a prosecution of the Crown against Gaunt, under Section 207 of the Customs Act?—A. Yes. Read it again, will you?

Q. Yes, I will read it. Mr. Calder, I have here a certified copy.

Mr. CALDER, K.C.: I take it for granted that is correct.

By Mr. Tyndale, K.C.:

Q. On page 6 of the testimony of the preliminary inquiry in this case you said in answer to counsel:—

"Q. What is the object of these blank invoices?—A. I made them out to get a refund from the Government."

A. Yes, correct.

Q. You said that all right?—A. Yes.

Q. On page 7, again:—

"Q. Did you use these blanks received at the company's office in Montreal?—A. I seldom took the mail in. Mr. Gaunt gave these to me at the office.

Q. What did he tell you at the time?—A. It was arranged that I was to make out the blank invoices to get a refund from the government and I filled in the blanks."

That is correct?—A. Correct, that is the reason it was sent for. We sent for them to get a refund. After they came in we used them to get merchandise as well.

Q. You sent for them, at the end of October, 1923?—A. Yes.

Q. They came out later than that?—A. Yes, the end of November or December. We got new merchandise in March with them.

Witness retired.

JAMES E. KNOX recalled and sworn.

By Mr. Calder, K.C.:

Q. Mr. Knox, were you the seizing officer in the seizure which I think now we believe to be settled, but which appeared to be pending against John W. Gaunt?—A. I was.

Q. You executed the K-9?—A. I did.

Q. Have you a copy of it there?—A. Yes, sir.

Q. Let me see it, will you?—A. Yes.

Q. You now put in duplicate of K-9 executed by you which reads as follows:—

EXHIBIT No. 162

"PORT OF MONTREAL, 11th June, 1925.

I, James Edward Knox, Customs and Excise Enforcement Officer, in His Majesty's Customs, duly appointed and sworn as such, did detain the following described goods."

Q. You use the word "detain" there?—A. Yes.

Q. Was the seizure subsequently made out?—A. No, it was simply a detention order, just simply to seize.

"To wit: Contents of stock room on premises of John W. Gaunt Company, Limited, Montreal, Quebec, consisting of toys, fancy goods, etc., in cases."

Q. You had these sealed?—A. Yes, sealed up.

Q. Left them on the premises?—A. Left them right in the stock room.

"Of the probable value of $20,000, duty paid for an infraction of the Revenue Laws of the Dominion of Canada, that is to say for having imported into Canada on fraudulent invoices, such goods as above, and thereby having defrauded the revenue of His Majesty's Customs by evading payment of part of the duty thereon.

Wherefore the said goods or the value thereof became liable to forfeiture under the provisions of the Customs laws.

The said goods being to the best of my knowledge and belief the property of John W. Gaunt Company, Limited, whose Post Office address is 601 Reid Building, 45 St. Alexander street, Montreal, P.Q., and at the time of this detention in the possession or custody of John W. Gaunt Company, Limited, at Montreal, whose Post Office address is 601 Reid Building, 45 St. Alexander street, Montreal, P.Q.

I, said officer of Customs, do charge John W. Gaunt Company, Limited, Montreal, P.Q., with contravention of the Customs laws as follows:—With having imported into Canada certain toys, dolls etc., on false and fraudulent invoices which did not represent the true value for purposes of duty, as follows:—

The circumstances which led to the foregoing seizure, detention or charges were as follows:—On information received and following an investigation it was discovered that John W. Gaunt and the John W. Gaunt Company, Limited, have been for some years defrauding His Majesty's Customs of considerable revenue by undervaluation, the exact amount of which is now being ascertained, and which with penalties will exceed the value of the goods detained."

Q. Was the information the cause of seizure or charges?—A. Yes.

Q. Name of informant?—A. Commercial Protective Association.

Q. Was assistance rendered in making this seizure?—A. Yes.

Q. By whom was assistance rendered?—A. James Y. Sweeny and U. A. Paquette and A. C. Moore.

"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 a similar offence to our knowledge.

At the date hereof, the said John W. Gaunt Company, Limited, have not claimed the said goods."

Then, the place of signature is left blank, and then follows your names "James E. Knox," which you identify?—A. Yes.

By the Chairman:

Q. What is the number of the seizure on the front page?—A. It is a private file, that is a copy of my own. That will be on the official file in this record.

Q. Were two seizures practised by you or only one?—A. Only one.

Mr. TYNDALE, K.C.: Surely, it would be proper to produce the official documents?

Mr. CALDER, K.C.: This is just as official as the other one, as far as the statements made by Mr. Knox are concerned. He makes them in triplicate and each is an original.

By Mr. Calder, K.C.:

Q. You placed a value of $20,000 on these goods. What did you go by to place the value upon them?—A. We just took a rough, approximate valuation, given to myself by Mr. Porteous.

Q. Did Mr. Porteous make any objection against the valuation of $20,000? —A. No, not that I recollect.

Q. Did the question come up between you?—A. Yes, I wanted to ascertain from him the value of the goods I was seizing.

Q. After a discussion with Colonel Porteous it was fixed at $20,000?—A. Approximately $20,000.

Q. Was Mr. Gaunt present when the seizure was made?—A. I don't remember, I don't think so.

Q. Did you see Mr. Gaunt previously or subsequently?—A. Both.

Q. Will you tell us what passed relevant to the point of settlement of the seizure between yourself and Mr. Gaunt on the day that he pleaded guilty—

The CHAIRMAN: That is for the blank invoices?

Mr. CALDER, K.C.: He pleaded guilty to only one charge.

Mr. TYNDALE, K.C.: That is the charge under Section 207.

Mr. CALDER, K.C.: That is the only charge that was laid.

By Mr. Calder, K.C.:

Q. What passed between you and Colonel Porteous and Mr. Gaunt, or other persons on the morning he pleaded guilty either before or after that plea with reference to making a settlement of the seizure? Did Mr. Gaunt make any statement to you?—A. Yes.

Q. What did he say?—A. We were holding this seizure pending a decision in Ottawa, and we had—what shall I call it—?

Q. A hunch?—A. No, an information and complaint ready which we intended rearresting him on again pending the final audit from Ottawa showing the actual deficits in the importation which they were working on at the time.

Q. In other words, Mr. Knox, if I may reset your statement, you had instructed the Department to make an audit fixing the exact amount of undervaluation?—A. Quite true.

Q. And the duty consequent upon that undervaluation which would still be collectable from Gaunt?—A. Yes.

Q. In order to keep Mr. Gaunt until that was done, you proposed to have another charge laid and rearrest him upon it, is that it?—A. Yes.

Q. An information and complaint and you wanted it drawn and you were holding it?—A. Certainly.

Q. Under the advice of counsel, Mr. Brais?—A. Yes.

Q. Your statement to the same effect was read into the record, the other day?—A. Yes.

Q. Tell us what—go on with your statement, I am sorry to have interrupted you.—A. During the trial the Crown pressed—

Q. Do not tell us what was done by the Crown or by the officers; restrict yourself to the statements made by Mr. Gaunt which are not part of the court proceedings.—A. Both Mr. Gaunt and Mr. Porteous had a conversation with Mr. Duncan and myself outside of Judge Decarie's room, immediately after the plea of guilty and sentence was passed, regarding the audit which was going on at Ottawa, and the question arose as to the release of the goods, namely, the $20,000 which you have on record.

By Hon. Mr. Stevens:

Q. The goods described in the K-9?—A. Yes, sir, the goods described in the K-9. The statement was made that they were released prior to this, and we

were taken somewhat by surprise, because we intended to arrest him again, and Mr. Porteous and Mr. Gaunt both stated that the goods had been released and a settlement had been made at Ottawa.

By Mr. Calder, K.C.:

Q. Did he mention the amount of the settlement?—A. $3,400 was mentioned.

By Mr. Bell:

Q. Did they or either of them state with whom the settlement had been effected at Ottawa?—A. I would not be positive as to any name being mentioned, but when they referred to Ottawa, we always took it for granted that it was the Board of Customs.

Q. You do not recollect any name, then?—A. No, I would not be positive as to that.

By Mr. Calder, K.C.:

Q. Have you the draft information and complaint which you proposed to lay?—A. Yes.

Q. And the draft warrant?—A. Yes.

Q. Will you detach them from your file, and produce them? (No answer.)

Mr. TYNDALE, K.C.: Are you going to read them into the record?

Mr. CALDER, K.C.: I will do so, if it will serve your purpose.

Mr. TYNDALE, K.C.: May I say a word, Mr. Chairman. I do not know for what purpose counsel is reading this charge, but inasmuch as it was never signed, and it was never laid, I do not know that it is quite in order.

Mr. CALDER, K.C.: As against Gaunt, it is of no importance. We are not investigating Mr. Gaunt. I am afraid that that point has been a little lost sight of. We are investigating the Customs Department. To put it briefly, this is a charge for making out and passing forged and fraudulent invoices, and attempting to defraud the revenue by evading payment of duty by such use.

Mr. TYNDALE, K.C.: Is the Section mentioned?

Mr. CALDER, K.C.: It is under Section 206.

By Mr. Calder, K.C.:

Q. Mr. Knox, this draft warrant was in accordance with the Information and Complaint?—A. Yes.

Mr. CALDER, K.C.: We will put in the warrant. The Information and Complaint were in the same terms. We will put that in together as Exhibit No. 162.

By Mr. Calder, K.C.:

Q. After this statement made by Messrs. Porteous and Gaunt, did you confer with Mr. Brais, the Solicitor for the Department?—A. I did.

Q. Was it with his concurrence and upon his advice that you refrained from proceeding further?—A. Yes, sir.

Q. Under sections 206 and 207—the charge was originally under 207?—A. That is, for the blank invoices.

By Hon. Mr. Stevens:

Q. And this was under Section 206?—A. That was under Section 206.

By the Chairman:

Q. You were the officer in charge of this case?—A. Yes, at the start of it.

By Mr. Tyndale, K.C.:

Q. I have only one question to ask of you, Mr. Knox. I understand that the Customs law and regulations provide that goods can be seized only with respect to under-paid duty, on these goods themselves; is that correct?—A. Or in part.

Q. Or in part?—A. Yes.

Q. And once the duty with respect to which these goods have been seized is paid, they are released?—A. Yes.

Q. Irrespective of any other charges which may be pending in the mind of the Department or elsewhere. Is that right?—A. That is correct.

By Mr. Calder, K.C.:

Q. The duty on dolls would not bear the same value as $20,000 bears to $3,000?—A. Hardly.

By Mr. Tyndale, K.C.:

Q. These goods however, had not been seized because no duty had been paid?—A. No, pending investigation.

Q. Because some money had been paid?—A. Pending an investigation and seizing of them, both.

By Mr. Calder, K.C.:

They were not seized for evasion of duty, but for another offence, namely, the possession of false invoices, that might involve even a bigger forfeiture.

By Mr. Donaghy:

Q. Did you lay the charge for the blank invoices?—A. I did.

Q. You laid that charge?—A. I did.

Q. The charge you laid was for having blank invoices in their possession? —A. Yes, sir.

Q. He was fined $500?—A. After some months, on October 23.

Q. 1925?—A. Yes, sir.

Q. When you laid that charge, did you also intend to lay a charge of using those false invoices?—A. We had the intention then.

Q. Why did you not do it?—A. We could not proceed until we got the proper or the approximate amount which had been defrauded.

By Mr. Tyndale, K.C.:

Q. But you were expecting the audit?—A. Yes. The object in laying the second one was that in case of Mr. Gaunt pleading guilty, we had reliable information to the effect that he was going away, and we wanted to hold him in Canada to answer to the charge we were going to prefer against him.

By Mr. Donaghy:

Q. It oftens happens, does it not, that the Crown does not prosecute a man on all the charges it might prosecute him upon?—A. That is quite true.

Q. In fact, it sometimes takes but the one?—A. Quite true.

Q. That is why I asked you whether you intended to prosecute him on both charges. First, for having blank invoices, and secondly for using them? —A. Yes.

Q. If you were intending to prosecute him on both, why did you not lay them both then, and prosecute him?—A. We had not gone through the volume of invoices we had collected.

Q. You did not need to go through the whole of them. You could have taken one specific case?—A. That was why we took those six.

Q. You said you had to go through all the invoices?—A. Yes.

Q. But you could have taken one, if you had been properly advised?—A. The proposition at the time was this, that we were intending to lay a blanket charge for a specific amount, and prosecute him under the Criminal Code.

By Hon. Mr. Stevens:

Q. As a matter of fact, there was an audit being made at the time?—A. Exactly.

Q. And the result of that audit had not been obtained?—A. The result was that all the papers were taken to Ottawa, and the auditors compiled their report in Ottawa. During that time, I was not informed in any way, shape or form, as to the audit. I know there was some little time elapsed getting it out.

By Mr. Donaghy:

Q. Is it true that at the beginning you only intended to prosecute him on one offense?—A. No.

Q. Later you thought of laying another charge, to prevent him getting out of the country?—A. Yes, pending the official audit.

By the Chairman:

Q. It was a very complicated thing at the start, I suppose?—A. It was.

Q. You were informed that even an officer of the Department might take advantage of a trip to Europe to make some investigations in Germany?—A. I did not know that.

By Mr. Donaghy:

Q. I see the second part of the charge you intended to lay was that of attempting to defraud the revenue by evading the payment of duty?—A. Yes.

Q. That brings up the question of the marks and the translation of them into dollars?—A. It would, naturally.

Mr. DONAGHY: You might have succeeded, and might not, in a criminal court; I do not know.

By Mr. Tyndale, K.C.:

Q. May I ask one question? You were aware, I suppose, Mr. Knox, of the general method of business in the Gaunt Company at the time the charge was laid and before the other was prepared?—A. Yes.

Q. You had gotten some information from his ex-employee?—A. Yes, certainly.

Q. You were aware, were you not, that it was a regular thing for Mr. Gaunt to go to Germany and pass a couple of months there?—A. Once a year, anyway.

Q. Tell us from whom you got the information upon which your complaint was based?—A. That objection I think has been maintained, that we will not disclose the informer, although, if the Chairman rules that I shall do so, I have no hesitation in doing it.

The CHAIRMAN: No.

By the Chairman:

Q. Mr. Knox, whatever occurred on the 23rd of October, 1925, you made a report in your own handwriting to Ottawa?—A. Yes.

Q. Will you please read your report into the record. Read right from the top?—A. This is dated at Montreal, October 23, 1925.

By Hon. Mr. Stevens:

Q. Before you go on, may I ask this: What was the occasion of this report?—A. This is my official report to my Chief, Mr. Wilson.

By Mr. Calder, K.C:

Q. Upon the plea of guilty?—A. Upon the settlement of the case, the conclusion of the case.

"OCTOBER 23, 1925.

W. F. WILSON, Esq.,
Chief, Customs-Excise Preventive Service,
Ottawa, Ont.

Re *John W. Gaunt Co.*

SIR,—With further reference to my previous reports in connection with the above named and referring to our conversation of Monday last, the 19th instant, in Ottawa, when you called my attention to my last report on your file in connection with this case, dated September 19th last.

I would respectfully advise you that under date of September 22nd last, I reported to you that J. W. Gaunt had officially changed his option from the Court of King's Bench to the Court of Sessions, the date of which was fixed for October 27th instant. This report must have been misplaced somewhere, because you have no record of same on your file.

On my return to Montreal from Ottawa, on Monday last, the 19th instant, special officer Sweeney informed me that Mr. Phillips Brais, K.C., appearing on behalf of the prosecution on this case, had tried to get in touch with me, but owing to the fact that I was in Ottawa, he was unable to do so.

Mr. Brais therefore, got in touch with Special Officer Sweeney, and advised him that John W. Gaunt had arranged through his counsel, Peter Bercovitch, K.C., to go before his honour, Judge Decarie, and plead guilty to the charge laid against him under Section 207 of the Customs Act. However, this arrangement was adjourned by Mr. Brais, who interviewed Judge Decarie, until such time as he could get in touch with someone representing the Customs Department.

On the morning of the 20th instant, Mr. W. Duncan arrived in Montreal, Que., and immediately got in touch with me, in connection with the Gaunt case. He informed me that Mr. Brais had got in touch with him by long distance telephone from Toronto, on Monday the 19th instant, and requested his presence at Gaunt's trial the following day.

Accompanied by Mr. Duncan, we proceeded to interview Mr. Brais at his office, 190 St. James St., Montreal, in connection with the Gaunt case, when he informed us that Gaunt was going to plead guilty at once before Judge Decarie, and thought we should be present when he did so. Mr. Brais informed us that Gaunt wanted to go before Judge Decarie on Monday, October 19th instant, but he objected to proceeding in our absence, and the case was left in abeyance until such time as Mr. Brais could get in touch with us.

As we were then present, Mr. Brais suggested that it would be better to see Judge Decarie and explain matters to him prior to Gaunt's arraignment, and place before him the facts of the case, so that he would not be in doubts when passing sentence should Gaunt still insist on pleading guilty. Mr. Brais, Duncan and myself interviewed Judge Decarie, in his chambers at the Court House, where the facts of the case against

Gaunt were placed before him, after which Judge Decarie suggested to Mr. Brais that he get in touch with Mr. Bercovitch and set a date suitable to the judge before October 27th, as he understood that Mr. Gaunt was anxious to have the case disposed of, in order that he might proceed to Europe on urgent business.

After our interview with Judge Decarie, Mr. Brais suggested to Mr. Duncan and myself, that as far as he was concerned, he would let the case take its proper course, and proceed on the 27th instant. The matter was left at that.

On the morning of Wednesday, October 21st instant, Mr. Brais advised me that Gaunt still insisted, through his counsel, upon going before Judge Decarie and pleading guilty. He therefore advised me to get in touch with Mr. Duncan and be on hand at Judge Decarie's chambers. I did so.

About 11.30 a.m. Gaunt and his partner Porteous, accompanied by their counsel, Mr. Bercovitch, K.C., got in touch with Mr. Brais in the Court of King's Bench, when we all proceeded before Judge Decarie in Chambers, when Gaunt, through counsel, entered a plea of guilty to the charge against him. His counsel, Mr. Bercovitch, K.C., outlined the case before Judge Decarie, and informed him that so far as possession of the signed blank invoices were concerned, none were used to defraud the Government, and that the Government had not been defrauded by the use of same.

Mr. Brais then outlined the case for the prosecution, and informed his Lordship that his information was to the effect, that the blank signed invoices had been used to defraud the Customs, and the amount exceeded $64,000. Mr. Bercovitch emphatically denied the statement, so, as we were without the records, Mr. Brais could not challenge further. However, Judge Decarie ruled that he could only deal with the case of having blank invoices in his possession, and would therefore accept the plea of guilty, and fine the accused the maximum, $500, which was immediately paid.

After the trial, both Gaunt and Porteous informs Mr. Duncan and myself that they had made a settlement of this case at Ottawa, for the sum of $3,400 and the seizure taken off their goods. This was news to us, as we had no information along these lines.

I have the honour to be, sir,

Your obedient servant,

J. E. KNOX,
Customs-Excise Enforcement Officer.

Witness retired.

GEORGE SLOAN called and sworn.

By Mr. Calder, K.C.:

Q. What is your employment, Mr. Sloan?—A. At the present time, nothing; I am not doing anything.

Q. What were you doing at the time of John Gaunt's arrest?—A. I was an employee of the Dominion Protective Association, and Customs and Excise Enforcement Officer.

Q. Did you, yourself, arrest Gaunt upon the warrant and charge to which he ultimately pleaded guilty?—A. Yes, sir, in company with officer Sweeney at the time.

Q. I suppose you told him who you were, told him you had a warrant, and upon what charge he was arrested?—A. Yes, sir.

Q. Did you warn him?—A. I did not.

Mr. CALDER, K.C.: That is where I want to know whether the ordinary rules obtain or not.

The CHAIRMAN: What do you think, yourself? You are a lawyer experienced in criminal matters.

Mr. CALDER, K.C.: I have taken the position—and I am a fairly consistent person—that we should follow the Canada Evidence Act, and the Common Law of England, in the matter of making evidence here, but the committee has told me that that was not necessarily true, and that is why I stop now in order to know what the committee's ruling will be on this point.

Mr. BELL: Well, in the very very conflicting opinions that there are as to the taking of such evidence, is it not understood and generally recognized to be a principle that if there has been no hope or fear held out one way or the other, the statement is admissable, even though made without caution.

Mr. CALDER, K.C.: I may say that in my own practice as Crown Prosecutor, I have always guided myself by the more rigid rule that the mere presence of an officer was an inducement or a threat.

Mr. BELL: It has been held that way, of course.

Mr. CALDER, K.C.: I have always followed that, because I believe it is better to err on the side of strictness, as far as the Crown is concerned.

The CHAIRMAN: That is right.

Hon. Mr. STEVENS: Of course, there is a difference here. We are not putting Mr. Gaunt or anybody in jeopardy of their liberty, but we are looking for information.

Mr. CALDER, K.C.: I quite appreciate there is that difference, but in any event, it could not injure Mr. Gaunt, because he cannot be tried again—no; he might be tried again on the other charge.

The CHAIRMAN: I see something there.

Mr. CALDER, K.C.: He might be tried again on the other charge, and the question which I want to put, rather elicits evidence on the other charge.

The CHAIRMAN: I think I will maintain the objection.

Hon. Mr. STEVENS: Well, not so fast.

Mr. CALDER, K.C.: I am in the hands of the committee.

The CHAIRMAN: We have the statute, and if we stand by it, we will be all right.

Mr. DONAGHY: Mr. Calder was asked by the Chairman for his own opinion.

Mr. CALDER, K.C.: I have given my opinion. I say, if this was an ordinary court, I would not argue that I could make that evidence, nor would I even go so far as to offer it, knowing the circumstances; but I am bound, seeing that the rule of evidence is not absolutely laid down by this committee, to proceed until a possible objection arises, and then I am in the hands of the committee.

Mr. DONAGHY: Do you think you should ask that question?

Mr. CALDER, K.C.: No.

Mr. TYNDALE, K.C.: As long as he is in doubt, let it go. That is one point, anyway, on which both counsel agree.

Hon. Mr. STEVENS: Go on. Here is where a layman has no chance.

Mr. CALDER, K.C.: That is the only question I had to ask Mr. Sloan.

Hon. Mr. STEVENS: Then, goodbye, Mr. Sloan.

The CHAIRMAN: We all believe in justice, that is sure.

Mr. BELL: I think it was Paul who inquired "What is the truth?", and the question has never been answered yet.

The witness discharged.

[Mr. George Sloan.]

ARTHUR C. MOORE called and sworn.

Hon. Mr. STEVENS: Now, Mr. Chairman, Mr. Moore, I think, is not in very good health. I remember the last time he was here we did not know it, and I think he suffered a little in health afterwards, and we do not want to unduly afflict the witness. If he is not in the best of health. Set him at his ease.

The CHAIRMAN: Take your time; don't get nervous; do your best.

The WITNESS: Thank you.

By Mr. Calder, K.C.:

Q. Mr. Moore, in consequence of certain information, you proceeded to make an investigation of the business of the John Gaunt Company?—A. Yes, sir.

Q. After your investigation, did you make a written report thereon?—A. Yes, sir.

Q. It represented the true fact, as you had investigated then?—A. Yes, sir.

Q. Have you got your report in hand?—A. No, sir; it is on the file.

Q. On the big file, No. 8043?—A. Yes, sir.

Q. Will you take the file, Mr. Moore, and turn up your report—

Mr. TYNDALE, K.C.: Could I know the capacity of the witness? In what capacity is he engaged.

By Mr. Calder, K.C.:

Q. Are you in the Preventive Service?—A. Yes, sir.

Q. Acting under the instructions of Mr. Wilson?—A. Yes.

Q. Now, will you turn up the report, and guiding yourself by it, tell us what you did. First, did you make one report or several?—A. This is the only report.

Mr. CALDER, K.C.: Then we will read it into the record.

The CHAIRMAN: Is that the report dated the 23rd of July, 1925?

The WITNESS: Yes.

Mr. CALDER, K.C.: (Reading):

"Re: *Alleged Undervaluation, Suppression of Packing Cases, and Inland Freight Charges on goods imported from Germany by the John Gaunt Company Limited, 45 St. Alexander St., Montreal, Que.*

Mr. W. F. WILSON,
Chief, Customs and Excise Preventive Service,
Ottawa, Ontario.

SIR,—I beg to report that in accordance with your instructions, accompanied by Special Officer U. A. Paquette, I called upon Special Officer Walter Duncan, at Room 125, Windsor Hotel, Montreal, Quebec.

We obtained from him all the office records which he had seized on the 24th April last from the John Gaunt Company Limited, Montreal. On examining the records, which covered a period of a little over three years, it was ascertained that all goods were purchased in Germany, f.o.b. factory, and shipped to Robert Schneider's warehouse, Coburg, Germany, the John Gaunt Company's buying agent, who re-invoiced the goods to Canada without showing his buying or handling charges, the inland freight, and charges for packing and cases. The cases are either shown on the invoices forwarded to Robert Schneider from the manufacturer, or are shown on separate invoices which are forwarded to the John Gaunt Company, Montreal, by Robert Schneider. (See attached agreement marked Exhibit number 12, between Robert Schneider and the John

Gaunt Company Limited, from September 1, 1921 to 1st April, 1925, but was cancelled in July, 1924, by mutual agreement; see also the John Gaunt private ledger, page 237,—)—"

Mr. TYNDALE, K.C.: Let me correct what appears to be an error.

Hon. Mr. STEVENS: It ends in 1924, anyway. Let him proceed.

The CHAIRMAN: It is a clerical error.

Mr. TYNDALE, K.C.: Should that be 1925?

Mr. CALDER, K.C.: I put it to the witness; however, the contract is here, and it can be verified.

The CHAIRMAN: The contract was put in in full.

Mr. CALDER, K.C.: The contract itself, which has been filed, will fix the date if there is any dispute. (Reading):

"—(—see also the John Gaunt private ledger, page 237, which shows the commission paid Schneider, from December 31, 1921, to March 31, 1923.) L. A. Buytendyk, Junior, Rotterdam, Holland, also had an agreement with the John Gaunt Company Limited to the effect that all goods which were purchased through Robert Schneider were either shipped to him from Schneider's warehouse, or direct from the factory. Buytendyk Junior re-invoiced the goods, after putting the marks into guilders, and which were invoiced at an undervaluation by him. For doing this Buytendyk received a commission of four per cent, which was later raised to seven per cent. (See John Gaunt's private ledger, page 237, which shows the commission paid Buytendyk, Junior; see also the file of letters marked Exhibit 13, between Buytendyk and John Gaunt Company Limited, confirming the commission.)

In July, 1924, John Gaunt Company Limited entered into a verbal agreement with H. and R. Seibeneicher, of Sonneberg, Germany, and with Sippell Brothers, Nuremberg, Germany, by which the John Gaunt Company Limited agreed to pay a commission of eight per cent on the invoice price of goods shipped from the manufacturers. Later, this was reduced to two per cent, and the John Gaunt Company Limited were to pay all office expenses, etc. (See letter attached marked Exhibit 6 re commission, and statement of office expenses.) In preparing the statement, five per cent has been added to all invoices covering goods purchased from Robert Schneider, Coburg, from September 1, 1921, to June 20th, 1924, and five per cent commission to all invoices covering goods re-invoiced by Sippell Brothers, Nuremberg, Germany, and by H. and R. Seibeneicher, Sonneberg, Germany, from July, 1924. From December, 1921, to March 31, 1923, four per cent has been added to all invoices covering goods re-invoiced by L. A. Buytendyk, Rotterdam, Holland, and in addition to this, the inland freight in Germany, the packing and case charges, which were omitted on all invoices, have been added as shown by memo. attached to the invoices.

The proper duty paid value of said goods was $232,603.23; duty paid value as entered $175,394.65; duty paid undervaluation $57,208.58; single duty short paid prior to three years, Back $1,389.60; double duty short paid $22,095.18; and sales tax short paid $2,236.46.

Herewith attached are exhibits 1, 2, 3, and 4, invoice frieight accounts for 1922, 1923, and 1924.

Exhibits Nos. 5 and 6, Robert Schneider cash statements from September 21, 1922, to December 30, 1923, showing money remitted to Germany and payments made to manufacturers.

Exhibit 7, cash statements for 1924 and 1925 showing money remitted to Germany and payments to manufacturers by M. and R. Seibeneicher, Sonneberg.

Exhibit 8, L. A. Buytendyk, Junior, accounts for 1922, showing the freight and purchasing commission.

Exhibit 9, bank and Fur Thurmgen statements of the John Gaunt Company, Limited, account in Germany showing receipts from Canada and payments to manufacturers.

Exhibit 10, bank and Fur Thurmgen notes of acceptance for 1923, rates of exchange on dollars sold, etc.

Exhibit 11, bank Hypotheken and Mechael, bank receipts for remittance from John Gaunt Company, Limited, to Sonneberg, with rate of exchange for dollars 1.00, for 1924 and 1925.

Exhibit 12, agreement between John Gaunt Company Limited, and Robert Schneider and agreement cancelling same.

Exhibit 13, file of letters dated from December 31, 1921, to February, 1923, between L. A. Buytendyk, Junior, and John Gaunt Company, Limited, confirming the amount paid L. A. Buytendyk, Junior, also attached is a statement in triplicate, invoices in question and K-9 in duplicate.

I have the honour to be, Sir,

Your obedient servant,

Signed A. C. MOORE,

Special Customs Officer."

This report was duly lodged by you with your superior officers?—A. Yes.

Q. With all exhibits attached?—A. Yes, this should be, on page 2, the first paragraph it should be "7".

Q. With all the exhibits attached?—A. Yes.

Q. And these are now on file, saving such disposition as the Committee has made?—A. Yes.

Q. Was it upon your suggestion that Mr. Paquette wrote for a ruling concerning the date at which the mark should be translated?—A. Yes, sir.

Q. Were you, as has been suggested here, absolutely ignorant of the rule, or did you merely want to have your knowledge confirmed?—A. We wanted to get the knowledge confirmed. It was a large statement to start off with.

Q. You got a ruling?—A. Yes.

Q. And your report was filed upon the ruling which confirmed your previous knowledge of the Customs Act of what should be done?—A. Yes.

Mr. TYNDALE, K.C.: I note in that report you refer to an agreement with Buytendyk; is that produced as an exhibit?

Mr. CALDER, K.C.: It can be produced, the whole file is here.

Mr. TYNDALE, K.C.: Is it produced with the report?

Mr. CALDER, K.C.: It has not been detached from the file and put into the files of the Committee yet.

Mr. TYNDALE, K.C.: What I meant, Mr. Calder, you referred to this agreement with Buytendyk, did you at the time you made the other report, attach the agreement to the report and send it to Ottawa?

Mr. CALDER, K.C.: He said he attached all the documents in his report.

The CHAIRMAN: We have this agreement here. It has been referred bo by the R.C.M.P. and we must have it.

Mr. TYNDALE, K.C.: Has it been produced as an exhibit?

The CHAIRMAN: Yesterday.

Mr. CALDER, K.C.: Was it not Schneider's?

The CHAIRMAN: Yes.

Mr. TYNDALE, K.C.: So far, I may have overlooked it; I have not seen the Buytendyk agreement.

Hon. Mr. STEVENS: No, it has not been filed. We can detach the report from the file with all exhibits mentioned, and they can be filed together.

By Hon. Mr. Stevens:

Q. Will you detach fom the file—you need not do it now, at this minute—and produce of record the report just read and all exhibits referred to by you as having been attached to the report?

The CHAIRMAN: The report of the 23rd of July, which will be exhibit 163.

By the Chairman:

Q. You will do that during the adjournment?—A. Yes.

By Mr. Tyndale, K.C.:

Q. What I wanted to know, Mr. Moore, is whether, when you made the report you had before you the agreement between Buytendyk and Gaunt and if you sent the agreement with the report to Ottawa? I do not see it with the list of exhibits and that is why I put the question.

Mr. CALDER, K.C.: Is it not exhibited in the file of letters?

Mr. TYNDALE, K.C.: I have not seen it.

Mr. CALDER, K.C.: I think you will find here a file of letters dated from December 31st, 1921 to February, 1923, between L. A. Buytendyk, Junior, and the John Gaunt Company, confirming the commission paid. I think that is the extent to which there is a contract between them.

Mr. TYNDALE, K.C.: That is what we want to know. Does the witness say that.

By Mr. Tyndale, K.C.:

Q. Do you mean a file of letters which you sent up with your report, or was there a separate formal agreement?—A. No.

The CHAIRMAN: If you cannot answer that question, come back at half past three o'clock this afternoon, and tell us. Look at your file, and be able to give a good answer then.

By Mr. Tyndale, K.C.:

Q. You referred in that report also to verbal agreements with Seibeneicher, verbal agreements?—A. Yes.

Q. Upon what information did you base your report with regard to those verbal agreements; you presumably were not present when the Seibeneicher, agreements took place between Gaunt and Seibeneicher; that is, the verbal agreements?—A. No, sir.

Q. What basis had you to go on, in regard to that verbal agreement?—A. I understand it came from Officer Knox. It was Mr. Hurson who gave me that information; he was working on it.

Q. A verbal agreement between Gaunt and Seibeneicher?—A. Yes.

Q. Did Hurson say that he was present when this verbal agreement was made between Gaunt and Seibeneicher?—A. No sir.

Q. You had no information to the effect that Seibeneicher had been in Montreal?—A. No.

Q. Or to the effect that Hurson had been in Germany?—A. No, sir.

By Mr. Calder, K.C.:

Q. You grasped all the possibilities of Gaunt reporting that information to Hurson?—A. That is the inference I got.

By Mr. Tyndale, K.C.:

Q. The reference and the report to an agreement between Gaunt and Seibeneicher, you got that from Hurson, who in turn, presumably, heard it from Gaunt, although there is nothing to prove it? (No answer).

Mr. CALDER, K. C.: There is the book, which will go a long way to corroborate it.

By Mr. Tyndale, K.C.:

Q. Is there anything in your report with respect to the date of this agreement between Gaunt and Seibeneicher?—A. No, sir.

Mr. CALDER, K.C.: It is further corroborated in the affidavits produced by Mr. Bain.

By Mr. Tyndale, K.C.:

Q. You do not know the date of the agreement with Seibeneicher?—A. No, sir.

Q. Is it not true, Mr. Moore, according to your information, that this agreement with Seibeneicher was made after Hurson had left the employ of the company?—A. Yes, sir.

Q. It was?—A. It was in July, 1924.

Q. My instructions are that Hurson had then left the employ of the company. What becomes of the basis of the statement in the report, that the information was obtained from Hurson?—A. It was Mr. Hurson who gave me the information, but I understood that Mr. Hurson got it from officer Knox.

Q. Hurson got it from officer Knox?—A. Yes.

Q. Try and clear that up for us, and give us the series of informants in order. Where did the information originally come from, according to your knowledge or information?—A. It came from officer Knox.

Q. The first you heard of it was through officer Knox?—A. No, from Hurson. I was making out my report.

Q. You heard of it first from Hurson?—A. Yes.

Q. At that time, did he tell you where he got it?—A. From officer Knox.

Q. He said he got it from officer Knox?—A. Yes.

Q. Did officer Knox, or Hurson tell you where officer Knox got it?—A. No, sir. He did not go any further.

By Mr. Calder, K.C.:

Q. Did you see any affidavits taken in Germany and submitted by Mr. John Bain?—A. No, sir.

By the Chairman:

Q. You took that information from them, and put that information in your report?—A. Yes.

The CHAIRMAN: You will prepare a report with the documents attached to it.

Witness retired.

Hon. Mr. STEVENS: Who is next, Mr. Calder?

Mr. CALDER, K.C.: I do not know whether it is necessary to put Paquette in to confirm this. He collaborated. I will not put Paquette in. Before adjournment I wish to call two witnesses whom I should have called yesterday, if I had had a true sense of economy, namely, the Clerk of the Crown and the Clerk of the Peace, Quebec. I understand that they have nothing to produce. They might as well be called and freed. This is in the case of the "Barge Tremblay".

CHARLES GENDRON called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Gendron, were you Clerk of the Peace at the time the Barge Tremblay case came up in Quebec?—A. Yes, sir.

Q. That was the case of Rex v. Symons and others?—A. Yes, that was the case of Rex v. Brien, Bisaillon and others.

Q. Are you still Clerk of the Peace?—A. I am.

Q. Have you any documents which were filed of record in that case?—A. Yes, I have some.

Q. Will you, under the order of the Committee, produce all records, documents, exhibits, testimony, any documents whatsoever that you have in your official custody as Clerk of the Peace?—A. Of course, it is hard work for the Department to keep the records.

Q. Have you made copies of them?—A. No, I have not a copy with me.

Q. What we are asking now is, for you to trust them to the State, subject to the order of Mr. Chairman, and a receipt will be given to you. We will all undertake that they will be returned to you intact, and at a very early date, I may say?—A. I will not have any objection, because I heard that the Clerk of the Crown in Montreal, who had the full record, produced it.

Q. Will you do that; is it at your hotel?—A. It is in the building now.

Q. Will you produce it in the interval, and take the Clerk's receipt?—A. Yes.

Q. I understand, Mr. Pouliot, the Clerk of the Crown, is indisposed?—A. Yes.

Q. Did he entrust you with the documents he otherwise would have produced?—A. He has no documents at all in this case.

Q. You verified that yourself?—A. Yes. All the documents are in the Court of Sessions of the Peace.

Q. After the inquiry was over, and Mr. Bisaillon, one of the accused, had been discharged, did he withdraw from you any documents?—A. Mr. Bisaillon?

Q. Yes?—A. No, he withdrew no documents from me.

Q. Did he not withdraw his own exhibits?—A. No, sir.

Q. If he did, there would be a receipt among your documents?—A. Certainly. I would like to give a certain explanation on this question. I sent some papers in the case, or they were taken back by the interested persons, Mr. Bisaillon and Mr. Brien.

Q. Were those documents that had been filed of record?—A. Not those which were filed, but those which were received.

Q. They got an order from the Court that those be returned to them? Was that it?—A. It was done by the parties agreeing.

Q. It was done by consent of the parties?—A. Yes.

Q. You must have had a list of the documents seized?—A. No, I have not got a list.

Q. Who has that list, detective Rioulx?—A. I do not know if he has; he is here, and will be a witness in the case. We have a list of all the documents that were produced and filed, as exhibits.

Q. But you have not the documents seized at the time the accused were arrested, and their premises searched?—A. No.

Mr. BELL: Does the witness know anything about the documents that Mr. Gagnon thought Mr. Cannon had, the prosecuting officer?

By Mr. Calder, K.C.:

Q. Do you know what documents were in the possession of Mr. L. A. Cannon?—A. No, I could not say that at all. These documents were in the care of Mr. George Rioulx.

Mr. CALDER, K.C.: They were only constructively in the possession of Mr. Cannon. They were in the possession of Mr. Rioulx, who will be called.

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.

JOHN BAIN called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Bain, you are a departmental agent and Customs specialist, according to your letterhead?—A. Yes sir.

Q. Am I correctly instructed when I am told that you brought about the release of goods seized from the John Gaunt Company Limited by representations which were made to the Customs Department?—A. Yes.

Q. Who instructed you to make those representations?—A. Mr. Porteous and Mr. Gaunt, chiefly Mr. Porteous.

Q. And it was Mr. Porteous and Mr. Gaunt who furnished you with the facts upon which your brief was based?—A. Yes sir.

Q. May I take it that the brief which you presented was complete? I mean, that all that was to be urged was urged in the brief.—A. I would not like to say that, Mr. Calder.

Q. Does anything occur to you now which you did not urge in your brief, but which you would urge supplementarily?—A. No, I looked upon the case as being in tentative shape; it was not closed, and until I looked at the invoices and all documents, computed them, and checked the computations, it was an open book as far as I was concerned.

Q. It was in the state of your information that you drew this tentative brief?—A. Yes.

Q. And this possibly might be altered one way or the other by a rechecking of the document?—A. Yes, quite.

Q. Will you look at a letter now shown you, consisting of twelve pages, dated September 21, 1925, and signed "J. Bain"? Is that your letter?—A. Yes.

Mr. CALDER, K.C.: With your permission, Mr. Chairman, I will read this into the record as showing the representations upon which the Department acted.

The CHAIRMAN: Proceed.

Mr. CALDER, K.C. (Reading):

Re—Seizure against the John Gaunt Company, Limited, of Montreal

"SEPTEMBER 21st, 1925.

The DEPUTY MINISTER,
Department of Customs and Excise,
Ottawa, Ontario.

"DEAR SIR:—I have been instructed to present to you the facts in this case, as understood by the Company, from whom the seizure has been made.

As I understand the matter, the seizure is based upon under-valuation, non-payment of duty on commissions, inland freight, and charges for packing cases. The under-valuations are alleged in respect of shipments made from Holland which originated in Germany, and I understand that these shipments took place prior to the inception and organization of the present Company, which was established and started to do business on January 1st, 1924.

It is my contention that the present company, which purchased the assets of the John Gaunt Company, in good faith, cannot be held liable for any irregularities of the old company, or of Mr. John W. Gaunt.

I further contend that the goods seized from the present Company cannot be held as against any charges which do not pertain to such goods; they certainly cannot be held as against charges of irregularities of any kind alleged to have been perpetrated prior to the organization of the present Company.

The case is a somewhat complicated one, and has many peculiar features. The Company has nothing to conceal and quite freely proposes to expose the situation as it understands it, which, as I am instructed, is as follows:

Mr. John Gaunt, trading under the name of "The John Gaunt Company," started business in Montreal in 1921 as an importing wholesaler in toys and similar articles. These articles were almost entirely, or, at all events, largely manufactured in Germany by small manufacturers, (some being made in the homes of people) who were unfamiliar with export trade. To do the business Mr. Gaunt found it absolutely necessary to hire an agent in Cobourg, Germany, by name Robert Schneider, who did the purchasing in Germany in the name of the Gaunt Company, and paid for the purchases in the name of the Gaunt Company, he, Schneider, attending also to the assembling of the purchases for shipment, and being paid by way of commission of 5 per cent, plus his expenditure for packing, in cases where he attended to the packing.

As a rule, quite a number of purchases would be included in one ocean shipment. The invoices from the manufacturers, which were made out to the Gaunt Company, were not properly certified for Canadian Customs purposes. (As a matter of fact, the sellers in many casess did not know the ultimate destination of the goods.) These invoices were forwarded to Schneider, as agent of the Gaunt Company, and Schneider, acting under instructions from Mr. Gaunt, prepared invoices on the regular Canadian Customs forms, which, according to such instructions, would accurately represent the invoices from the sellers. There was no conspiracy or collusion between Gaunt and Schneider to defraud the Canadian Customs. Schneider was definitively instructed to make his Canadian Customs invoices correspond exactly with the German invoices, and he was never given any instructions by Gaunt, either verbally or in writing, to reduce or in any way alter the prices shown in the German manufacturers' in-

voices, in preparing the invoices for Canadian Customs purposes. Schneider was paid his commission on the amount of his invoices.

Schneider became the agent of the Gaunt Company on the 1st of September, 1921, and his services were dispensed with in January 1924. The reason for dismissing him was that Mr. Gaunt had reason to believe that he was not honest, and had defrauded him in connection with the shipments. It has been very difficult for Mr. Gaunt to establish the frauds of Schneider, but on his trip to Germany recently, from which he has just returned, he succeeded in getting very strong evidence of such frauds. I hand you herewith, (subject to return after perusal and consideration) sworn statements made by Schneider's manager, and a clerk in his employ, indicating clearly that Schneider deliberately and systematically forged invoices, as a result of which Gaunt paid much larger sums for German purchases than were actually paid to the German manufacturing sellers, and, as a consequence, also paid Canadian Customs duty on much greater values than the purchase price in Germany, which would represent the home consumption value there. It is impossible for Mr. Gaunt to determine with accuracy the loss to him through Schneider's frauds, including the loss in excess Canadian Customs duty paid by reason of such frauds and fictitious invoices. The sworn statements referred to deal only with one manufacturer's experience with Schneider. That manufacturer, it may be said in passing, supplied practically all the dolls bought by Schneider for Gaunt. It is reasonable to assume that Schneider, being dishonest in connection with one manufacturer, he would be dishonest in connection with others; as a matter of fact, Mr. Gaunt knows that at least two other manufacturers were similarly manipulated by Schneider, to the prejudice and loss of Mr. Gaunt. It given time, Mr. Gaunt thinks he can procure sworn evidence from at least two manufacturers in support of these statements as to the fraud of Schneider. In this connection, it might be mentioned that the doll manufacturer, Brueckner, referred to in the sworn statements made by Schneider's employees, stated to Mr. Gaunt recently in Germany that he was told by Schneider that if he, Brueckner, disclosed his books in Court showing his actual transactions with Schneider, as respects the Gaunt shipments, the latter would commit suicide.

Before departing from this question of undervaluations, I stress the point that the Schneider invoices were fictitious and that consequently your Department has no basis for true comparison. It is just as reasonable to assume, in the circumstances, that Gaunt has paid excess duty as it is to assume that he has under paid duty.

As previously stated, the alleged under-valuations, which represent the major portion of the charges, were in respect of goods shipped through Holland. The facts in regard to such shipments may now be stated. When the Customs Act was amended so as to require the payment of duty on goods imported from Germany on the basis of a reduction of not less than 50 per cent from the gold standard value of the mark, it became impossible for Canadian importers to import from Germany, and the practice grew up of having German goods imported from Holland, through the intervention of shipping agents there. Very many importing firms in Canada adopted this practice, and, so far as our knowledge goes, such practice was not considered illegal or improper by your Department. At all events, we have no knowledge that it was disturbed.

Mr. Gaunt employed an agent in Holland, Buytendyk by name, who received the goods from Germany, which were shipped by Schneider, and he, Buytendyk, acting under instructions from Gaunt, converted the Schneider invoices, which were in marks, into guilders, and forwarded

such guilder invoices to Canada, where they were entered at Customs. There was no collusion or conspiracy between Buytendyk and Gaunt to defraud the Customs, or anyone else. Buytendyk was instructed by Gaunt to make his invoices correspond exactly with the German invoices according to the exchange value of the mark converted into guilders. In some cases the German invoices were in Sterling and, in others, in dollars, and attention is specially directed to the fact that in these cases there is absolutely no under-valuation. This is reasonable proof that there was no conspiracy or collusion. Mr. Buytendyk was paid his commission on the amount of his invoices in guilders and consequently there was no incentive to him to reduce the guilder value of the invoices.

It may be that the alleged under-valuations were due to the fact that Buytendyk established the exchange value of the mark in guilders at the time of export from Holland, instead of the exchange value of the mark at the time of exportation from Germany to Holland. In this connection, and generally as respects the business relationship between Gaunt and Buytendyk, an affidavit made by Buytendyk is submitted herewith.

Inasmuch as the Department did not protest against, or disturb, the practice of Canadian importers using Holland agents in respect of German shipments, the question arises as to whether or not the exchange value of the mark in guilders at the time of exportation from Holland was the correct value for Canadian Customs duty purposes. Mr. Buytendyk's instructions from Mr. Gaunt were in the form of a letter, prepared by the latter in Holland, and I am to state that Mr. Buytendyk is prepared to show such original letter, and all other correspondence, to any agent of the Customs Department that may be assigned for the purpose.

Dealing with the charges, based upon non-payment of duty on commissions, inland freight and packing cases, it is freely admitted that the charges for packing cases were dutiable and should have been paid. All that can be said on this point is that my clients were ignorant of the law. They understood, rightly or wrongly, that no one else in the business paid duty on these charges, and they quite naturally assumed that they need not pay them. I am led to believe that some Canadian importers, and also American importers, who shipped goods from Germany to Canada, use their own employees for preparing packing cases for shipment and consequently escape the payment of duty on packing charges.

As to commissions, it is my strong contention that they are not dutiable charges. I think there are many decisions in support of this contention, and I direct special attention to Appraiser's Bulletin No. 3, dated 11th December, 1898, (which is still in operation), which provides that:—

> 'Usual commission charges shown on invoices for services rendered by an agent or buyer in purchasing goods in a foreign country for an importer in Canada are non-dutiable.'

Regarding inland freight, these are comparatively trifling. In many cases the goods were brought into Coburg by the carriage of women, or by small hand carts, no charge being made for delivery.

The present position is that the John Gaunt Company, Limited, is urgently in need of the 180 odd cases held under seizure. They have contracted for the delivery of the goods included in these cases, and if they cannot deliver at once, they will suffer heavy loss, direct and indirect. Moreover, if these goods, which are seasonable, intended chiefly for the

coming Christmas trade, are not delivered soon their value will be tremendously decreased, either to the Company or to the Customs. Their estimated value is about $18,000, and if not delivered to the trade shortly, they would not be worth $2,000 to any one.

It is the strong contention of my clients, the John Gaunt Company, Limited, as previously stated, that these goods cannot be held for other than the duty on the packing and packing cases, in which they are contained and they ask that the goods be released to them upon their making a deposit in respect of duty on such packing charges.

Colonel Charles Porteous, who brought about the formation of the present Company, by investing large sums of money, took the greatest precautions before entering into the business to insure that everything was all right, so far as any one knew, and as disclosed by the books and inventory. He was told, among other things, that the Customs authorities took away in July, 1923, all records of the Company for 1922 and up to that date, and had after retaining such records for six weeks or more returned them to the Company without comment, or without taking any action whatever. Colonel Porteous understood that that action was taken by the Customs authorities on the complaint of a disgruntled employee, who was discharged for cause, and he, quite naturally, assume that, when the books and records were returned by the Customs to the Company without complaint or action against the Company being made or taken, everything was all right.

Colonel Porteous and the interests he represents are highly respectable people, who cannot be charged with any wrong doing in the case, and I submit that they are entitled to be treated as innocent parties. I am unable to see that they were neglectful to any extent when entering into the business, and I assure you that their bona fides are beyond question.

It would be an injustice to them if they were to suffer loss through the Company being held responsible for acts committed prior to their entering the business, and of which they could not have any knowledge. Further, I repeat, that the goods of the John Gaunt Company, Limited, organized in January, 1924, cannot be held liable in any degree for any irregularities or Customs shortcomings committed prior to that time.

It should be mentioned here that Mr. Gaunt was, to a very large extent, in the hands of his employees, and he was required to be away from home in Germany and other European countries, and in travelling in Canada, for the greater portion of each year. He has experienced great trouble through his managers, and other employees, who proved to be untrustworthy. From my knowledge of the facts, I am strongly inclined to take the view that if any irregularities have occurred it was due largely or entirely either to incompetent or untrustworthiness of employees. Mr. Gaunt never gave any instructions to any one of his employees to falsify invoices, with the object of defrauding the Customs or evading the payment of duty. On the face of things, it would seem improbably that he would do so, because it is clear that by so doing he would be placing himself at the mercy of his employees, a risk very few take.

My clients understand that it has been reported to the Department that Mr. Gaunt made very large profits during the years covered by the charges. As to this, Colonel Porteous asserts that the financial returns of the old and new Company are as follows:—

In 1922, on a turnover of approximately $110,000, there was a profit of about $12,000.

In 1923, on a turnover of $147,000, there was a profit of about $14,000.

In 1924, on a turnover of $167,000,there was a loss of $21,000.

I am instructed that neither the old Gaunt Company, or the present Company, have cut prices in the Canadian market, and that, on the contrary, their prices have always been higher than those of other firms.

In closing, I would like to emphasize the great damage to the Company's interests, through the publicity which has been given to the case, publicity which I am sure never emanated from your Department, but may have been brought about by auxiliary services. It is a fact that the buyers of toys and similar articles throughout Canada have been led to believe that Mr. Gaunt has been in jail for a year or more, on account of Customs frauds. This story has been spread all over Canada and is most detrimental to the Company's interests. The loss already suffered through unfair publicity is incalculable. These observations likewise apply to the damage to the reputation of the Company in Germany.

One word more, and that is, that the immediate release of the cases now under seizure appears to be absolutely necessary if great losses are to be avoided. My suggestion is that the case might very well be considered from two angles; one regarding the charges for packing cases, for which the present Company may be considered as liable, and the other regarding charges for which they cannot be held responsible. Mr Gaunt feels that, if necessary, and if given the proper time, he can in addition to the evidence now presented to you, submit further evidence of the frauds of Schneider which have a very important bearing on the whole case.

Yours very truly,

(Signed) J. BAIN."

Q. Was there any further evidence—

The CHAIRMAN: There is a letter on February 3.

Mr. CALDER, K.C.: Do you want that read?

The CHAIRMAN: Yes.

Mr. CALDER, K.C.: A letter from John Bain?

The CHAIRMAN: Yes, a letter to Mr. Farrow?

Mr. CALDER, K.C.: Yes. (Reads):

"OTTAWA, ONTARIO, February 4, 1926.

To R. R. FARROW,

Deputy Minister of Customs and Excise.

DEAR SIR,—For attention Mr. C. P. Blair. *Re* seizure against John Gaunt Company, Limited.

I think it well to hand you herewith original of letters received by me from the President of the Company. I would ask that these letters be not made public as a disclosure of them might operate to Mr. Gaunt's disadvantage in his proposed proceedings against Schneider.

I asked Mr. Gaunt to cable his lawyer, Mr. Justizrat Hirsch, to send certified copy of his letter to Schneider, which is referred to in Mr. Gaunt's letter to me of January 27th.

Yours truly,

(Signed) J. BAIN."

Q. Was there any further evidence ever submitted by you?—A. I think there were some affidavits.

Q. You mentioned affidavits in your first letter?—A. Yes. I submitted some affidavits in support of my contention.

Q. There were two letters in February. I read the February 4th letter by error. I will read the other one.

"For attention of Mr. Blair

FEBRUARY 3, 1926.

To the

DEPUTY MINISTER OF CUSTOMS AND EXCISE,
Ottawa.

DEAR SIR,—Referring to my letter to you of September 21st last, in behalf of the John Gaunt Company Limited, in the matter of seizure against it, it was contended therein that the commissions were not dutiable charges.

In this connection I send you herewith originals of two affidavits made by Otto Sippel and Heinrich Siebeneicher, who acted as purchasing agents for the company, which set forth the terms of their employment and the procedure they followed. I submit that in the light of this evidence, the commissions paid to these purchasing agents were not properly dutiable charges in Canada, and I am instructed by my clients to request that these facts be considered when the seizure case is finally determined.

I also hand you a letter from Mr. Siebeneicher to the Company explaining the purchasing methods as set forth in the second last paragraph of these affidavits.

Yours very truly,

(Signed) J. BAIN."

You appeared, in this letter, to have abandoned the position that no commissions were dutiable?—A. What?

Q. You seemed, in this letter of February 3rd, to have abandoned the position taken by you in your letter of September 1, 1925, that no commissions were dutiable?—A. I always took the position—

Q. You took this position?—A. No.

Q. You say:

"I submit that in the light of this evidence, the commissions paid to these purchasing agents were not properly dutiable charges in Canada"?

—A. Surely.

Q. Why did you distinguish these purchasing agents, instead of still sticking to the proposition that the goods were dutiable?—A. It is very simple. The decision that was made according to the rules was that this represented duty on commissions and packing cases, and I contended that they should not take double duty on commissions. Let me explain. The law and practice of the Department, rather the practice is, if a man in Canada employes an agent in a foreign country to buy goods for him, and these goods are bought in the name of and on the credit of the man in Canada, and the agent is paid by way of commission, that is not a dutiable charge, but take the man in Canada who buys goods through a commission man and that commission man buys and pays the cost himself, and on his credit and charges his profit by way of commission, that commission is considered profit and a dutiable charge. That is the situation.

Q. Should not the duty be charged, generally speaking, on all goods imported?—A. I merely state the practice.

Q. The law is, that duty should be paid on all the goods imported less depreciation, if any, which might take place?—A. I am not going to express any opinion. That is law.

Q. You mention several firms which you say adopted exactly the same methods as Mr. Gaunt?—A. Yes.

Q. And Gaunt Company, Limited?—A. Yes.

Q. What are these firms?—A. I do not know. My information came very, very limited. That whole letter is prepared on instructions from my clients and purports to represent their view and specifically states it.

Witness retired.

JOHN W. GAUNT re-called.

By Mr. Calder, K.C.:

Q. Have you a charter of the John W. Gaunt Company?—A. The charter of the John W. Gaunt Limited is with the auditors.

Q. The John Gaunt Company Limited was incorporated to take over John Gaunt, your firm, an unincorporated firm as a going concern?—A. Yes, sir.

Q. We will exhibit the charter in a few minutes. Was it all transferred?—A. Well, Mr. Couture of Campbell, McMaster and Couture prepared the whole thing.

Q. You ought to know as a seller and buyer, whether there was a deed of sale made between you, the unincorporated firm of John Gaunt to John Gaunt Company, Limited?—A. I do not think there was a deed of sale. I got fifty-one thousand shares.

Q. That was the purchase price?—A. The consideration.

Q. That was the consideration?—A. Yes.

Q. That consideration must have been set forth in a deed of some kind?—A. It was in the minute book of the company.

Q. That is all?—A. Yes.

Q. I draw the attention of the Committee to the first clause of this charter. These are the letters patent incorporating John Gaunt Company, Limited, as a private company, dated 7th June, 1923, and recorded 12th June, 1923, book 289, folio 250, by the Acting Deputy Registrar of Canada, P. Pelletier, reference No. 76226. It incorporates John William Gaunt, Robert Wright Porteous, Thomas Barefoot Hurson, Isabel Miller Fraser and Guy Papineau. The first clause reads as follows. This is put forward in view of Mr. Bain's contention:

> "(*a*) To acquire and take over as a going concern and to carry on the whole or any part of the business of the John Gaunt Company, a commercial company, with its place of business in the city of Montreal, in the Province of Quebec, and with a view of acquiring all or any of the assets of the said business and to assume all or any of the debts or the liabilities of the said business, and to pay for the said business and undertaking or said assets by acquiring them in cash or by the allotment and issue of such fully paid up and unassessable share of the capital stock of the company as the directors may determine."

Did you take a statement of cash on hand or liabilities?—A. We took the business over on a balance sheet; we did not take anything we did not know about.

Q. Did you assume all or any of the liabilities? We will take that up. Did you assume all of the liabilities?—A. It is in the minute book that we took the business over as it stood on January 1, 1924. I am not a company lawyer.

Q. I am not asking whether you are a company lawyer. I am asking what is in your mind. I am reading from your minute book what appears to be the first organization meeting held at the office of Messrs. Campbell, McMaster and Couture, 189 St. James Street at 8.30 a.m. on the 9th June, 1923. It recites a memorandum of agreement which was incorporated into the minute book and signed by you, of the first part, and John Gaunt Company Limited,

by Robert Porteous and Thomas B. Hurson, of the second part. You remember that, do you not?—A. I do, sir.

Q. The first clause of the agreement, after the recitals of the parties and the various whereases, goes on as follows:—

> "The vendor hereby sells, transfers, conveys and makes over unto the company hereto present and accepted, all its assets, comprising stock in trade, book debts, accounts, bank deposits, leases, goodwill, and all assets of any kind, nature and character whatsoever, subject however to the payment by the company of all the liabilities of the said business heretofore carried on by the said William Gaunt, as per list annexed hereto, the payment of which the company assumes and undertakes to the entire exoneration of the said vendor, the whole for the price or sum of $51,000."

Where is the list that was to be annexed to this?—A. I think you will find at a later meeting that the Company was not taken over in 1923, but as of the 1st of January, 1924.

Q. Mr. Gaunt, you signed as John William Gaunt, at this meeting?—A. Yes.

Q. And the company signed John Gaunt, Limited, Robert W. Burgess and Thomas B. Hurson, and that was the contract between you from that date?—A. Yes.

Q. John Gaunt non-incorporated, went out of existence, and John Gaunt, Limited, came into existence efficiently at that moment, did it not, and if not, will you tell me by what process of law you dissolved the company?—A. You will have to ask my lawyer about that. If you read on there, you will find there is another piece on the next page, and you will find exactly what it says there.

Q. What was that?—A. There was a meeting on March 7th, 1924, I think. We could not make a proper belance sheet in the summer of 1923.

Q. I do not know, if you did not exist as a company, you took some great licences, when you distributed some stock. Find us the minute, deed, judgment or waiver by which that contract was set aside? (No answer.)

Mr. TYNDALE, K.C.: What date was that, Mr. Calder?

Mr. CALDER, K.C.: That was in October, 1923.

WITNESS: There was a meeting on the 7th of March.

By Mr. Calder, K.C.:

Q. Let me see it, will you? There is a minute on the 7th day of March, 1924. You state there:

> "The president explained to the meeting that he had no report to present on behalf of the board, inasmuch as the company had not yet began operations owing to his absence in Europe last year, and other uncontrollable events, but that it was desired to carry on at once, from now on. He further explained that the agreement sanctioned by the shareholders, on the 20th of June last, and approved by the directors on the same day, had been duly signed and executed, but had not been carried into effect; its execution having remained in abeyance by mutual consent of both parties, and suggested that this meeting should not formally agree that this agreement should be agreed upon as from the First of January, 1924, on exactly the same terms and conditions, as embodied in the agreement and for the same price and consideration, especially, as after the signing of the agreement in June last, the stock consideration mentioned in said agreement had been issued to him and his nominees."

Some time or other you ask your lawyer whether it is possible or not to suspend a contract and date its operation from any moment you choose, especially when you want to defeat somebody.

I do not mean that he should ask you, Mr. Tyndale, but that he should go back to the counsel that gave him that advice.

Mr. TYNDALE, K.C.: It is clear that counsel who gave him that advice is not the counsel at present engaged in the case.

Mr. CALDER, K.C.: I assume that.

By Mr. Calder, K.C.:

Q. We have been told, Mr. Gaunt, by Mr. Bain, that the chief ground of your appeal to the Customs was that other firms were doing exactly as you had done, and that it was a common, general and recognized practice which the Customs knew and did not protest against? (No answer.)

Mr. TYNDALE, K.C.: I do not wish to take up the time of the Committee with useless suggestions, but I do suggest that the question in the form it is put is unfair. Mr. Bain appeared before the Committee, and identified his letter, but he did not say which ground was the chief ground, or anything to that effect.

Mr. CALDER, K.C.: He said that everything in that letter had been stated to him by Mr. Gaunt, and that he stated it to the Customs.

Mr. TYNDALE, K.C.: The letter speaks for itself.

Mr. CALDER, K.C.: Certainly, the letter speaks for itself. I did not think there was any objection coming.

Hon. Mr. STEVENS: As I understand the point, Mr. Calder, it is this. Mr. Bain declared that he based the letter upon information supplied him by Gaunt Is that correct?

Mr. TYNDALE, K.C.: Yes.

Hon. Mr. STEVENS: That point is not being challenged now, is it?

Mr. TYNDALE, K.C.: Not at all. My only point is that Mr. Calder's question is so couched that it attributes to one of the points raised in Mr. Bain's letter an important matter which the witness had not stated before the Committee.

Mr. CALDER, K.C.: I will amend the question, and say that it was an important consideration.

Mr. TYNDALE, K.C.: One consideration.

Mr. CALDER, K.C.: A minor consideration, submitted by Mr. Bain in his letter, which took several pages to set forth, that the same practice you had adopted was adopted by other houses engaged in trading with Germany?

WITNESS: That refers to the practice of shipping via Holland.

By Mr. Calder, K.C.:

Q. What were the firms that shipped via Holland, to your knowledge?—A. Mr. Calder, I am not blind. I have seen dolls. How could they come into Canada, unless they were shipped via Holland? The dolls were there, and they could only originate in Germany. Nobody could afford to pay 3,000 per cent duty, as they would have had to pay under the fifty per cent law. The dolls were there, and they had to come via Holland, or via England.

Q. That would dispose of your own knowledge. Are you aware that every Customs appraiser is as well versed in the Customs law as you are? What is the basis of your statement that the practice was winked at by the Customs Department?—A. I am quite sure that the Custom appraisers know a German doll when they see it.

Hon. Mr. STEVENS: Mr. Calder, would you mind my interjecting a question at this point? It is this: Does the witness advance this allegation that other firms were doing this as an excuse for his action in doing it?

WITNESS: Well, I did not start the practice, Mr. Stevens.

By Hon. Mr. Stevens:

Q. I am not asking you that. You say that other firms did do it?—A. I am referring to the practice of shipping via Holland.

Q. Now, do not be suspicious of me in this matter, because I am trying to agree with you that other firms did do it, and I do not think it is worth while to squabble about it. What I do want to know about it is this: Are you advancing as an excuse for doing it yourself the fact that other firms did it?—A. Yes, partly, that is the excuse.

Hon. Mr. STEVENS: The point we will have to consider later on, Mr. Chairman,—I do not think it comes up at this time for argument—is whether that is a valid excuse or not, but the fact I think we can accept is this, that the witness' testimony is that other firms did it.

Mr. CALDER, K.C.: The only reason I asked the question was, to find out whether we could recover anything more for the Department.

WITNESS: Is it fair to put me on the witness stand, after I have been maligned by my competitors, and ask me to make statements about my competitors here? I saw the stuff I was up against all the time; I met the merchandise.

Mr. Calder, K.C.:

Q. You knew whose merchandise it was?—A. Yes, sir.

Q. You do not feel inclined to tell us who the people were who were competing with you on the same basis?—A. No.

Q. You limit the imputation upon other importers to doing the same thing, reshipping through Holland?—A. Either Holland or England.

Q. Do you know any other firms who have arranged it so that they pay one price to the manufacturer, and quote another price to the Customs?—(No answer.)

Mr. TYNDALE, K.C.: This morning, when I asked for the name of an informant, I was informed that it was the custom of the Committee not to insist upon any names being mentioned. I suggest that under the circumstances of this part of the inquiry, it would be most unfair to insist upon the witness giving the names.

Mr. CALDER, K.C.: I have not so far pressed for the names. I am asking him whether he knows that there are others who have the practice of paying one price to the manufacturer and quoting a different price to the Customs.

Mr. TYNDALE, K.C.: I think the objection would apply even to that question.

Mr. CALDER, K.C.: I do not think so.

Mr. TYNDALE, K.C.: It is for the ruling of the Chair that I have submitted it.

Hon. Mr. STEVENS: Your client volunteered in the other case, certain information, and we protected him in the question of the answer as to the names. He brings this on himself; it is a collateral question to the others.

Mr. TYNDALE, K.C.: I submit of course to the ruling of the Chair.

The CHAIRMAN: I would like you to put the question again, Mr. Calder, before I rule on it.

Mr. GOODISON: Before doing that, I would like to ask a question, if I may.

Mr. Goodison:

Q. Do you know of any other firms buying through a commission merchant the same as you are buying?—A. Oh, yes.

Mr. TYNDALE, K.C.: The way the question is put, it is unfair, because it does not say "do you know of any other firm", but "do you know of any other competitors in your business?"

NOTE.—The word "competitors" was struck out in Mr. Calder's former question, and the word "firms" substituted therefor.

Mr. CALDER, K.C.: I do not want to restrict it to the doll trade.

(Questions and answers read over by the reporter).

By Mr. Calder, K.C.:

Q. Do you know of any other firm?—(No answer).

By Hon. Mr. Stevens:

Q. Tell us that, Mr. Gaunt?—A. No.

Witness retired.

Mr. CALDER, K.C.: I am going to call Mr. Nash now. I suppose Mr. Mitchell can act, as the Deputy Minister does in the House, because he was more intimately connected with this particular audit than Mr. Nash.

Mr. TYNDALE, K.C.: Why not call him as a witness?

ALBERT E. NASH called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Nash, are you a member of the firm of Clarkson, Gordon and Dilworth?—A. I am.

Q. They are chartered accountants?—A. Yes.

Q. Did you, on the instructions of the Committee, conduct an audit of the books of John Gaunt, and of the John Gaunt Company, Limited?—A. I would say it was an investigation for special purpose, it was no audit.

Q. What was the special purpose?—A. To determine the relations between the John Gaunt Company, and the Customs Department at that time, in the matter of importations of goods.

Q. For the purpose of this investigation, what books did you have the advantage of inquiring into?—A. I had the advantage of all the books of the John Gaunt Company that were available. Whether they were all the books of the John Gaunt Company or not, I am unable to say. Certainly some were not produced; some records were not produced.

Q. What documents in the ordinary course of book-keeping in a similar firm would you say were not available for your investigation?—A. There were a considerable number of missing invoices, in the first place. Perhaps that is all of the first importance.

Q. Anything else?—A. The books prior to the 1st of September, 1921, if any, were not available.

Mr. TYNDALE, K.C.: We have in evidence that there were none.

The CHAIRMAN: Proceed, Mr. Calder. The auditors have gone through the books and documents. Let Mr. Nash testify, and Mr. Tyndale will try not to interrupt him; perhaps he will have three or four questions to put at the end of the examination. It is very technical, and the witness should not be interrupted.

By the Chairman:

Q. You have with you a report, and you can follow that?—A. I have a complete list of books for which the production was asked, some of which are not very material but some of which are important.

By Mr. Calder, K.C.:

Q. Have you checked from that list to see what was missing—or rather, have you checked what you have on that list?—A. Yes.

Q. Will you put in the list so checked?—A. Yes.

Q. In consequence of your investigation, did you draw up a report?—A. I did, Mr. Calder, yes.

Q. And that report is dated at Ottawa the 27th of April, 1926?—A. That is right.

Q. And it shows the true facts as you have ascertained them?—A. Yes.

Mr. CALDER, K.C.: I will now read into the record the report of the auditors, which I think will be the shortest way, and it can be supplemented by questions afterwards.

EXHIBIT No. 164

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

FIFTH INTERIM REPORT

(Re the John Gaunt Companies)

CLARKSON, GORDON AND DILWORTH,
Chartered Accountants,
Ottawa, Canada, 27th April 1926.

To the Chairman,
Special Committee,
Investigating the Administration of
The Department of Customs and Excise.

SIR,—As auditors to your Committee we have the honour to make our fifth interim report.

This report deals with our investigation of the books of the John Gaunt Company, and of the John Gaunt Company Limited, of Montreal, Que., Importers of toys and fancy goods from European concerns, chiefly in Germany.

The John Gaunt Company appears, from the books, to have commenced business in September 1921. There are certain evidences in the records that the company was in operation in Montreal as far back as February 1921 and in Winnipeg in 1920. Any books that might have been kept prior to September 1921, however, have not been produced to us.

On 7th June 1923 the John Gaunt Company Limited was incorporated under Letters Patent of the Secretary of State of Canada with an authorized capital of $100,000. The company's charter gave it power to acquire and take over the business of the John Gaunt Company and an agreement to this effect was entered into with Mr. John W. Gaunt on 19th June 1923. This agreement does not appear to have been acted upon immediately, however, and the minutes of the company show that on 7th March 1924 it was again ratified by the company's shareholders to take effect as from 1st January 1924. The John Gaunt Company Limited can, therefore, be said to have commenced active operations as from this date.

In consideration of the sale of the old company Mr. Gaunt received 510 shares of the capital stock of the John Gaunt Company Limited, fully paid up and non-assessable, which were issued to him and his nominees as follows:

	Shares
Mrs. Ada C. Wheeler, London, England	250
Mrs. J. W. Gaunt (nee Isabelle M. Fraser)	250
John W. Gaunt	8
R. W. Burgess	1
T. B. Hurson	1
Total	510

the above including the five shares subscribed for by the incorporators of the company. On 4th October 1923 Mrs. Ada C. Wheeler transferred her holdings to John W. Gaunt. Practically the whole of the issued shares of the company at this date, therefore, were held by Mr. Gaunt and his wife. At a later date Mr. C. F. C. Porteous received an option on $20,000 par value of stock in consideration of an advance which he made to the company, and a statement filed with the Royal Bank of Canada, dated 6th September 1924, shows the paid up capital to be $69,000.

The minute book of the company, as produced to us, has been written up to 27th June 1924, and we have seen a copy of what purports to be the minutes of a directors' meeting held 15th July 1926. No other minutes have been produced.

On 17th February 1926 Mr. Gaunt appeared before the Committee and produced certain of the books and records of both companies, and has subsequently supplied us with additional records. There are, however, still a number of records which have not been produced, principally invoices for goods purchased.

The examination which we have made of these books and records has been mainly directed to ascertaining the true value of the goods imported by Gaunt, the value at which they were cleared through Customs and whether there was any undervaluation. We have not attempted to make any audit of the companies' records or to examine into any aspects of the business other than those which appeared directly to concern the present investigation.

In importing goods from Germany the procedure followed by Gaunt was to employ agents who purchased the goods from German manufacturers, took delivery of them, repacked and reinvoiced them to Gaunt in Canada under thier own names.

In the years 1921 to 1923 Gaunt's agent in Germany was Robert Schneider of Coburg, and with funds supplied by Gaunt and on Gaunt's instructions he purchased the goods from the manufacturers f.o.b their factories. The goods were shipped to him, being reinvoiced to Canada by him for Customs purposes without showing the cost of handling, the value of cases or the inland freight on broken shipments. The original invoices from the German manufacturers were sent forward to the John Gaunt Company and used by them for payment and entry in their books, settlement being made at the rate of exchange for Marks prevailing at the date of the purchase of the goods, which was also the day of shipment from the factory to the agent. Where the invoices were made out in dollars the dollar value was used as of the date of the settlement.

The invoices from the German manufacturers show in addition to the cost of merchandise a charge for cases, the cases sometimes being invoiced separately. The invoices from Schneider, however, show no

cases nor were any invoices for handling charges and inland freight forwarded by Schneider for customs purposes.

For his services in the above capacity, Schneider was paid a commission by Gaunt at the rate of 5% on the original purchase price of the goods.

L. A. Buijtendijk of Rotterdam, Holland, also had an agreement with the John Gaunt Company whereby he received a commission of 7%.

The WITNESS: I would like at this juncture to make a slight correction on this report. Referring to the commission due Buytendyk, it should read "from 4 to 5%. I think that should be made in connection with this matter.

The CHAIRMAN: I understand this was only for the committee at first.

Mr. TYNDALE, K.C.: Mr. Calder, should that not read "he received a commission of 4½%, which was later raised to 5%?"

Mr. CALDER, K.C.: If you prefer that.

Mr. TYNDALE, K.C.: That is the way the report reads, and it might as well be correct.

Buijtendijk appears to have received goods either from Robert Schneider or direct from the German factories and to have also reinvoiced them to the John Gaunt Company. In doing this, the value of the invoice, originally stated in Marks, was converted to Guilders. The files of the Department indicate that this practice was followed after the Customs Act had been amended in 1921 and provision made that goods could not be imported into Canada at a depreciation greater than 50% of the pre-war value of the currency in which they were quoted. By buying goods in Marks, on which at that time the depreciation was already high, and converting the value of these into Guilders, on which the depreciation was comparatively small, the provisions of the Act were evaded. The effect of the conversion at the rates used by Buijetndijk, however, was that his invoices for these goods passed through Customs at values substantially less than the amounts which Gaunt paid to the manufacturers in settlement.

Our examination of the books of the Gaunt Companies show, therefore, what appears to be a substantial undervaluation, for Customs purposes, of goods imported by them from Germany. This undervaluation presumably arises by reason of the difference between the value of the imported goods as shown by the original invoices produced to us and entered in the books of the company, and the value of imported goods as shown by the certified invoices cleared through Customs.

We have prepared from the books of the companies statements for each of the years covered by our investigation, a summary of which is as follows:

Total purchases as per companies' books for 1921, 1922 and 1923	$170,209.21		
for 1924 and 1925..	123,579.74		
Commission for the years 1921, 1922, 1923 and 1924..	12,505.47		
		$306,294.42	
Duty properly payable at 30%.. ..		$ 91,888.35	
			$398,182.75

Purchases as entered for Customs for 1921, 1922 and 1923	$119,420.00	
for 1924 and 1925	109,689.00	
Duty paid at 30%	68,732.70	
		$297,841.70
Apparent undervaluation (including value of goods plus duty)		$100,341.05

Divided between the two companies in the following amounts:

The John Gaunt Company	$ 77,089.58
The John Gaunt Company Limited	23,251.47
	$100,341.05

NOTE:—The separate statements prepared for each of the years 1921-1925 show an apparent undervaluation in each year. In 1925 this was very small. In the year 1921, however, the undervaluation was much greater in relation to the total purchases than in any other year, and this fact raises in our mind some doubt as to whether the books and statement of the company for that year are correct. It appears possible that the value of the purchases in that year and the inventories at the beginning were incorrectly stated in the company's accounts. If the purchases or inventory were over-stated the apparent undervaluation shown by our statement would be greater than was actually the case by the amount of the over-statement.

The amount of undervaluation has been determined by taking the purchase for the year, as appearing in the company's books, deducting therefrom the freight, duty and actual commission paid, thereby arriving at the actual value of the merchandise for duty purposes. To this we have added for the years 1921 to 1924 inclusive, 5% in lieu of commission paid to the companies' purchasing agents. The adding of commission to the invoices for purposes of duty valuation appears to be covered by a ruling of the Department set out in Appraisers' Bulletin No. 52.

Mr. CALDER, K.C.: Have you a copy of appraiser's bulletin No. 52?

The WITNESS: We have no copy, but can get one easily.

Mr. CALDER, K.C.: Will you procure a copy and put it in as part of your report? You might annex it to the report, which will form part of the official file.

From the total so arrived at we have deducted the value of certified invoices made up by Buijtendijk, Schneider and other purchasing agents as entered for Customs purposes and cleared by Gaunt. This has been made up from the file of Customs entries produced by the Customs Department with the addition of others found on the Gaunt files. While we cannot definitely state that we have seen all the Customs entries for the period covered by our investigation, our examination would indicate that it is invoices rather than Customs entries which are missing. All the invoices which we have found have been checked to the Customs entries and there appear to be entries for them all, with the exception of two, one of which covers a shipment of dolls' wigs, which appear to have been enclosed in a case from another German manufacturer and the other covering apparently a small consignment of sanatogen.

On the basis of the above undervaluation the amount of duty short-paid, calculated at 30% would amount to $23,155.63. The amount of duty payable on the class of goods imported by these firms ranges from 27½% to 35%. The duty on toys, which were the major portion of the

goods purchased during the five year period was 30%. The duty on cases was 20% but the value of the cases is very small compared with the value of the merchandise. An average rate over the whole period would work out at approximately 30%.

In addition to the amount of duty short-paid, $23,155.63, there was an underpayment of sales tax amounting to $3,378.88 made up as follows:

1921, 1922 and 1923 @ 3¾%	$2,475.98
1924 and 1925 @ 5%	902.90

Making a total underpayment of duty and sales tax of $26,534.51.

In order to confirm the amount of undervaluation as shown by the statement prepared from the books of the companies and the duty short-paid, we have prepared a detailed analysis of all invoices produced to us, showing in the case of each invoice the following information:

(a) Invoice number and date.
(b) Name of Manufacturer.
(c) Value of invoice in dollars as issued for Customs.
(d) Duty Paid and Rate.
(e) Sales Tax Paid.
(f) True value of merchandise for duty purposes.
(g) Correct duty payable on merchandise and cases.
(h) Duty short-paid.
(i) Sales Tax short-paid.

These detailed statements show separately those invoices where the value of the goods is quoted in dollars and those where the value is quoted in marks. From those it should be possible to confirm the exact amount of undervaluation although absolute agreement may not be arrived at on account of missing invoices. While these statements are not entirely finished, both the dollar and mark invoices show in almost every case in the period 1921 to 1924 inclusive an undervaluation. Even when there is no actual undervaluation of the merchandise the invoices do not include the value of the cases nor commission to the agents.

The files of the company show that in 1921 Mr. Gaunt issued instructions to exporters to the effect that the cost of packing, insurance, shipping or any supplementary charges should not be entered on the Customs invoice.

In May 1923 the books and records of the John Gaunt Company were seized by the Customs authorities and in January 1925 the books of the John Gaunt Company Limited were investigated by the Customs Preventive Service and Gaunt was charged with having in his possession blank certified invoices contrary to Section 207 of the Customs Act. During the course of this second investigation an undervaluation of goods was discovered and $3,296.73 was collected from the company.

Respectfully submitted,

CLARKSON, GORDON & DILWORTH.

Q. Will you now produce this report to form part of the record as Exhibit 164?—A. May I interject here, perhaps this would serve the purpose of the Committee in connection with the appraiser's bulletin, No. 52. I am reading from a letter signed by Mr. J. A. Watson for the Deputy Minister, addressed to ourselves on the 27th April, 1926, in which he states that the commissions charged by exporters invoiced by themselves to the importer in Canada, form part of the invoice price, and are to be included in the value of the goods for duty purposes. You will find the decision of the Department in respect to this

matter in appraiser's bulletin 52. We are not producing the appraiser's bulletin, as we thought this might suit the Committee.

By Hon. Mr. Stevens:

Q. Who has signed it?—A. It is signed by J. A. Watson for the Deputy Minister.

By Mr. Bell:

Q. Date?—A. Addressed to ourselves, 27th April, 1926, in reply to our query so that we might know whether to include the commission or not.

Mr. TYNDALE, K.C.: I think perhaps, it might be relevant to have this bulletin. I think it might be right to have the date of the bulletin.

Hon. Mr. STEVENS: Quite. I think we might make a note as Mr. Nash has done, that this is a notice to them, or a rule given to them directing them in deciding this very ponit.

The WITNESS: I would like to add to that, if I may at this point, that the whole statement we have prepared is based upon rulings given to us, and not at any time on any authority of our own.

Hon. Mr. STEVENS: Mr. Nash, I think it would be just as well to produce the bulletin.

The WITNESS: We will produce it.

The CHAIRMAN: We will attach it, if it is agreeable, to Exhibit 164.

Mr. CALDER, K.C.: I am through with Mr. Nash.

The WITNESS: Any questions from the Committee?

The CHAIRMAN: No, we are through.

By Mr. Calder, K.C.:

Q. The item of cases, that is mentioned as negligible—?—A. Yes.

Q. Have you got a separate calculation of that?—A. It is not separate. It is all part of the detailed calculation.

Q. Have you a separate totalization?—A. Yes, from the invoices we have found that the value of the cases amounts to nearly $12,000.

By Mr. Bell:

$12,000?—A. Yes.

By Mr. Tyndale, K.C.:

Q. For the cases?—A. Yes.

Q. The actual containers?—A. Yes, $12,000. That is over a period of five years. We have compiled the figures on some thirty or forty sheets in some considerable detail.

By Mr. Calder, K.C.:

Q. I think possibly we had better have the sheets put in?—A. Yes, I am going to ask if I may put them in in typwritten form. They have been working on them till the last moment, and I will have them checked, and I do not want to forego my only copy, at the moment.

By Mr. Tyndale, K.C.:

Q. Mr. Nash, did you make any record of the number of cases involved?—A. No.

Q. How did you arrive at the total figure of $12,000?—A. We took it from every invoice where a case was used.

Q. As indicated on the invoice?—A. Yes. The invoice would sometimes contain this sort of information, to make it clear: 31 cases at $3, 17 cases at $2.40, 11 cases at $1.75 and the total value represented what the case would

be placed at upon our detailed amount and from that we built up the total value.

Q. On what basis did you estimate the value of cases, which in the original manufacturer's invoice would be stated in marks?—A. On the same cases. In many cases, the cases were stated in dollars on dollar invoices, which would perhaps be fifty per cent of the total.

Q. Now, in connection with the valuation, you would take the exchange rate as of the date of the shipment?—A. Yes.

Q. Do you recall, off hand, the highest price charged at any one time, per case, in these invoices?—A. From recollection $3.01.

Q. That is the highest?—A. From recollection, I would be glad to look through.

Q. You must remember, it would not be $9?—A. I did not see any $9.

Q. Mr. Hurson told us it varied from $9. To the best of your recollection, and you have gone over every one of these invoices?—A. I did not go over every one, I supervised the work.

Q. The highest would possibly be $3.01?—A. Yes, that is confirmed by my assistant.

Q. That may be taken as official?

By the Chairman:

Q. Confirmed by your assistant; he is sworn as a witness?—A. Yes.

Q. He confirms that and the answer may be taken as official?—A. May be taken as a fact.

By Mr. Tyndale, K.C.:

Q. When did your investigation of the books of the Gaunt Company begin?—A. Well, I could not give you the exact date.

Q. Approximately?—A. I think the last week in February, as soon as we were established here on the instructions of the Committee to commence work.

Q. About the 26th?—A. Yes.

Q. Any rulings you got from the Department were subsequent to that date?—A. Any rulings we got?

Q. Yes.—A. Undoubtedly.

Q. Why did you come—

By Hon. Mr. Stevens:

Q. Before you leave the question of rulings let me ask Mr. Nash; in asking for rulings, it was for a ruling applicable to this investigation and to the calculations set forth of the Gaunt affairs?—A. Yes, exactly.

By Mr. Tyndale, K.C.:

Q. The letter of 17th April, which refers to the practice of the Department in regard to commissions, apparently came in answer to an inquiry?—A. Yes.

Q. Is that correct?—A. Yes.

Q. Through an inquiry from you?—A. The inquiry was from us to the Deputy Minister.

Mr. TYNDALE, K.C.: Perhaps, Mr. Chairman, it would be well to have the letter asking for the information or (to the witness), if you will tell me the date of the request for information?

The WITNESS: 14th April.

By Mr. Tyndale:

Q. You asked at that time for a ruling of the Deputy Minister with regard to the dutiable or non-dutiable character of commissions paid to agents in Germany?—A. Yes.

By the Chairman:

Q. By Deputy Minister, you mean of the Department of Customs?—A. Yes.

Mr. TYNDALE, K.C.: Yes.

By Mr. Bell:

Q. Was there any indication in his reply that there had been any different ruling at any earlier time?—A. No, there was no indication of anything else.

By Mr. Tyndale, K.C.:

Q. Arising out of that question, Mr. Nash, is it not a fact that there was in force at one time at least, an appraiser's bulletin, No. 3, with respect to commissions?—A. I think you would have to show me the bulletin before I could answer intelligently any question regarding it.

Q. I put the question, because in Mr. Bain's letter, which has been produced, there is reference to the item of commission, reading as follows on page 7 of the letter, the last paragraph:

> "As to commissions, it is my strong contention that they are not dutiable charges. I think there are many decisions in support of this contention, and I direct special attention to Appraiser's Bulletin No. 3, dated 11th December, 1898 (which is still in operation), which provides that: Usual commission charges shown on invoices for services rendered by an agent or buyers in purchasing goods in a foreign country for an importer in Canada are non-dutiable."

Mr. CALDER, K.C.: Mr. Tyndale, Mr. Nash has read into the record bulletin bearing No. 52. If its language is contradictory it repeals the former.

Mr. TYNDALE, K.C.: I am not endeavouring to contradict Mr. Nash's testimony. I am asking, in view of Mr. Bell's question, whether there was at one time a ruling to the contrary.

Hon. Mr. STEVENS: I think this is one of the most important parts. Mr. Bain, the writer of the letter, made an additional or second statement of what he understood the law to be. He divided the commissions into two forms; one form was the house that assembled and carried on business in Germany and charged a commission for doing certain work, which he said was dutiable, and the other form was where you send a man to Germany or engaged a man who merely did the job and was paid a commission, which he claimed was not dutiable. I think it is only fair to Mr. Bain to call attention to that explanation as well as to read the extract from the letter.

Mr. TYNDALE, K.C.: The only purpose I referred to the letter was to ascertain whether there was not a bulletin issued by the Department to the effect that commissions were not dutiable.

The WITNESS: The only way that I could answer the question would be to admit that there was a bulletin No. 3, but as to the interpretation of it, I am not competent to speak.

By Mr. Tyndale, K.C.:

Q. There was some uncertainty in your mind?—A. No.

By Mr. Bell:

Q. What about the rate?—A. Commissions payable in the manner in which they were paid to Schneider and Buytendyk were dutiable. The letter has been read into the record.

Mr. TYNDALE, K.C.: Could we have bulletin No. 3 produced?

The CHAIRMAN: Yes, it is a public document, it will be filed.

Mr. TYNDALE, K.C.: I will ask my friend to have it produced at a later date.

Hon. Mr. STEVENS: We will ask the clerk to get it.

The CHAIRMAN: And put it into the record.

Hon. Mr. STEVENS: The only objection to your question, Mr. Tyndale, is that you are using a clause in Mr. Bain's letter as though it applied to all forms of commissions.

The CHAIRMAN: You are investigating to find out something in favour of your client?

Mr. TYNDALE, K.C.: Yes, in cross-examination, Mr. Chairman.

By Mr. Tyndale, K.C.:

Q. Mr. Nash, when you say there was an approximate sum of something in the neighbourhood of $23,000 underpaid, did you pay any attention in making the calculation to the double duty that should have been paid by way of penalty?—A. No. That was ruled out.

Q. It should have been originally paid?—A. If the apparent valuation is under-valuation.

Q. Apparent valuation?—A. Yes.

Q. You are not, I presume—you use the word "apparent" advisedly—you are not prepared absolutely to swear to the fact that the under-valuation is as you state in your report to the basis of your calculation from the documents in your possession; you are not prepared to swear it is so?—A. It is absolutely a correct valuation.

Q. Why do you say "apparent"?—A. It is an absolutely correct valuation, if the basis upon which it is made is correct.

By Hon. Mr. Stevens:

Q. That is, if the documents that were placed in your possession are correct?—A. And Mr. Stevens, if the rulings of the Department are proper and correct rulings.

By Mr. Tyndale, K.C.:

Q. About which there seems to be some doubt?—A. I am not expressing an opinion; I say, if they are correct.

Q. There is a slight correction to be made in the last paragraph of your report, although I do not think it is important, but it might as well be fixed. You say, the books of the John Gaunt Company were seized in January, 1925. I am instructed it was rather late in the spring.—A. I would be glad to correct that.

Q. This was on information you received?—A. Yes. It was from the Customs Department, I did not say in January, in May.

Q. The copy of the report I have here shows in the last paragraph, the second line, January, 1925. I am reading from the letter.—A. I think the report reads in May. The books and records were seized by the Customs officers in 1925, and we investigated—

Q. I am instructed the investigation did not begin until considerably later? —A. I would be quite willing to concede that.

Q. In the spring, in May?—A. Yes, quite possible.

Q. I presume, Mr. Nash, the reference to sanatogen on page 5 of your report is to the consignment Mr. Calder referred to the day before yesterday?—A. Yes.

Q. In your opinion, that is very slight?—A. It is a small amount. I did not consider any commission, great or small. I stated the facts.

Q. The amount in question was something under a dollar?—A. Yes.

By Hon. Mr. Stevens:

Q. Is that item with reference to credit note for sanatogen?—A. Yes.

By Mr. Tyndale, K.C.:

Q. On page 4, of your report, where the figures are shown for the total purchases for 1921, 1922 and 1923, $172,921, I understand that that figure would include the expenses of the Gaunt Company in Germany, that is to say the actual price paid to the German manufacturer—correct me if I am wrong—the actual price paid to the German manufacturer, commission paid to Schneider, cost of goods, office expenses, and other remittances which may have been made to Schneider for refund of expenses and monies advanced by him to Mr. Gaunt while in Germany. Can you state whether that is correct or not?—A. No.

Q. It is not correct?—A. No.

Q. What does the figure include?—A. It does not include commission.

Q. It is exclusive of commission?—A. Yes.

Q. What does it include apart from commissions?—A. Exclusive of freight.

Q. Exclusive of freight?—A. Yes.

Q. So that in answer to my question, you say that?—A. I say exclusive of duty.

Q. Which would include everything mentioned therein, with the exception of commission and freight?—A. It would include the cost of the merchandise in Germany.

Q. The instructions I have at the moment, with regard to the operations in Germany, so far as financing was concerned, are to the following effect; that Mr. Gaunt travelled in Germany once, and sometimes twice a year, and would stay there for some time?—A. Yes.

Q. Schneider was an agent, who worked under the name of the Gaunt Company, and, to use a colloquial phrase, had their shingle outside his door; his office expenses were paid by the Gaunt Company, and at not infrequent intervals, Gaunt being in Germany, would say to Schneider, " I need a little money for my expenses " and Schneider would advance certain funds for travelling expenses to Mr. Gaunt, and I presume that neither Mr. Calder or yourself would contend that the travelling expenses of Mr. Gaunt while in Germany or other European countries would be duitable?—A. No, neither are they charged to charges, and therefore they are not in this figure.

Q. They are not in this figure?—A. No, they are not in this figure.

Q. What I want to get at is this; what does that figure actually include, and where do you get it?—A. I get that from the books, as the amount expended upon merchandise.

Q. The amount expended upon merchandise?—A. Yes.

Q. So that that is all you really know about it?—A. Certainly. If something is stated to be expended on merchandise, and was not expended on merchandise, it is possible that it may have crept in. In that case, we can only take the books, which state that it was expended upon merchandise. That is one of the reasons why we used the word " apparent "—we want to be quite fair in this thing.

Q. Is it not quite possible that under the heading of " amount expended on merchandise," speaking of imported goods, there would be included the costs of operation, so to speak, in Germany?—A. I should think it would be most improbable. And even so, it would be very small.

Q. Are you in a position to estimate the expenses of Schneider's office staff? —A. No, but I am in a position to state, after a great deal of experience, what the average ratio of expenses to goods handled is, in a business of this kind. It must be very small, I will not say that there is none in there, because it is possible the books are not quite correct.

Q. That brings me to another point; you say that the duty at the time was from 27½ to 30 and up to 35?—A. On merchandise.

Q. The duty on the actual cases was 20 per cent?—A. Yes.

Q. It is a fact, is it not, that there were very few articles imported by the Gaunt Company on which the duty was 35 per cent?—A. Yes, not many.

By Mr. Calder, K.C.:

Q. And not many on which the duty was lower than thirty?—A. No, outside of the cases, very few.

By Hon. Mr. Stevens:

Q. Before we get away from this, Mr. Nash, does the item of $170,209.21 represent the purchase price of the merchandise as shown in the merchandise accounts of this firm?—A. Yes.

Q. If there were sundry expenses of other characters, they would appear in the expense accounts of the company, and other accounts?—A. We know they do, at any rate, very largely.

Q. They were not, of course, included in this?—A. No.

By Mr. Tyndale, K.C.:

Q. That entry of $170,000 odd you said a moment ago was entered as the cost of the merchandise?—A. Correct.

Q. Not entered, so to speak, as cost prices of merchandise, but expenditures on merchandise?—A. Merchandise account, which I think usually means the cost of the goods.

Q. We have already referred to a certain invoice from which it appears that the Gaunt Company had paid on Customs duty 100 per cent more than they should have paid in duty?—A. Yes.

Q. Was that invoice an isolated case?—A. No, there were a few cases, a few instances I would say of that, and in our detail statement, we have given the Gaunt Company credit for the overpayments, as we have charged them, if I may use that term, without being misunderstood, with the underpayments.

Q. So that our friend Hurson's statement, was too sweeping when he said it would invariably work to the advantage of the company?—A. It did not always, but in a very great majority of cases.

By Mr. Calder, K.C.:

Q. In a very large majority?—A. Yes, in a very large majority.

By Mr. Bell:

Q. Would it be correct to say, in all but a few cases?—A. In all but a few cases.

By Mr. Tyndale, K.C.:

Q. Did you ever ask Mr. Gaunt, or any of the other officials of the company for any books, documents, papers or information which were refused?—A. No. I went myself to the office of Mr. Gaunt in Montreal, and he assisted me in getting additional documents.

Q. You got their entire co-operation?—A. I believe so. I have nothing to say to the contrary at all.

Q. I just put that question to you, because you said there were some documents which were missing?—A. There were.

Q. It was not because they were refused?—A. They were not refused.

Q. According to your calculations made from all the books in your possession, the detailed invoices which you had, the maximum amount underpaid to the Government would be approximately $23,000?—A. On the basis of single duty.

Q. And not $64,000?—A. On the basis of single duty $23,000.

Q. The duty underpaid to the Government was, according to your calculations, $23,000?—A. Quite right.

Q. So that any statement to the effect that there were underpayments to the extent of $64,000, are inaccurate?—A. I am not attempting to interpret the Act as to what may be collected. The amount of the duty not paid is stated, according to our calculations, as $23,000.

Q. And that is apparently the underpayment?—A. Apparently so.

By Hon. Mr. Stevens:

Q. Would you mind giving the Committee this? Mr. Tyndale raised this question, and undoubtedly referred to statements that have been made. What would be the amount of underpaid duty, unpaid sales tax, that should have been paid, and the penalty of double duty which is applicable in cases of incorrect statements to the public; what would be the total amount in that instance?—A. We can make a very simple calculation from my statement that the duty is unpaid; if the statement is correct, it is $23,155, the sales tax $3,378. Or a total payment of duty and sales tax of $26,534. If double duty were added, it would be a matter of some $50,000.

Q. Approximately $50,000.?—A. Yes.

By Mr. Tyndale, K.C.:

Q. That would include the penalty?—A. If double duty is the penalty. I do not say that it is.

By Hon. Mr. Stevens:

Q. If there is undervaluation, the penalty would be $50,000?—A. On the basis of double duty.

By Mr. Tyndale, K.C.:

Q. Which is the penalty?—A. I cannot say. I am not interpreting that.

Hon. Mr. STEVENS: It was not so far astray, Mr. Tyndale, after all. Mr. Calder, I want Mr. Moore to put in the record the fact that that audit was made. Would you mind bringing that out in your own way, or perhaps I might do it myself.

Witness retired.

A. C. MOORE recalled.

By Hon. Mr. Stevens:

Q. Mr. Moore, I understand you conducted an investigation, and an audit?—A. Yes.

Q. Of the John Gaunt Company and the John Gaunt Company, Limited?—A. Yes.

Q. The result of that audit, in round figures, was what?—A. A proper duty paid value at $232,603.23; the duty paid value as entered $175,394.65; and duty paid undervaluation $57,208.58; the certain duty short paid prior to three years back $1,389.60; double duty short paid $22,095.18; sales tax short paid $2,236.46; making a total of $25,721.24.

Q. And this was reported to whom by you?—A. To Mr. Wilson, my chief.

Q. To your chief, Mr. Wilson?—A. Yes.

Q. Is there on that file a letter from Mr. Wilson to the Department? I think there is, but would you mind looking, right adjoining your own?—A. No.

Q. Can you not find it?—A. No.

Q. You reported to your chief, Mr. Wilson?—A. Yes, sir.

Q. Do you know if this report was forwarded to the Department, that is, to Mr. Farrow?—A. I think it was, to the best of my recollection I reported to Mr. Wilson on the 23rd of July.

By Mr. Tyndale, K.C.:

Q. The 23rd of July, in what year?—A. 1925.

By Hon. Mr. Stevens:

Q. Is there not a letter immediately adjoining that; you reported when?—A. The 23rd of July, 1925. I have the letter here, Mr. Stevens.

Q. From whom?—A. This would be from Mr. Wilson, the Chief of the Customs-Excise Preventive Service, to the Department on July 27.

Q. You need not read the letter, but by that letter this report was conveyed to the Department?—A. Yes.

By Mr. Tyndale, K.C.:

Q. Your report showed a shortage of $25,000, approximately?—A. Yes, sir.

By the Chairman:

Q. This morning, you stated that you were to put in an exhibit No. 163, of the Exhibits you filed with your report?—A. Yes.

Q. Did you prepare that?—A. Yes, sir.

Q. Will you give it to the Clerk?—A. I have all the exhibits except Nos. 12 and 13. I think those were read into the record yesterday.

Q. Will you confer with the Clerk, and have them completed?—A. Yes.

Witness retired.

W. F. WILSON recalled.

By the Chairman:

Q. Mr. Wilson, you are under the oath already taken?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Mr. Wilson, I show you this file of the Department of Customs and Excise, No. 124770, Subject—Customs Seizure of Toys, Dolls, etc., and on that file there is a letter purporting to be signed by W. F. Wilson. Is that your signature? (Exhibiting to witness)—A. Yes, sir.

Q. I would like to read it into the record. It reads as follows. (Reads):

"Preventive Service Customs Seizure, 5990

SEPTEMBER 29, 1925.

R. R. FARROW, Esq.,
Deputy Minister,
Customs and Excise,
Ottawa.

SIR,—I beg to submit herewith letter addressed to you to-day by Mr. John Bain respecting above numbered seizure, charges preferred against John Gaunt Company, Limited, Montreal. This letter was handed to me this morning, with a cheque for $3,296.73. This cheque has been deposited to the credit of the Receiver-General of Canada, and the report on form K-7 will be forwarded to the chief accountant in due course.

This morning, upon receipt of the said deposit, I telegraphed to Messrs. John Gaunt Limited, 'one hundred and seventy-eight cases under seizure are released, Stop. Continue to hold the five cases imported prior to first January, 1924.'

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

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

Did you write this letter of your own motion, or did you write it upon direction? —A. I wrote it as a result of the arrangement made with the Deputy Minister.

Q. An arrangement made by whom?—A. I think the arrangement was made probably the day before, in the presence of Mr. Blair, Mr. Bain and I think, Mr. Porteous, and myself, in the Deputy's office.

Q. The gentlemen you have named had a conference in the deputy minister's office?—A. That is my recollection of those who were present.

Q. Over this matter?—A. Yes, sir.

Q. At that time there were 183 cases, were there not?—A. Yes, sir.

Q. One hundred and eighty-three cases under seizure?—A. Yes, sir.

Q. Of which the value was stated in Form K-9 to be $20,000 and of which the admitted value, according to the letter of Mr. Bain was I think $18,000; the average duty on such goods is 30 per cent, scaling from 27½ per cent I think, to 35 per cent; how was the figure of $3,296 arrived at?—A. It represented double duty, an amount equal to double duty, and sales tax on 178 cases because of undervaluation respecting packing charges, and commission.

Q. That was the only thing that was taken into consideration?—A. Yes, sir.

Q. The undervaluation consisted merely in not quoting the commission and the cost of the cases. That is right?—A. In suppressing those charges on entry. I should add that my recollection is that on those cases there was no other undervaluation.

Q. Can you state with any certainty that the manufacturers' invoices covering those cases had been compared at that time with the Customs invoices, and both translated into dollars for the purpose of comparison?—A. Well, I have no doubt, sir, that was done. I did not do it personally, but my officers reported that this was the only undervaluation on those cases.

Q. What officer reported that?—A. It would be Mr. Moore or Mr. Hurson or Mr. Paquette. That is my recollection.

By Hon. Mr. Stevens:

Q. That is on the 180 cases that were under seizure?—A. On the 178 cases, sir. In other words, it appeared that after Mr. Porteous went into this company, on, I think, the 1st of January, 1924, the serious alleged undervaluations ceased, and that on those particular cases which were imported prior to Mr. Porteous' going into the company, the only undervaluation was that of the packing charges and commissions.

By the Chairman:

Q. Did you call them sometimes by the title "duty short paid" when you made that calculation?—A. No, there would be the undervaluation and the duty short paid, sir.

By Mr. Calder, K.C.:

Q. Is it true that the consideration was put by John W. Gaunt Company Limited through its representatives there present at the conference, that if you did not release them for that amount, they would not sell for that amount anyway; that unless they held the goods themselves, you would not be able to sell them for that or anything like that?—A. No, that is not my recollection. My recollection is that the values—that is to say, the Canadian values of these 178 cases were said to be about $18,000 or $20,000, and that that amount could not be realized by the department, if you will, on sale.

Q. At that time did you have the report made upon the general system of under-valuation?—A. Oh, yes; the whole report was in, sir.

Q. Did not the idea enter into the minds of those representing the Customs Department at that conference, that the goods might be held in order that recovery might be made of past short valuations, or did you deal with the case merely as an isolated case?—A. No; the way it was put up to the deputy was

this, sir; that these 178 cases were imported after the 1st January, 1924, when, I think, the company was reorganized, and for that reason it was considered, as the only under-valuation on these cases was the commission and the packing charges, that on that basis the release of them be ordered on this deposit.

Q. In other words, John W. Gaunt Company was completely washed of their sins by John Gaunt Incorporated.

The CHAIRMAN: On this seizure?

The WITNESS: With this exception; that the other charges still stand.

By Mr. Calder, K.C.:

Q. To your knowledge, has the advisability of prosecuting Mr. Gaunt for the purpose of punishing him for the use of blank invoices, ever been discussed? —A. Well, as you know, Mr. Gaunt was prosecuted in Montreal for having blank invoices—

Q. In his possession?—A.—And was fined $500. On or about the time it was reported to me by, I think, Mr. Duncan—who was then in charge of the Protective Association in Montreal, and an Acting Officer of Customs—that Gaunt was likely to go to Europe, and it was thought advisable that he should be held, and the suggestion was made that a further proceeding should be instituted against him, in order to hold him in this country. In view of that, we selected, I think, about six representative invoices in the office, and I sent Mr. Moore to Montreal with instructions to hand them over to Mr. Duncan to enable him to institute another prosecution against Gaunt for the purpose of holding him. I think you will find on the record, sir, that Mr. Knox swore out an information—

Q. That has already been established?

The CHAIRMAN: That has already been established.

By Mr. Calder, K.C.:

Q. But has there been since any discussion as to the advisability of prosecuting Mr. Gaunt further upon what appears to be now substantiated— —A. Not so far as I know, no, sir.

Q. Was any step taken to recover the amount from Mr. Gaunt or the Gaunt Limited, or both, by way of action at civil law?—A. I should have to refer to the departmental file for that.

Q. I think you can speak from your own knowledge now. Was any step taken?—A. Not to my knowledge.

Q. Were the cases released unconditionally? That is, was this a settlement —this payment of $3,296? Was that in settlement, a final discharge, or was it merely a deposit to be forfeited?—A. It was not a settlement.

Q. It was taken by way of deposit?—A. Yes.

Q. And the matter is still open?—A. Yes.

Q. How long does the Department propose to leave it open?—A. Well, sir, I cannot tell you that.

Q. That would be rather within the purview of Mr. Blair—.—A. Or the—

Q. —or Mr. Farrow—.—A. Or the Minister.

Q. Or the Minister?—A. Yes.

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

By Mr. Tyndale, K.C.:

Q. I have one or two questions, Mr. Wilson. I suppose you are aware that Mr. Gaunt is endeavouring to collect information from Germany in connection with this matter?—A. I have been told so.

Q. Is it not a fact that in January, 1924, the mark had become stabilized on a gold basis?—A. I shall have to look up the records of that, sir. No; not in January, 1924.

Q. During the year 1924, perhaps?—A. The latter part of 1924, because I myself made an investigation in Germany in August or September of 1924, and the Renten mark was then being superseded by another mark. It had taken the place of the Rex mark, and the new bank was established after the Renten mark. That was in the autumn of 1924.

Q. What kind of a mark did you say in contrast with the gold mark?—A The Renten mark.

Q. Was that not approximately of the same value as the gold mark?—A. No, I think it took one million Rex marks to make one Renten mark.

Q. Paper marks?—A. Yes.

Q. But the spasmodic career of the mark had ceased at that time? There was not the same fluctuation in 1924, as there had been in 1922 or 1923?—A. The Renten mark corrected that substantially and that has been stabilized by the paper mark.

By Mr. Calder, K.C.:

Q. Will you say, whether there has been in this seizure, or in any other seizure concerning John Gaunt, or John Gaunt Company, Limited, any distribution of moiety?—A. We have of record in the office this seizure 5990 and also in the form of seizure the penalty of $500 which he paid on account of the blank invoices; there has been no decision rendered by the Department and there has consequently been no distribution of any moiety.

Witness retired.

C. P. BLAIR, re-called.

By Mr. Calder, K.C.:

Q. Mr. Blair, will you state to the Committee, why it was that 178 cases were released, that five were held, and what was the reason for distinguishing these five cases from the rest?—A. Well, as Mr. Wilson has stated that was the result of a consultation in the Deputy Minister's office, at which the Deputy and Mr. Wilson and myself and Mr. Bain and the partner of Mr. Gaunt were present, and it appeared from the reports that were before us that the only under-valuation in respect of 178 cases was that which had possibly occurred by non-payment of duty on commission charges and packing charges. The five cases belonged to a case which had previously been imported and to which the other charges of under-valuation attached. After the matter had been pretty fully considered the Deputy Minister came to the conclusion that he ought not to hold the 178 cases for more than would be the ordinary penalty imposed in respect of the under-valuation upon these goods.

Q. That is, the double duty that should have been paid?—A. Packing charges. I might say, duty short paid in respect of packing charges or commission charges was not regarded as a serious matter, or as serious a matter as the production of false invoices, and double duty is now the maximum penalty that is ever imposed in respect of under-valuation of that kind. Of course the goods were subject to forfeiture.

Q. Is it the practice of the Department—

The CHAIRMAN: Let him finish his answer.

The WITNESS: Double duty on the under-valuation, plus sales tax on the under-valuation.

By Mr. Calder, K.C.:

Q. Previous to the formation or the device of the systematic under-valuation, by the leaving off of commissions, by the leaving off of packing, by the depreciating of the face value of the purchase price paid, all that information was in the hands of the Department?—A. Yes. All that was in the file which we had.

Q. Is it the practice of the Department where a man has been constantly —I do not want to use an ugly word—constantly outwitting the Department, when you finally lay hands on his goods, to consider his offence as one attached to these goods—in other words, do you consider each shipment separately in endeavoring to punish him on one shipment for the outwitting all the way through? —A. I think, in this case, consideration was given to the fact that these two partners had come in and it was really the function of the different persons—

Q. In other words, what I mean is, you tempered justice with mercy?—A. I think that entered into it.

Q. Did you ever take into consideration the fact that this company was organized a full year before that and the contract had been signed?—A. It is the last company.

Q. I mean, that the John Gaunt Company, Limited had been organized at least a full year before that, and that the contract between Mr. Gaunt and the John Gaunt Company Limited had been executed, and that the person you were considering—and you will remember you were very formal in your seizures in other cases—the persons you were considering were not Colonel Porteous, but the John Gaunt Company, Limited, and that the goods imported in 1924, were imported by a person, I mean the new person-in-law, the new corporation?—A. The corporation had been in existence a long time.

Q. Yes, and if you had examined it, the purchases on which the valuations took place, had been made by Mr. Schneider's purchasing house for the John Gaunt Company, Limited, or in other words in that case, instead of dealing with John Gaunt Company, Limited, you took into consideration the new shareholders coming in and you were not dealing with John Gaunt Company, Limited, but with a new innocent party, Colonel Porteous?—A. Colonel Porteous was interested in the concern.

Q. The only way he became interested was to take stock at a later date, but the company had been operating, and the agent in Germany had taken the clothing of the agent of the John Gaunt Company, Limited right along. You cannot play a limited company both ways. They just interest persons and you must follow the company through its existence, and not consider it different whenever a new shareholder comes in, because if you consider it in that way you should not consider it at all. However, that is only discussion and we will let that pass. Has any step been taken to close the matter out by way of decision? —A. No. I do not think there is sufficient evidence before the Department yet to decide it.

Q. To decide what?—A. To decide the rights in this case.

Q. I trust you are not waiting till Mr. Gaunt has succeeded in Germany? —A. No. My own view is that it will eventually have to be referred to a civil court for decision. I do not see any possible way for it otherwise.

Q. Has any effort been made to refer it to a civil court for decision?—A. No, that is due to the consideration that is being given to it by this Committee now for decision.

By Mr. Tyndale, K.C.:

Q. There are one or two questions I would like to ask. My understanding of the regulations is that goods may be seized, and held with respect to duty payable on those goods, but not with respect to prior infractions of the Customs law or regulations by the owner of such goods, in accordance with the regular practice obtaining in other phases of the law. Is that correct?—A. Well, let me explain it in this way; if there was an undervaluation of these later goods we are speaking of, in respect of packing charges and commission, technically under the law that renders those entire goods subject to forfeiture. No doubt the Crown could have forefeited all those goods.

Q. The goods with respect to which there was no duty paid?—A. No, I am speaking of goods on which there was undervaluation.

Q. But you do not pretend, and you would not interpret the law or the custom of the Department in that way; that would entitle you to seize goods imported in 1924 for infractions of the Customs law or regulations committed in 1923 or 1922? I understand I am speaking to a confrere?—A. If the infractions were committed in respect of the goods seized.

Q. In reference to carrying charges, I think the carrier can hold certain specific goods for the charges on those goods, but not for charges incurred previously. Does the same thing not apply under Customs duties?—A. The whole of the charges were forfeited.

Q. But is it not a fact, that you cannot, according to your understanding of the Customs law and regulations hold goods seized in 1924 for infractions committed in 1922 or 1923?—A. We can hold the goods for infractions in respect of the goods themselves.

Q. In respect of the goods seized?—A. Yes.

Q. At the time of the events which you have referred to in the fall of 1925, the Department was in possession of all the books of the company, it was in possession of the charter and all books of the company?—A. But they had not been fully considered.

Q. The minute book was there, among others?—A. I did not see it.

Q. It is not an abnormal thing, Mr. Blair, is it, for a company to be incorporated by letters patent upon a certain date, and not be in operation until a few months later; that happens, does it not?—A. You would know better than I. I can understand that.

Q. It might easily happen?—A. Yes.

By Hon. Mr. Stevens:

Q. What is the law—never mind the Department—in regard to an importer using blank invoices brought in certified, and transferring onto those blank invoices item represented on the factory invoices?—A. I have never understood that such a charge had been laid.

Q. I am not asking you that. I am asking you what is the law?—A. For that reason, I have not given it consideration. They were not forged documents, they were genuine invoices. You could not prosecute them for forged documents. I would have to look at them first. It is quite likely it is an offence.

By Mr. Calder, K.C.:

Q. Do you not think that writing over a blank signature on the back of a declaration is not a forgery?—A. It is using forged documents, and is subject to an indictable offence.

By Mr. Bell:

Q. For use here?—A. It is to use in the Customs. It is a certain offence under certain sections of the Act; there is no doubt about that, and if that was a forged document, he would be liable to prosecution.

Witness retired.

R. P. SPARKS called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Sparks, when did you first have knowledge of John Gaunt's alleged undervaluations?—A. I received word from a business man in Montreal, in March, 1925, that there had been serious undervaluations. I conveyed that information to Mr. Knox, our representative in Montreal, and asked him to follow the matter up further.

Q. What happened?—A. The series of events which have been related here, which I was familiar with from the start.

Q. Did you take the matter up with the Department, or did they take it up with you, the question of settling this in the way in which it was ultimately settled, that is, I am speaking of settlement loosely now—meaning a release of the goods upon payment of $3,296?—A. No. The first intimation I had came from the Hon. Mr. Cardin, who spoke to me in the Chateau Laurier, and intimated that he would like to effect a settlement, owing to the connection of Colonel Porteous with this firm. I objected to a settlement on that ground, because I felt that the law had been evaded, and while the Association with which I was associated had no personal feelings in the matter, we felt that the law was no respecter of persons, and if a fraud had been committed on the Treasury, it should be remedied if that were possible.

Q. Did Hon. Mr. Cardin subsequently take the same question up with you again?—A. Subsequently I was at the Customs Department, and Mr. Farrow, the Deputy Minister, was coming from the Minister's office; I was in the waiting room. He advised me that Mr. Cardin would like to settle this case, but he would like to have my agreement, because business people were pressing, and the very genesis of our organization was to try these cases in the courts, not by Departmental settlements, and as a matter of principle, we are opposed to settlements of this character, particularly in view of the fact that in July, 1923, the Department had issued a statement or an order to their officers, that in all cases in which the value of seized goods was in excess of $200 the collectors or other officers were authorized to proceed forthwith in court, and it appeared to us that the Department itself was not taking the course which it had instructed its own officers to take. Mr. Farrow expressed the view that the Minister would be pleased to settle this case, if it was agreeable to those who had initiated the investigation, giving as the only reason, the fact that Mr. Porteous, who was an honourable gentleman, and who was entirely innocent in the matter—which I believed to be true—would suffer most seriously. That, in my view was not a good reason, because it was entirely an impersonal matter with me. I said that some one should be punished, and I distinctly recall Mr. Farrow saying that if Gaunt returned to Canada, he would be immediately arrested and prosecuted. The next I heard of it was by hearsay, that the case had been settled for $3,200.

Q. When all those interviews took place, was Mr. Gaunt under prosecution upon a charge of having these invoices in his possession?—A. Yes, I had many previous interviews with Mr. Farrow in reference to this matter.

Q. Did you recommend that any special charge should be laid?—A. Yes, I recommended first in company with Mr. Farrow, and subsequently in company with Mr. Duncan, that a charge should be laid for using these documents.

Q. Would that be under Section 206?—A. That would be under Section 206, and Section 219.

Q. Apparently that was not done?—A. Mr. Knox swore out the information, which was never executed.

Q. It was never executed?—A. No, sir.

By Mr. Goodison:

Q. The information was withdrawn?—A. Yes.

By Mr. Calder, K.C.:

Q. In so far as your consent was necessary, the information was withdrawn, or the Department withheld it?—A. It was withheld as a matter of principle.

Q. Is that all you know of the matter?—A. Yes.

Witness retired.

Mr. CALDER, K.C.: There is just one more point I would like to ask Mr. Wilson upon. It is very short.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. Mr. Wilson, in consequence of statements made to you by Mr. Mann, was an inquiry ordered into the affairs of John Gaunt?—A. Yes, sir.

Q. Previous to all this business?—A. Yes.

Q. Have you any record as to what was done in that connection? Who conducted the investigation?—A. Special Officer Fowler.

Q. Was anything done in consequence of the investigation? Before I ask you that question—did the investigation at that time reveal substantially the same facts that we now know, namely discrepancies in the prices paid the manufacturers, and the prices at which the goods were entered through the Customs, and the leaving off of the cases, the commissions, and the inland freight?—A. I should say, roughly, yes.

Q. Why was no action taken against Mr. Gaunt at that time?—A. (No audible answer).

Q. Briefly, Mr. Wilson, was any action taken in consequence of this report, which you said revealed, roughly, the same facts we are now in possession of? —A. Yes.

Q. What action?—A. The officer proceeded with the investigation, and then he examined it so far as to reveal the situation regarding the currency matter. We referred it to the appraising officer of the Department for a ruling as to what should be done.

Q. Yes.—A. As to what should be done. And I have looked it up, and I know it was here, as I have seen it recently; a memorandum put on some letter of Officer Fowler to the effect that there was no ground for action.

Q. No ground for action?—A. Yes.

Q. That was Mr. Fowler's report?—A. That is a notation Mr. Fowler put on some paper on this file, which I do not yet see, but which has been here, and he dealt with these matters. I will refer it to the person who has had this in charge.

Q. Who is that?—A. Mr. Richards. Consequently it has not been brought up, but we dropped it and nothing more was done until it was followed up by Mr. Duncan.

Q. On the same facts, a prosecution was entered?—A. I will have to check up all the facts.

Q. You stated that?—A. Yes, roughly.

Q. On the same facts, nothing was done in 1923, and in 1924 criminal prosecutions and seizures were made?—A. Yes. There is one point, Mr. Chairman, perhaps I ought to make a little clearer, with regard to the non-proceeding with the case that was referred to by Officer Knox. I may say, sir, there were no instructions issued by the Department not to proceed.

By Mr. Tyndale, K.C.:

Q. During all the period covered by the inquiry, it is true, is it not, goods entering into Canada from foreign countries were subject to control by a Customs officer at the port of entry and duty assessable was passed on by the appraiser, as well as on the invoice price?—A. All goods, as you know, passed through the appraisers.

By Mr. Calder, K.C.:

Q. In any event, would an appraiser ever sink below the invoice price?—A. I have never heard of any such case.

Witness retired.

Mr. TYNDALE, K.C.: I would like to put one or two questions to Mr. Gaunt, and one or two questions to Colonel Porteous, I will not take very long.

Hon. Mr. STEVENS: It means that afterwards Mr. Calder will have to have an opportunity of re-examining.

Mr. TYNDALE, K.C.: Yes, of course.

JOHN W. GAUNT re-called.

By Mr. Tyndale, K.C.:

Q. This may be a small point, but it might as well be cleared up. Will you tell us why you are now known as John Gaunt, although you were christened as William Gaunt?—A. I had two uncles; I was first baptized in the name of William Gaunt and Uncle William was killed in a railway accident and Uncle John was my god-father, and they called me John William after him.

Mr. CALDER, K.C.: It has been held you can take any name quite legitimately and if you want to make yourself more secure, you can register what they call a deed poll.

By Mr. Tyndale, K.C.:

Q. That was earlier in your career?—A. Yes.

Q. In your tender years?—A. Yes.

Q. Chidhood?—A. Yes.

Hon. Mr. STEVENS: Not in the days of John of Gaunt?

By Mr. Tyndale, K.C.:

Q. Not so far back as that. Mr. Hurson referred in his evidence to instructions you had given him as to the manner in which blank invoices received from Schneider should be filled out. Tell the Committee exactly what took place between you and Mr. Hurson in that connection?—A. As the invoices arrived I handed them to Mr. Hurson and asked him to make them out correctly.

Q. Did he subsequently refer to the manner in which he made them out? —A. Yes, he assured me they were made out correctly.

By Mr. Calder, K.C.:

Q. You did discuss blank invoices with Mr. Hurson?—A. After they had been received.

Q. I thought you said Mr. Hurson must have sent for them—

Mr. TYNDALE, K.C.: That is not fair. My question had reference to the invoices we had cabled for in the fall of 1923, and were received about a month later.

By Hon. Mr. Stevens:

Q. Your counsel uses the word "subsequently" referring to the first interview, or the first instructions you gave to Hurson. Do you recall the instructions you gave Hurson when you and he made out the invoices in his office?—A. I did not make them out.

Q. He made them out in your presence and under your direction?—A. He was referring to making out the currency certificate. Let me explain the matter to you. When Mr. Hurson came to me, Mr. Hurson stated that he had been with Sellars Dicksie Company of England. I have studied under professor

Dicksie at a London university, and professor Dicksie is one of the best known accountants, and I took it that if Mr. Hurson had been with that firm for six years, he would know something. Mr. Hurson came to me, and bluffed his way from beginning to end.

Q. All I am asking you is the straight question; when you took Mr. Hurson on, and Mr. Hurson entered into the occupancy of the position of bookkeeper and accountant, and made out these invoices, did you instruct Mr. Hurson how to figure the exchange, if you like to use that expression?—A. Yes, I showed Mr. Hurson how to figure out the exchange, the difference between the mark from time to time, and to-day I am convinced that Mr. Hurson had never changed the dollar into marks or vice versa, and did not know the first thing about it. I am sure about that.

Q. You told him how to make it up?—A. I told him how to make it out.

Q. You told him to keep the date of the receipt of the invoice?—A. No. It says in the certificate that it is the date of exportation from the country of export. It is right there, and if the bank signs that—

Q. Never mind that. Did you instruct him, that is, Mr. Hurson, to take the date of shipment or the date of the receipt of the invoice?—A. I instructed Mr. Hurson to take the date of exportation.

Q. When did you ascertain that that practice had not been followed?—A. I did not learn that at all. Mr. Hurson always took the invoices, attended to them, took them to the brokers, and I did not know a thing about it.

Q. You did not know a thing about it?—A. No.

Q. You went on for a couple of years?—A. No, we did not.

Q. You ran on until he left?—A. If you look you will find no invoice and no valuation on the first of January, 1924.

Q. There was before January 1st, 1924?—A. Yes.

Q. How do you know?—A. That is how I learned it, here; I have seen them.

Q. Is this the first you knew of it?—A. The first I knew of it was when I came in here.

Q. You blame Hurson absolutely for that under-valuation?—A. I am convinced to-day that Mr. Hurson did not know what he was doing, and had not the faintest idea.

Q. You have no doubt in your mind that it was done, that the under-valuation occurred?—A. I did not know about it.

Q. But you have no doubt about it now?—A. Apparently. On the invoices I have seen now, there is no question about it.

By Mr. Bell:

Q. His ignorance was a very lucky thing for you?—A. No, Mr. Bell, that is not correct, because if we had paid the proper duty and I had known the correct invoice value of my merchandise, I would have found out long before now that I was paying too high a price in Germany. I had a stock at the end of 1923, of $60,000; that stock was sold for something like $40,000 in Canada, and at the end of 1924, we had a trading loss of $22,000, and in 1925, about $30,000 of a loss.

Q. You blame Hurson for that too?—A. I was not aware of the true state of affairs. We were taking those goods, we brought them into our warehouse, and took the cost price in Germany, plus seventy per cent; those goods were far too high, they were boosted. Schneider put the price up; we took them far too high.

Q. You are too innocent to be abroad.—A. What is that?

Mr. CALDER, K.C.: He is one of the innocents abroad.

By Mr. Calder, K.C.:

Q. You studied under that eminent accountant, and you were a very good book-keeper?—A. I was not a book-keeper, and I have never pretended to be.

Q. You studied under Mr. Dicksie, this eminent accountant?—A. I studied under Mr. Dicksie, on exchange.

Q. Only on exchange? Did you confine yourself to that?—A. Yes.

Q. Did you ever look at your books?—A. Yes sir.

Q. If you looked at your books, did you not notice on any occasion at all that you had paid a certain sum to the importer in Germany, and had declared a much less sum to the Customs?—A. You would have to compare the two.

Q. You did not compare them?—A. No.

Mr. CALDER, K.C.: You should not be in business at all.

Mr. BELL: He is innocent at home, too.

The CHAIRMAN: He relied too much on somebody else.

The WITNESS: If you have a manager whom you are paying $5,000 a year, and he guarantees that everything is correct—

Mr. CALDER, K.C.: That might be very convenient to do, to say "I rely entirely on somebody else; I take the profit, and if anything is wrong, I will put him in jail."

The WITNESS: I had my employees bonded.

Mr. CALDER, K.C.: Then you are safe in case of Exchequer Court pursuit. That is a good thing. We may get our money.

By Mr. Tyndale, K.C.:

Q. Mr. Gaunt, when Mr. Hurson made his written application for the position in your firm, did you take any steps to verify the statements that he made?—A. I did not. Mr. Hurson told me that he had just come from Haileybury, and all his goods and chattels and things had been burned in the fire.

Q. Have you subsequently made inquiries?—A. Yes, I have.

Q. Have you got any replies, and if so, from whom?

Mr. BELL: I don't think that is necessary.

Hon. Mr. STEVENS: If he has any replies, they should be produced.

Mr. CALDER, K.C.: I object to that anyway. How can I cross-examine on a letter?

Hon. Mr. STEVENS: (To Mr. Tyndale, K.C.) Your point is to discredit Mr. Hurson?

Mr. TYNDALE, K.C.: Yes.

Hon. Mr. STEVENS: I think you did it very well this morning.

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

Hon. Mr. STEVENS: No use flogging a dead horse.

The witness discharged.

CHARLES F. C. PORTEOUS called and sworn.

The WITNESS: Before I start testifying, it has been stated that I joined the firm on January 1st. That is a mistake. I did not join until the end of June, 1924. Before that, I know nothing about. I hope that will save a lot of questions.

Mr. BELL: Maybe.

Mr. CALDER, K.C.: Is that a hint to your own counsel?

By Mr. Tyndale, K.C.:

Q. Colonel, you do, however, know something about the shipment of aluminum to which Mr. Hurson referred in his testimnoy?—A. Yes. That consisted of a consignment of either eight or eleven cases—I cannot say definitely. As stated by Mr. Hurson they were ordered for Share Brothers in Vancouver. When I arrived in the business, those cases were in a warehouse in Montreal,

I cannot again state definitely which warehouse, but I think it was the Gifford warehouse. It was a bonded warehouse. Those goods were there because at that time and until my advent into the company, they did not want to pay the duty to take them out of bond, because they had no place to send them. That was one of the first things I did in the company; to take those out because they were paying heavy storage charges on them, and I paid the duty and brought them out, and no invoice, to my knowledge, was incorrectly made on that occasion.

Q. Did you ever have occasion to talk with Mr. Hurson in connection with the invoices referred to here as certified blanks received from Germany?—A. In two cases which I can remember clearly, although there are more than two. I can specify one case which occurred outside the Court House in Montreal, with Mr. Hurson and his wife. I, being naturally interested in getting some definite idea of all this business, put the question clearly to Mr. Hurson "Were those invoices that you filled in correctly made out with the manufacturers' invoices?" "Yes, they were, Mr. Porteous." And another case—

By Hon. Mr. Stevens:

Q. That was Mr. Gaunt's statement to you?—A. No, Mr. Hurson's. He was at that time with his wife. We were waiting for one of our many Court cases. The other occasion was in my office, when I put the question to him again. "Are you sure that in every case in which these blank invoices were filled out, they were filled out in exactly the same way as the manufacturers' invoices?" and he said they were.

By Mr. Bell:

Q. What led you to ask him that?—A. I wanted to establish the fact for myself.

By Mr. Tyndale, K.C.:

Q. The investigation was then going on?—A. Yes, the investigation was then going on; it was during this time.

By Mr. Bell:

Q. What did Mr. Gaunt say?—A. Exactly the same thing. He gave these instructions, they were given to Hurson, that they must be made out correctly.

By Mr. Tyndale, K.C.:

Q. Mr. Gaunt did not say to Mr. Hurson to fill out the invoices?—A. No.

Q. What was your understanding with regard to the right of the Customs Department to seize and retain goods for under paid duty?—A. I am informed and think it is correct, that if you have two cases, one on which there is no charge of any kind, and the other one which is absolutely and obviously correct in all details as far as Customs purposes goes, then one is left, the Customs does not seize that one.

Hon. Mr. STEVENS: That is a question of law.

The WITNESS: Only such goods which are taken can be held—

Mr. BELL: He cannot state what the law is.

The WITNESS: I want to make that clear, as it has a big bearing on the case.

Hon. Mr. STEVENS: Your authority is not the authority we can go by. I think you are right myself, but that is a question of law.

Mr. TYNDALE, K.C.: I think it might have some bearing on the question of the statement——

Hon. Mr. STEVENS: I do not think Colonel Porteous is competent to establish what the law is.

The WITNESS: I am basing my remarks on what I have observed.

Mr. CALDER, K.C.: There is the further impression as to whether the Customs Department could not hold goods pending certain action.

Mr. TYNDALE, K.C.: I have no further interest in that part of it.

By Mr. Calder, K.C.:

Q. Do you know anything about keeping books?—A. I never took any course in book-keeping.

Q. When this doubt arose in your mind, which led you to inquire from Mr. Gaunt and Mr. Hurson, both, whether the invoices were correctly made out, did it occur to you to look at a series of invoices so that you might discover the fact that the price paid the manufacturer was different from the price declared to the Customs?—A. Yes, I did that in company with Mr. Gaunt.

Q. Did you do that?—A. Yes.

Q. You discovered that that was a fact?—A. Absolutely wrong.

Q. That is wrong?—A. That is quite wrong in this case.

Q. Which case?—A. I am about to tell you. We were in this criminal case in the Court House and we went and had a look into the invoices, particularly five invoices. We looked at the invoices, and checked them up and I think, as far as I can remember now, we found an actual shortage in commission involved in which the duty was paid on the particular goods, which supposedly would run $1,000. I think the commission we found was somewhere between $3 and $7.

Q. In five invoices?—A. Yes, one of which I understand is a statement of the appraiser and not the invoice.

By Mr. Bell:

Q. Did you keep a memorandum of the date?—A. That was the same date as the criminal case was disposed of.

Q. Did you keep a memorandum of the dates on the invoice?—A. No.

By Mr. Calder, K.C.:

Q. You picked out invoices for consideration?—A. I did not.

Q. Was it Mr. Gaunt?—A. No.

Q. Anybody in Mr. Gaunt's employ?—A. I think a man in the Preventive service.

Q. If you had extended your investigations further, over the invoices, you might have found something different.—A. They were taken away.

Q. What about the books?—A. By that time the books and documents of the company were in the possession of the Department.

By Hon. Mr. Stevens:

Q. Were any of these blank invoices used after you entered the company? —A. Certainly not.

Q. You would not permit that?—A. Certainly not. I handled most of the Customs business myself.

Q. Did you use original invoices?—A. No, sir.

Q. What did you use?—A. Customs invoices. I took great care to inform the Customs Department, and these invoices went through Blakelock Brothers, who are our brokers, and they were told, if at any time they wished to see the invoices, the manufacturers' invoices, they were in our office, and they were perfectly satisfied.

By Mr. Tyndale, K.C.:

Q. You have been doing this, Mr. Porteous, for a few months or years, and are familiar with Customs practice?—A. Absolutely.

Q. Would it be feasible, or is it a general practice to use the original manufacturer's invoices in the form we have seen them on the Department's file here, to pass entries?—(No answer.)

Mr. BELL: Which are you going to take, "Is it feasible" or "Is it the general practice"?

Mr. TYNDALE, K.C.: I will divide it, Mr. Bell.

By Mr. Tyndale, K.C.:

Q. Is it the general practice to use the general invoices in the shape in which we have seen them in the file here, emanating from the manufacturer in Germany, for the purpose of passing goods through the Customs?—A. Not the original, I have never heard of it.

Hon. Mr. STEVENS: Mr. Tyndale, I do not want to get into an argument on this question, but no one suggests, who knows anything about the passing of goods, or would suggest using simply a face invoice; it does not answer the certificate attached.

Mr. TYNDALE, K.C.: Perhaps not, but Hurson stated before the Committee that it would have been feasible and that the original manufacturers' invoices may have been used for the purpose of passing goods through, and I am asking Col. Porteous who has had some experience, whether that is so or not.

By Mr. Tyndale, K.C.:

Q. Would it be feasible Mr. Porteous, or would it be the normal thing to do?—A. No.

By Hon. Mr. Stevens:

Q. Is it a normal thing, to make out blank invoices certified in Germany, copying off the manufacturers' invoices?—A. I would say no.

By Mr. Calder, K.C.:

Q. Did you ever have an instance where an invoice was filled in and the certificate at the back filled in in your office?—A. In a case of wrong items on them, some unsigned, we would send them back to Germany.

Q. Did you ever have invoices for Customs purposes from Germany, or Holland, with the face filled in with a signature, and a blank endorsement concerning the gold rate?—A. There was no question about the gold rate, ever since I have been with the John Gaunt Company. The mark has been stabilized ever since.

Q. In putting your invoices through, did you always show your packing cases?—A. No, I was ignorant of that fact. Since that time, I am aware of the fact, and it is now corrected.

Q. I draw your attention to subsection 5 of Section 59 of the Customs Act, which reads as follows. (Reads):

> "5. All such invoices shall faithfully exhibit the transaction between the exporter and the importer, and contain a true and full statement of the actual price payable for the goods, including cartons, cases and coverings of all kinds, and all expenses incident to placing the goods in condition, packed ready for shipment to Canada, and no such invoice shall state any discount other than such as has been actually allowed to the importer."

A. Every bit of that is stated on our invoice.

Q. Now?—A. Now, and that has been the practice ever since I have been there.

Witness discharged.

The Committee adjourned until 10.30 a.m., Friday, May the 7th, 1926.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 45—FRIDAY, MAY 7, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. H. R. de Saint-Victor, Controller, Quebec Liquor Commission, Quebec, Que.

Mr. Joseph A. Patry, Quebec Liquor Commission, Quebec, Que.

Mr. Paul Gauthier, Inspector, Quebec Liquor Commission, Montreal, Que.

Mr. Edouard Panet, Ex-Controller, Police Department, Quebec Liquor Commission.

Mr. Willie Duval, Ex-Customs Officer, Montreal, Que.

EXHIBIT FILED

No. 165—Picture of Barge Tremblay, taken from newspaper La Patrie.

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

MINUTES OF PROCEEDINGS

FRIDAY, May 7, 1926.

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

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

Committee counsel present: Messrs. Calder and Tighe.

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

Moved by Mr. Goodison,—That Mr. C. F. C. Porteous be paid the usual travelling and maintenance expenses allowed to witnesses.

Motion agreed to.

Moved by Mr. Kennedy,—For the production of the files containing all documents, correspondence, telegrams, and reports in connection with and having reference to, the shipment of 6,000 cases of liquor from Walkerville, Ontario, via Vancouver, to one Watson or Watts, Ensenada, Mexico, in December, 1923.

Motion agreed to.

Moved by the Hon. Mr. Stevens,—That Mr. Calder be authorized to call Mr. Burgess as a witness in the Gaunt case and that he notify Mr. Gaunt and Mr. Tyndale, counsel for Mr. Gaunt, of date of hearing.

Motion agreed to.

The Chairman read a telegram from Mr. Gagnon, counsel for Mr. Bisaillon, stating that late receipt of summons prevented Mr. Bisaillon's attending as a witness to-day (see minutes of evidence).

The Chairman read a notice from the Canadian National Telegraph Company, respecting non-delivery of a telegram summoning Mr. James Cooper, Windsor Hotel or Dominion Distilleries Products Company, Montreal.

The Chairman read a certificate from Dr. D. J. Boivin, a dentist, stating that Mr. Ludger Brien, summoned to attend as a witness, is confined to his house through illness.

Moved by Hon. Mr. Stevens,—That the following be summoned for Wednesday, the 12th May, 1926, at 10.30 a.m., viz:—

1. Captain Ulric Tremblay, Quebec, Que.
2. Major Braun Langelier, Quebec Liquor Commission, Quebec, Que.
3. W. Rutledge, Ex-Inspector, Quebec Liquor Commission, c/o Liquor Commission, Pied-du Courant, Montreal, Que.

and each of them to have then and there all books, logs, documents, cheques and other writings referring to the seizure of the barge Tremblay.

Motion agreed to.

Barge Tremblay case

The Chairman read the names of the witnesses summoned.

The following responded, viz:—

W. L. Hicklin, Montreal.
D. J. Kearney, Montreal.
Charles Killoran, Montreal.
Thomas Heavers, Montreal.
W. Duval, Montreal.
Brigadier General Panet, Montreal.
W. F. Wilson, Ottawa.
J. D. Perrault, Montreal.

George Rioux, Quebec.
J. A. Patry, Quebec.
H. R. de Saint-Victor, Quebec.
Paul Gauthier, Montreal.

The following did not respond, viz:—
J. A. E. Bisaillon, Montreal.
R. R. Farrow, Ottawa (sick in hospital).
Ludger Brien, Montreal.
O. Frigon, Montreal.
Captain Symons, Montreal (sick in hospital).
George Hearn, Montreal.

The witnesses present were requested to retire.

The following witnesses in the order named were called, sworn and examined:—

Mr. H. R. de Saint-Victor, Controller, Quebec Liquor Commission. Mr. Saint-Victor was examined in French, interpreted by Mr. Beauchamp. He deposited with the Clerk of the Committee, for the use of the Committee, documents in a Quebec Liquor Commission file, numbered A3593, also two cheques issued by the Department of Customs and Excise on 18th February, 1925, to J. A. Patry and H. R. de Saint-Victor for $179.20 and $654.06, respectively.

Witness discharged.

Mr. Joseph A. Patry, Quebec Liquor Commission, Quebec, Que. Mr. Patry was examined in French, interpreted by Mr. Beauchamp. He filed,—

Exhibit No. 165—Picture of barge Tremblay taken from newspaper La Patrie.

Witness retired.

Mr. Paul Gauthier, Inspector, Quebec Liquor Commission, Montreal, Que. Mr. Gauthier was examined partly in French, interpreted by Mr. Beauchamp, and partly in English.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Edouard Panet, Ex-Controller, Police Department, Quebec Liquor Commission.

Witness discharged.

Mr. Paul Gauthier was recalled and further examined.

Witness discharged.

Mr. Joseph A. Patry was recalled and further examined.

Witness discharged.

Mr. Willie Duval, Ex-Customs Officer, Montreal, Que. Mr. Duval was examined in French, interpreted by Mr. Beauchamp.

Witness retired.

Mr. Demarais, counsel for the Quebec Liquor Commission, produced, for the use of the Committee, record No. 2301 of Quebec Liquor Commission.

Ordered,—That all witnesses previously summoned in the barge Tremblay case and not yet discharged be in attendance on Tuesday, 11th May, at 10.30 a.m.

The Committee adjourned until Tuesday, 11th May, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, May 7, 1926.

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

The CHAIRMAN: We received the following telegram:—

"R. M. CALDER, K.C.,
Chateau Laurier, Ottawa.

Bisaillon received summons 6.30 tonight. Impossible to leave to-night. Will be there Tuesday morning. Please suspend Tremblay matter if possible.

(Signed) GAGNON."

Mr. CALDER, K.C.: Speaking to that; I believe the summons was sent out very early in this case. As a matter of fact, the other witnesses have been waiting since Wednesday. I suppose, under ordinary circumstances, it would be proper, seeing that the principal accused, so to speak, in this case, is Mr. Bisaillon, that we should suspend, except for the fact that the non-appearance is due to him and not to the committee or the counsel. We have had these witnesses here for some time at very heavy expense, and I think we should go on. There are hardly any facts which will go into the record to-day which Mr. Bisaillon or Mr. Gagnon are not familiar with, but that raises the point as to whether these witnesses will have to be recalled for cross-examination, or if you will permit it.

Hon. Mr. STEVENS: He has had ample opportunity to be here.

Mr. CALDER, K.C.: He must have known, from the papers and other sources, that this case would come on this week, that it was coming on during this week.

Mr. DOUCET: When was he summoned?

Mr. CALDER, K.C.: He was summoned just as the other witnesses were, a week ago Monday, I think.

Mr. DOUCET: At the same time as the other witnesses summoned here for Wednesday morning?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: The Committee has also received a letter, in which there is also a certificate of Dr. D. J. Boivin a dentist, stating that Mr. Ludger Brien, summoned as a witness in the same case, is sick at home and will not recover within about ten days from May 4th.

Mr. DOUCET: Do you say that it is from his dentist?

The CHAIRMAN: Yes.

Hon. Mr. STEVENS: He has a toothache, and cannot come.

Mr. BELL: I think if we were following the strict rules which have been invoked a number of times here, we should have satisfactory evidence before us. There is nothing satisfactory about that, Mr. Calder.

Mr. CALDER, K.C.: Not only that, Mr. Bell, I have had placed in my hands here a report from the officer of the Royal Canadian Mounted Police charged with summoning Mr. Brien which appears somewhat contradictory of that. I do not know whether it is proper to read it into the record or not. I received a telegram from Mr. Theberge, who also phoned me last night telling me that Brien would be available.

The CHAIRMAN: When?

Mr. CALDER, K.C.: Some time next week.

Mr. BELL: I think, Mr. Chairman, that instructions should be issued that he must be here on Monday.

Hon. Mr. STEVENS: Or, whenever we adjourn to. We may adjourn until Tuesday.

Mr. CALDER, K.C.: I think you should take charge of this letter, Mr. Chairman, without publication.

The CHAIRMAN: Orders of the Day?

Mr. CALDER, K.C.: Before you proceed with the Orders of the Day, there is one point I would like to mention. There was a witness in the Gaunt case called Burgess. That case was closed yesterday, but owing to the fact that there was a conflict of testimony on one side, two dismissed employees testifying to certain facts, there is a possibility that the doubt as to discovery may be resolved by producing Mr. Burgess here, who was also an employee of John Gaunt, and of John Gaunt, Limited, but who, so far from being dismissed, resigned, sued Mr. Gaunt, was sued by Mr. Gaunt, and the whole matter of the credibility of the respective parties was thrashed out and judgment given in favour of Burgess. He speaks of the possession of blank invoices from both Buytendyk and Schneider constantly during the period he was there, and that they were not only sent for by mail, but were brought back by Gaunt on each of his German trips.

Evidently, we could not take Burgess unless the faculty of cross-examination was extended to Mr. Gaunt; consequently, I would like to ask that Burgess be excused and allowed to go this morning, and after the Committee have considered the advisability of hearing him, we should hear from Mr. Gaunt and Mr. Tyndale.

The CHAIRMAN: Granted.

Hon. Mr. STEVENS: I would suggest this, so that Mr. Calder may have the matter in his hands, that Mr. Calder be authorized to call Burgess and to notify Mr. Tyndale, at a time convenient to fit in with his programme. If a motion is necessary, I will submit this as a motion, so that Mr. Calder can then take the matter in hand.

Mr. CALDER, K.C.: I will now take up the barge Tremblay case.

HIPPOLITE R. DE ST. VICTOR called and sworn.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. St. Victor, are you in the employ of the Quebec Liquor Commission?—A. Yes. I am in charge of the Preventive Service for the district of Quebec.

Q. The order of the Committee requiring your attendance here with the records in the case of the seizure of the "Barge Tremblay"—are those records here?—A. Yes, sir. I brought the record here.

Mr. DESMARAIS: Should these papers go out of the possession of this witness?

Mr. CALDER, K.C.: In the case of the deposit of our record, that record is not disturbed in any way whatever. If any document out of that record is required, it is either read into the record here, or copies made, and the record is returned exactly as it was received, saving of course that more liberties are taken with the Customs Department.

By Mr. Calder, K.C.:

Q. Will you file this record with this Committee, Mr. St. Victor?—A. I will.

Mr. DESMARAIS: Mr. Chairman, I understand that the record has been filed, less some of the correspondence. In the correspondence that is filed, there is what is called external correspondence relating to the "Barge Tremblay".

Mr. CALDER, K.C.: Will you say, Mr. Desmarais, whether the reports made to the Commission, on the seizure, are all in there?

Mr. DESMARAIS: They are, and anything the Committee needs we will file, but the Commission thinks that a letter between one officer, and another officer, just in the Department, say, for analysis, does not appertain to this Committee. We will file anything they need, but in that regard it is only what I would call the exterior correspondence.

The CHAIRMAN: Relating to the "Tremblay?"

Mr. CALDER, K.C.: But the reports which are considered as demonstrative are in there?

Mr. DESMARAIS: Yes, certainly. All the reports are in there.

Mr. CALDER, K.C.: Will Mr. St. Victor be discharged, Mr. Chairman?

WITNESS: I have two cheques to file with the Committee.

By Mr. Calder, K.C.:

Q. Will you deposit these in the record?—A. Certainly.

Witness discharged.

HIPPOLITE R. DE SAINT-VICTOR est appelé et assermenté.

Le président:

Q. Désirez-vous témoigner en français ou en anglais?—R. En français, monsieur.

M. Calder, C.R.:

Q. Monsieur Saint-Victor, êtes-vous employé à la Commission des Liqueurs?—R. Je suis le chef du service de surveillance pour le district de Québec.

Q. L'ordre du comité ordonnant votre comparution ici vous enjoignait de produire la documentation de la Commission des liqueurs concernant la saisie de la barge *Tremblay*; avez-vous apporté cette documentation?—R. J'ai apporté le dossier.

Q. Voulez-vous déposer ce dossier entre les mains du comité, sur reçu du greffier?—R. Oui, monsieur.

M. DESMARAIS, C.R.: La coutume du comité est-elle de garder les originaux des documents?

(Suit une discussion en langue anglaise.)

Le TÉMOIN: J'ai aussi des chèques à produire.

M. Calder, C.R.:

Q. Voulez-vous les déposer dans le dossier?—R. Oui, monsieur.

Le témoin est congédié.

JOSEPH PATRY called and sworn.

(Questions and evidence given in French, and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Patry, are you an employee of the Quebec Liquor Commission?—A. I am.

Q. In what capacity?—A. As a special constable and inspector.

Q. Were you fulfilling those duties, on November 20th, 1924?—A. I was.

Q. Were you connected with the Service in Montreal, or at Quebec?—A. At Quebec.

Q. Did you effect the seizure of the barge Tremblay?—A. I assisted in the seizure. I arrived on the scene after.

Q. When you arrived at the spot where the seizure was affected, it was at St. Sulpice?—A. Yes, sir.

Q. On what shore of St. Sulpice?—A. On the north shore.

Q. When you arrived on the scene, who had possession of the barge?—A. The Quebec Liquor Commission, represented by Mr. Gauthier. Mr. Gauthier was aboard, with other officials, several. I arrived at St. Sulpice at six o'clock on the morning of November 21st, 1924, and the barge Tremblay had been seized the previous night, at eleven o'clock, on the night of the 20th of November, 1924.

Q. When you reached St. Sulpice was the barge then under Customs seizure?—A. No, sir.

Q. Had the Customs intervened during the night?—A. No, not to my personal knowledge.

Q. When you boarded the barge who were abroad, apart from the Inspectors of the Quebec Liquor Commission?—A. Those aboard, besides those, were Captain Tremblay, the crew and two Americans.

Q. Did any representative of the Quebec Liquor Commission take the names of the crew and the two Americans who were aboard?—A. I took the names of the Captain, the Mate and the two Americans, who were Stewart and Campbell.

Q. Did you embody or include in any report the names of the members of the Crew?—A. No.

Q. Did Captain Tremblay have a book, or a barge book which would include the names of the members of the crew?—A. It is possible, but I did not ask him.

By the Chairman:

Q. Did you ask him?—A. No.

Mr. CALDER, K.C.: The witness began an explanation of why he did not take the names and I told him we were not interested in that; we just wanted the facts. We are just inquiring into the Liquor Commission.

By Mr. Calder, K.C.:

Q. Did you write down the occupations and addresses of Stewart and Campbell?—A. Stewart and Campbell were Americans and lived in New York city.

Q. Do you know their addresses more accurately than that?—A. No, I do not know their exact addresses, because they were placed under arrest and held pending the performance of justice; pending definite instructions on arrival in Montreal. It is then that the charge is laid against an individual that we ask him for his address and occupation, but we do not ask for that information at the time.

Q. Were you curious to the extent of asking whether they were the owners of the cargo?—A. They stated so; Campbell stated so.

Q. Did he state whether he was the owner along with Stewart or whether he represented any party?—A. He stated that he was one of the owners, but he did not state that he was with Stewart.

Q. I was rather under the impression that Stewart was the Captain of a small vessel named the Sioux, which was subsequently seized by the Customs Department?—A. Yes, I believe so.

Q. You are under that impression, but that impression must have been derived from some cause?—A. By Captain Tremblay.

Q. Captain Tremblay stated that he was a member of the crew of the Sioux? —A. One of the members of the crew. Stewart stated that he was one of the members if he was not the Captain of the Sioux, he was the second, or the mate.

Q. At that time did you hear the name of Mr. Neill uttered or mentioned? —A. No, sir.

Q. You had been looking for the barge Tremblay for quite a while?—A. Since the 15th of November.

Q. Are you the party who received the information which led to the Commission, the Liquor Commission, ordering a search for the barge Tremblay?—A. No, sir.

Q. Then you acted on instructions which were transmitted directly?—A. I acted on the instructions of the Assistant Controller of the Preventive Service of the Quebec Liquor Commission for the district of Quebec.

Q. When did you receive instructions to act in this matter?—A. On the 15th November.

Q. In 1924?—A. In 1924.

Q. Tell us rapidly what you did?—A. I took two inspectors with me. In the first place, the barge Tremblay had been signalled on the 14th, passing at Riviere à la Martre, near the Gaspe Coast, and was coming up the St. Lawrence at ten o'clock in the forenoon. Immediately with the two Inspectors I started to watch the wharves of Quebec and Loisson to see if the vessel was the barge when it passed and to stop it. On the 18th we still had no news of the barge Tremblay in the newspapers or from any other source. We imagined it must have landed somewhere on the south shore or on the north shore. We then started out in an automobile to locate it.

Q. What shore did you follow?—A. The south shore, starting from Levis, and going down the St. Lawrence.

Q. You did not locate it down the St. Lawrence?—A. No, there was a heavy fog at the time and we could not see very distinctly.

Q. Was the barge signalled subsequently?—A. I cannot state personally. On the 19th, when I reached Quebec, the Assistant Controller of the Commission advised me, "that the barge passed at Three Rivers at half past one in the afternoon."

Q. Then, what did you do as a consequence?—A. He told us to board the Saugenay of the Canada Steamship Company and try to overtake the barge. We boarded the Saugenay that leaves Quebec at six o'clock to try and overtake the barge. The barge had passed Quebec on that day and there was a very heavy storm and nobody saw the barge.

Q. It seemed to take advantage of the storm on every occasion?—A. Captain Tremblay told me so.

Q. It was a steam barge?—A. Yes.

Q. What was the tonnage of the barge, what was its displacement?—A. About nine feet.

Q. I am speaking of tonnage?—A. I do not know.

Q. While you were abroad the Saugenay did you signal or notice the barge? —A. Yes, on Lake St. Peter, thanks to the search light on the Saugenay. As it was very stormy the Saugenay had to use a search light.

Q. By means of the search light?—A. Yes, I saw the barge Tremblay in Lake St. Peter.

Q. Then, what did you do as a consequence?—A. I proceeded to Montreal to secure help, because Mr. Langelier had given me this information and when he stated that the barge was to land in Montreal, I asked General Panet for some help.

Q. He was in charge of the Police Service for the Quebec Liquor Commission in Montreal?—A. Yes, at that time, to give me instructions and to attempt to effect the seizure, to watch the two shores and to patrol the two shores and to try and seize the barge.

Q. What shore did you patrol yourself?—A. I patrolled the south shore.

Q. You did not find anything in that direction?—A. No, I took the south shore because I believed the liquor was going to the United States and that it would enter one of the channels at St. Ours.

Q. To enter the Richelieu River?—A. Yes, then I saw there was too much ice and that it was missed. I returned to Montreal.

Q. Did you learn, in Montreal, that the barge had been placed under seizure, or did you go to St. Sulpice as a result of constant patrol; continued patrol?—A. When the barge was down at St. Sulpice Mr. Gauthier sent one of the Inspectors up to Mr. Dansereau in Montreal, to notify us. That is, when Mr. Dansereau sent the Inspector to advise us that the barge had been placed under seizure. Then we immediately proceeded to St. Sulpice where the barge was under seizure.

Q. When you reached St. Sulpice were there any parties engaged in unloading the barge?—A. No.

Q. Had these parties been placed under arrest?—A. The parties who were engaged in unloading the cargo?

Q. Yes.—A. I do not think so, because they were not on board.

Q. Do you know whether any person took the names, addresses and occupations, of the persons engaged in unloading the cargo?—A. I believe so, but I am not certain as to that.

Q. At all events you did not do so?—A. No, I am not the party who took these names and addresses.

Q. Were any trucks seized?—A. Yes, by Inspector Gauthier.

Q. Apparently the drivers of these trucks were not arrested?—A. I cannot state as to that.

Q. Did any representative of the Customs Department reach St. Sulpice before the departure of the barge for Montreal?—A. I was told so, but I was not there.

Q. But from the moment of your arrival until the departure of this barge, no representative arrived?—A. No.

Q. The barge then proceeded to Montreal under its own steam?—A. Yes.

Q. In charge of the inspectors of the Liquor Commission?—A. Of all of us, yes.

Q. That is the whole crew and the two Americans?—A. Yes.

Q. What disposal was made of the trucks? Were they taken aboard the barge?—A. No. Inspector Gauthier detailed Inspectors to take charge of the trucks before the departure.

Q. On arrival in Montreal, were you met by any parties?—A. Yes, by General Panet. Mr. Dansereau was also there.

Q. What is Mr. Dansereau's position in Montreal?—A. He is the Chief Inspector in Montreal.

Q. Was there any representative of the Customs Department there on your arrival?—A. Some moments after our arrival Mr. Bisaillon arrived.

Q. Was he alone?—A. I believe somebody accompanied him, but I do not know the name of the party.

Q. Do you know Mr. Duval?—A. I know him now.

Q. Was he the party who was there?—A. Mr. Duval was not there; at least, I don't think he was there. I do not recall he was there.

Q. At that time the two Americans were still in custody?—A. Yes.

Mr. BELL: On the boat, Mr. Calder?

Mr. CALDER, K.C.: On the boat. They were brought on the boat from St. Sulpice to Montreal. At Montreal the first persons to meet them were General Panet and Mr. Dansereau, the head of the inspectors, and a few minutes afterwards Mr. Bisaillon arrived, with other persons from the Customs, but the witness does not remember who they were.

Mr. BELL: I wanted to be sure that at the time Mr. Bisaillon arrived, these men were not only under surveillance, but were still aboard the boat.

Mr. CALDER, K.C.: They were still in custody.

By Mr. Calder, K.C.:

Q. When Mr. Bisaillon arrived, the Americans were still there?—A. Yes sir.

Q. They were still on board the barge?—A. Yes sir.

Q. Then what occurred between the representatives of the Customs Department and the representatives of the Liquor Commission?

The CHAIRMAN: Only state what you know personally.

Mr. CALDER, K.C.: Yes, to your own personal knowledge.

By Mr. Calder, K.C.:

Q. You were present at the whole interview?—A. Yes, I was.

Q. Until these representatives of the two public bodies separated?—A. Precisely.

Q. Then tell us what occurred?—A. When we reached Montreal, we informed Mr. Panet about the seizure. In the first place we told him that the men who were on board were under arrest, or at least were being held for an appearance when required.

Q. Continue.—A. At that moment Mr. Bisaillon arrived and said, "This is a fine seizure for the Customs."

Mr. CALDER, K.C.: I am sure the moiety was in his mind at that moment.

The WITNESS: As I appeared to hesitate, Mr. Bisaillon said, "I will wire Mr. Wilson, I will wire Ottawa for instructions." On receipt of the instructions I believe he came on the scene and said "I take charge of everything." Then Mr. Panet called his attention to the arrests that were made, stating "If you take charge of everything, take charge of the legal proceedings as well." As a matter of fact, that is what was done. He pointed out the two Americans to him. At that moment the two Americans were quietly trying to get away, and Mr. Gauthier and myself each took charge of one of them, and we again took them on board the barge. Mr. Bisaillon said, "Everything is all right; don't worry."

By Mr. Calder, K.C.:

Q. To whom did he say that?—A. To Mr. Panet.

Mr. DOUCET: Why should he worry?

Hon. Mr. STEVENS: I wish I had his happy state of mind.

Mr. BELL: His worry came later.

By Mr. St. Père:

Q. All this occurred in Montreal?—A. Yes, in Montreal; at the Victoria pier in Montreal.

Mr. BELL: Mr. Calder, may I know this? When, on an occasion of this kind, Mr. Bisaillon made a seizure, did he have credentials or some authority, some outward badge of authority, or was he so well known that he could walk in and assert himself?

Mr. CALDER, K.C.: I think that is the fact, but I will ask the witness.

By Mr. Calder, K.C.:

Q. Did Mr. Bisaillon show any credentials to Mr. Panet to effect the seizure, or was he so well known as Chief of the Preventive Service that he was allowed to act in the matter without any further request for his authority? —A. I don't know whether he asked him for his credentials, but I recall that he knew him. Mr. Panet knew Mr. Bisaillon.

Q. He knew what his duties were?—A. Yes.

Q. Was any person arrested by General Panet, and conducted to the place where the prisoners of the Quebec Liquor Commission are placed?—A. Yes; Captain Tremblay, the owner of the boat.

Q. Did you go with General Panet?—A. No. We had been without sleep for three nights, and we asked General Panet to allow us to absent ourselves for a time, and he said "That is all right; I have enough officials in Montreal." There still were officials from Montreal on the wharf.

Q. Did you subsequently return to the barge?—A. Yes, between three and four o'clock in the afternoon.

Q. Was the barge being unloaded at that moment?—A. At that moment, everything appeared to be at a standstill.

Q. Had the process of unloading the barge been started before your arrival? —A. Yes, because when I left the wharf at half-past twelve, there were several cases on the deck of the vessel, and when I returned at three o'clock, there were no more cases.

Q. Was it the Customs Department or the Liquor Commission who carried out the first unloading?—A. The Liquor Commission, pending instructions which Mr. Bisaillon was to give with respect to the cargo.

Q. The Liquor Commission started to unload the cargo, and were waiting instructions from Mr. Bisaillon as to the disposal, once the unloading had been completed?—A. Yes.

Q. You state you left the barge Tremblay at about twelve o'clock?—A. At about 12.30.

Q. At that moment, were Stewart and Campbell still there?—A. Yes.

Q. They seemed to be in custody?—A. They were in our custody, in the custody of the inspectors.

Q. You left at the same time as General Panet?—A. I was alone when I left, and the two inspectors from Quebec accompanied me.

Q. Before General Panet's departure?—A. Yes.

Q. Then what happened from three o'clock, the hour of your return to the barge?—A. I returned at about three o'clock, pretty much out of curiosity, because I was pretty sure the Customs had taken possession of the cargo, and that henceforth they would have nothing more to do with us, that is, with the Liquor Commission. However, Mr. Panet had left two representatives there, two men to oversee the unloading of the cargo, to check or count the cases, which the Customs were unloading from the vessel, and when I arrived, I asked the two inspectors "Are Campbell and Stewart still aboard the vessel?" They stated "yes".

Q. They were still aboard the vessel at three o'clock?—A. They were still aboard the vessel at three o'clock in the afternoon.

Q. The inspectors of the Quebec Liquor Commission were still in charge, at that moment?—A. No.

Q. The two inspectors who were then on the wharf were there to keep a check and count the cases?—A. The Customs Department had been in charge since half-past twelve or one o'clock. The inspectors were on the wharf more especially to make a report to the General.

Q. Then there were still representatives of the Liquor Commission there? —A. Yes, there were two representativs.

Q. Who could notice whether Stewart and Campbell left the vessel, or who might have seen them leaving the vessel, had they left at that moment?—A. Possibly, but they were not the two same persons who had taken part in the seizure. These representatives were two other members of the police service, of the Quebec Liquor Commission.

Q. Who were they?—A. I did not know their names.

Mr. CALDER, K.C.: I suppose, Mr. Demarais, this information can be obtained?

Mr. DEMARAIS: Yes, it can.

By Mr. Calder, K.C.:

Q. Do you know whether before permitting the Quebec party of inspectors to leave the wharf, General Panet took the precautionary step of pointing out to the Montreal inspectors, the presence of Stewart and Campbell on board the barge, and pointed out Stewart and Campbell to them?—A. You mean, the two inspectors who were there in the afternoon, or the other inspectors?

Q. The other inspectors?—A. Yes; the inspectors who were with us, who had had a hand in the seizure, knew of Campbell and Stewart.

Q. Then you do not know what occurred in the interval, evidently?—A. Between half past twelve and three o'clock in the afternoon, no sir.

Q. At what time did you leave the barge Tremblay?—A. At half past twelve.

Q. You mean in the afternoon?—A. Yes. I was there half an hour. There were Customs officials at the wharf or on the wharf.

Q. I take it for granted that this is about all you know of this affair?—A. Yes, sir.

Q. Then you returned to Quebec, and subsequently made a report about the facts which you have told us here?—A. Yes.

Q. Will you produce this newspaper clipping which will show the type of vessel known as the barge Tremblay, and probably the manner in which the unloading was carried out? This is a clipping taken from La Patrie is it not?—A. Yes, it is.

Q. This clipping, or description tallies with your knowledge of the barge? —A. Yes, it does. On the left there is the deck, and to the right is the middle of the vessel.

Q. During your whole patrol, from the 15th of November to the 21st of November, did you see a single Customs official either from Montreal or Quebec, patrolling one shore, or another shore?—A. I did not.

(Newspaper clipping put in as Exhibit No. 165.)

By Mr. St. Pere:

Q. You stated a moment ago that your Department at Quebec had been advised that the barge had been signalled in the lower part of the Gulf of St. Lawrence?—A. That appeared in the newspapers.

Q. Had your Department been advised or informed?—A. The Department had been advised at the same time as the barge had been signalled.

Q. And advised that there was liquor on board?—A. That was the information.

Q. Do you know whether the Signalling service of the Department of Marine and Fisheries, had signalled the barge?—A. Mr. Langelier can give you information as to that, I do not know myself.

By Mr. Kennedy:

Q. Was it the Customs Department that was advised of the signalling of the barge?—A. The Liquor Commission, Mr. Kennedy.

By Hon. Mr. Stevens:

Q. Can you understand English, Mr. Patry?—A. Just a little. R. Un peu.

Q. I think you can understand me?—A. I will try to.

Mr. CALDER, K.C.: He can reply in French.

Hon. Mr. STEVENS: I will put the questions in English.

By Hon. Mr. Stevens:

Q. You came up the river on the barge?

(Questions put to the witness in English, and evidence given in French, translated by Mr. Beauchamp, Official Interpreter).

—A. Yes, from St. Sulpice to Montreal.

Q. On the barge?—A. Yes.

Q. Did you personally know these men Campbell and Stewart, Clark or Neill?—A. I saw Campbell and Stewart.

Q. You saw Campbell and Stewart?—A. I saw Campbell and Stewart in the barge.

Q. Did you know them when you got aboard?—A. Yes.

Q. You knew them as soon as you saw them, did you?—A. I never saw them before. R. Au moment où j'étais dans la barge, je les ai connus là, dans la barge.

Q. Did you know, Mr. Patry, for certain that their names were Campbell and Stewart, or were they taking some other names?—A. I believe those were their correct names, because they stated themselves that those were their names, and those were the names mentioned during the trial. R. Je crois que ce sont les véritables noms parce qu'ils l'ont dit eux-mêmes; ç'a été les noms qu'ils ont donnés aux procureurs, durant le procès.

Q. At Quebec?—A. At Quebec.

(Questions and answers given in French, and translated by Mr. Beauchamp, Official Interpreter).

By Mr. Doucet:

Q. Could Mr. Stewart speak English very well?—A. Yes.

Q. Could he speak French also?—A. I do not recall whether he could speak French or not.

Q. You did not speak to him in French?—A. No, sir, I did not.

Q. As for Campbell, could he speak English very well?—A. Yes, that was his mother tongue.

Q. Could he speak French?—A. No. He could not.

Q. Having passed the better part of the day with Mr. Stewart, could you give us a description of his physical appearance; of his general appearance?—A. He was a man standing about five feet eight inches, rather brown hair, and with clear complexion, brown eyes and he was a man of fine appearance, a good looking man.

Q. Was he a big man?—A. He weighed about 155 pounds.

Q. What was the colour of his hair?—A. His hair was rather dark and thrown back, wavy and curly. He wore a navy blue suit with yellow buttons.

By Mr. Calder, K.C.:

Q. Was he wearing a sailor's hat?—A. Yes.

Q. Did we get the apparent age of this man?

The CHAIRMAN: I do not think so.

By Mr. Doucet:

Q. About how old would Mr. Stewart be?—A. About twenty-six years of age.

Q. Would you please describe Mr. Campbell's appearance?—A. That is easy. He was a man who stood six feet three inches, he was a giant in stature. His hair was fair and reddish; his face was freckled, and he had shaggy eyebrows, the same colour as his hair. He had deep set blue eyes and a very hard face. The hair dropped in front over his forehead.

Hon. Mr. STEVENS: Commonly known as a roughneck?

By Mr. Doucet:

Q. About how old was he?—A. Apart from his height he looked like a bear. He had hair reaching down to his fingers almost, the same colour as his hair. I suppose he would weight about 225 pounds, and he might have been about thirty-five or forty years of age.

By the Chairman:

Q. Did you hear anybody on board call him by a nick-name?—A. I do not recall that.

Q. Would somebody not have called him "gorilla"?—A. This would not have astonished me. I do not think he was called by that name or given that nick-name.

By Mr. Doucet:

Q. Mr. Patry, are you positive you are not confusing, mixing the identity of the two men? I thought it was Campbell who stood six feet two inches in height?—A. It was always the man who stood six feet two inches who was called Campbell, and which Mr. Tremblay called Campbell, and he gave the name of Campbell.

By the Chairman:

Q. Did one of the two of them have a gold knobbed cane?—A. Perhaps when he reached home, but not when he was on board the barge.

Q. Perhaps when he was home?—A. Perhaps once he reached home, but not on board the barge, but when he was at home.

By Mr. St. Pere:

Q. I will put another question to you with respect to these two men whom you had under your custody for a certain time. Would these two men, be that type of man, whom the French Canadians generally say lead a leisurely life or earn a living with their pen?—A. A sailor might do hard work. There were no callouses on Mr. Campbell's hands. He did not have rough hands. Mr. Stewart's hands were rather rough or calloused.

Q. One had the appearance of a sailor?—A. Yes, one acted as mate on board the ship. Mr. Stewart looked like a sailor, but Mr. Campbell was no journeyman or no labourer; he did not look like a labourer.

By the Chairman:

Q. He was not a cook?—A. No, he did not seem to be the cook. He offered money freely and he appeared to have quite a sum on his person.

By Mr. Doucet:

Q. He seemed to earn his living rather easily?—A. He stated so. He stated that if he had been off the Atlantic in the vicinity of New York, he would not have been arrested or stopped.

By the Chairman:

Q. I saw you laughing a moment ago, was there an orchestra on board the barge?—A. No.

Q. Did you see any women on board the barge?—A. No, I did not see any women.

Mr. CALDER, K.C.: There is one question which I had forgotten.

What principle is the Committee going to lay down as to recalling these witnesses and cross-examining them by Mr. Bisaillon's counsel? Personally, I think, in view of the neglect of Mr. Bisaillon and his counsel—

Hon. Mr. STEVENS: It is the second time Mr. Bisaillon has trifled with the Committee. He was notified by registered letter last Saturday to be here this week, and it is all nonsense for him to plead that he did not have time.

Mr. CALDER, K.C.: If they are allowed to be recalled for cross-examination it should be at the expense of the defence.

Mr. BELL: He will have the printed record anyway and decide whether he desires to cross-examine.

By Mr. Calder, K.C.:

Q. Have you any knowledge of a vessel called the George; or did you ever hear the name of the vessel mentioned?—A. I have heard the name of the vessel mentioned.

Q. By whom did you hear the name of the vessel mentioned?—A. By the Police Service at Quebec, which seized it at Batiscan.

Q. According to your knowledge, do you know whether this seizure had anything to do with the seizure of the barge Tremblay?—A. Yes, the liquor which was on board this vessel had been removed from the barge Tremblay.

Q. Who would be in a position to give us that information first hand?—A. I believe Mr. Langelier, of Quebec.

Witness retired.

JOSEPH HECTOR PATRY est appelé et assermenté.

Le président:

Q. Voulez-vous rendre votre témoignage en anglais ou en français?—R. Je préfère le rendre en français.

M. Calder, C.R.:

Q. Etes-vous un employé de la Commission des liqueurs de Québec?—R. Oui.

Q. En quelle qualité?—R. Constable spécial et inspecteur.

Q. Exerciez-vous cette fonction le 24 novembre 1924?—R. Oui.

Q. Etiez-vous employé à Montréal ou à Québec?—R. A Québec.

Q. Est-ce vous qui avez pratiqué la saisie de la barge *Tremblay?*—R. J'y ai assisté. Mais je suis arrivé après la saisie.

Q. Quand vous êtes arrivé à l'endroit où la saisie s'est faite,—c'est à Saint-Sulpice, n'est-ce pas?—R. Oui.

Q. Sur quelle rive de Saint-Sulpice?—R. Sur la rive nord.

Q. A ce moment-là, quand vous êtes arrivé, qui avait la possession de la barge?—R. La Commission des liqueurs de Québec, représentée par l'inspecteur Gauthier, qui était à bord avec d'autres inspecteurs.

Q. Quel jour êtes-vous arrivé à Saint-Sulpice?—R. Je suis arrivé à Saint-Sulpice, vers six heures du matin, le 21 novembre.

Q. Quelle année?—R. 1924. La barge avait été saisie vers onze heures et demie du soir, le 20 novembre 1924.

Q. Lorsque vous êtes arrivé à Saint-Sulpice, est-ce que la barge était alors sous saisie douanière?—R. Non.

Q. Est-ce que la douane était intervenue dans la nuit?—R. Pas à ma connaissance personnelle.

Q. Lorsque vous êtes arrivé à bord, à part les inspecteurs de la Commission des liqueurs, qui était là, sur la barge?—R. Il y avait le capitaine Tremblay, l'équipage et deux Américains.

Q. Est-ce que quelqu'un de la Commission des liqueurs a pris le soin de prendre le nom des membres de l'équipage et des Américains?—R. A ma connaissance personnelle, j'ai pris le nom du capitaine Tremblay, du contremaître, le nom des deux Américains aussi. Les Américains s'appelaient Stuart et Campbell.

Q. Avez-vous consigné le nom des membres de l'équipage sur un record quelconque?—R. Non.

Q. Est-ce que le capitaine Tremblay avait un livre de bord dans lequel le nom des membres de l'équipage était porté?—R. C'est possible; mais je ne l'ai pas vu.

Le président:

Q. Le lui avez-vous demandé?—R. Non.

M. Calder, C.R.:

Q. Est-ce que vous avez pris l'état et l'adresse de M. Stuart et de M. Campbell?—R. Je sais qu'ils étaient des Américains des Etats-Unis. Je vous dirai franchement que Gauthier étant en charge. . .

Q. Je vous le demande simplement, je ne vous fais aucun reproche?—R. Je comprends.

Q. Je veux simplement avoir les faits. Alors avez-vous pris l'état et l'adresse de Stuart et Campbell?—R. Stuart et Campbell restaient à New-York.

Q. Savez-vous leur adresse plus précisément?—R. Non, je ne sais pas leur adresse précise. Ils avaient été mis sous arrestation pour avoir fait surtout acte d'autorité en attendant les inspections définitives; rendu à Montréal, c'est alors, lorsqu'on fait une charge contre un individu arrêté, qu'on demande son adresse, ainsi de suite. On ne l'a pas fait dans le cas.

Q. Avez-vous poussé la curiosité jusqu'à leur demander s'ils étaient les propriétaires de la cargaison?—R. Ils l'ont dit. M. Campbell l'a dit.

Q. A-t-il déclaré s'il était propriétaire avec Stuart ou s'il agissait pour quelqu'un?—R. Il a déclaré qu'il était l'un des propriétaires; mais il n'a pas dit qu'il était avec Stuart. J'étais plutôt sous l'impression que Stuart était le capitaine d'un petit vaisseau du nom de *Sioux*.

Q. Qui a été saisi subséquemment par la douane?—R. Oui, je crois.

Q. Vous êtes sous cette impression. Mais cette impression a dû vous être donnée par quelque chose?—R. Par le capitaine Tremblay.

Q. Le capitaine Tremblay a dit que Stuart était capitaine du *Sioux?*—R. Un des membres de l'équipage.

Q. Le capitaine Tremblay vous a dit que Stuart était le capitaine du *Sioux?* —R. Du moins, s'il n'en était pas le capitaine, qu'il en était le second.

Q. A ce moment-là avez-vous entendu prononcer le nom de Neil?—R. Non.

Q. Il y avait assez longtemps que vous cherchiez la barge *Tremblay?*—R. Depuis le 15 novembre 1924.

Q. Est-ce vous qui avez reçu l'information qui a poussé la Commission des liqueurs à faire rechercher la barge *Tremblay?*—R. Non.

Q. Alors, vous avez agi sur des ordres transmis directement?—R. J'ai agi sur les ordres de l'assistant contrôleur du service de surveillance de la Commission des liqueurs, pour le district de Québec.

Q. Quand avez-vous eu l'ordre de marcher dans cette affaire?—R. Le 15 novembre 1924.

Q. Et vous-même, qu'avez-vous fait? Dites-nous cela rapidement.—R. J'ai pris deux inspecteurs avec moi. D'abord la barge avait été signalée, le 14, passant à rivière Marthe, près des côtes de Gaspé, remontant le fleuve, vers dix heures et demie de l'avant-midi. Immédiatement, avec deux inspecteurs, je me suis mis à surveiller les quais de Québec, à Lauzon, pour la voir passer, pour

l'arrêter. Rendu au 18, on n'avait pas de nouvelles de la barge *Tremblay*, ni sur les journaux, ni nulle part. On s'est imaginé qu'elle avait dû accoster sur la rive sud ou nord du fleuve, dans le bas du fleuve. Nous sommes partis en auto pour la retracer.

Q. Quelle rive avez-vous suivie?—R. La rive sud à partir de Lévis, en descendant.

Q. Vous ne l'avez pas repérée en bas du fleuve?—R. Non; sans compter que c'était en automne, il y avait un brouillard sur le fleuve qui nous empêchait de voir distinctement les vaisseaux.

Q. La barge *Tremblay* a-t-elle été signalée subséquemment?—R. Après cela?

Q. Oui.—R. Je ne puis pas dire personnellement. Le 19, de retour à Québec, moinsieur l'assistant contrôleur de la Commission des liqueurs m'a dit: "Je suis informé qu'elle est passée à Trois-Rivières vers une heure et demie de l'après-midi."

Q. Qu'avez-vous fait en conséquence?—R. Il a dit de prendre le vaisseau *Saguenay*, de la Canada Steamship Lines, qui part de Québec à six heures, et de tâcher de rejoindre la barge. La barge a passé à Québec, il faisait une tempête terrible ce jour-là, personne ne l'a vue.

Q. Elle semblait profiter de la tempête chaque fois?—R. Le capitaine Tremblay me l'a dit.

Q. C'était une barge à vapeur?—R. Oui.

Q. Et combien de pieds jaugeait-elle?—R. Neuf pieds, je pense.

Q. En tonneaux?—R. Je ne sais pas.

Q. En route sur le *Saguenay*, l'avez-vous aperçue?—R. Sur le lac Saint-Pierre, au moyen des réflecteurs du navire, le *Saguenay;* le *Saguenay* devait éclairer sa route vu qu'il faisait mauvais.

Q. Au moyen d'un projecteur?—R. Au moyen du projecteur j'ai vu la barge *Tremblay* dans le lac Saint-Pierre.

Q. Qu'avez-vous fait en conséquence du réparage fait?—R. Je me suis rendu à Montréal pour demander de l'aide parce que l'information disait. . . M. Langelier m'avait donné cette partie d'information en disant que la barge devait accoster à Montréal. J'ai été demander de l'aide au général Panet.

Q. Le général Panet, qui était en charge du service policier de la Commission des liqueurs, à Montréal?—R. Dans le temps. Pour me donner ordre et tâcher de la saisir, de patrouiller les deux rives et tâcher de la saisir.

Q. Quelle rive avez-vous patrouillée, vous-même?—R. J'ai patrouillé la rive sud.

Q. Vous n'avez rien trouvé de ce côté-là?—R. Non, j'ai pris la rive sud parce que je croyais que cette boisson devait aller aux Etats-Unis par voie du canal à Saint-Ours.

Q. Pour prendre la rivière Richelieu?—R. Oui. J'ai vu qu'il y avait trop de glace, que c'était impossible. Je suis revenu à Montréal.

Q. Avez-vous appris, à Montréal, que la barge était saisie, ou êtes-vous parvenus à Saint-Sulpice en conséquence d'une patrouille continue de ce côté-là? —R. Lorsque la barge a été saisie à Saint-Sulpice, M. Gauthier avait détaché un des inspecteurs pour avertir M. Dansereau, de Montréal, de nous avertir. C'est alors que M. Dansereau a envoyé un inspecteur nous dire que la barge était saisie. Immédiatement on a été rejoindre, à Saint-Sulpice, la barge saisie.

Q. Quand vous êtes arrivés, est-ce qu'il y avait encore des personnes, là, qui avaient été occupées au déchargement de la barge?—R. Non, monsieur.

Q. Est-ce que ces personnes-là avaient été arrêtées?—R. Les personnes qui étaient occupées au déchargement?

Q. Oui?—R. Je ne le crois pas, parce qu'elles n'étaient pas à bord.

Q. Savez-vous si quelqu'un avait pris les adresses, les noms et les états des personnes impliquées dans le déchargement de la barge?—R. Je pense que oui, mais je ne suis pas certain.

Q. Ce n'est pas vous, à tout événement?—R. Non, ce n'est pas moi.

Q. Est-ce qu'il y a eu des camions de saisis?—R. Oui, monsieur, par l'inspecteur Gauthier.

Q. Les conducteurs des camions n'ont pas été arrêtés, apparemment?—R. Cela, je ne peux pas le dire, monsieur.

Q. Est-ce que quelqu'un de la douane est arrivé à Saint-Sulpice avant le départ de la barge pour Montréal?—R. On me l'a dit, mais je n'étais pas là.

Q. Mais, depuis votre arrivée jusqu'au départ de la barge, personne n'est arrivé?—R. Non, monsieur.

Q. La barge est montée à Montréal sous son propre pouvoir?—R. Oui, monsieur.

Q. En charge des inspecteurs de la Commission des liqueurs?—R. De tout nous autres, oui.

Q. Avec tout son équipage et les deux Américains?—R. Oui, monsieur.

Q. Quelle disposition a été faite des camions? Est-ce qu'ils ont été embarqués à bord?—R. Non. M. Gauthier a détaché quelques autres inspecteurs et ceux-là ont pris charge des camions avant le départ.

Q. A votre arrivée à Montréal avez-vous été rencontré par quelqu'un, au quai?—R. Oui, M. le général Panet, et M. Dansereau aussi.

Q. Quelle est la fonction de M. Dansereau?—R. Le chef inspecteurs de Montréal.

Q. Y avait-il des représentants de la douane?—R. Quelques minutes après notre arrivée M. Bisaillon est arrivé.

Q. Seul?—R. Je crois qu'il était accompagné, mais je ne connais pas le nom.

Q. Connaissez-vous M. Duval?—R. Maintenant, je le connais, oui.

Q. Est-ce lui qui l'accompagnait?—R. Il n'était pas là, M. Duval; je ne le pense pas, toujours; je ne me rappelle pas qu'il était là.

Q. A ce moment-là les Américains étaient encore sous garde?—R. Oui, monsieur.

Q. A l'arrivée de M. Bisaillon, les Américains étaient encore là?—R. Oui, monsieur.

Q. Est-ce qu'ils étaient encore sur le bateau?—R. Oui, monsieur.

Q. Qu'est-ce qui s'est passé là, entre les représentants de la douane et les représentants de la Commission des liqueurs?

Le PRÉIDENT: Dites ce que vous savez personnellement.

Le TÉMOIN: Oui.

M. Calder, C.R.:

Q. Vous étiez présent à toute l'entrevue, n'est-ce pas?—R. Oui, monsieur.

Q. Jusqu'à ce que les deux pouvoirs publics se séparent?—R. Justement.

Q. Alors dites-nous ce qui s'est passé?—R. En arrivant à Montréal, nous avons relaté à M. Panet la saisie, d'abord. Nous lui avons dit que les hommes qui étaient à bord étaient arrêtés, ou du moins détenus pour faire acte d'autorité. A ce moment-là M. Bisaillon est arrivé, il dit: "Une belle saisie pour la douane." Comme on semblait hésiter, M. Bisaillon dit: "Je vais télégraphier à M. Wilson, je vais télégraphier à Ottawa pour avoir des instructions." Sur réception d'instructions, je suppose, il est arrivé et il dit: "Je prends charge de tout." M. Panet, là, lui a fait remarquer les arrestations qu'on avait opérées: "Si vous prenez charge de tout, prenez charge des procédures légales aussi". De fait, c'était cela. Il lui a montré les deux Américains. A ce moment-là, les deux Américains cherchaient à se "pousser" tranquillement et M. Gauthier et moi-

même en avons pris chacun un par le bras pour les rembarquer sur le bateau, M. Bisaillon a dit: "Tout est correct, ne vous inquiétez pas, c'est correct".

Q. A qui a-t-il dit cela?—R. A M. Panet.

M. St-Père:

Q. Ceci avait lieu sur le quai?—R. Sur le quai, à Montréal.

Le président:

Q. Quel quai?—R. Victoria.

M. Calder, C.R.:

Q. M. Bisaillon a-t-il montré au général Panet son autorité pour faire la saisie, ou, était-il si bien connu, comme chef du service préventif, qu'on l'a laissé agir sans lui demander quelle était son autorité?—R. Je ne me rappelle pas s'il lui a montré ses autorités, mais je me rappelle que M. Panet connaissait M. Bisaillon.

Q. Il connaissait ses fonctions?—R. Ah, oui.

Q. Alors, est-ce qu'il y a eu quelqu'un, tout de même, arrêté par le général Panet et amené à l'endroit où l'on conduit d'habitude les prisonniers de la Commission des liqueurs?—R. Oui, le capitaine Tremblay, le propriétaire du navire.

Q. Etes-vous parti avec le général Panet, vous?—R. Non. Cela faisait trois nuits qu'on ne dormait pas, on a demandé permission au général Panet de s'absenter, les hommes de Québec; il dit: "C'est correct, j'en ai assez de Montréal, ici". Il en restait encore de Montréal sur les quais.

Q. Etes-vous revenu à la barge, subséquemment?—R. Vers quatre heures de l'après-midi, trois ou quatre heures.

Q. A ce moment-là, est-ce qu'on déchargeait la barge?—R. Tout semblait être arrêté.

Q. Est-ce que le déchargement avait été commencé avant votre arrivée?—R. Ah, oui, parce que, quand je suis parti, il était midi et demi, il y avait nombre de caisses sur le pont du bateau, et quand je suis revenu, vers trois heures, il n'y en avait plus.

Q. Est-ce la Commission des liqueurs ou la douane qui avait opéré le premier déchargement?—R. La Commission des liqueurs, en attendant les instructions que M. Bisaillon devait donner à propos de la charge.

Q. La Commission des liquers a commencé à décharger la cargaison et attendait les instructions de M. Bisaillon pour en disopser, une fois déchargée.—R. Oui, monsieur.

Q. Vous dites que vous avez laissé la barge *Tremblay* vers midi?—R. Vers midi et demi.

Q. A ce moment-là est-ce que M. Stuart et M. Campbell étaient encore là? —R. Oui, monsieur.

Q. Ils paraissaient être sous garde?—R. Oui, ils étaient sous garde de nous autres, des inspecteurs.

Q. Vous êtes parti en même temps que le général Panet?—R. Non, je suis parti seul avec les deux inspecteurs de Québec.

Q. Avant le général Panet?—R. Oui, monsieur.

Q. A partir de trois heures, heure de votre retour, qu'est-ce qui s'est passé? —R. Je suis retourné vers trois heures, plutôt par curiosité, parce que j'étais pas mal certain que la douane en avait pris possession et que, désormais, ils n'avaient plus rien à faire avec nous autres, la Commission des liqueurs. Mais, cependant, M. Panet avait laissé deux hommes là pour surveiller le déchargement, pour "checker", pour compter les caisses qu'ils déchargeaient, que la douane déchargeait du vaisseau et quand j'y suis arrivé, j'ai demandé aux deux inspecteurs: "Est-ce que M. Campbell et M. Stuart sont encore à bord?" Il dirent: "Oui". Ils étaient encore à bord à trois heures de l'après-midi.

Q. Ils étaient encore à bord à trois heures?—R. Ils étaient encore à bord à trois heures.

Q. Les inspecteurs de la Commission des liqueurs étaient encore en charge à ce moment-là?—R. Non. Les deux inspecteurs qu'il y avait là, sur le quai, étaient simplement pour compter les caisses, mais c'était la douane qui était en charge depuis midi et demi, une heure. Les inspecteurs étaient sur le quai surtout pour faire rapport au général.

Q. Cependant il y avait encore quelqu'un du personnel de la Commission, là?—R. Il y en avait deux.

Q. Qui pouvaient voir sortir M. Stuart et M. Campbell, ou qui auraient pu les voir sortir s'ils étaient sortis à ce moment-là?—R. Peut-être, mais ce n'était pas les deux mêmes qui avait participé à la saisie, c'était deux autres du bureau de surveillance de Montréal.

Q. Qui étaient-ils?—R. Je ne connais pas leurs noms.

M. CALDER, C.R.: Je suppose, M. Desmarais, que cela pourrait se trouver?

M. DESMARAIS: Oui.

M. Calder, C.R.:

Q. Savez-vous si, avant de laisser partir le groupe de Québec qui connaissait M. Stuart et M. Campbell, le général Panet a pris la précaution de faire constater au groupe de Montréal la présence de M. Stuart et de M. Campbell à bord et leur a indiqué MM. Stuart et Campbell?—R. Vous voulez dire les deux inspecteurs qui étaient là dans l'après-midi, ou les autres inspecteurs ensemble?

Q. Les autres inspecteurs?—R. Ah, oui, les inspecteurs qui étaient avec nous autres, qui ont participé à la saisie, connaissaient les deux Américains.

Q. Et vous ne savez pas ce qui s'est passé dans l'intervalle, évidemment?—R. Entre midi et demi et trois heures, non, monsieur.

Q. A quelle heure avez-vous laissé la barge *Tremblay?*—R. A midi et demi. Dans l'après-midi?

Q. Oui?—R. J'ai été une demi-heure là; il y avait des officiers de douane sur le quai.

Q. Je prends pour acquis que c'est tout ce que vous connaissez de cette affaire?—R. Oui.

Q. Et vous êtes retourné à Québec où vous avez subséquemment fait rapport des faits que vous venez de raconter?—R. Oui.

Q. Voulez-vous produire la découpure du journal qui fera constater le genre de vaisseau qu'était la barge *Tremblay;* peut-être aussi la façon dont le déchargement a été effectué; c'est une gravure découpée du journal "La Patrie", n'est-ce pas?—R. Oui. Je la produis.

Q. Cette gravure est conforme à ce que vous vous rappelez du navire?—R. Oui. A gauche de la gravure, c'est le pont; à droite, elle indique à partir du milieu du navire.

Q. Pendant toute votre patrouille, à partir du 15 aller au 21, avez-vous vu un seul douanier, soit de Québec ou de Montréal, en patrouille, sur l'une ou l'autre des rives?—R. Non.

M. St-Père:

Q. Vous avez dit tout à l'heure que le département de la Commission des liqueurs de Québec avait été informé que cette barge avait été signalée dans le bas du fleuve?—R. Ça paraissait dans les journaux.

Q. Votre département en a été informé?—R. Le département en a été informé, en même temps qu'elle était signalée, qu'il y avait de la boisson à bord. C'était la dénonciation.

Q. Savez-vous si votre département a été informé de la chose par le service des signaux du département de la Marine et des Pêcheries?—R. Je ne le sais pas, M. Langelier pourrait dire cela.

M. Kennedy:

(La question suivante est posée en langue anglaise et traduite au témoin par M. Beauchamp, interprète officiel.)

Q. Est-ce le département des Douanes qu'on a avisé ou la Commission des liqueurs?—R. La Commission des liqueurs.

M. Doucet:

Q. Est-ce que M. Stewart parlait bien l'anglais?—R. Oui.

Q. Parlait-il français également?—R. Je ne me rappelle pas s'il parlait français.

Q. Vous ne lui avez pas adressé la parole en français?—R. Non.

Q. Quant à M. Campbell, parlait-il bien l'anglais?—R. Oui, c'était sa langue.

Q. Parlait-il français?—R. Non.

Q. Monsieur Patry, vous qui avez passé la majeure partie de la journée avec eux, ne pourriez-vous pas me décrire l'apparence physique de M. Stewart? —R. C'était un homme de cinq pieds huit pouces, brun, le teint très clair, coloré; les yeux brun foncé, un joli garçon.

Q. Un gros homme?—R. Non, un homme dans les 155 livres.

Q. Comment ses cheveux étaient-ils peignés?—R. Renvoyés en arrière, frisés, un peu noirs.

Q. Les cheveux noirs?—R. Frisés et renvoyés en arrière; il avait un habit bleu-marin avec des boutons jaunes.

M. Calder, C.R.:

Q. Une casquette de marin?—R. C'était un marin aux boutons dorés.

M. Doucet:

Q. Maintenant, monsieur Patry, voulez-vous me faire la description de M. Campbell? D'abord, voulez-vous me dire quel était l'âge approximatif de M. Stewart?—R. Vingt-six ans, à peu près.

Q. Maintenant pouvez-vous me faire la description de M. Campbell?—R. Elle est facile: un homme de six pieds trois pouces, à peu près, un géant, les cheveux blond-roux, figure rousselée, sourcils épais, de même couleur que les cheveux, de gros yeux bleus renfoncés—figure très dure—les cheveux en avant.

Q. Quel âge à peu près?—R. A part la grandeur, il ressemblait à un ours, du poil jusqu'au milieu des doigts de la même couleur que les cheveux; il pesait, je suppose, de 225 à 230 livres. Son âge est à peu près 35 à 40 ans.

Le président:

Q. Avez-vous entendu des gens, sur le pont, l'appeler d'un sobriquet?—R. Je ne me rappelle pas cela.

Q. Ne l'a-t-on pas appelé le gorille?—R. Ça ne m'aurait pas étonné. Mais je ne pense pas qu'on l'ait appelé comme cela.

M. Doucet:

Q. Maintenant, monsieur Patry, êtes-vous positif que vous ne confondez pas les deux hommes, que ce serait bien Campbell qui aurait six pieds et trois pouces?—R. Ç'a toujours été l'homme de six pieds et trois pouces qu'on appelait Campbell, que M. Tremblay appelait Campbell; et lui-même se nommait Campbell.

Q. Ses cheveux étaient blond-roux?—R. Oui.

Q. Avait-il une canne à pommeau d'or?—R. Peut-être rendu chez lui, pas sur la barge.

M. St-Père:

Q. Au sujet de ces deux hommes, que vous avez vus et eus sous votre garde un certain temps, je vais vous poser une question: Est-ce que ces deux hommes avaient l'air,—comme des Canadiens français disent,—à gagner leur vie la plume à la main ou était-ce des garçons qui paraissaient avoir fait du travail dur?—R. Un marin peut bien faire du travail dur, toujours un chef marin, sans travailler comme un autre; Campbell n'avait pas les mains brisées du tout; Stewart avait un peu les mains brisées.

Q. L'un des deux avait l'air matelot?—R. Oui. Tout en pouvant être second de navire, Stewart avait l'air d'un matelot. Mais Campbell, ce n'était pas un ouvrier.

Le président:

Q. Ce n'était pas un "cook"?—R. Non, il n'avait pas l'air à ç'a. Il offrait de l'argent pas mal, il avait l'air à en avoir.

M. Doucet:

Q. Il semblait gagner sa vie facilement?—R. Il l'a dit. Il a dit: "Si j'avais été sur les côtes de New-York, vous ne m'auriez pas arrêté."

Le président:

Q. Je vous ai vu rire il y a un instant; est-ce vrai qu'il y avait un orchestre à bord?—R. Non.

Q. Il n'y avait pas de femmes à bord?—R. Il n'y a pas eu de cela.

M. Calder, C.R.:

Q. Avez-vous eu connaissance d'un vaisseau appelé le *George*, en rapport avec cette affaire-là, ou en avez-vous entendu parler?—R. J'en ai entendu parler.

Q. Par qui en avez-vous entendu parler—je ne vous demande pas ce qui a été dit?—R. Par le service de surveillance de Québec, qui l'a saisi à Batiscan.

Q. Savez-vous si la saisie, d'après vos informations, se rapportait en quelque façon à la barge *Tremblay?*—R. Oui, la boisson qui était à bord avait été prise à bord de la barge *Tremblay.*

Q. Qui serait susceptible de nous donner cette information-là, de première source?—R. Je crois que c'est M. Langelier, de Québec.

Le témoin est congédié.

PAUL GAUTHIER, called and sworn.

(Questions and evidence given in French and translated by Mr. Beauchamp, Official Interpreter.)

Hon. Mr. STEVENS: This is the officer who seized the boat.

Mr. CALDER, K.C.: He actually seized the boat first.

By Mr. Calder, K.C.:

Q. Mr. Gauthier, on November 24th you were employed by the Quebec Liquor Commission?—A. Yes.

Q. Were you attached to Montreal or Quebec?—A. Montreal.

Q. In what capacity?—A. As Inspector of the Liquor Commission.

Q. When were you detailed to locate the barge Tremblay?—A. I was detailed to this task at eight o'clock on the evening of Thursday, 20th November, 1924.

Q. By whom?—A. By Mr. Dansereau, Chief Inspector.

Q. As a result of what information?—A. I was told to watch or patrol the north shore of the St. Lawrence, with the object of locating a barge known as the barge Tremblay.

Q. Did you have a description of the barge?—A. I had no description.

Q. Except as regards the name?—A. I had only the name.

Q. At what time did you start your patrol?—A. We left Montreal by automobile at eight thirty o'clock in the evening.

Q. And then, you were patrolling the north shore?—A. Yes.

Q. What time and place did you locate the barge Tremblay?—A. At eleven thirty at night at the St. Sulpice wharf.

Q. Is that wharf lit up or lighted?—A. There are no lights at the wharf.

Q. Is St. Sulpice above or below Lake St. Peter?—A. It is above, opposite Vercheres.

Q. When you saw the barge, was it moored to the wharf?—A. Yes.

Q. What was going on then?—A. Our attention was attracted by seven or eight trucks which were by the roadside, and we saw parties who were working on board the barge, and who were unloading cases.

Q. Were those parties carrying lights?—A. No, sir. It was the light from the headlights of the automobiles which were directed on the wharf which attracted our attention as we turned around the corner.

Q. How many inspectors did your party include?—A. Four inspectors.

Q. How many persons were there in all? That is, comprising the crew, the passengers, and the truckmen?—A. There would be between 45 and 50 persons.

Q. Did you immediately place the barge under seizure?—A. When we reached the wharf at St. Sulpice—there is a hotel opposite the wharf, and we placed our automobile there, and as we stopped the automobile, five or six persons wearing sailors' caps approached the car. I identified myself, and I asked who was in charge of the barge, and instead of getting an answer, these parties ran away. Then we went down to the wharf and then we placed the barge and its cargo under seizure, and the whole crew was put under arrest.

Q. Did you take the truck driver's name?—A. No.

Q. Or his address?—A. I have not got his address.

Q. Then what did you do with the truck drivers?—A. There were five cases of liquor on one truck. We seized that truck, and placed the driver under arrest. The remaining drivers were dispersed.

Q. They ran away?—A. We chased them away; we sent them away.

Q. How many trucks did you seize?—A. One truck.

Q. I thought the report stated that there were two trucks?—A. There was only one truck; only the truck which contained liquor.

Q. Did you take the driver's name?—A. Yes.

Q. And his address?—A. I have not got his address. The truck was a Republic truck, License SF-132.

Q. Was it a Ford?—A. It was a Republic truck.

Q. Bearing a Canadian license?—A. Yes, sir, bearing a Canadian license.

Q. A Quebec license?—A. A Quebec license.

Q. And the year 1924?—A. Yes. Owned by a Mr. Hamel.

Q. Where does Mr. Hamel live?—A. I have not his address. It can be located at the license department.

Q. What was the truck driver's name?—A. Hamel.

Q. Apparently the truck driver was the owner of the truck?—A. That is the party whom we placed under arrest.

Q. You did not verify by the license department whether Hamel was really the owner of the truck or not?—A. I did not do that work myself, the office attended to that.

The CHAIRMAN: Mr. Calder, can we not shorten this up?

Mr. CALDER, K.C.: I have only a few more, and they will be very short.

Hon. Mr. STEVENS: It is very slow, when the questions and answers have to be given in French, then the French reporter reads them over to the interpreter, and the interpreter translates them into English for the English reporter.

Mr. CALDER, K.C.: I am in the hands of the Committee.

Hon. Mr. STEVENS: Could the witness understand if you put the questions to him in English, and he answer in French?

Mr. CALDER, K.C.: If Mr. Gauthier will take the questions in English, we could get along very much quicker, and the sense of it could be kept.

WITNESS: I will try and answer in English.

Hon. Mr. STEVENS: It would be very kind of you, if you would do that.

By Mr. Calder, K.C.:

Q. When you boarded the barge, were there any other parties besides the boat's crew?—A. Yes, there were three or four Americans on board.

Q. You say there were three or four Americans on board?—A. Yes.

Q. Did you place them under arrest?—A. We placed everybody on board the vessel under arrest.

Q. Then, since there were three of four Americans there, what were their names?—A. I could not secure their names.

Q. Why not?—A. Because they refused to give their names.

Q. They refused to give their names?—A. At that moment.

Q. Are you very sure whether there were three or four?—A. Yes, when re-enforcements arrived, I noticed that there were only two left.

Q. Were there three, or four?—A. I cannot state that there were three, or four.

Q. You asked them for their names?—A. I asked them for their names.

Q. The thought did not come to you to shut them up in the cabin?—A. We were not numerous enough. I understand it was rather dangerous, but did the thought not come to you to do so?—A. It dawned on me to do so, but we were not numerous enough.

Q. Did you invite them to enter the cabin?—A. No, sir. I kept at quite a distance from them.

Q. Was there any other boat alongside the Tremblay?—A. It was too dark to see a boat, but there was something on the River, because I noticed that they were transmitting messages from the boat on the river to the hotel, with flashlights.

By Mr. Bell:

Q. That is, from the other boat?—A. I did not see it; it was too dark.

By Mr. Calder, K.C.:

Q. You could see the flashlights of another boat?—A. Yes.

Q. Did the idea occur to you to go into the hotel, and pick up the man who was receiving the messages?—A. No, sir, I sent one of my men to phone to Montreal, but they refused to let him in.

Q. Who was that?—A. Inspector Renault.

Q. Did this boat that was flashing come alongside?—A. No sir.

Q. Not at all?—A. No sir. It kept from the shore.

Q. I dare say you took the precaution of stationing one of your number at the gangway to keep people from leaving the boat?—A. Yes, there was one man keeping the men from getting the boat to the shore.

Q. What is your theory as to preventing the escape of men from the boat except the two?—A. The only explanation that I can give is that they went away in a loose boat.

Q. Were there any rowboats alongside?—A. There was, near, at the dock.

Q. There was the possibility of them having launched it, and got away?—A. Yes.

Q. When Stewart and Campbell ultimately gave their names, did you inquire who the others were?—A. No.

Q. You arrived there, I understand, about twenty minutes past, or half past eleven o'clock?—A. At half past eleven sharp.

Q. Did you look at the time at the moment, for the purpose of the report?—A. Yes.

Q. Did anybody else come up subsequently?—A. Twenty minutes after we seized the boat, a Customs officer by the name of Duval came to the boat, identified himself, and told me he was coming down to seize the boat. I told him that it was too late, that it was already seized in the name of the Quebec Liquor Commission.

Q. What did he say to that?—A. I asked him if he was alone, "We are not very many men here." He says, "I am with my wife"—his wife was in the car.

Q. Did he mention anybody else present?—A. No.

Q. He did not mention Mr. Brien?—A. No.

Q. After you told him that the barge was under seizure, did he do anything to communcate with his superiors?—A. He told me he was going to telephone to Montreal, to try and get some men.

Q. He did not come back and tell you he was forbidden to telephone also?—A. He came back a short time afterwards, and told me that he could not get any men from Montreal. I went away about one o'clock.

Q. He did not tell you about getting into any difficulty about phoning?—A. No.

Q. After that we have been told that Mr. Patry came up with re-enforcements?—A. The first re-enforcements came about three o'clock in the morning.

Q. Who was that? Some members of your Service?—A. At fifteen minutes after three o'clock in the morning of the 21st of November, the first re-enforcements came. Inspectors Chenier, Rutledge, Joly, Lorrain and Salmon.

Q. By this time you were in a better position to deal with the people about?—A. Yes. We unloaded the cases that had been taken off, and I sent the seizure of the cases that had been seized to Montreal.

Q. Did you proceed then to question Captain Tremblay and the others that were on board?—A. No, sir. I did not question Captain Tremblay at all.

Q. Was it at the moment the re-enforcements came up that Stewart and Campbell gave their names?—A. I saw them and saw the Captain on the bridge, but I did not speak to them.

Q. Were you in charge of the party at that moment?—A. I was in charge of the party, from the time we seized it until we came to Montreal.

Q. Who secured the names of Campbell and Stewart, which I understand were secured. Who was the person?—A. I could not say.

Q. Ultimately you sailed for Montreal?—A. The second re-enforcements came at seven o'clock.

Q. That was Patry and his lot?—A. Three inspectors from Montreal, and we left St. Sulpice at three o'clock in the morning.

Q. Well then, you set sail for Montreal, or you sailed for Montreal?—A. The second reinforcement came at seven o'clock.

Q. After or before the first lot?—A. We left St. Sulpice at seven o'clock in the morning.

Q. We can pass over that, as we have it from another witness. We can pass over what happened at the wharf until twelve o'clock. At twelve o'clock or twelve thirty o'clock the Quebec party had been working steadily and went home, or to rest?—A. When we reached Montreal—

Q. About twelve o'clock, noon?—A. Yes.

Q. Did you remain on after they left?—A. General Panet was at the wharf when we landed and I made my report to him.

Q. About twelve o'clock?—A. That is after twelve.

Q. Did you remain at the wharf, and at the boat, after the Quebec people went away?—A. Yes.

Q. How long did you remain there?—A. I remained there until about one o'clock.

Q. Did somebody come to relieve you?—A. Yes, sir. There was a man from Montreal came to relieve us, or started unloading the boat.

Q. Was General Panet gone then?—A. General Panet was gone when the people came to relieve.

Q. Were Stewart and Campbell still there?—A. Yes.

Q. Did you show Campbell and Stewart to the people who came to relieve? —A. I believe General Panet saw there were two Americans on board; I did not show them.

Q. You were relieved about one o'clock by other Montreal officers and at that time you say Campbell and Stewart were still on board?—A. Yes.

Q. You saw them at that moment?—A. Yes.

Q. Did you indicate them to the Inspector that relieved you?—A. No, sir.

Q. Did anybody indicate them to the Inspectors that relieved you?—A. Under instructions I was not to let anybody off the boat until further orders.

Q. Not to allow anybody off the boat until further orders?—A. Yes.

Q. Who were the people that relieved you?—A. The boat was handed over to Mr. Bisaillon. I was there until that time.

Q. I mean, of your service?—A. After the boat had been handed over to Mr. Bisaillon two of our Inspectors were left there.

Q. Who were they? Do you remember, or is it on your report?—A. If I remember well, it is Inspector Davis and Inspector Rothwich.

By Hon. Mr. Stevens:

Q. Of the Quebec Liquor Commission?—A. After the Federal took charge of the boat.

By Mr. Calder, K.C.:

Q. Was the order, that no one was to get off the boat, continued after Bisaillon took charge?—A. I do not know, sir.

Q. At the moment you left, that was the orders?—A. Yes. Furthermore, then one of the two Americans ran away and I was with Mr. Duval of the Federal when we arrested them getting off the Kennedy car. They were trying to run away.

Q. Who was that?—A. Mr. Duval.

Q. Which American?—A. The tall fellow.

Q. That is Campbell?—A. Yes, Campbell.

Q. You and Duval arrested him, as he was trying to get away on the Kennedy car?—A. Yes.

Q. You brought him back to the boat?—A. Yes.

By Hon. Mr. Stevens:

Q. At Montreal?—A. Yes.

By Mr. Calder, K.C.:

Q. Duval co-operated in the arrest with you?—A. Yes.

Q. Did he take charge of the prisoner?—A. Yes.

Q. As far as Duval was concerned, that man was under arrest?—A. We arrested him together.

Q. Did you have anything to do with the unloading of the barge?—A. Well, I had something to do with all goods that had been sent to the Pied Du Courant.

Q. That is the office of the Quebec Liquor Commission?—A. Yes, located at the corner of Notre Dame, Montreal. Three hundred and sixty-one cases were transported to the Quebec Liquor Commission warehouse in three trucks.

Q. Do you know whether that was by arrangement between General Panet and Mr. Bisaillon?—A. It was by arrangement by General Panet and Mr. Shearing, who was in charge of the trucks from the Quebec Liquor Commission.

Hon. Mr. STEVENS: Mr. Calder, that was before Bisaillon took over?

Mr. CALDER, K.C.: Yes.

By Hon. Mr. Stevens:

Q. It was before he took charge, on behalf of the Customs, that is correct? —A. Yes.

Q. They were later returned, were they not?—A. If I will explain: When Mr. Bisaillon came, he talked to me and he told me "these two trucks you will send over to 55 College street." I said, "I am sorry, I have no orders to take from you, I will send the trucks to the Quebec Liquor Commission," which I did, and I phoned General Panet, and General Panet told me to let Mr. Bisaillon handle the boat and to come back, which I did and left two men to see what is going on.

By Mr. Calder, K.C.:

Q. Did you have anything to do with the barge Tremblay after?—A. No, sir.

By Hon. Mr. Stevens:

Q. Do you know how many cases of liquor were on the barge when she was seized at St. Sulpice?—A. Captain Tremblay told me that there were 2,700 cases, containing six gallons of whisky each.

By the Chairman:

Q. By whiskey, you mean alcohol?—A. Yes, alcohol.

By Hon. Mr. Stevens:

Q. There were 2,700 cases?—A. Yes.

Q. You do not know how many there were—you did not take a check on the amount that was landed in Montreal?—A. No, sir.

By Mr. Calder, K.C.:

Q. That is all, as far as I am concerned. By the way, Mr. Gauthier, do you know the name of the proprietor of the hotel?—A. Mr. Dupuis.

Q. What was the name of the hotel, that is its name?—A. I do not remember the name of the hotel.

Hon. Mr. STEVENS: One other point, Mr. Calder, the Liquor Commission trucks were brought down to the boat.

By Mr. Calder, K.C.:

Q. The Liquor Commission trucks were brought down to the boat, ready to unload?—A. Yes.

Mr. DOUCET: Do you know the name, Mr. Calder, of the man who went to telephone?

Mr. CALDER, K.C.: Yes, Inspector Hamel.

By Mr. Calder, K.C.:

Q. That is the man who was refused the right to telephone?—A. Yes.

Witness retired.

The Committee adjourned till 3.30 p.m.

PAUL GAUTHIER est appelé et assermenté.

Le président:

Q. Préférez-vous parler en français ou en anglais?—R. Je préfère parler en français, je puis m'exprimer mieux en français.

M. Calder, C.R.:

Q. Monsieur Gauthier, en novembre 1924, vous étiez employé par la Commission des liqueurs de Québec?—R. Oui.

Q. Attaché à Montréal ou à Québec?—R. A Montréal.

Q. En quelle qualité?—R. Inspecteur de la Commission des liqueurs.

Q. Quand avez-vous été chargé de chercher la barge *Tremblay*? Il y a votre rapport ici dont vous pouvez vous servir.—R. J'ai été chargé de cet ouvrage le jeudi 20 novembre 1924, vers huit heures du soir.

Q. Par qui?—R. Par M. Dansereau, chef inspecteur.

Q. En conséquence de quelle information?—R. De surveiller la rive nord du fleuve Saint-Laurent, dans le but de localiser une garge connue sous le nom de *Tremblay*.

Q. Aviez-vous le signalement ou la description de la barge?—R. Aucun signalement.

Q. Sauf son nom?—R. Sauf son nom.

Q. A quelle heure vous êtes-vous mis en patrouille?—R. Nous avons quitté Montréal en automobile, vers huit heures et demie, le même soir.

Q. Vous patrouilliez alors la rive nord?—R. La rive nord, monsieur.

Q. A quelle heure avez-vous trouvé la barge *Tremblay*, et où?—R. A onze heures et demi du soir, au quai de Saint-Sulpice.

Q. C'était un quai éclairé?—R. Non, c'est un quai qui n'a pas de lumières.

Q. Est-ce que Saint-Sulpice est en amont ou en aval du lac Saint-Pierre, plus haut ou plus bas?—R. Cela se trouve plus bas que le lac Saint-Pierre.

Q. Plus bas dans la rivière?—R. Plus haut, c'est vis-à-vis de Verchères.

Q. Est-ce que la barge était amarrée au moment où vous l'avez vue?—R. Oui, monsieur.

Q. Qu'est-ce qu'on faisait?—R. Notre attention a été attirée par sept ou huit camions qu'il y avait sur le bord de la route et on voyait des gens qui travaillaient à bord du bateau en train de décharger des caisses.

Q. Est-ce que ces gens portait des lumières?—R. Non, monsieur. Ce sont les lumières de notre char, en revirant le coin, qui se sont adonné à frapper sur le quai de Saint-Sulpice, qui nous ont montré l'ouvrage que les gens étaient en train de faire.

Q. Eux ne se servaient d'aucune lumière?—R. D'aucune lumière.

Q. Combien étiez-vous alors d'inspecteurs?—R. Quatre inspecteurs.

Q. Combien de personnes y avait-il là présentes, tant l'équipage que les passagers et les camionneurs?—R. Il devait y avoir en tout quarante-cinq à cinquante personnes.

Q. Est-ce que vous avez mis la barge immédiatement sous saisie?—R. En arrivant au quai de Saint-Sulpice, il y a un hôtel en face. On avait entré notre machine là et, comme on arrêtait la machine, la machine a été approchée par cinq ou six hommes portant des casques de marins. J'ai fait connaître mon

identité, j'ai demandé qui était en charge du bateau. Au lieu de répondre, les gens se sont sauvés. Nous nous sommes dirigés au bord du quai de Saint-Sulpice et là nous avons placé la barge sous arrêt et saisi son contenu. Tout l'équipage a été placé sous arrêt.

Q. Qu'est-ce que vous avez fait des camionneurs?—R. Dans un des camions il y avait cinq caisses de boisson. Nous avons saisi ce camion et mis le chauffeur sous arrêt. La balance des hommes a été dispersée, des autres camions.

Q. Ils se sont sauvés?—R. On les a envoyés.

Q. Vous avez saisi combien de camions?—R. Un camion.

Q. Je croyais que le rapport disait deux?—R. Seulement celui qui contenait la boisson, seulement.

Q. Avez-vous pris le nom du camionneur?—R. Oui, monsieur.

Q. Et son adresse?—R. Je ne sais pas son adresse. Le camion était de marque "Republic", licence SF 132.

Q. C'était un Ford?—R. Un "Republic".

Q. Licence canadienne ou américaine?—R. Licence canadienne.

Q. De Québec?—R. De Québec.

Q. Et de l'année 1924?—R. Oui, propriété de M. Hamel.

Q. D'où est-il M. Hamel?—R. Je n'ai pas son adresse.

Q. Cela pourrait se trouver au bureau des licences?—R. Oui, monsieur.

Q. Quelle était le nom du chauffeur?—R. M. Hamel.

Q. M. Hamel aussi? Apparemment, c'est le propriétaire du camion qui était là?—R. C'est celui-là qu'on a arrêté, c'est celui qu'il y avait sur le camion.

Q. Vous n'avez pas vérifié, au bureau des licences, si c'était bien M. Hamel qui était le propriétaire du camion?—R. Cela n'a pas été fait par moi, ç'a été fait par le bureau.

Q. Maintenant, en allant à bord, avez-vous trouvé des personnes autres que les membres de l'équipage?—R. Oui, il y avait trois ou quatre Américains.

Q. Trois ou quatre?—R. Trois ou quatre Américains.

Q. Les avez-vous mis sous arrêt?—R. On a mis tout le monde sous arrêt, qu'il y avait à bord.

Q. Alors, puisqu'il y avait trois ou quatre Américains, quels étaient leurs noms?—R. Je n'ai pas pu les avoir.

Q. Pourquoi?—R. Parce qu'ils ont refusé de donner leurs noms.

Q. Ils ont refusé de les donner à ce moment-là?—R. A ce moment-là.

Q. Etes-vous bien certain qu'ils étaient trois ou quatre?—R. Oui. Quand le renfort est arrivé j'ai constaté qu'il n'en restait seulement que deux.

Q. Il n'en restait que deux. Maintenant, est-ce trois, ou quatre, qu'il y avait?—R. Je ne peux pas dire. Trois ou quatre, ils étaient trois ou quatre.

Q. Vous leur avez demandé leurs noms?—R. Je leur ai demandé leurs noms.

Q. Et vous n'avez pas eu l'idée de les enfermer dans la cabine, par exemple? —R. Nous n'étions pas assez d'hommes.

Q. Je comprends, c'était dangereux. Mais, est-ce que l'idée ne vous est pas venue?—R. L'idée m'est bien venue, mais nous n'avions pas assez d'hommes.

Q. Les avez-vous invités à entrer dans la cabine?—R. Non, monsieur, je me tenais à assez longue distance d'eux autres.

AFTERNOON SITTING

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

EDOUARD PANET called and sworn.

By Mr. Calder, K.C.:

Q. General Panet, in November, 1924, were you in the employ of the Quebec Liquor Commission?—A. I was.

Q. In what capacity?—A. As controller of the police department.

Q. I suppose you remember all the facts in connection with the barge Tremblay seizure which came to your personal knowledge?—A. Regarding that, Mr. Chairman, I would like to make two points clear. I received a summons in which I was asked to bring all records, papers, cheques, books, accounts or other documents concerning the barge Tremblay, or in any way referring thereto.

Q. I may say, General Panet, that that is a general form of duces tecum. We do not suggest that you have any cheques, or that you have any accounts? —A. Also all documents referring to my resignation.

Regarding the first part of it, I wired stating that I had nothing, no papers whatever in my possession, and suggested that they should apply to the Quebec Liquor Commission for the same. Last night, Mr. Demarais, counsel for the Commission showed me and allowed me to have the papers which he brought from the Chairman. But that file is not complete; those are only papers that were sent from me to the Chairman, and on my own file. There are a great many more papers, of which the chances are that you will ask me some questions, and I would like to be able to refer to them. I have not looked at the file for over a year.

Q. I do not think, for the purposes of this afternoon's examination, that you will be very much embarrassed?—A. Does that mean that you will not get through with me this afternoon?

Q. I think we will, I think we will get through with you this afternoon, but what I wish to find out is, your evidence as to the facts which occurred on the 20th of November, 1924?—A. All right.

Q. We have been told here that information was received by the Quebec Liquor Commission at Quebec about the activities of the barge Tremblay, and that ultimately help was requested from you by the officers attached at Quebec? —A. Yes.

Q. Up to the time of their request for help, had you any intimation that the barge Tremblay had been already seized?—A. None whatever.

Q. Up to that moment, it had been controlled entirely by the Quebec end? —A. Yes.

Q. Upon receiving the application for help on the night of the 19th, you detached certain officers for that purpose?—A. Yes, sir.

Q. Mr. Gauthier, and a number of others?—A. Yes, sir.

Q. And they seized the barge and brought it to Montreal under its own steam?—A. Yes.

Q. Had they advised you that that was going to be done; I mean, did you get advice before the barge arrived?—A. No.

Q. Were you notified once the barge had arrived at Montreal?—A. Before that, when it was on the way, I was notified.

Q. I think you must have been advised by the arrival of the truck that was seized, and the officer in charge of it. Was that your method of advice?—A. No, sir. We had a system. Cars were detailed to patrol each side of the St. Lawrence. As soon as I got information from the Quebec inspectors, I had a

motor car with a lot of inspectors on each bank, and my office in Montreal was open all night, and they communicated by telephone with the inspector who was located in Montreal.

Q. Do you remember what time the first message came through?—A. To me it came rather late; as a matter of fact they telephoned me early, but they could not wake me up. Eventually, I think it was about half-past seven or eight o'clock when they got the first message to us that the barge had been seized, and was on its way up.

Q. You met it at the wharf, I suppose?—A. I met it at the wharf.

Q. At the moment you arrived at the wharf, and the boat was warping in, was anybody there representing the Customs Department?—A. Not just then, as far as I know. There may have been, but no one that I knew.

Q. Was that about twelve o'clock?—A. About half-past eleven or twelve o'clock at noon.

Q. Had you received any intimation whatsoever from the Customs Department up to that moment?—A. No, sir.

Q. So that as far as you know, when you arrived at the wharf, the seizure was a seizure of the Quebec Liquor Commission?—A. I might say that I am not quite certain but Mr. Dansereau, the Chief Inspector, telephoned me, and I am not quite sure whether he did not say that there was an officer of the Customs there when Mr. Gauthier seized the barge. I am not quite certain of that.

Q. But he did not tell you that the Customs had exercised a seizure against the barge?—A. I am not quite certain as to whether Mr. Dansereau did not tell me that; he may have.

Q. When the barge was moored, and you went on board, was it drawn to your attention then that there were two passengers on board?—A. Yes, sir. Two Americans.

Q. Did you take their names, status and addresses, or had that been done already?—A. I did not, myself, but I think as a matter of fact one fellow's name was given as Dick Campbell, and the other, I do not remember his name.

Q. Was it Stewart—do you remember now?—A. I think it was Stewart, probably it was.

Q. You did not examine or question those men yourself?—A. No, sir. I happened to speak to some one, but I did not carry out the examination. One chap was trying to get away, and I gave him instructions to get back to the barge.

Q. Did you direct anyone to question him?—A. No, sir.

Q. You did not more particularly direct anybody to ask them for whom they were acting?—A. No, I did not do that.

Q. How long after you arrived at the wharf did any of the Customs officers arrive?—A. Shortly afterwards.

Q. Who was that?—A. Mr. Bisaillon arrived.

Q. What did he say?—A. He came up, and congratulated me on the fine seizure we had made, and stated in French that we had forestalled him.

Q. Did he express any intention of taking it over?—A. Yes. That came out. I expected that, as a matter of fact, and I was rather prepared for him, because I wanted to hang on to the seizure we had made, because Mr. Dansereau had in fact before stated that Mr. Bisaillon had telephoned for me, but that I had gone to the wharf, and Mr. Bisaillon told me that his intention was to take possession of the liquor.

Q. Did you express dissent?—A. In the meantime I had arranged for the trucks of the Commission to arrive at the wharf, to accommodate as many trucks as we could possibly get hold of to arrive at the wharf to take this liquor, and I was hoping that they would make their appearance before Mr. Bisaillon mentioned that he would take the liquor. As a matter of fact, it happened just about the same time. "Of course," he said, "I will have to take possession of

that liquor,," or words to that effect. I pointed out to Mr. Bisaillon at that time, " well, we have the organization to take care of that liquor; we have trucks with chauffeurs who are accustomed to handle liquor; the trucks are all covered with wire, and so forth, and I do not think you can find anything better." Just then five trucks arrived on the wharf, and I said " Here they are." He said " I have to take that liquor." I said, " It is according to regulations, and I am afraid I will have to do it." I tried to persuade him to allow us to take it. I said " we are not going to dispose of it; we are going to take care of it, and if you are to have it later, you will have it handed back to you; I am sure the Quebec Liquor Commission will hand it back to you."

Q. And, in the meantime it would be safe?—A. In the meantime it would be safe.

Q. Much safer than it turned out to be?—A. He says, " I have an emergency call to Ottawa, and would you wait until I get a reply?" I pointed out to him that there were 24,000 gallons of alcohol reported in that barge, and certainly it would take a good long time to unload the whole thing, and we should not delay a single minute; that if we delayed the unloading of it would take place at night, which should not be so with liquor. He said, " All right, I will give you permission to take it on condition that should my instructions be otherwise, the arrangement will be cancelled." I said, " yes," and he said, "all right." The trucks were there ready to load up, and we immediately got busy. I would like to tell you now regarding those two persons you were asking me about.

Q. I was just going to ask you?—A. Mr. Gauthier reported to me that the night before, at half past eleven o'clock at night, practically in the country, at St. Sulpice, he had placed the whole crew under arrest, and he also pointed out to me that there were two Americans on board, and that he was almost positive that those Americans had something to do with this liquor. In the meantime, I had telephoned to the Chairman, several times during the morning, and when I had this information, I pointed out to the Chairman, and he repeated his instructions, that all we should do was to arrest the Captain, and the Captain was arrested by Mr. Dansereau, our Chief Inspector, and taken away. I might say that at that moment, I was under the impression that only one person could be found guilty of transporting, or at least fined $1,000, and I did not see, myself, the use of seizing other people. I know better now, when I discovered that any number can be taken.

Q. You told us that Mr. Bisaillon went away to telephone, and got instructions, and then came back?—A. I did not see him afterwards, after I left the wharf. May I finish first with the two Americans? These Americans tried on one or two occasions to escape, and instructions were given to them to go back to the barge. I gave instructions myself to Mr. Gauthier and Mr. Dansereau, that no one was to leave the barge, and I explained to Mr. Bisaillon, and this was done in the presence of Mr. Dansereau, that there were two Americans on board whom I thought had something to do with it, and I was led to believe that he would take care of them.

Q. Well, he did.—A. I did not expect that he was going to do it in that way; if that is what you mean.

Q. When he told you that he was going to take care of them, were you under the impression that they were going to be arrested and held?—A. Yes, I was under the impression that they were going to be arrested and held, otherwise I do not think I would have let them go.

Q. After this you left the wharf?—A. After that I left the wharf, in charge of some of the inspectors. I have forgotten who was actually in charge at that moment.

Q. Did you give the inspectors any instructions in regard to Stewart and Campbell, the two Americans?—A. No, that was under Mr. Bisaillon at that moment; that was my understanding; that he would look after the crew. All we

did then was to unload the barge, and transport the liquor to the Quebec Liquor Commission.

Q. Ultimately that quantity of liquor you had transported was turned back to the Customs?—A. Yes.

By Hon. Mr. Stevens:

Q. You did not unload all the liquor?—A. No. Only about 355 cases eventually went out to the Quebec Liquor Commission's warehouse.

Q. Out of how many?—A. There were 6,000 cases, I think. That is very rough. There were six gallons to a case, I think, or four gallons to a case, and there were 24,000 gallons.

Q. If you have not got the figures before you, it would be better not to state.—A. That is a very small amount.

Q. How big; about 360 cases?—A. 350 cases was the actual number.

By Mr. Calder, K.C.:

Q. Then, upon order, you returned these?—A. I got back to the office before half past one, I think, and I got a telephone message from the Inspector who was left in charge of the wharf to say that Mr. Giroux—it may be Mr. Bisaillon, I think Mr. Giroux—had gone to the wharf and said his instructions were that all the liquor had to be transported to the King's warehouse. Yes, I remember now, Mr. Gauthier it was and he asked me—I do not know whether he asked me or told me—two lorries were actually loaded, and Mr. Bisaillon and Mr. Giroux wanted these to go to the King's warehouse, and he gave instructions for it to go to the Quebec Liquor Commission warehouse.

Q. That ended the incident as far as the Quebec Liquor Commission was concerned?—A. Yes.

Q. The rest of it is administrative correspondence to which we will come later on.—A. No, sir, not quite, sir, because it was in the hands of the Customs, and I was not satisfied altogether, and I left some inspectors there to see how the work would be carried out that night, and as a matter of fact, they had to go on pretty late with the unloading of the barge, and the particular report I received was that the work of unloading was not carried out in good order.

Q. Who was the Inspector you left in charge?—A. That, I have not got, I am afraid. That is in my other dossier.

Q. In order that a point may be cleared up that seems to have bothered some people, was your resignation from the Quebec Liquor Commission, in any way connected with the barge Tremblay?—A. No, I wanted to explain that; there is nothing either directly or indirectly in my resignation from the Quebec Liquor Commission connected with the barge Tremblay or the Customs Department or any other federal department.

By Hon. Mr. Stevens:

Q. There are just one or two questions, General, I would like to ask. This is a question of administration. When you were in charge of the Police Department, you were, were you not, in charge of the Police Department of the Quebec Liquor Commission?—A. Yes.

Q. When you were in charge and made a seizure of liquor, presumably contrabrand, for the Quebec Liquor Commission, did the Quebec Liquor Commission pay to the Customs, the Federal Customs and Excise, before such liquor was released for sale?—A. If they would do that, I would not officially know know about it. I do not think they did.

Q. Who would know?—A. The Accountant I would say, or the Secretary. I know, as a matter of fact, they did not.

Q. You know that they did not?—A. No, sir, I think they would have told me if they were paying.

Q. Did you make a seizure, or any of your officers, General, from one Arbour?—A. Yes, sir.

Q. About that time, shortly after this?—A. As a matter of fact, yes, sir; I have forgotten, but it is in that file.

Q. The Arbour Cartage Company?

Mr. CALDER, K.C.: I may say, I was acting for the defence in that case, and must take whatever obloquy goes with that.

The WITNESS: The Arbour Cartage Company had the contract. We asked Mr. Bisaillon to unload the barge Tremblay that night. Mr. Arbour and Mr. Cicotte, Cicotte is a partner in the firm, and we had some inspectors on the wharf watching this unloading, and from their reports and other reports I received, I came to the conclusion that there must have been some of the liquor on the barge Tremblay at Arbour's and also at Cicotte's and on 26th November, we made a seizure at Arbour's and also one at Cicotte's and the liquor was identified as having come from the barge Tremblay.

By Hon. Mr. Stevens:

Q. It was identified?—A. Yes.

Q. General, when you had charge of this barge at Montreal, you had the liquor, and the Quebec Liquor Commission held trucks ready to transport this liquor?—A. Yes, sir.

Q. And you had already loaded two of them, two or three of them?—A. Yes.

Q. When Mr. Bisaillon took them over for the Customs, did you tender him the use of your trucks?—A. No, sir.

Q. Did he ask to use them?—A. I do not think so, sir, but one sure thing if he had asked I would not have given him the trucks.

Q. You would not let him have the trucks?—A. Not that I did not want to help the Customs, that is not my point of view. I did not consider he had the organization to handle.

Q. You did not think he had an organization on hand, a sufficient organization to properly safeguard the liquor?—A. No, sir.

Q. Then, he hired Arbour to transport the liquor to the King's warehouse? —A. Yes.

Q. Now, General, I have here a Qubeec Liquor Commission report twenty-five, for the District of Montreal, 1924-25; would that be drafted by you? —A. What year?

Q. 1924-25, is the heading here.—A. May I look at it, sir?

Q. Certainly, General.—A. No, sir. (After examining report).

Q. You did not draw that one?—A. No, sir, I resigned in April. That is up to—

Q. We will not thresh it.—A. May I be allowed to see it?

Q. Certainly. (Witness examines report).—A. Yes, it was up to April 30th, 1925. No, sir, it was not.

Q. It was not drafted by you?—A. No.

Q. But some of the events recorded would come under you?—A. Yes, some of them.

Q. I want to ask you a question, coming under this. This is the fourth annual report of the Quebec Liquor Commission, dated, Montreal, 1925, and also inside it states for the year 1924-25. The year over which it extends ends April 30?—A. Yes. sir.

Q. Therefore, this would apply up to April 30, 1925?—A. Yes.

Q. Under the section headed, Police Department, District of Montreal, and on page 52 of the report, I read a brief paragraph as follows:—

> " In this part of the Province, namely, near the United States frontier we have carefully kept the bootleggers under review during the past year and as a result the illegal traffic in liquor by the case has almost entirely disappeared. With the exception of some seizures of goods coming from ocean boats, there is nothing to report.
>
> The affair of the barge Tremblay demonstrated that the illegal traffic in spirits was organized on a big scale."

Now, General, I want to put a question to you; from your knowledge as Head of the Department, is that statement in the report a fair statement of facts?—A. As far as the Montreal district was concerned, sir, we did not seize very much liquor coming off the boats, but we had a lot of reports that liquor was coming in boats lower down the St. Lawrence and all these reports are communicated to Mr. de Saint Victor, or Lieutenant Colonel B. Langelier, who were in charge of the Quebec district. I was not responsible for the Quebec district.

Q. General, would you mind telling me—and I will not pursue the question if it is out of your realm of knowledge—have you any knowledge of the quantities and prices of liquor handled by the Quebec Liquor Commission? That would not come under you?—A. No, sir, I was told occasionlly, and given some tremendous figures.

Q. You did not compile any figures?—A. No, sir.

By Mr. Doucet:

Q. General, just a question. Apparently, when you took charge of the barge "Tremblay" at Montreal, you had a whole organization there to handle the cargo?—A. Yes.

Q. You felt that you had the support of the Quebec Liquor Commission behind you as their representative?—A. Yes.

Q. When Mr. Bisaillon appeared on the scene to take charge of the portion of the cargo, did he produce any authority?—A. I knew him, sir, as Chief Preventive Officer for the Montreal District and it would not be necessary.

Q. It was not necessary for him to produce any documents or authority?—A. No, sir. I worked with him all the time and communicated with him always because all our inspectors of the Quebec Liquor Commission were Customs and Excise officers, and Mr. Gauthier who actually seized the barge Tremblay is a Customs and Excise officer.

Q. Before relinquishing your right as seizing officer on the barge and cargo, did you consult any authority as to whether you should give Mr. Bisaillon full charge?—A. Whether I should?

Q. Did you consult any higher authority of the Quebec Liquor Commission?—A. Whether I should not or whether I should hand over to Mr. Bisaillon?

Q. Yes.—A. I do not quite remember sir, I did telephone to the Chairman, Mr. Cordeau, on several occasions that morning. Whether I mentioned that or not, I do not just recall.

Q. You know, General, it strikes the members of the Committee as somewhat peculiar that you were there provided with the necessary organization to handle the cargo and you would let go of it without consulting higher officials. That is what I want to know. Apparently, from subsequent events, you must realize it would have been better if you had held on to your seizure?—A. I wanted to handle it and did my very best, and pointed out the reasons why we should handle the goods. We had the organization, waiting trucks and people doing nothing else but handling liquor. We had them already, five lorries came to the wharf, and I said that we had a warehouse where we could store the liquor.

Q. If you had insisted on remaining in charge, could he have done otherwise?—A. He could have arrested me, as the Federal have the right of way. We had to give in to the Federal; that was understood. As you see, on the file, there is a letter from Mr. Bisaillon, which he handed to me, and I have not forgotten the words saying, hand over 355 cases or whatever cases you have taken from the barge "Tremblay" which were in the Quebec Liquor Commission warehouse, and hand them back. That was an order.

By Mr. Calder, K.C.:

Q. And thereupon a judgment of the Court confiscated the cargo?—A. I believe so.

Mr. DESMARAIS: This is objected to.

The WITNESS: This is a letter from the Preventive Service, Montreal, dated November 25, 1925.

"Re *Seizure barge Tremblay*

E. de B. PANET,
Montreal.

DEAR SIR:—I shall feel obliged if you will kindly cause the Officer of Customs to arrange for the transferrence to the Customs Examining Warehouse of the spirits taken by your men from the above named vessel. It is my intention to arrange for party to call for the spirits to-morrow.

I remain,
Your obedient servant,
(signed) J. E. BISAILLON,
Special Officer, Customs and Excise."

That letter I took myself to Mr. Cordeau, Chairman of the Quebec Liquor Commission and he wrote to the Honourable Jacques Bureau insisting on keeping the liquor.

Q. What was Mr. Bureau's reply to the letter?—A. Mr. Cordeau was actually dictating the letter when Mr. Bisaillon arrived and he said "I must have the liquor right away", and Mr. Cordeau said, "give me a couple of days", and he said, "no, those are my instructions from Ottawa and I am going to call for it this afternoon." This is, I think, stated in the letter to Mr. Bureau.

Q. That is, you think, actually stated in the letter to Mr. Bureau?—A. Yes, I repeat from the letter.

Q. Have you on the file a reply from Mr. Bureau to Mr. Cordeau?—A. No reply to the particular letter. There was another letter written about the question of paying the informer in which I was pointing out in connection with the seizure made of the barge Tremblay; two big seizures, the barge Tremblay and the barge St. George, and I was pointing out that we were entitled to the informer's fees. That was included on the file.

By Hon. Mr. Stevens:

Q. Did you get a conviction against Arbour?—A. Yes.
Q. And Cicotte?—A. Yes.
Q. Against both of them?—A. Yes.

By the Chairman:

Q. They were fined?—A. Yes, they were fined. To-day, Mr. Gauthier informed me he committed him to jail a few days ago because he had not paid his fine.

By Mr. Doucet:

Q. What quantity of liquor did you get from Mr. Arbour and Cicotte?—A. It was not a very large quantity; two or three cases in each case.

By the Chairman:

Q. Which had come from the barge Tremblay?—A. Yes. It was sufficient to identify. When our man went to Arbour he told him that these cases were leaking and he said, "I thought instead of letting it go to waste I would take it home." As a matter of fact, we made another case against Arbour later on, and he could not tell whether it was the same liquor or not.

By Mr. Calder, K.C.:

Q. Have you any personal knowledge of a letter having been written by Mr. Cordeau to Mr. Bureau representing the facts from the point of view of the Liquor Commission?

Mr. DESMARAIS: This is only a copy.

Mr. CALDER, K.C.: Yes, I know, we have not got the original, and that is why I have to deal with a copy.

By Mr. Calder, K.C.:

Q. Will you look at the letter without quoting any part now, and state whether you have knowledge of such a letter being written?—A. Yes, Mr. Cordeau told me. I read that last night. Mr. Cordeau told me at the time he had written Mr. Bureau.

Q. Did he show you that copy for perusal or a copy of the letter for perusal?—A. I am not quite sure whether it is a copy or the original.

Q. It was one or the other?—A. Yes, sir.

Q. At the time?—A. Yes, sir.

Q. Will you look over the letter without quoting any part and satisfy yourself whether that is the letter that was in fact written? I may say we have not got the original.—A. Well, sir, I cannot swear whether it was exactly, but I am pretty sure that I saw that letter.

Q. You have no doubt that that is the letter which was written?—A. I have no doubt, but I cannot swear to it.

Q. That is the sense of it?—A. Yes, and I know he wrote, because he told me he had written.

Mr. CALDER, K.C.: Mr. Chairman, shall I read this in French as well as the translation? I may say, Mr. Chairman, that it is marked personal.

The CHAIRMAN: Yes, read it in French.

Mr. CALDER, K.C.: I would not read it except for the fact that in the last paragraph Mr. Cordeau says: "Although the present letter is not a personal one, I take it upon myself to address it to you as such, so anxious am I that it come to you." Otherwise, you understand, I would not read it.

The CHAIRMAN: Read it in French.

Mr. CALDER, K.C. (Reading in French):

"*Personnelle*

26 novembre 1924.

L'hon. M. JACQUES BUREAU, C.R.,
Ministre de la Douane et de l'Accise,
Ottawa, Ont.

MON CHER MINISTRE,—Dans la nuit du 20 au 21 novembre, nos inspecteurs on saisi, à Saint-Sulpice, comté de l'Assomption, une barge à vapeur chargée d'alcool. Nos hommes fasaient la patrouille des deux rives du Saint-Laurent depuis le 19 novembre. Lorsque nos hommes ont trouvé la barge au quai de Saint-Sulpice, le déchargement était commencé avec la plus grande activité. Il y avait sur le quai 8 camions-automobiles en charge de 16 hommes qui tous étaient occupés à faire le transbordement.

Nos inspecteurs firent cesser les opérations, rechargèrent l'alcool sur la barge qui fut conduite à Montréal. A l'arrivée de la barge à Montréal, nous avons commencé immédiatement à en faire le déchargement et nous en avions environ 300 caisses de transbordées à nos entrepôts lorsque des officiers de votre département ont pris possession du tout.

Notre service de surveillance a reçu hier une lettre de M. J.-E. Bisaillon lui demandant de donner les instructions nécessaires pour le transfert aux entrepôts de la Douane des caisses d'alcool que nous avions transportées à notre entrepôt.

Je me permets de vous écrire pour vous demander s'il n'y aurait pas moyen de retarder à plus tard ce transfert. L'alcool que nous avons saisi et qui est actuellement dans nos entrepôts est sous notre garde, et nous garantissons de vous le retourner en aucun temps.

Je tiens à vous soumettre cependant que vu la quantité très considérable d'alcool qui a été saisie,—et dont votre département a pu prendre possession, grâce au travail de nos hommes,—que la quantité minime dont nous avons, nous, pris possession pourrait nous être laissée comme compensation pour le travail et les dépenses que la Commission fait pour empêcher l'entrée des alcools en contrebande dans notre province. Je suis moralement convaincu que sans nous, toute la cargaison de la barge *A. Tremblay* aurait été déchargée, et jamais le ministère des Douanes en aurait eu connaissance.

Je vous inclus le rapport préparé par notre service de surveillance au sujet de la saisie de la barge à vapeur, la copie de la lettre que M. J.-E. Bisaillon adressait au général Panet, le 25 novembre 1924, et la lettre que m'adressait le général Panet à la même date.

Il serait probablement intéressant de savoir comment il se fait qu'alors que nos hommes étaient à recharger sur la barge, dans la nuit du 20 au 21 de novembre, les 600 caisses que les contrebandiers et les personnes en charge des camions-automobiles avaient placées sur le quai à Saint-Sulpice, que l'officier de Douane Duval soit survenu avec sa femme.

Un officier de Douane ne doit pas, à mon sens, paraître seul, accompagné seulement de sa femme, pour aller faire une saisie considérable comme celle d'une barge remplie d'alcool en la possession de contrebandiers déterminés.

Nos hommes demandèrent à Duval comment il se faisait qu'il était venu là et Duval a donné comme explication qu'il était à faire un tour d'automobile avec sa femme, et que le grand nombre de personnes qu'il a vues sur le quai à Saint-Sulpice avait attiré son attention.

L'explication fournie par Duval est certainement boîteuse. Je puis difficilement croire au tour d'automobile de Duval dans la nuit du 20 au 21 novembre dans la direction de Saint-Sulpice. Je serais plutôt porté à soupçonner que Duval aurait été appelé à Saint-Sulpice pour protéger le déchargement de cet alcool de contrebande.

De plus, après que vos officiers eussent pris possession de la barge, l'alcool a été transporté à l'édifice de la Douane par une compagnie de transport engagée, je comprends, par des employés de votre département. Ce transport fut effectué par 12 charretiers et 12 chauffeurs. On m'a informé que ces charretiers et ces chauffeurs se sont servis copieusement à même l'alcool qu'ils transportaient, et que lorsque le transport fut terminé, ils étaient presque tous en état d'ivresse. On ne s'est pas contenté de boire lors du transport, on s'est même emparé d'une certaine quantité de bidons remplis d'alcool. Pour me servir d'une expression employée par quelqu'un chez qui on a trouvé des bidons d'alcool: "Chacun se servait". Il a dû y avoir une centaine de bidons qui ont été volés.

Depuis que j'ai commencé à dicter cette lettre, monsieur Bisaillon m'a téléphoné me disant qu'il avait reçu des instructions formelles d'Ottawa de venir chercher les 300 caisses qui ont été transportées à notre entrepôt. Je lui ai demandé d'attendre une couple de jours jusqu'à ce que j'aie reçu votre réponse. Il prétend que la chose ne peut pas se faire. Je serai donc obligé de lui remettre les caisses que nous avons dans notre entrepôt.

Je considère cependant que ce sont bien des frais de charroyage inutiles puisque, en fin de compte, nous sommes les seuls à qui cet alcool pourrait être vendu, et cet alcool devra être transporté encore une fois de votre entrepôt au nôtre.

Bien que la présente lettre ne soit pas personnelle, je me permets de vous l'adresser comme telle, tant je tiens à ce qu'elle vous parvienne.

Veuillez me croire,

Votre bien dévoué,

Mr. CALDER, K.C. (Reading in English):

"*Personal* 26th November, 1924.

The Hon. Mr. JACQUES BUREAU, K.C.,
Minister of Customs and Excise,
Ottawa, Ont.

MY DEAR MINISTER,—In the night the 20th-21st November, our inspectors seized at St. Sulpice, County of L'Assomption a steam barge loaded with alcohol. Our men had been patrolling the two shores of the St. Lawrence since the 19th of November. When our men found the barge at the St. Sulpice wharf, it was being unloaded with great activity; there were on the wharf eight automobile trucks in charge of 16 men, who were all engaged in unloading.

Our inspectors put an end to the operations, loaded the alcohol back on to the barge, which was taken to Montreal. Upon the arrival of the barge at Montreal, we immediately began to unload it, and we had about 300 cases transferred to our warehouse, when the officers of your Department took possession of the whole. Our Preventive Service received yesterday a letter from J. E. Bisaillon asking our service to give necessary instructions to retransfer the cases of alcohol which we had taken to our warehouse, back to the warehouse of the Customs. I took upon myself to write you to ask if there is not a way to delay this transfer until a later date. The alcohol which we have seized, and which is actually in our warehouse, is in our keeping, and we guarantee to return it to you whenever you desire it. I wish to submit to you, nevertheless, that, seeing the very considerable quantity of alcohol which was seized, and which your Department took possession of, thanks to the work of our men, the very small quantity which we have taken, could be left to us as compensation for work, and the expenses which the Commission made to prevent the fraudulent entry of the alcohol into our province.

I am morally convinced that without us all the cargo of the A. Tremblay barge would have been discharged and the Minister of Customs would never have had knowledge of it.

I enclose you a report prepared by our Preventive Service on the subject of the seizure of the steam barge, and copy of the letter which Mr. J. E. Bisaillon addressed to General Panet on the 25th of November, 1924, and the letter which General Panet addressed to me on the same date. It would probably be interesting to know how it happened that when our men were engaged in the unloading upon the barge, in the night of the 20th-21st November, of the 600 cases which the smugglers

and the persons in charge of the automobile trucks had placed upon the wharf at St. Sulpice—how it happened that Customs Officer Duval should have come up with his wife. Customs Officers should not, in my opinion, appear alone, only accompanied by his wife, to make as considerable a seizure as that of a barge full of alcohol in the possession of determined smugglers. Our men asked Duval how it was that he came there, and Duval gave as explanation that he was taking an automobile ride with his wife, and the great number of persons whom he saw on the wharf at St. Sulpice had drawn his attention. The explanation given by Duval is certainly a lame one. I can, with difficulty, believe in this automobile ride of Duval's in the night of the 20th-21st of November, in the direction of St. Sulpice. I would rather be inclined to think that Duval was called to St. Sulpice to protect the unloading of this smuggled alcohol.

Moreover, after your officers had taken possession of the barge, the alcohol was carried to the Customs warehouse by a trucking company hired, I believe, by the employees of your Department. This trucking was done by twelve carters and twelve chauffeurs. I have been informed that these carters and chauffeurs served themselves copiously from the alcohol which they were transporting, and when the transporting was finished, they were nearly all drunk. Not only did they drink during the trucking, but they even took a certain quantity of tins full of alcohol; to use an expression used by one in whose possession some of this alcohol was found, "each one helped himself." There must have been about 100 tins so stolen.

Since I began to dictate this letter, Mr. Bisaillon telephoned me saying he had received formal instructions from Ottawa to come and get the 300 cases which were transferred to our warehouse. I have asked him to wait a couple of days until I get your reply. He pretends this cannot be done, and I will, therefore, be obliged to hand over to him the cases which we have in our warehouse. I consider, however, that this is a very useless cost of carting, since in the end, we are the only ones to whom this alcohol can be sold, and this alcohol should be transported once again from your warehouse to ours.

Although the present letter is not a personal one, I take it upon myself to address it to you as such, so anxious am I that it should come to you.

Believe me,
Yours devotedly,
L. B. C.
B. S.

Enclosures."

By Mr. Calder, K.C.:

Q. General, assuming that this liquor was what is called "Number one Cologne spirits," and that it had been warehoused and taken care of properly by the expert warehousemen of the Liquor Commission, what would be its value, roughly—its value per gallon?—A. I am not in a position to tell that.

Q. Who is an expert in the employ of the Commission who could tell us that?

Mr. DESMERAIS: I should think Mr. Chapleau.

The WITNESS: Yes, Mr. Chapleau, the Chief Analyst, of the gauger; I forget his name.

Hon. Mr. STEVENS: There is a report showing official prices. Could that not be put in?

Mr. CALDER, K.C.: Possibly. But if General Panet says he does not know, all I can ask him is if he saw it in the report.

Mr. DOUCET: Can he not quote from the report?

Mr. CALDER, K.C.: We can produce the report; have it recognized by somebody and put the report in.

Hon. Mr. STEVENS: I think these reports are official. It would save dragging a man up here just for that.

Mr. CALDER, K.C.: I would suggest that you read from this report that the value is so much.

The CHAIRMAN: Can you depend on that? The prices may vary a little.

Mr. CALDER, K.C.: Is this particular seizure mentioned, Mr. Stevens?

Hon. Mr. STEVENS: I had thought so. However, we can do this; we can put this in later, and I will get it in proper shape.

The WITNESS: The rumour that we had—as a matter of fact, information our inspectors obtained from these men—was that the alcohol cost them 39 cents a gallon landed in Montreal.

By Mr. Calder, K.C.:

Q. And, duty paid, it would go up?—A. $10.39.

By the Chairman:

Q. At the Customs it is 39 cents?—A. That is just a rumour.

Hon. Mr. STEVENS: Of course, the figure given in here by the Liquor Board is $14.85 per standard gallon at 65 per cent overproof.

Mr. CALDER, K.C.: That is duty paid?

Hon. Mr. STEVENS: Duty paid.

The WITNESS: As a matter of fact, I remember now that there is a report from the Chief Analyst regarding that alcohol. If I had my file here, I could have told you that. It was valued at, I think, $14.85. I think those were the actual figures. It was around $14 anyway.

Mr. DESMERAIS: You want to get Mr. Chapleau here.

Mr. CALDER, K.C.: We will discuss later whether that point is worth making. That is all for the present, General. (To Chairman.) I would suggest that General Panet be discharged, if the Committee has finished with with him, subject to recall if anything should come up.

Witness discharged.

PAUL GAUTHIER recalled.

By Mr. Calder, K.C.:

Q. There are two circumstances I would like to find out something about. You are already sworn?—A. Yes, sir.

Q. When you arrived at the barge and declared yourself, putting the barge under seizure, was there any attempt made by anybody on board there to convince you that you could not seize it?—A. Yes—Captain Tremblay told me that if I let go the boat, he would give me $50,000.

By the Chairman:

Q. Who told you that?—A. He told it to me—Captain Tremblay.

By Mr. Calder, K.C.:

Q. I am afraid he was undertaking more than he could perform?—A. That is what I thought.

Q. Did anybody else offer you anything?—A. There were those two men who were talking when he came.

Q. I am afraid they did not go as high as that?—A. They were going higher than that.

Q. Were they going to give you the cash, or promissory notes?—A. I did not ask them at all.

Q. You did not consider the bribery at all?—A. No.

Q. Is it a fact that after you had refused to let the barge go they grew ugly?—A. No, they did not try to do any rough stuff.

Q. Were you armed at the time?—A. Yes.

Q. You did not have to produce your weapons?—A. Just once, when I commenced to get the stuff out, to unload, somebody in the crowd said "Carry on the unloading, there are only four men"; I drew my gun and said—"if there are any more cases touched, there will be trouble around here."

Q. Were you there when Duval came up?—A. Yes, he spoke to me.

Q. Did you ask him what he was doing there?—A. No, sir.

Q. You were present when this report was read from Mr. Cordeau?—A. Yes.

Q. Did you hear it said that "I am here with my wife, I was just taking a little trip"?—A. He told me that he was with his wife, but did not tell me anything about a ride. Personally, I did not hear anything about that.

Q. You did not hear anything about him just being there by accident?—A. No.

Q. Do not tell us what was said, but was there any person in your party who subsequently reported to you anything of the kind?—A. No, sir.

Q. Did you receive any information from the Department of Marine?—A. No, sir.

Q. I mean, with regard to the boat being signalled?—A. No, sir.

Witness retired.

Vers quatre heures du matin, dans la nuit du 20, à un homme en charge qui était là, à Sorel, j'ai demandé s'il connaissait les mouvements de la barge *Tremblay*. Il m'a dit: "Elle a été vue dans le lac St-Pierre, accostée au yatch *Sioux*, mais elle n'est pas encore passée ici devant. Elle a été signalée à Trois-Rivières le 19, vers une heure et demie de l'après-midi.

Q. C'est l'homme en charge des signaux?—R. Oui. J'ai téléphoné encore, le lendemain, à l'homme, vers trois heures de l'après-midi du 20, je lui ai téléphoné et il m'a dit que la barge remontait le fleuve vers Montréal, à quatre heures et demie.

Le témoin se retire.

JOSEPH PATRY recalled.

By Mr. Calder, K.C.:

Q. Mr. Patry, you will be able to carry on for this one question in English, will you not?—A. Yes.

Q. Did you receive any information from the Service of the Department of Marine?—A. At Sorel?

Q. Yes?—A. Yes.

(Questions and evidence given in French, and translated by Mr. Beauchamp, Official Interpreter.)

Q. What were you told?—A. At four o'clock in the morning, that is, on the night of November 20th, I asked the man in charge at Sorel, the man in charge of the Signalling Service at Sorel if he knew anything as to the movements of the barge Tremblay. He told me that the barge Tremblay had been seen in Lake St. Peter, tied up with the Sioux yacht or launch, "but it has not yet passed here in front of Sorel. It was signalled at Three Rivers, on the 19th, at about half past one in the afternoon."

Q. Is that all?—A. I telephoned him again the following day. I phoned him again the following day, and the man in charge of the signalling service told me that the barge was coming up the St. Lawrence in the direction of Montreal, and that was at half past four.

Witness retired.

WILLIE DUVAL called and sworn.

(Questions and evidence given in French, and translated by Mr. Beauchamp, Official Interpreter.)

By Mr. Calder, K.C.:

Q. Mr. Duval, you were in the employ of the Customs Department in November, 1924?—A. Yes, sir.

Q. In what department?—A. In the Preventive Department.

Q. Had you what is known as a writ of assistance?—A. No, sir.

Q. What were your duties, as a rule?—A. I acted as seizing officer.

Q. How could you act as seizing officer without a writ?—A. I had a badge.

Q. You had no writ?—A. I had no writ.

Q. Mr. Duval, when did you hear the barge Tremblay mentioned for the first time, that is, previous to the seizure?—A. The barge Tremblay was mentioned to me for the first time the night of the seizure.

Q. By whom?—A. By Mr. Brien.

Q. Without mentioning the name of the barge Tremblay, had Brien spoken to you of this matter previously?—A. Yes, sir.

Q. At what time?—A. That would be about three months previously, or three months before.

Q. In what words did he state it?—A. He told me that he would have a large seizure to have me effect.

Q. Where did that conversation take place?—A. The first time he spoke to me about it was at his garage.

Q. Where is that garage located?—A. On Atwater avenue.

Q. Is it known as the Atwater Garage?—A. Yes, it is known as the Atwater Garage.

Q. At that moment, had you reported the matter to Mr. Bisaillon?—A. No, sir.

Q. Did Mr. Brien tell you not to report the matter to Mr. Bisaillon?—A. Yes, sir.

Q. Did he say why?—A. No.

Q. That was three months before the seizure?—A. About that time.

Q. He did not mention the barge Tremblay to you?—A. No, sir.

Q. Do you remember whether he mentioned the word "barge"?—A. I cannot recall whether he stated it was a barge.

Q. Look here, Mr. Duval, your memory appears to be pretty good to-day. Try and recall that event?—A. Well, I do not recall, at this moment. I cannot state whether he said it was a barge or anything else.

Q. Did he state whether it was liquor that would come by the ocean route, that is, aboard ship?—A. He stated that it was liquor.

Q. Did he state whether the liquor would come by the ocean route, or by water?—A. He did not mention that, at least, I do not recall that he mentioned that.

Q. Did he state at what particular time, that is, three months previously, when he expected this particular event to happen?—A. He said it would occur during the fall sometime—sometime in the fall.

Q. When was the matter discussed again, subsequently to the previous conversation?—A. He spoke to me about it on two or three occasions.

Q. Always in the same words?—A. Yes.

Q. On each occasion, did he tell you to keep it to yourself, and not to mention it to Mr. Bisaillon?—A. Yes, sir.

Q. You did not feel under obligation to mention this matter to your chief? (No answer).

Q. Each one for himself, then?—A. He did not want me to tell him so I did not tell him.

Q. Where were you when you received the information that it was the barge Tremblay, at Rock Island?—A. No; when I received information that it was the barge Tremblay?

Q. Yes?—A. I was in my automobile.

Q. At a certain moment, you stated that Brien in the afternoon of the 20th, told you that the matter related to the barge Tremblay?—A. At night.

Q. Where you at that moment?—A. I was in my car.

Q. In the automobile?—A. Yes.

Q. Had you arranged a meeting place by appointment with him?—A. I phoned him on returning from Rock Island.

Q. Why did you phone him?—A. Because he had phoned me at Rock Island.

Q. At what hour?—A. He phoned me three days previous to the 20th, in the afternoon.

Q. At what particular point in Rock Island did you receive that telephone message?—A. At the Customs office there.

Q. Were you the only Customs official there at that particular moment, when you received the message?—A. No, sir.

Q. Were you the only Customs official there at the time the telephone message was received?—A. No, sir.

Q. Who was there besides yourself?—A. That is to say, I am not the person who received the message.

Q. Who then received the message?—A. A Customs official, a Mr. Kellert.

Q. He is an official in the Preventive service?—A. Yes.

Q. He had gone to Rock Island—that is, both of you had gone to Rock Island?—A. We were several officials there.

Q. What were you attending to at that particular time?—A. We were there in connection with seizures, having to do with factories located there.

Q. Who had sent you there?—A. Mr. Bisaillon.

Q. How many officials were there at that time?—A. There were about ten, I believe.

Q. They were all connected with the Preventive Service, were they?—A. I believe so.

Q. Were they all of the Preventive staff, I do not mean all the Preventive staff there; was Mr. Bisaillon there?—A. Yes, sir.

Q. Mr. Kellert told you that the Atwater Garage had called you?—A. Yes.

Q. Did Mr. Kellert state that to you in the presence of Mr. Bisaillon?—A. I do not recall.

Q. At that moment, were you Mr. Bisaillon's chauffeur?—A. I used to drive his car occasionally.

Q. In that particular expedition to Rock Island, did you drive his car?—A. Yes.

Q. Did you understand, since Mr. Brien went to the trouble of 'phoning you at Rock Island, it was time for you to return to Montreal?—A. Yes, because I called him on the telephone myself, subsequently, later on.

Q. Did the conversation take place in the small room, or where did it take place?—A. The conversation took place at the telephone exchange; at the central.

Q. You went to the telephone exchange?—A. Yes.

Q. Alone?—A. No, I went there with Kellert.

Q. At the central exchange, are there booths in which one may telephone?—A. Yes, sir.

Q. You entered one of those booths?—A. Yes.

Q. Alone?—A. Yes.

Q. And you closed the door?—A. I do not recall whether I closed the door or not.

Q. What was the effect of the conversations between you and Brien?—A. Mr. Brien told me that he expected the matter which he had mentioned to take place—

Mr. CALDER, K.C.: To break.

The WITNESS: To break, at the end of the week.

By Mr. Calder, K.C.:

Q. On what day of the week did this occur?—A. I believe he telephoned me on Monday.

Q. Then, there was no hurry to return?—A. It was either Monday or Tuesday.

Q. Then, there was no necessity, no urgency to return at once?—A. He said that this thing would break about the latter part or the end of the week.

Q. Did he state in the conversation whether the liquor was in a barge or would come up on the water?—A. He never spoke to me about it before mentioning it on the night of 20th November.

Q. Then you reported to Montreal on that date?—A. No, I believe we returned on Thursday. I believe it was three days afterwards.

Q. You are right, I am making the mistake. Then the matter started to become urgent or was pressing when the end of the week was approaching?—A. The end of the week; I believe this was Thursday.

Q. Then how did it happen you returned to Montreal? You were then driving Bisaillon's car at that moment?—A. Yes.

Q. How did it happen you should return to Montreal with Bisaillon's car?—A. Mr. Bisaillon told me that he had received a letter or message and that he was in a hurry to return.

Q. Did he state why?—A. He told me he had a letter and that he was in a hurry; he did not tell me what it was for.

Q. You are very certain?—A. I do not think he told me what it was about. I do not recall whether he told me what it was about.

Q. Before proceeding further, Mr. Duval, did you write out the report yourself or did another party write out the report?—A. I did not write the report myself.

Q. Are you the party who dictated the report?—A. No, sir.

Q. Who dictated the report?—A. Mr. Bisaillon.

Q. Are you the party who dictated the letter?—A. No.

Q. Who dictated it?—A. Mr. Bisaillon.

Q. You signed it in good faith?—A. I never signed it.

Q. What, you never signed the report in the Tremblay case; a report on the seizure?—A. No.

Q. I am not referring to the K-9, I am referring to the typewritten report. You have just demonstrated, you do not speak English very well, and that you

did not understand it since you do not understand the question which I put to you. Will you please look at report dated January 6th, and state whether this report bears your own signature. Can you read it?—A. Yes, I read English.

Q. And you do not understand it?—A. Yes, I understand it all right.

Q. In the first place, Mr. Duval, tell us whether that is your signature?—A. Yes.

Q. Are you the person who dictated the contents of the letter?—A. I do not recall having dictated the letter. I read the letter afterwards and then signed it.

Q. At the moment you signed the letter, did that letter seem to truthfully represent the facts as you knew them?—A. It must, because I signed that letter.

Q. I am not asking you whether it may or may not have been true I am asking you whether you were satisfied at the moment, that the letter truthfully represented the facts as you knew them?—A. I do not recall what was in the letter.

Q. I am not asking you that; I am asking you, at that moment, did the letter seem to contain the truth?—A. At the moment that I signed it, I believed so.

Q. I am asking you to try and recall whether Mr. Bisaillon simply said to you, " I have received a letter," or whether he mentioned the barge Tremblay? —A. He did not mention the barge Tremblay.

Q. You are positive as to that?—A. Yes.

Q. At all events, he told you, " this letter compels me to return to Montreal at once "?—A. Yes, sir.

Q. And then you left at once?—A. Yes, we left in the afternoon.

Q. At what time did you arrive at Montreal?—A. At about half-past seven or eight o'clock.

Q. Where did you leave Mr. Bisaillon?—A. We went to the Customs office at 51 McGill street.

Q. Up to that moment you knew from no party that the matter related to the barge Tremblay?—A. No.

Q. Then, at what time did you call Mr. Brien?—A. About a quarter of an hour, or twenty minutes after my arrival.

Q. Was Mr. Bisaillon there, when you 'phoned him?—A. I did not call him from the office.

Q. Then, from what place did you call him?—A. I called him from a pay telephone.

Q. And then you arranged to meet him?—A. Yes, sir.

Q. And then you met him at what hour?—A. At about nine o'clock.

Q. Where?—A. At the Atwater garage.

Q. Then you started from there in an automobile?—A. Yes, sir.

Q. Was it your own car?—A. No, it was the department's car.

Q. The car which you were in the habit of driving; that of Mr. Bisaillon? —A. No.

Q. What car was it?—A. Another.

Q. Was it your car?—A. Yes.

Q. How many persons were in the party when you left Montreal?—A. We were three persons.

Q. Your wife, Mr. Brien and yourself?—A. Yes.

Q. Up to the moment of the departure, no mention had been made of the barge Tremblay?—A. No, sir.

Q. Consequently, then, you had received no instructions to request the assistance of officers to effect the seizure?—A. Yes.

Q. Who gave you those instructions?—A. Mr. Bisaillon.

Q. To seize what?—A. A barge.

Q. He did not state what barge it was?—A. No.

Q. Nor where it was located?—A. He claimed that it was likely to stop on the north shore, down the St. Lawrence.

Q. Whose services did you seek?—A. I 'phoned Mr. Masson and Mr. Masson was ill.

Q. Did you 'phone other parties?—A. No.

Q. Why?—A. Because I had no time.

Q. Did you 'phone any other party?—A. No.

Q. Why not?—A. Because I did not have time to do so.

Q. What, you did not have time to telephone for reinforcements in order to effect the seizure?—A. The informer came along with me.

Q. Mr. Brien went along with you?—A. Yes.

Q. Did you tell Mr. Bisaillon that you were taking Brien with you?—A. I told him when I arrived there.

Q. Once you had arrived there?—A. Yes.

Q. Had you mentioned or spoken to him about it before you left?—A. I do not recall having told him about it.

Q. Come, Mr. Duval?—A. I do not recall having told him about it before that.

Q. We are to take for granted that you did not tell him about it before you told him when reaching St. Sulpice?—A. I do not recall. This did not happen yesterday, it dates back a year and a half.

Q. It is not every day a cargo containing twenty-four thousand drums of alcohol is seized when you are accompanied by your wife?—A. It would not be funny.

Q. Mr. Duval, when you left with your wife, and Brien, did you know that it was the barge Tremblay that you were to try to locate? Did Mr. Bisaillon tell you so?—A. He did not say it was the barge Tremblay.

Q. Then you had to patrol the whole north shore in order to locate the barge?—A. He stated that I was to go down to the vicinity of Berthier.

Q. Without knowing what barge it was?—A. I did not know what barge it was.

Q. You knew that Mr. Masson was ill at that moment?—A. No.

Q. You did not know that Mr. Masson had been ill at his home for the previous ten days, when you telephoned him?—A. No, I had been away for ten days.

Q. Was Mr. Kearney in Montreal?—A. I don't know.

Q. You did not try to find out either?—A. No.

Q. Was Mr. Hicklin in Montreal?—A. I don't know.

Q. Those were the only two remaining officials; the others were at Rock Island?—A. I don't know. I know that there were several at Rock Island.

Q. When you leave in that manner, is there an entry made in the books at your office about the assignments of the men and their various duties?—A. No.

Q. At what time did Mr. Brien tell you that it was the barge Tremblay that was to be seized?—A. While we were on the way.

Q. Then you arrived at St. Sulpice and saw the barge with persons around it?—A. I saw some trucks and automobiles on the wharf.

Q. Then you proceeded to the wharf?—A. Yes.

Q. With your automobile, or did you leave your automobile behind?—A. I left my automobile on the highway.

Q. With Mr. Brien and your wife?—A. Yes.

Q. Then you proceeded to the barge on foot?—A. Yes.

Q. To whom did you speak?—A. To Mr. Gauthier.

Q. Did you tell Mr. Gauthier that you had come to seize the barge at that moment?—A. I asked him whether it was the barge Tremblay, and he said

"Yes". If I recollect well, that is what transpired. Then he told me that he had seized the barge.

Q. He told you that he had seized the barge?—A. Yes.

Q. Before he told you that, did you tell him, "I am coming here to seize the barge Tremblay"?—A. I don't know.

Q. Did Brien know you were going to effect the seizure of the barge Tremblay?—A. Yes.

Q. How was it that you had time to go and get your wife, but did not have time, after phoning Mr. Masson, to call other Preventive Officers to assist you?—A. Because all the others were away.

Q. They have homes and telephones?—A. They were all away.

Q. Where were they?—A. They were out of the city.

Q. What about Mr. Kearney?—A. I don't know whether he was out of the city or not.

Q. What about Mr. Kearney and Mr. Hicklin? Did you try to reach them?—A. No.

Q. Why did you not bring Mr. Kellert along with you? Mr. Kellert had returned to Montreal with you and Bisaillon.—A. I don't recollect whether Mr. Kellert was with us when we returned.

Q. You do not recall how many were in the automobile at that time?—A. I don't think that Mr. Kellert was with us when we returned to Montreal.

Q. After Mr. Gauthier had told you that he had seized the barge Tremblay, did you communicate with Mr. Bisaillon?—A. Yes.

Q. From where did you telephone?—A. From St. Sulpice.

Q. At what place in St. Sulpice?—A. At the telephone exchange.

Q. You did not go to the hotel nearby?—A. At the hotel they would not allow us to telephone.

Q. Then you went to the telephone exchange?—A. Yes.

Q. You called Mr. Bisaillon?—A. Mr. Bisaillon.

Q. Mr. Bisaillon spoke to you?—A. Yes.

Q. What did he tell you, or what did you tell him?—A. I told him that the barge was at St. Sulpice; that the officials of the Quebec Liquor Commission had arrived there before me, and that they had seized the barge.

Q. What did he tell you?—A. He told me to return.

Q. To return to Montreal?—A. To return to the barge Tremblay and to seize it.

Q. Did you go?—A. Yes.

Q. Then what steps did you take to effect the seizure?—A. I arrived on the scene, and I asked Mr. Gauthier, "Have you seized the barge?", and he said "Yes". I told him I had communicated with my chief, Mr. Bisaillon, and he had told me to place the barge under seizure. He answered that it was wholly seized.

Q. Then what did you do?—A. I told him I would go back and phone him again. I phoned him again, and he told me to place Mr. Gauthier and his men in charge of the barge, and to take it to Montreal.

Q. Then you returned to Montreal?—A. Yes.

Q. With Mr. Brien?—A. With Mr. Brien.

Q. Before leaving for Montreal, did you notice the presence of other persons on board the barge, apart from the members of the crew? That is to say, did you see Stewart and Campbell—or strangers?—A. No.

Q. Did you board the barge?—A. No.

Q. Did you place the barge under seizure, and if so, in what manner?—A. I told him that Mr. Bisaillon had told me to seize the barge—to place it under seizure. It had already been seized. I did not seize it.

By Hon. Mr. Stevens:

Q. Is that the way you are making seizures? In the name of Bisaillon?—A. The seizure had been made.

Q. You stated a moment ago that you told Mr. Gauthier that Mr. Bisaillon had told you to seize the barge?—A. Yes.

Q. Do you make all seizures that way—in the name of Bisaillon?—A. No.

Q. Just this one case?—A. I was sent to make seizures on other cases by Mr. Bisaillon, or in the name of or on behalf of, Mr. Bisaillon.

By the Chairman:

(Questions and evidence given in French, and traslated by Mr. Beauchamp, Official Interpreter.)

Q. Did you see two Americans there?—A. No sir, not that night.

Q. When did you see the Americans?—A. I saw them on the following day.

Q. Did they try to, or attempt to offer you money?—A. No, sir.

By Mr. Calder, K.C.:

Q. While on your way to Montreal, did you tell Brien that you had telephoned to Bisaillon?—A. Yes.

Q. He must have been happy, or pleased?—A. It was rather difficult to state.

Q. While you were on your way to Montreal, did you tell Brien that you had telephoned to Bisaillon?—A. Yes.

Q. He must have been pleased about it?—A. That is rather difficult to say.

Q. It is rather easy to state, if you recall what he said; did he call you a fool for having done so?—A. No.

Q. Or did he use any other similar term?—A. I do not think so.

Q. You do not think so?—A. I do not recall whether he said anything or not. He did not speak to me about that.

Q. Do you recall that he told you not to notify Mr. Bisaillon?—A. Yes.

Q. He did not say anything when you told him that you had just telephoned to Mr. Bisaillon about the barge Tremblay?—A. He might have said something, but I do not recall what it was.

By the Chairman:

Q. Where was Brien, had he remained in the automobile?—A. He had remained in the automobile.

By Mr. Calder, K.C.:

Q. Had he a knowledge of your telephone messages, before returning to Montreal?—A. Yes.

Q. He saw you go to the telephone exchange?—A. Yes.

Q. You told him you were going to telephone to Mr. Bisaillon?—A. Yes.

Q. You told him what about?—A. I told him I was going to telephone to Mr. Bisaillon.

Q. He did not say anything?—A. To start with, he did not seem to be pleased about it.

Q. On your return to Montreal in the night, did you report to Mr. Bisaillon?—A. I telephoned to him.

Q. Then did he give you any instructions?—A. I 'phoned him from my home, and told him I had just arrived, and then he told me to try and report at a sufficiently early hour the next day.

Q. Then you proceeded to the wharf?—A. I went to the wharf in the forenoon.

Q. The barge arrived at noon, or about half past twelve?—A. It would be about that time.

Q. Were you there when the barge arrived?—A. I was not there.

Q. You arrived on the scene, and Mr. Bisaillon also arrived?—A. Yes.

Q. That was when you saw the Americans?—A. I saw one American.

Q. Was it the one who was trying to get away in the Kennedy?—A. I do not know whether it is Kennedy or Campbell.

Q. I mean the party who was trying to get away in a Kennedy taxi?—A. Yes.

Q. Then you brought him back on board the barge?—A. Yes, with officer Gauthier.

By the Chairman:

Q. You did not handcuff him?—A. No; I had no handcuffs.

Hon. Mr. STEVENS: Mr. Calder, have you established from this witness exactly the time he arrived at St. Sulphice?

Mr. CALDER, K.C.: That is established by several witnesses. He arrived about twenty minutes after the others.

By Mr. Calder, K.C.:

Q. At what time did you arrive at St. Sulpice?—A. Between half past eleven at night, and midnight.

Q. At what time did you leave St. Sulpice on the return trip?—A. Between half past one and two o'clock in the morning.

Q. At what time was the American released from custody?—A. I have no knowledge about that.

Q. You brought him on board the barge again?—A. Yes.

Q. Did you not take charge then?—A. We were several of us taking charge; or were in charge.

Q. Who were in charge of the Americans?—A. Mr. Bisaillon told me that officers of the Quebec Liquor Commission were in charge of the men.

Q. Mr. Bisaillon told you that officers of the Quebec Liquor Commission were in charge of the Americans?—A. Yes, sir.

Q. Did he tell you if you wanted to leave not to bother with them?—A. No. At a certain moment the officers of the Quebec Liquor Commission left with the exception of two who were engaged in checking up and counting the drums of liquor.

Q. Until what time did you remain there, was that until the unloading was completed?—A. I was not there all the time.

Q. At a certain moment there were several officers of the Liquor Commission on board the barge?—A. On the barge and on the wharf. They also boarded the barge.

Q. Is it not a fact, that starting at a certain moment there were two officers of the Liquor Commission who were both on the wharf, and who were attending to the counting of the drums containing alcohol?—A. There were always several officers, whom I noted, whom I saw.

By the Chairman:

Q. You did not board the barge?—A. I did.

By Mr. Calder, K.C.:

Q. Did you remain on board the barge?—A. Yes.

Q. When did the Americans leave?—A. There was only one whom I was able to remark or see.

Q. When did that party or person leave?—A. He left in the afternoon.

Q. He left in what way, walking away like a gentleman?—A. No, not in that manner.

By Mr. Calder, K.C.:

Q. In what way did he leave?—A. He left to take his lunch along with an officer of the Liquor Commission.

Q. What officer was that?—A. I do not know his name.

Q. This is rather serious, what you are stating now. He did not return?—A. I did not see him again.

Q. At what hour is this man supposed to have left with the officer of the Liquor Commission?—A. I cannot state at what particular hour it was.

Q. At about what hour would it be?—A. I do not recall at what hour.

Q. At what time did Mr. Bisaillon tell you the Americans were in the custody of or under the care of officers of the Quebec Liquor Commission?—A. He told me that when I arrived at the wharf.

Q. Was General Panet still there?—A. Yes.

Q. Was that in the presence of General Panet, or in the hearing of General Panet that this was said?—A. No, well I don't think so. I did not have any knowledge of the conversation between General Panet and Mr. Bisaillon.

Q. Was it after General Panet had spoken to Mr. Bisaillon that Bisaillon told you that the Americans were under control or in the custody of the officers of the Quebec Liquor Commission?—A. No, I believe it was before the conversation.

Q. Did he tell you later, that the order had been changed or countermanded and he was in charge of the Americans?—A. I do not recall whether he told me that.

Q. Where were the Americans when Bisaillon said that?—A. They must have been on board the barge.

Q. Did you see them?—A. No.

Q. No person pointed them out to you?—A. No person did.

Q. Then, how do you know it was the American who was leaving to get his lunch?—A. He left afterwards.

Q. That is the one whom you placed under arrest?—A. Yes, along with Mr. Gauthier.

Q. Then, Mr. Bisaillon placed nobody at the gangway to prevent persons from leaving the barge?—A. I do not think so, no.

By Mr. Bell:

Q. How do you know that the man with whom those Americans left was an officer of the Liquor Commission?—A. Because he was with other officers on the wharf.

Q. Describe that official to me, if you please?—A. (No audible answer.)

By Mr. Calder, K.C.:

Q. This person was one who could speak only English?—A. He is a rather large sized man, fair haired; I do not recall his name.

Q. Did you hear his name mentioned?—A. I have already heard his name mentioned.

Q. Is it Rutledge or Davis?—A. No; I do not recall his name. He was on the wharf. Campbell left the barge—they both left together.

By Mr. Desmerais:

Q. How could Campbell leave the barge? With whose permission did he leave the barge?—A. I don't know with whose permission.

Q. Who was in charge at that moment?—A. There were several officers at that time.

Q. Who was in charge of the barge at that moment?—A. I do not know who was in charge at that time.

Q. From whom were you taking your instructions at that moment?—A. I took my instructions from Mr. Bisaillon.

Q. Was Mr. Bisaillon there?—A. No; he was not there at that moment.

Q. At that moment from whom did you take your instructions?—A. Mr. Bisaillon.

Q. On the wharf or on board the barge? You were not telephoning every other instant to get instructions?—A. No.

Q. Then from whom did you take instructions on the barge itself?—A. We took no instructions from any person on the barge.

Q. Each one was his own master?—A. Well—

Mr. CALDER, K.C.: That is the Customs system, Mr. Desmerais.

By Mr. Desmerais:

Q. He said that he left to get a lunch?—A. Yes.

Q. How do you know that?—A. That is what they said when they left; that they were going to get a lunch.

Q. Who said that?—A. The officer of the Commission. He stated, "I am going to get my lunch with Campbell."

Q. The officer of the Commission?—A. Yes.

Q. To whom did he say that?—A. He told me personally.

Q. He advised you that he was leaving?—A. Yes; that he was leaving to get a lunch with Campbell.

Q. And you made no observation or remark?—A. No, I did not.

Q. That was of no importance?—A. Well, that was of no importance. There was an officer in charge, the same as I was, just like myself.

Q. To go and take a lunch. You do not know at what hour this was?—A. I know it was in the afternoon.

Q. Was it at the beginning, or the early part of the afternoon?—A. I cannot state whether it was in the early part, or later on in the afternoon, but I know it was in the afternoon.

Q. If it had been at the latter part of the afternoon, would it not more likely have been a supper instead of a lunch?—A. That might have been. They might have left to get their supper.

Q. If he mentioned or said lunch, it was not supper?—A. Well, I cannot say; he said they were going to get a lunch.

Q. Then it must have been in the early part, or the beginning of the afternoon?—A. I do not know if it was in the early part of the afternoon or not; I cannot recall.

Q. At all events, it was in the afternoon?—A. Yes.

By Mr. Bell:

(Questions asked in English and evidence given in French, translated by Mr. Beauchamp, Official Interpreter.)

Q. Tell us this, and make it definite: Was the man you speak of as an officer of the Quebec Liquor Commission known to you, or did you know him by sight?—A. I met him there on the wharf; he said he was an officer of the Liquor Commission. The others knew him as an officer.

Q. That is not what I am asking you. Did you know the man by sight, or did you see him that day for the first time?—A. I saw him for the first time on that day.

Q. You declare he was a complete stranger to you?—A. Yes, he was a stranger to me.

By Mr. Calder, K.C.:

Q. Are you the person who arranged or went to the Arbour Company to have them transport the drums of alcohol?—A. No.

Q. Who went there?—A. I do not know.

Q. Did you remain there while the whole process of unloading was going on?—A. No, I did not remain there to watch while the whole unloading was going on.

Q. At what time did you leave?—A. I left at night. I was away for about two hours at night.

Q. From what hour to what other hour would that be?—A. It would be from about seven o'clock, and I returned at about nine o'clock.

Q. How long did you remain there after returning at nine o'clock?—A. I remained there until they had completed the unloading of the barge.

Q. When was the unloading completed?—A. The unloading was completed at a late hour in the night; I believe it was about half past eleven at night.

Q. Then when you returned, the parties who were engaged in unloading the liquor, were pretty well intoxicated?—A. Some of them were pretty intoxicated.

Q. The majority of them were feeling pretty fit, as we say at home?—A. Yes, as we say among the French Canadians, they were pretty fit.

By Mr. Bell:

Q. Feeling good?—A. Yes.

By the Chairman:

Q. That liquor must have been reduced?—A. It had to be reduced. The River was there for that purpose.

By Mr. Desmerais:

Q. Did you see the Inspector who left with the American again?—A. I do not believe that I saw him again.

Q. Did you see the Inspector again while you were there?—A. Yes, I saw some inspectors again.

Q. Can you swear whether this Inspector returned alone or with others?

By the Chairman:

Q. After lunch?—A. At all events, I did not see Campbell.

By Mr. Desmerais:

Q. I am not asking you that, I am asking you whether you saw the Inspector who had left with Campbell?—A. I do not recall having seen him again.

By the Chairman:

Q. He might have returned without you seeing him again? (No answer).

By Mr. Desmerais:

Q. You do not recall?—A. I do not recall having seen him again.

Q. Then, you cannot swear you did not see him again?—A. I cannot swear as to that.

Q. Neither that you did not see him again?—A. No.

Q. Then, you paid no attention to that?

By the Chairman:

Q. He could have returned without you seeing him again?—A. He might have returned without my seeing him again as it was rather late at night.

Mr. BELL: Mr. Chairman, if that finishes the evidence of the witness on this subject, I would ask that he be not discharged as I think there may be good reasons for examining him again, and I would like that opportunity.

Mr. CALDER, K.C.: It seems quite clear, Mr. Chairman, that we will not be through with this on Tuesday, so I was proposing to summons three witnesses for Tuesday, and I would like to have them summoned for Wednesday.

Mr. Desmerais has been kind enough to place in my hands the Liquor Commission file covering—

Mr. DESMERAIS: We will get a receipt?

Mr. CALDER, K.C.: We will provide a receipt. This is record 2301.

The witness retired.

The Committee adjourned till 10.30 a.m. Tuesday, May 11, 1926.

WILLIE DUVAL est appelé et assermenté.

M. Calder, C.R.:

Q. Vous comprenez suffisamment l'anglais pour pouvoir écouter la question en anglais et y répondre en français?—R. Non, monsieur.

Q. En novembre 1924, vous étiez à l'emploi des douanes?—R. Oui, monsieur.

Q. Dans quel service?—R. Service préventif.

Q. Aviez-vous ce que l'on appelle un "writ of assistance"?—R. Non, monsieur.

Q. Quelles étaient généralement vos fonctions?—R. Officier saisissant.

Q. Comment pouviez-vous agir comme officier saisissant sans avoir de bref? —R. J'avais un "badge".

Q. Mais sans bref?—R. Oui. Je n'avais pas de "writ".

Q. Quand avez-vous entendu parler pour la première fois, avant la saisie, de la barge *Tremblay?*—R. Le nom de la barge *Tremblay* m'a été nommé, je crois, le soir de la saisie.

Q. Cela, pour la première fois?—R. Oui, monsieur.

Q. Par qui?—R. Par M. Brien.

Q. Sans vous mentionner le nom de la barge *Tremblay*, M. Brien vous avait-il parlé de cette affaire-là, avant?—R. Oui, monsieur.

Q. Quand?—R. Environ trois mois, je crois bien, avant cela.

Q. En quels termes vous en a-t-il parlé?—R. Il m'a dit qu'il aurait une grosse saisie à me faire faire.

Q. Où se passait cette conversation?—R. La première fois, il m'en a parlé à son garage.

Q. Où cela?—R. Sur la rue Atwater.

Q. Portant le titre de Atwater Garage?—R. Atwater Garage.

Q. A ce moment-là, avez-vous rapporté la chose à M. Bisaillon?—R. Non, monsieur.

Q. M. Brien vous avait-il dit de ne pas rapporter la chose à M. Bisaillon? —R. Oui, monsieur.

Q. Vous a-t-il dit pourquoi?—R. Non.

Q. Cela, c'était trois mois avant la saisie?—R. Environ.

Q. Il ne vous a pas mentionné la barge *Tremblay?*—R. Non, monsieur.

Q. Vous a-t-il mentionné que c'était une barge?—R. Ah, je ne me rappelle pas s'il m'a dit que c'était une barge.

Q. Monsieur Duval, vous êtes en si bonne voie de mémoire, aujourd'hui, tâchez donc de vous rappeler cela?—R. Ah, bien, je ne m'en rappelle pas dans le moment, là, je ne peux pas dire s'il m'a dit que c'était une barge ou autre chose.

Q. Vous a-t-il dit si c'était de la boisson qui viendrait par mer, par bateau? —R. Il m'a dit que c'était de la boisson.

Q. Est-ce qu'il vous a dit que cette boisson s'en viendrait par mer?—R. Non.

Q. Ou par eau?—R. Je ne le crois pas, il n'a pas été question de cela, je ne le crois pas.

Q. Vous a-t-il dit, à ce moment-là, trois mois auparavant, quand il s'attendait à voir arriver l'affaire?—R. Dans le courant de l'automne.

Q. Quand en a-t-il été question de nouveau, après la conversation que vous venez de nous relater?—R. Il m'en a parlé deux ou trois fois après cela.

Q. Toujours dans les mêmes termes?—R. Toujours.

Q. A chaque fois est-ce qu'il vous disait de garder cela pour vous, de ne pas le dire à Bisaillon?—R. Oui, monsieur.

Q. Et vous ne vous êtes pas cru tenu de mentionner cela à votre chef?—R. (Le témoin ne répond pas).

Q. Chacun pour soi?—R. Il ne voulait pas que je le lui dise, ça fait que je ne le lui ai pas dit.

Q. Où étiez-vous quand vous avez eu l'information que c'était la barge *Tremblay?*—R. A Rock Island. Non, quand j'ai eu l'information que c'était la barge *Tremblay?*

Q. Oui, quand vous avez eu l'information que c'était la barge *Tremblay?*—R. J'étais en machine, en automobile.

Q. Non, à un certain moment vous dites que M. Brien, dans l'après-midi du 20, vous a dit qu'il s'agissait de la barge *Tremblay?*—R. Le soir?

Q. Oui. Où étiez-vous à ce moment-là—R. En automobile.

Q. Dans l'automobile?—R. Oui.

Q. Est-ce que vous aviez pris rendez-vous avec lui?—R. Je lui ai téléphoné en arrivant de Rock Island.

Q. Pourquoi lui avez-vous téléphoné?—R. Parce qu'il m'avait téléphoné à Rock Island.

Q. Vers quelle heure?—R. Il m'a téléphoné trois jours avant le 20, dans l'après-midi.

Q. A quel endroit précis, à Rock Island, avez-vous reçu ces téléphones-là?—R. Au bureau des douanes.

Q. Etiez-vous le seul douanier à cet endroit, au moment où vous avez reçu le message?—R. Non, monsieur.

Q. Qui y avait-il, à part vous?—R. C'est-à-dire, ce n'est pas moi qui ai reçu le message.

Q. Qui est-ce?—R. M. Kellert, l'officier Kellert.

Q. C'est un officier du service préventif aussi?—R. Oui, monsieur.

Q. Vous étiez descendu là tous les deux, à Rock Island?—R. On était plusieurs officiers là.

Q. Quelle affaire vous occupait à ce moment-là?—R. C'était à propos des saisies des manufactures.

Q. Qui vous avait envoyé là?—R. M. Bisaillon.

Q. Combien d'officiers y avait-il là, à ce moment-là?—R. Une dizaine, je crois.

Q. Tous du service préventif, n'est-ce pas?—R. Je crois que oui.

Q. M. Bisaillon était-il là aussi?—R. Oui, monsieur.

Q. M. Kellert vous a simplement dit que le Atwater Garage vous avait appelé?—R. M'avait appelé, oui.

Q. Est-ce que M. Kellert vous a dit cela en présence de M. Bisaillon?—R. Je ne me rappelle pas; je ne le crois pas.

Q. A ce moment-là, étiez-vous le chauffeur de M. Bisaillon?—R. Je conduisais son char de temps à autre, oui.

Q. Dans cette expédition à Rock Island, est-ce vous qui conduisiez le char de M. Bisaillon?—R. Oui, monsieur.

Q. Avez-vous compris que, puisque Brien vous téléphonait, puisqu'il prenait la peine de vous téléphoner à Rock Island, c'était le temps de retourner à Montréal?—R. Oui, parce que je l'ai rappelé, moi, ensuite.

Q. Est-ce que la conversation a eu lieu dans un petit cabanon, où a-t-elle eu lieu?—R. Au central du téléphone.

Q. Vous êtes allé au central?—R. Oui, monsieur.

Q. Seul?—R. Non, avec M. Kellert.

Q. Au central, est-ce qu'il y a des compartiments dans lesquels on téléphone?—R. Oui, monsieur.

Q. Etes-vous entré dans un de ces petits compartiments?—R. Oui, monsieur.

Q. Seul?—R. Oui, monsieur.

Q. Et vous avez fermé la porte?—R. Je ne me rappelle pas si je l'ai fermée.

Q. Quelle était la nature de la conversation au téléphone entre vous et M. Brien?—R. M. Brien m'a dit qu'il attendait l'affaire dont il m'avait parlé, à la fin de la semaine.

Q. Quel jour de la semaine était-ce, cela?—R. C'est le lundi, je crois, qu'il m'a téléphoné.

Q. Alors il n'y avait pas de presse pour venir?—R. Lundi. . . je dis lundi. . . c'est lundi ou mardi.

Q. Alors il n'y avait pas nécessité absolue de retourner tout de suite?—R. Il m'a dit que c'était pour la fin de la semaine.

Q. Dans cette conversation, est-ce qu'il a commencé à mentionner que c'était une barge, ou que la boisson venait par la rivière?—R. Il ne m'en a jamais parlé avant qu'il m'en parle le soir du 20 novembre.

Q. Maintenant, vous êtes revenu à Montréal ce jour-là?—R. Pardon, on est revenu le jeudi, je crois, trois jours après.

Q. Vous avez raison, c'est moi qui me trompe, trois jours après. Là, ça commençait à presser, la fin de la semaine arrivait?—R. La fin de la semaine. . . c'était le jeudi, je crois.

Q. Comment se fait-il que vous soyez revenu à Montréal? Vous conduisiez le char de M. Bisaillon, à ce moment-là?—R. Oui, monsieur.

Q. Comment se fait-il que vous soyez revenu à Montréal avec le char de M. Bisaillon?—R. M. Bisaillon a dit qu'il avait reçu une lettre, ou un message, et qu'il était pressé de s'en revenir.

Q. Vous a-t-il dit pourquoi?—R. Il m'a dit qu'il avait une lettre et qu'il était pressé. Il ne m'a pas dit pourquoi c'était.

Q. Vous êtes bien sûr?—R. Je ne crois pas qu'il me l'ait dit. Dans tous les cas, je ne me rappelle pas s'il me l'a dit.

Q. Avant d'aller plus loin, monsieur Duval, quand vous avez fait un rapport sur votre saisie, est-ce vous qui avez écrit le rapport, ou si c'est quelqu'un qui l'a écrit pour vous?—R. Ce n'est pas moi qui l'ai écrit.

Q. Est-ce vous qui l'avez dicté?—R. Non.

Q. Qui l'a dicté?—R. M. Bisaillon.

Q. Vous l'avez signé de confiance?—R. Je ne l'ai jamais signé.

Q. Vous n'avez jamais signé de rapport dans l'affaire Tremblay?—R. De rapport de saisie, non.

Q. Je ne veux pas dire le K-9, je veux dire un rapport clavigraphié. Vous venez de démontrer que vous ne parlez pas bien l'anglais, et que vous ne le comprenez pas, puisque vous ne comprendriez pas les questions que je vous poserais en anglais. Voulez-vous regarder un rapport, portant la date du 6 janvier, et me dire si c'est votre signature qu'il comporte? D'abord, pouvez-vous le lire?—R. Je lis l'anglais.

Q. Vous ne le comprenez pas?—R. Je le comprends aussi.

Q. D'abord, monsieur Duval, voulez-vous nous dire si c'est votre signature?—R. Oui.

Q. Est-ce vous qui avez dicté cet écrit-là?—R. Je ne me rappelle pas l'avoir dicté. J'ai lu la lettre; après, je l'ai signée.

Q. Au moment où vous l'avez lue, est-ce que cette lettre représentait la vérité des faits telle que vous la connaissiez alors?—R. Ça devrait, puisque je l'ai signée.

Q. Je ne vous demande pas si ça devrait, je vous demande si, à ce moment-là, vous étiez satisfait que la lettre que vous signiez représentait la vérité des faits?—R. Je ne me rappelle pas ce qu'il y a dessus.

Q. Je ne vous demande pas cela. Je vous demande si, au moment où vous avez signé la lettre, ça vous semblait être la vérité?—R. Au moment où j'ai signé la lettre, je crois que oui.

Q. Je vous demande de bien vous rappeler si M. Bisaillon vous a dit: "J'ai reçu une lettre", ou s'il a mentionné la barge *Tremblay* en même temps qu'il vous disait cela?—R. Il n'a pas mentionné la barge *Tremblay*.

Q. Vous êtes sûr de cela?—R. Oui.

Q. A tout événement, il vous a dit: "Cette lettre m'oblige à revenir à Montréal tout de suite"?—R. Oui.

Q. Et vous êtes partis immédiatement?—R. On est parti dans l'après-midi.

Q. A quelle heure êtes-vous arrivés à Montréal?—R. Vers sept heures et demie, huit heures.

Q. Où avez-vous déposé M. Bisaillon?—R. On est arrêté au bureau, 51 McGill, le bureau des douanes.

Q. A venir jusqu'à présent, vous ne saviez de personne qu'il s'agissait de la barge *Tremblay*?—R. Non.

Q. Quand avez-vous appelé M. Brien?—R. Je l'ai appelé environ un quart d'heure, vingt minutes, après être arrivé.

Q. M. Bisaillon était-il là quand vous l'avez appelé?—R. Je ne l'ai pas appelé au bureau.

Q. D'où l'avez-vous appelé?—R. Je l'ai appelé à un téléphone payant.

Q. Et là, vous avez pris rendez-vous avec lui?—R. Oui.

Q. Et vous l'avez rencontré à quelle heure?—R. Vers neuf heures.

Q. Où?—R. Au garage Atwater.

Q. C'est de là que vous êtes parti en machine?—R. Oui.

Q. Une machine à vous?—R. Non, au département.

Q. Celle que vous preniez habituellement, celle de M. Bisaillon?—R. Non.

Q. Laquelle?—R. Une autre.

Q. La vôtre?—R. Oui.

Q. Combien de personnes étiez-vous en partant de Montréal?—R. Trois.

Q. Votre femme, M. Brien et vous?—R. Oui.

Q. A venir jusque là, alors, il n'a pas été question de la barge *Tremblay* à venir jusqu'au départ?—R. Non.

Q. Par conséquent, vous n'aviez reçu aucunes instructions d'aller chercher des officiers pour vous aider à faire la saisie?—R. Oui.

Q. Qui vous a donné ces instructions?—R. M. Bisaillon.

Q. Pour saisir quoi?—R. Une barge. Il n'a pas dit quelle barge c'était.

Q. Il ne vous a pas dit quelle barge c'était?—R. Non.

Q. Ni où elle était?—R. Il prétendait qu'elle était pour arrêter du côté nord du fleuve, en descendant.

Q. Qui êtes-vous allé chercher?—R. J'ai téléphoné à M. Masson.

Q. M. Masson était malade?—R. Oui.

Q. Avez-vous téléphoné à d'autres?—R. Non.

Q. Pourquoi?—R. Parce que je n'avais pas le temps.

Q. Vous n'aviez pas le temps de téléphoner pour prendre du renfort pour aller faire une saisie?—R. L'informateur est venu avec moi.

Q. M. Brien est allé avec vous?—R. Oui.

Q. Avez-vous dit à M. Bisaillon que vous preniez Brien?—R. Je le lui ai dit quand j'ai été rendu là-bas.

Q. Une fois rendu?—R. Oui.

Q. Avant de partir, le lui avez-vous dit?—R. Je ne me rappelle pas le lui avoir dit.

Q. Voyons, monsieur Duval!—R. Je ne me rappelle pas le lui avoir dit avant.

Q. On peut prendre pour acquit que vous ne le lui avez pas dit avant, que vous le lui avez dit seulement une fois rendu à Saint-Sulpice?—R. Je ne me rappelle pas. Ce n'est pas d'hier, il y a un an et demi de cela.

Q. Ce n'est pas tous les jours qu'on saisit une barge contenant 24,000 bidons d'alcool, en compagnie de sa femme?—R. Ce ne serait pas drôle.

Q. Monsieur Duval, en partant, avec Brien et votre femme, saviez-vous si c'était la barge *Tremblay* que vous deviez chercher; M. Bisaillon vous l'avait-il dit?—R. Il n'avait pas dit que c'était la barge *Tremblay*.

Q. Il fallait que vous fassiez à peu près toute la rive nord à la recherche de la barge?—R. Il a dit de descendre jusqu'aux environs de Berthier.

Q. Sans savoir quelle barge c'était?—R. Je ne savais pas quelle barge c'était.

Q. Vous saviez que M. Masson était malade à ce moment-là?—R. Non.

Q. Vous ne saviez pas que M. Masson était malade chez lui depuis dix jours, quand vous avez téléphoné?—R. Non, ça faisait dix jours que j'étais parti.

Q. Kearney était-il à Montréal?—R. Je ne sais pas.

Q. Vous n'avez pas cherché à le savoir non plus?—R. Non.

Q. Hicklin était-il à Montréal?—R. Je ne sais pas.

Q. C'était les deux seuls qui restaient, les deux autres étaient à Rock-Island?—R. Je ne sais pas. Je sais qu'il y en avait plusieurs à Rock-Island.

Q. Quand vous partez comme ça, y a-t-il une entrée faite dans les livres, à votre bureau, quant à la disposition des officiers?—R. Non.

Q. A quel moment M. Brien vous a-t-il dit que c'était la barge *Tremblay* que vous deviez saisir?—R. Chemin faisant.

Q. Alors, vous êtes arrivés à Saint-Sulpice; là, vous avez vu la barge, et du monde autour?—R. J'ai vu des "trucks" et des automobiles arrêtés sur le quai.

Q. Vous vous êtes dirigé sur le quai?—R. Oui.

Q. Avec votre automobile, ou si vous avez laissé l'automobile en arrière?—R. J'ai laissé mon auto sur le chemin.

Q. Avec Brien et votre femme?—R. Oui.

Q. Vous êtes descendu à pied à la barge?—R. Oui.

Q. A qui vous êtes-vous adressé?—R. A M. Gauthier.

Q. Avez-vous dit à M. Gauthier que vous étiez venu saisir la barge, à ce moment-là?—R. Je lui ai demandé si c'était la barge *Tremblay*. Il a dit: "Oui". Si je me rappelle bien c'est ça. Alors, il m'a dit qu'il l'avait saisie.

Q. Il vous a dit qu'il l'avait saisie?—R. Oui.

Q. Avant qu'il ne vous dise cela, avez-vous dit: "Je vais saisir cette barge-là"?—R. Non.

Q. Est-ce que M. Brien savait que vous alliez saisir la barge?—R. Oui.

Q. Comment se fait-il que vous ayez eu le temps d'aller chercher votre femme et que vous n'ayez pas eu le temps de téléphoner pour trouver d'autres officiers du service de surveillance que M. Masson?—R. Parce que les autres étaient tous partis.

Q. Ils ont des maisons et des téléphones ces gens-là?—R. Ils étaient tous partis.

Q. D'où?—R. En dehors de la ville.

Q. M. Kearney?—R. Je ne sais pas si M. Kearney était en dehors de la ville.

Q. Avez-vous essayé de trouver Kearney et Hicklin?—R. Non.

Q. Pourquoi n'avez-vous pas amené M. Kellert avec vous? M. Kellert est revenu avec vous et avec M. Bisaillon à Montréal?—R. Je ne sais pas si M. Kellert est revenu avec nous.

Q. Vous ne vous rappelez pas combien vous étiez dans la voiture à ce moment-là?—R. Je ne crois pas que M. Kellert était avec nous quand on est revenu à Montréal.

Q. Après que M. Gauthier vous eu dit qu'il avait saisi la barge *Tremblay*, avez-vous communiqué avec M. Bisaillon?—R. Oui.

Q. Où avez-vous téléphoné?—R. A Saint-Sulpice.

Q. A quel endroit, à Saint-Sulpice?—R. Au central du téléphone.

Q. Vous n'êtes pas allé à l'hôtel, tout près?—R. A l'hôtel, ils ne voulaient pas nous laisser téléphoner.

Q. Alors vous êtes allé au central?—R. Au central.

Q. Vous avez appelé M. Bisaillon?—R. Oui.

Q. Et M. Bisaillon vous a parlé?—R. Oui.

Q. Qu'est-ce qu'il vous a dit, ou qu'est-ce que vous lui avez dit?—R. J'ai dit que la barge *Tremblay* était à Saint-Sulpice, que les officiers de la Commission des liqueurs étaient arrivés avant moi et qu'ils l'avaient saisie.

Q. Qu'est-ce qu'il vous a dit?—R. Il m'a dit de retourner.

Q. De revenir à Montréal?—R. De retourner à la barge, et puis de la saisir.

Q. Y êtes-vous allé?—R. Oui.

Q. Comment vous êtes-vous pris pour la saisir?—R. Je suis arrivé, j'ai dit à M. Gauthier: "Vous avez saisi la barge?". Il dit: "Oui". J'ai dit: "j'ai communiqué avec mon chef, M. Bisaillon, il ma dit de mettre une saisie." Il a répondu: "Elle est toute saisie".

Q. Qu'avez-vous fait?—R. J'ai dit: "Je vais retourner lui téléphoner". J'ai retourné lui téléphoner. Et puis, il m'a dit de mettre M. Gauthier, avec ses hommes, en charge de la barge, et de la faire transporter à Montréal.

Q. Et vous êtes revenu à Montréal?—R. Oui.

Q. Avec M. Brien?—R. Oui.

Q. Avant de partir pour Montréal, avez-vous remarqué la présence d'hommes, à bord, autres que l'équipage? C'est-à-dire, avez-vous vu Stewart et Campbell, des étrangers?—R. Non.

Q. Etes-vous allé à bord?—R. Non, je n'ai pas été à bord.

Q. Avez-vous mis la barge sous saisie, et comment l'avez-vous mise sous saisie?—R. Je lui ai dit que M. Bisaillon m'avait dit de saisir la barge, de la mettre sous saisie. Elle était saisie d'avance, je ne l'ai pas saisie.

Le président:

Q. Vous n'avez pas essayé à greffer votre saisie dessus?—R. Non.

L'hon. M. Stevens:

(Les quatre questions suivantes sont posées en langue anglaise et traduites au témoin par M. Beauchamp, interprète officiel.)

Q. Est-ce de cette manière que vous faisiez une saisie au nom de M. Bisaillon?—R. La saisie était faite.

Q. Vous avez dit tantôt que M. Bisaillon avait dit d'effectuer la saisie de la barge?—R. Oui.

Q. Est-ce que vous avez toujours effectué, de ce genre, les saisies au nom de M. Bisaillon?—R. Non.

Q. C'est la seule saisie?—R. J'ai déjà été envoyé pour faire des saisies au nom de Bisaillon, c'est-à-dire, par Bisaillon.

Le président:

Q. Avez-vous vu deux Américains?—R. Non, pas ce soir-là.

Q. Quand avez-vous vu les Américains?—R. Le lendemain.

Q. Ont-ils cherché à vous offrir de l'argent?—R. Non.

M. Calder, C.R.:

Q. En rentrant à Montréal, en route, avez-vous dit à M. Brien que vous aviez téléphoné à M. Bisaillon?—R. Oui.

Q. Il a dû être content?—R. C'est pas mal difficile à dire.

Q. C'est assez facile à dire si vous vous rappelez ce qu'il a dit. Vous a-t-il traité d'imbicile pour l'avoir fait?—R. Non.

Q. Ni rien d'analogue?—R. Je ne crois pas.

Q. Vous ne croyez pas?—R. Je ne me rappelle pas s'il a dit quelque chose. Il ne m'a pas parlé de cela.

Q. Vous rappelz-vous qu'il vout a dit de ne pas avertir M. Bisaillon?—R. Oui.

Q. Il n'a rien dit quand vous avez dit: "Je vais téléphoner à Bisaillon au sujet de la barge", il n'a rien dit?—R. Il peut avoir dit quelque chose. Je ne me rappelle pas, je n'ai pas remarqué.

Le président:

Q. Où était Brien, était-il resté dans l'auto?—R. Dans l'auto.

M. Calder, C.R.:

Q. A-t-il eu connaissance de vos messages téléphoniques avant de partir pour Montréal?—R. Oui.

Q. Il vous a vu aller téléphoner?—R. Oui.

Q. Vous lui avez dit que vous alliez téléphoner?—R. Oui.

Q. Vous lui avez dit pourquoi?—R. Je lui ai dit que j'allais téléphoner à Bisaillon.

Q. Il n'a rien dit?—R. Pour commencer il n'avait pas l'air à aimer cela.

Q. Alors revenu à Montréal, vous êtes-vous rapporté à Bisaillon, dans la nuit?—R. Je lui ai téléphoné.

Q. Vous a-t-il donné des instructions?—R. Je lui ai téléphoné de chez moi, je lui ai dit que j'étais arrivé.

Q. Et puis?—R. Alors il m'a dit de tâcher de me rendre assez à bonne heure le lendemain matin.

Q. Vous vous êtes rendu sur le quai?—R. Dans l'avant-midi.

Q. Le bateau est arrivé à midi, midi et demi, quelque chose comme cela? —R. Dans les environs.

Q. Etiez-vous là quand il est arrivé?—R. Je n'étais pas là.

Q. Vous êtes survenu et M. Bisaillon est survenu?—R. Oui.

Q. C'est là que vous avez vu les Américains?—R. J'ai vu un Américain.

Q. Celui qui cherchait à se sauver dans le Kennedy?—R. Je ne sais pas si c'est Kennedy ou Campbell.

Q. Je veux dire celui qui cherchait à se sauver dans un taxi Kennedy?—R. Oui.

Q. Vous l'avez ramené à bord?—R. Avec l'officier Gauthier.

Le président:

Q. Vous ne lui avez pas mis le menottes?—R. Non, je n'en avais pas.

M. Calder, C.R.:

Q. A quelle heure êtes-vous arrivé à Saint-Sulpice?—R. Entre onze heures et demie et minuit, je crois.

Q. Quand êtes-vous revenu, c'est-à-dire, quand êtes-vous parti de Saint-Sulpice?—R. Vers une heure et demie, deux heures du matin.

Q. A quelle heure l'Américain a-t-il été relâché?—R. Je n'ai pas eu connaissance de cela.

Q. Vous l'avez ramené au bateau?—R. Oui.

Q. N'en avez-vous pas pris charge à ce moment-là?—R. On était plusieurs qui en avaient charge.

Q. Qui avait charge des Américains?—R. M. Bisaillon m'a dit que c'étaient les officiers de la Commission des liqueurs qui en avaient charge.

Q. M. Bisaillon vous a dit que c'étaient les officiers de la Commission des liqueurs qui avaient charge des Américains?—R. Oui.

Q. Vous a-t-il dit, s'ils voulaient s'en aller, de les laisser faire?—R. Non.

Q. A un certain moment, les officiers de la Commission des liqueurs s'en sont allés, sauf deux sur le quai? Jusqu'à quelle heure êtes-vous resté là, vous? Jusqu'à la fin du déchargement?—R. Je n'ai pas été là tout le temps.

Q. A un certain moment, il n'y avait plus d'officiers de la Commission des liqueurs, ils étaient sur le quai?—R. Sur le quai et sur la barge, ils embarquaient dans la barge aussi.

Q. N'est-il pas vrai qu'à partir d'un certain moment, il n'y a eu que deux officiers du service de la Commission, qu'ils étaient tous les deux sur le quai et qu'ils s'occupaient à compter les bidons d'alcool?—R. Il y avait toujours plusieurs officiers; ce que j'ai pu remarquer, ils partaient et revenaient.

Le président:

Q. Vous n'êtes pas embarqué dans la barge?—R. Oui.

M. Calder, C.R.:

Q. Etes-vous resté à bord?—R. Oui.

Q. Quand les Américains sont-ils partis?—R. Il y en a seulement qu'un que j'ai pu remarquer.

Q. Quand est-il parti, celui-là?—R. Il est parti dans l'après-midi.

Q. Et il est parti comme ça, comme un gros monsieur?—R. Non, pas comme ça.

Q. Comment?—R. Il est parti pour aller prendre son lunch avec un officier de la Commission.

Q. Lequel?—R. Je ne sais pas son nom.

Q. C'est grave ce que vous dites là. Il n'est pas revenu?—R. Je ne l'ai pas revu.

Q. A quelle heure cet homme serait-il parti avec un officier de la Commission des liqueurs?—R. Je ne peux pas préciser l'heure; je ne me rappelle pas.

Q. A une heure près, vers quelle heure?—R. Je ne m'en rappelle pas, de l'heure.

Q. A quelle heure M. Bisaillon vous a-t-il dit que les Américains étaient sous la garde des officiers de la Commission des liqueurs de Québec?—R. Il m'a dit cela quand on est arrivé sur les quais, quand je suis arrivé sur les quais.

Q. Le général Panet était-il encore là?—R. Oui, monsieur.

Q. Est-ce devant le général Panet que cela s'est dit?—R. Ah, non.

Q. Hein?—R. Bien, je ne le crois pas. Je n'ai pas eu connaissance de la conversation du général Panet avec M. Bisaillon.

Q. Est-ce après que le général Panet eut parlé avec M. Bisaillon que M. Bisaillon vous a dit: "Les Américains sont sous le contrôle de la Commission des liqueurs"?—R. Non, je crois que c'est avant, il me semble.

Q. Est-ce qu'il vous a dit après que l'ordre était changé et qu'il en avait charge, lui?—R. Je ne me rappelle pas s'il me l'a dit.

Q. Où étaient les Américains quand M. Bisaillon a dit cela?—R. Ils devaient être dans le bateau, dans la barge.

Q. Vous ne les avez pas vus?—R. Non, monsieur.

Q. Personne ne vous les a indiqués?—R. Personne, non.

Q. Comment saviez-vous que c'était l'Américain alors qui descendait pour prendre son lunch?—R. Il est parti après.

Q. C'est celui que vous avez arrêté?—R. Avec M. Gauthier, oui, monsieur.

Q. M. Bisaillon n'a mis personne à la passerelle pour empêcher les gens de descendre?—R. Je ne le crois pas, non.

M. Bell:

Q. (Traduction) Comment saviez-vous que cet homme avec qui était l'Américain était bien un officier de la Commission des liqueurs?—R. Parce qu'il était avec d'autres officiers sur le quai.

Q. (Traduction) Définissez cet officier.—R. C'est un type qui parlait anglais, seulement anglais, je crois. C'est un assez gros garçon, blond, mais je ne me rappelle pas son nom.

M. Calder, C.R.:

Q. Avez-vous entedu son nom?—R. Je l'ai déjà entendu.

Q. Est-ce Rutledge, Davis?—R. Non, monsieur. Je ne me rappelle pas son nom. Il était sur le quai, M. Campbell a débarqué et il est parti avec.

M. Desmarais, C.R.:

Q. Comment Campbell a-t-il pu débarquer? Avec la permission de qui?—R. Je ne sais pas avec quelle permission.

Q. Qui était en charge, à ce moment-là, de la barge?—R. Il y avait plusieurs officiers dans le temps.

Q. Qui était en charge de la barge à ce moment-là?—R. Là, je ne sais pas qui était en charge.

Q. De qui preniez-vous vos instructions à ce moment-là, vous?—R. De M. Bisaillon.

Q. M. Bisaillon était-il là?—R. Non, monsieur, il n'était pas là dans le moment.

Q. A ce moment-là, de qui les preniez-vous, vos instructions?—R. De M. Bisaillon.

Q. Sur le quai, sur le bateau, vous ne téléphoniez pas à chaque instant pour prendre des instructions?—R. Non, monsieur.

Q. De qui preniez-vous ces instructions sur la barge même?—R. On ne prenait pas d'instruction de personne sur la barge.

Q. Chacun était maître?—R. Ah, bien...

M. CALDER, C.R.: C'est système douanier, cela, monsieur.

M. Desmarais, C.R.:

Q. Vous dites qu'il est parti pour aller prendre un lunch?—R. Oui, monsieur.

Q. Comment le savez-vous?—R. C'est ce qu'ils ont dit en partant, qu'ils allaient prendre un lunch.

Q. Qui a dit cela?—R. L'officier de la Commission. Il a dit: "Je vais avec Campbell prendre son lunch".

Q. L'officier de la Commission?—R. Oui, monsieur.

Q. Maintenant, à qui a-t-il dit cela?—R. Il me l'a dit à moi.

Q. Il vous avertissait qu'il partait?—R. Oui, monsieur, qu'il partait pour aller prendre le lunch avec Campbell.

Q. Et vous n'avez fait aucune remarque?—R. Ah, non.

Q. Cela n'avait pas d'importance?—R. Non. Ça n'avait pas d'importance... c'est un officier qui était en charge pareil comme moi, la même chose.

Q. Maintenant, vous dites qu'il est parti pour aller prendre un lunch; vous ne pouvez pas vous rappeler à quelle heure c'était?—R. Je sais que c'était dans l'après-midi.

Q. Etait-ce au commencement de l'après-midi?—R. Je ne peux pas dire si c'était au commencement ou à la fin, mais c'était dans l'après-midi.

Q. Si ç'avait été à la fin, est-ce que cela n'aurait pas été plutôt le souper?—R. C'est peut-être souper, aussi.

Q. S'il vout a dit lunch, ce n'est pas souper.—R. Ah! lunch, je ne peux pas le dire. Il a dit qu'il allait prendre un lunch.

Q. Alors, cela devait être au commencement de l'après-midi?—R. Je ne sais pas si c'était au commencement de l'après-midi. Je ne peux pas me rappeler si c'était au commencement ou à la fin. Dans tous les cas, c'était dans l'après-midi.

M. Bell:

Q. (Traduction) Est-ce que l'homme qui disait être un officier de la Commission des liqueurs vous était connu? Etait-ce un étranger, ou le connaissiez-vous de vue?—R. Je l'ai connu là, sur le quai. Il m'a dit qu'il était officier de la Commission et il était avec les autres. Les autres le connaissaient comme un officier.

Q. (Traduction) Non, le connaissiez-vous de vue, ou l'avez-vous vu pour la première fois ce jour-là?—R. La première fois ce jour-là.

Q. (Traduction) Alors vous dites que cet homme était un étranger pour vous, qu'il vous était inconnu?—R. Ah, oui.

M. Calder, C.R.:

Q. Est-ce vous qui êtes allé chercher la compagnie Harbour pour transporter les bidons?—R. Non, monsieur.

Q. Qui y est allé?—R. Je ne sais pas.

Q. Etes-vous resté là pendant tout le déchargement?—R. Non, pas tout le déchargement.

Q. A quelle heure êtes-vous parti?—R. Je suis parti le soir. J'ai été parti environ deux heures, le soir.

Q. De quelle heure à quelle heure?—R. Environ de sept heures et je suis revenu à environ neuf heures.

Q. Combien êtes-vous resté de temps là, après être revenu à neuf heures? —R. Jusqu'à temps qu'ils aient fini de décharger la barge.

Q. Quand est-ce que cela a été fini?—R. J'ai fini tard, le soir; vers onze heures et demi, je crois bien.

Q. Quand vous êtes revenu, les gens qui déchargeaient étaient pas mal "chautasses'?—R. Il y en avait qui étaient "chautasses", un peu.

Q. La majorité était "rien que ben", comme on dit chez nous?—R. En canadien, oui.

Le président:

Q. Cette liqueur aurait dû être réduite pour être bue?—R. Il fallait qu'elle le soit.

M. Calder, C.R.:

Q. La rivière était là pour cela.—R. Ah. . .

M. Desmarais, C.R.:

Q. Avez-vous revu l'inspecteur qui est parti avec l'Américain?—R. Je ne crois pas l'avoir revu.

Q. Mais, avez-vous revu les inspecteurs pendant le temps que vous étiez là?—R. Oui, j'en ai revu des inspecteurs.

Q. Pouvez-vous jurer si cet inspecteur est revenu seul ou avec d'autres?

Le président:

Q. Après le lunch?—R. Je nai pas revu M. Campbell, toujours.

M. Desmarais, C.R.:

Q. Je ne demande pas cela. Je demande si vous avez revu l'inspecteur qui, d'après vous, est parti avec Campbell?—R. Je ne me rappelle pas l'avoir revu.

Le président:

Q. Il a pu revenir sans que vous le voyiez?

M. Desmarais, C.R.:

Q. Vous ne vous rappelez pas?—R. Je ne me rappelle pas l'avoir revu, non.
Q. Vous ne pouvez pas jurer que vous ne l'avez pas revu?—R. Je ne peux pas jurer cela.
Q. Ni que vous l'avez revu?—R. Non, monsieur.
Q. Vous n'avez porté aucune attention?

Le président:

Q. Il a pu revenir sans que vous le voyiez?—R. Il a pu revenir sans que je le voie, parce qu'il était tard le soir quand je suis parti.

Le témoin se retire.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 46—TUESDAY, MAY 11, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. W. A. Boys, M.P. (Statement).
Mr. Daniel J. Kearney, Customs Excise Officer, Montreal, Que.
Mr. William Hicklin, Chief Clerk, Preventive Service Office, Montreal, Que.
Mr. Charles E. Killoran, Superintendent of Examiners, Customs.
Mr. Thomas Heavers, Customs Senior Examining Officer, Montreal, Que.
Mr. George H. Rioux, Provincial Detective, Quebec, Que.
Mr. Willie Duval, Labourer, Customs, Montreal, Que.
Mr. William Rutledge, Ex-Inspector, Quebec Liquor Commission, Montreal.
Mr. Paul de Bellefeuille, Inspector, Quebec Liquor Commission, Montreal.
Mr. J. A. E. Bisaillon, Montreal.
Mr. Bernard Balthazor, Customs Officer, Montreal.

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

MINUTES OF PROCEEDINGS

TUESDAY, May 11, 1926.

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

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

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting—7th May—were read and adopted.

Mr. W. F. Wilson submitted—

1. Duplicate copies of Preventive Service File No. 12590 re barge Tremblay.
2. Preventive Service File No. 8728 re steamer A. Tremblay, Rimouski.
3. Twelve letters received by the Department since Preventive Service File No. 12590 was sent to the Committee.

The Manager, La Banque Provinciale du Canada, 392 St. Catharine Street, East, Montreal, submitted a copy of Mr. Bisaillon's bank account covering the period January 1, 1924, to April 29, 1924. Note: To form part of Exhibit No. 140.

The Chairman read a letter from Dominion Distillers Limited respecting the addresses of Mr. Cooper, Mr. G. A. George and Mr. Nichol.

Moved by Hon. Mr. Stevens—That Mr. W. Rutledge, summoned to appear to-morrow, be heard to-day.

Motion agreed to.

Moved by Hon. Mr. Stevens—That the calling by Mr. Calder of Mr. Paul de Bellefeuille of Montreal, Que., as a witness to appear to-day be approved.

Motion agreed to.

Ordered—That the Clerk be instructed to require Mr. W. H. Hovey, agent in Winnipeg for C. R. Jenkins to deliver to Preventive Officer C. B. Alexander, for the use of the Committee, all sales journals and any other records re C. R. Jenkins or Jenkins Overall Company in his possession or under his control.

Moved by Mr. Doucet—For the production of the Customs Files and Preventive Service Files containing all documents re seizure of a quantity of liquor at Stonehaven, N.B., in August 1925.

Motion agreed to.

Moved by Mr. Doucet—For the production of Departmental File and Preventive Service File, re the seizure of one automobile from one Arthur Tourigny, of Victoriaville, P.Q.

Motion agreed to.

Mr. W. A. Boys, M.P., by leave of the Committee, made a statement in reference to the Waisburg silk smuggling case and was granted permission to peruse the departmental file; Mr. Boys requested permission to make a further statement after examining the file, and asked leave to be present to-morrow morning at 10.30.

Barge Tremblay Case

The Chairman requested all witnesses, except Mr. Bisaillon, to retire.

The following witnesses, in the order named, were called, sworn and examined, viz:

Mr. Daniel J. Kearney, Customs Excise Officer, Montreal, P.Q.
Witness retired.

Mr. William L. Hicklin, Chief Clerk, Preventive Service Office, Montreal, Que.
Witness retired.

Mr. Daniel J. Kearney was recalled.
Witness discharged.

Mr. Charles E. Killoran, Superintendent of Examiners, Customs, Montreal, Que.
Witness discharged.

Mr. Thomas Heavers, Customs Senior Examining Officer, Montreal, Que.
Witness discharged.

Mr. George H. Rioux, Provincial Detective, Quebec, Que.
Witness discharged.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. William L. Hicklin recalled.
Witness retired.

Mr. Willie Duval, Labourer, Customs, Montreal, Que., examined in French, interpreted by Mr. Beauchamp.
Witness retired.

Mr. William Rutledge, Ex-Inspector, Quebec Liquor Commission, Montreal, Que.
Witness discharged.

Mr. Paul de Bellefeuille, Inspector, Quebec Liquor Commission, Montreal, Que.
Witness discharged.

Mr. J. A. E. Bisaillon, Montreal, Que.
Witness retired.

The hearing of the barge Tremblay case was suspended until tomorrow.

Mr. Bernard Balthazor, Customs Officer, Montreal, Que., was called and sworn. He was examined in French, interpreted by Mr. Beauchamp, respecting orders received by him from the Collector of Customs, Montreal, for the passing of goods without examination. Mr. Balthazor produced nearly one hundred such orders in writing.
Witness retired.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, May 11, 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. BOYS, M.P.: Mr. Chairman, I would like to have the opportunity of saying a few words. The first notice I had of this matter was when reading the paper, the Toronto papers in my own town, when I observed that the file *re* Waisberg had been under consideration by the Committee. I had the report on Thursday, but I did not have the file in my possession at the time. That was the first time that the file *re* Waisberg was brought to my attention. I had not the slightest intimation that the file was going to be referred to on Friday, and I have no doubt that Mr. Stevens was also in the dark regarding it, as he did not tell me, as he undoubtedly would had he known.

Hon. Mr. STEVENS: I did not know until the witness was half way through his testimony.

Mr. BOYS, M.P.: I assume that if you had known that the case was going to be considered you would have advised me. I returned and opened up my house which had been closed and I contracted tonsilitis and was in bed last week or I would have been in attendance after reading the report. This is the first opportunity I have had to come before the Committee. I would appreciate very much to have the opportunity of seeing the file before making a statement as to the question which is now three years old. I do not know whether any charge has been made against me; if so, I certainly want a chance to answer it. If no charge has been made against me it is desirable that I should know and have an opportunity of stating the facts. If I could see the file to-day or to-morrow morning I will be glad to come and submit myself to the rigorous cross-examination.

The CHAIRMAN: You may take it here and look at it.

Mr. BOYS, M.P.: Could you inform me when it would be convenient for me to give evidence?

The CHAIRMAN: This afternoon or to-morrow morning.

Mr. BOYS, M.P.: To-morrow morning at ten-thirty?

The CHAIRMAN: Yes.

Mr. BOYS, M.P.: Thank you very much.

The CHAIRMAN: All witnesses summoned in this case are obliged to retire to the smoking room until they are called.

Mr. CALDER, K.C.: Then, is Mr. Bisaillon going out or will he be allowed to remain?

Hon. Mr. STEVENS: In the past we have allowed him to remain as his name has been mentioned.

D. J. KEARNEY called and sworn.

By Mr. Calder, K.C.:

Q. Do you remember the seizure of the barge Tremblay?—A. I remember of it; the seizure being made.

Q. At the time the barge was seized and brought to Montreal you were engaged in the Preventive Service?—A. You mean the seizure of the 20th November?

Q. Where were you on the 20th and 21st November?—A. I cannot recall without looking at my report. I was not connected in any way with this seizure.

Q. Were you not engaged in connection with any other seizure in Montreal? Were you in Montreal on any of these dates?—A. I am not able to say without looking at my weekly report.

Q. Do you not think you should have looked at it, knowing that we were dealing with the Tremblay barge?—A. I prepared myself to answer all questions in connection with the barge Tremblay. You asked me in connection with other work.

Q. If you prepared yourself for the barge Tremblay you must have looked at your weekly report.—A. I have no knowledge of the seizure at all.

Q. Were you at Rock Island on the 20th and 21st?—A. I was never at Rock Island in connection with the department.

Q. Or in Montreal?—A. I am not able to say without looking at my weekly report.

Q. Go and telephone immediately to Montreal and have the report read to you.—A. With your permission I can go to the department; there is a copy there and I can look it over and then come here.

Q. Go and look at it at once.—A. Thank you, I will be back in half an hour.

Witness retired.

W. L. HICKLIN recalled.

By the Chairman:

Q. You are under the oath already taken?—A. Yes.

By Mr. Calder, K.C.:

Q. Do you remember the seizure of the barge Tremblay. I do not mean the actual seizure; the period at which she was seized?—A. Yes, sir.

Q. That was the 20th and 21st of November?—A. Yes, sir.

Q. 1924, was it not?—A. I do not remember the exact date; it was just about that time.

Q. Where were you at the time the seizure of the Tremblay barge occurred? —A. That is when the barge arrived in Montreal, do you mean?

Q. Yes.—A. In the Preventive Service office, in Montreal.

Q. You were in the Preventive Service office, in Montreal?—A. Yes.

Q. Did you reach Montreal on the day previous or on the night previous? —A. No, sir.

Q. You were in Montreal the whole of the 20th?—A. Yes.

Q. If the seizure occurred on the night of the 20th and 21st?—A. Yes.

Q. You were there the whole of the 20th and the night of the 20th and the 21st and the whole of the 21st?—A. Yes, I was not out of Montreal.

Q. What other officers of the Preventive Service were in Montreal besides yourself?—A. These two.

Q. Officer Masson?—A. Yes, and I think Mr. McNamee came back from Rock Island.

Q. Mr. McNamee came back from Rock Island?—A. About that time, to Montreal.

Q. He proceeded to his house?—A. Yes.

Q. Who else?—A. Officer Kearney.

Q. Do you know whether Mr. Kellert came back on either of those two days?—A. I do not think so.

Q. You did not see him, at any rate?—A. No, sir, I did not see him.

Q. Did Mr. Duval report to you that morning from Rock Island, the 20th? —A. No, sir.

Q. He did not?—A. No, sir. He came back after I left the office with Mr. Bisaillon.

Q. Did you receive from Mr. Bisaillon or from anybody else during those two days any instructions in connection with the barge Tremblay; previous to this seizure, previous to the actual seizure of the barge Tremblay, did you receive any instructions from Mr. Bisaillon or anybody else with reference to that barge?—A. No, sir. I received no instructions.

Q. Did you do any patrolling at all in connection with the barge?—A. Yes.

Q. On the 20th, I mean, and the three or four days preceding?—A. No, sir.

Q. You did not?—A. No, sir.

Q. Did you know that that barge was liable to seizure until it arrived at Montreal and was reported seized?—A. I knew nothing concerning the barge Tremblay.

Q. Nothing?—A. Nothing at all.

Q. Did Mr. Bisaillon ask you to report anything in connection with the barge Tremblay?—A. I remember there was a conversation in the office the next morning.

Q. Who was present?—A. Mr. Kearney, Mr. Bisaillon and myself.

Q. Just the three of you?—A. Just the three of us.

Q. What did Mr. Bisaillon say on that occasion?—A. If I remember correctly, he stated that it was a very good seizure, and that he would like to put our names down on the seizure report.

Q. Did he ask you in consequence of that to make any statement?—A. Well, I do not think he exactly asked me; I think Mr. Bisaillon addressed himself more to Mr. Kearney.

Q. What did he ask of Mr. Kearney?—A. He stated "I can put your name down on the seizure report if you make a report showing that you were patrolling the south shore that night," the night previous.

Q. That he could put your name on the seizure report, if you made a report showing that you were patrolling the south shore that night?—A. Yes, looking for the barge Tremblay.

Q. Did he state in what way the report should show the patrol as being effective, in what way the patrol had been effective?—A. I do not think so, except that I think it was understood that it was to be in Mr. Kearney's car.

Q. Was your name mentioned in connection with the report that was to be made; were you supposed to have been there?—A. Yes, Mr. Kearney and I were supposed to have been there.

Q. You say Officer Kearney and you were supposed to have been there?—A. Yes.

Q. On the South shore?—A. Yes.

Q. In Officer Kearney's car, patrolling the South shore, to find the barge Tremblay?—A. Yes.

Q. That was the proposition, was it?—A. Yes.

Q. What did Mr. Kearney say to that?—A. Something to the effect that it would not be in accordance with the fact, and that he would not make a report.

By Hon. Mr. Stevens:

Q. Did he make a report?—A. No sir.

By Mr. Calder, K.C.:

Q. Did you make any statement in that connection?—A. Did I make any statement?

Q. Yes, to Mr. Bisaillon?—A. No. I did not pass any comment on it at all.

Q. You allowed Mr. Kearney to speak for both of you?—A. Yes. Because I think Mr. Bisaillon addressed himself more to Mr. Kearney than to me that day.

Q. When the barge arrived, and Mr. Bisaillon went over and took control, can you tell us what Preventive officers were placed by Mr. Bisaillon on duty at the barge?

Mr. GAGNON, K.C.: He said he was not there, and that he had not anything to do with the seizure. How can he know what Preventive officers were placed by Mr. Bisaillon on duty at the barge.

Hon. Mr. STEVENS: Let him answer for himself.

Mr. CALDER, K.C: He is the Secretary of the Preventive Service there, and might have some record of the officers.

WITNESS: To the best of my knowledge, officer Duval alone, with two port officers.

By Mr. Calder, K.C.:

Q. Do you know who the port officers were?—A. One was William Hickey.

Q. Is he still there?—A. No; he is dead now.

Hon. Mr. STEVENS: Another dead one. There have been a lot of fatalities in Montreal lately.

By Mr. Calder, K.C.:

Q. Who was the other one?—A. An officer named Allmand. I think he was on duty also.

Q. Is he still in the employ of the Service?—A. Yes.

Q. He has not succumbed as yet?—A. No.

Q. As far as your recollection goes, you say that officer Duval with two port officers, Mr. Hickey and Mr. Allmand, were assigned to the barge Tremblay while she was unloading?—A. Yes.

Mr. GAGNON, K.C.: According to report.

Mr. CALDER, K.C.: The way in which reports were made, I think we had better go behind some of them.

Mr. GAGNON: But the only knowledge he can have is to the filing of some report. How can he answer as to that?

Mr. CALDER, K.C.: You can cross-examine as to it, if you like.

Mr. GAGNON: I do not want to have to do that.

By Mr. Calder, K.C.:

Q. Is that of your own knowledge?—A. Yes, it is to my knowledge that Mr. Hickey, Mr. Allmand, and Mr. Duval supervised; they did watching duty.

Q. Since it is your own personal knowledge, can you tell us how it came to your own personal knowledge; did you go down to the barge?—A. No, I did not go down at that time.

Q. How did you know it?—A. Through the office records of what happened at that time.

By Hon. Mr. Stevens:

Q. What was your position in the office?—A. Chief Clerk.

Q. You were chief clerk in Mr. Bisaillon's office, and he was the Chief Preventive Officer at that time?—A. Yes.

Hon. Mr. STEVENS: Surely he would have some knowledge of it, being chief clerk.

Mr. CALDER, K.C.: I asked him, according to his records.

By the Chairman:

Q. Do you know if those men went to the barge and supervised the unloading of it? (No answer).

By Mr. Calder, K.C.:

Q. Did they report back?—A. Not to me, except in talking to them afterwards they told me they had been there.

By the Chairman:

Q. Personally you do not know?—A. Personally I did not see them at the barge.

Mr. CALDER, K.C.: My question was did he know who was assigned to that duty. I did not go behind that.

By Mr. Calder, K.C.:

Q. That leads me to ask you this question; is or was there an assignment book kept at that time in the office of the Preventive Service at Montreal, showing at any time where any particular officer was, or was supposed to be?—A. No, sir.

Q. When the reforms come, I trust that will be one. You only knew where a man had been from his weekly report?—A. From weekly reports, yes.

Q. Until his weekly report came in, you could not tell what duty a man had been assigned to?—A. Unless he had been assigned to certain duties by the office. In many cases it is on their own information.

Q. Supposing they had been assigned to a particular duty by the office, in what record would that show?—A. Well, I have no book. If it was a particular case, there would be a file upon that case.

Q. Would the file be opened before any particular results were obtained from the assignment?—A. Well, it may have been on a letter from Ottawa.

Q. You would have a record, in that case?—A. Yes.

Q. But in other cases, you would not?—A. Hardly.

Q. Can you tell us how long before the barge Tremblay was seized, the big squad of officers went down to Rock Island?—A. Well, I cannot tell you the exact date.

Q. Can you give it approximately?—A. I think it was in October, some time, that we started in Rock Island; I am not sure though.

Q. When was it that practically the whole force or about the whole of the Preventive Force went down to Rock Island?—A. It was in 1924, the exact month I do not know.

Q. When officer Duval states that they had been at Rock Island about ten days before they returned to the barge Tremblay, would you say that that was correct?—A. Yes.

Q. When you explained about certain of the officers being ill, were there any Preventive officers left in Montreal?—A. No, I think they were all in Rock Island at that time.

Q. You had been assigned to no patrol duty on November 20, 1924?—A. No, sir.

Q. So far as you know, was Officer Kellert?—A. Not to my knowledge.

Q. You did not know of the arrival of officers Kellert and Duval, after they arrived that night?—A. No, not until it was told to me next morning.

Q. Who told you?—A. I think officer Duval said he had come back after I left the office that night.

Q. Did Kellert tell you that?—A. No, I think it was Mr. Bisaillon himself.

Q. Do you recollect any occasion in the history of the Preventive Service, as far as you recollect it, when such a general clean-out of the Preventive Ser-

vice of Montreal occurred?—A. I do not think we ever had so many officers away at one time.

By the Chairman:

Q. How long have you been in the Service, Mr. Hicklin?—A. Five years. The Preventive Service has only been organized since May 1, 1924, in Montreal.

By Mr. Calder, K.C.:

Q. Did the expedition to Rock Island originate in the Preventive office at Montreal, or was it ordered by Ottawa?—A. It led from instructions received from Ottawa, if I remember correctly.

Q. Do you remember at what date those instructions were received; probably you can tell me to what file to refer. In that connection, do you remember any seizure being made there?—A. Yes; we had several.

Q. Will you mention one of the seized parties, so that I can refer to the file?—A. One of the first was the Jenkins Overall Company.

Q. What month was that in, when was that?—A. I do not remember whether it was September or October.

Q. It was in either September or October?—A. If I remember correctly.

Q. Of 1924?—A. Yes.

Q. Previous to the seizure of the barge Tremblay was there anyone telephoning in for Officer Duval?—A. Yes, about four days previous to the seizure.

Q. Do you know who telephoned, I mean by any statements made to you at the moment?—A. A man named Rivard.

Q. Did he say where he was telephoning from?—A. No, but after a lengthy conversation, he gave a number which I was led to understand afterwards, by Officer Duval, I think was that of the Atwater Garage.

Q. Briefly, what was that man trying to do at the telephone?—A. He wanted to get in touch with Officer Duval immediately.

Q. Did he ask you where Duval was?—A. Yes.

Q. Did you tell him?—A. No, I refused to tell him.

Q. Why?—A. It was not the custom to tell anyone where our officers were, because they might have been the very parties our officers were investigating.

Q. Did you tell him that you would get Officer Duval in touch with him? —A. He made the excuse that Officer Duval's father was dying in Three Rivers.

Q. That was why he wanted to get in touch with Duval?—A. Yes.

Q. Finally you told him you would get Duval to call him up?—A. Finally I told him I would get by "long distance," where Mr. Duval was at that time, and tell Mr. Duval to go immediately to Three Rivers.

Q. Did that appear to be satisfactory?—A. No. It did not appear to be satisfactory. He did not want Mr. Duval to go to Three Rivers at all; that it would be too big a shock to him altogether.

By Hon. Mr. Stevens:

Q. Too severe a shock to whom, to Duval or to Duval's father?—A. To Mr. Duval. He wanted him first to come in to Montreal. I said to leave me the telephone number and that I would call "long distance," and have Mr. Duval call him up.

Q. Did you do that?—A. I tried to get Mr. Duval at Rock Island, but could not locate him that night. I left the message with Mr. Kellert.

Hon. Mr. STEVENS: The Atwater Garage, is that the one Brien owned?

Mr. CALDER, K.C.: We have had that already in evidence from Duval, that it was Brien that called him up at that time.

By Mr. Calder, K.C.:

Q. Do you know what happened after that by telephone?—A. No, sir.

By Mr. Gagnon:

Q. Do you know how many officers were assigned; there was no assignment book. How many officers had something to do with that barge, or with the seizure of that barge?—A. Of the Preventive Service?

Q. Yes?—A. Officer Duval was the only one.

Q. Do you know if there were other officers who investigated the barge before it was seized?—A. On previous trips?

Q. Yes, on previous trips?—A. Yes. I know of one occasion.

Q. Have you any report from the office, concerning investigating the barge Tremblay before the month of November, 1924?—A. Yes, on one occasion, by the Preventive Service Officers.

Q. Who were the officers?—A. Mr. Kearney, Mr. A. Z. Lalande, G. F. J. McNamee, and I think, W. Brossard was there that night too.

By the Chairman:

Q. Was that Brossard the watchman?—A. No, sir. His brother—and myself; that is, I stayed until the arrival of the barge that night, and then went home. The other officers stayed there.

By Hon. Mr. Stevens:

Q. Can you identify the night you are speaking of just now?—A. I think it was two trips previous to the seizure.

By Mr. Gagnon:

Q. Was it the same summer?—A. The same fall.

Q. You had nothing to do with the seizure of the barge Tremblay?—A. No, sir.

Q. But you had something to do with the investigation of the barge Tremblay that was held before that?—A. I would like to explain how that was. I think it was about the time Mr. Bisaillon went to Rock Island. A telegram came from Mr. Wilson in Ottawa to the effect that the barge was coming up the river, suspected of having a cargo of liquor, and that she was to be watched very carefully, and searched. I had no instructions in a case like that to give to anyone; the only thing I could do was to get in touch with Mr. Bisaillon at Rock Island. If I remember rightly, I called him on "long distance" that night, at Derby Line, Vermont, and he said he would tell me what to do; next morning I received a telegram reading something like this: "Have Kearney take charge of barge Tremblay with all assistance." I notified Mr. Kearney to that effect. It was placed in Mr. Kearney's hands. All I happened to do was to keep in touch with the signal service, as to where she was in the River, and notify Mr. Kearney, and I also went down to the dock that night to see her come in, but went right away, left it to Mr. Kearney, because he was in charge.

By Hon. Mr. Stevens:

Q. Was she seized then?—A. No sir. She was suspected.

By Mr. Gagnon:

Q. Just watched?—A. Just watched.

Q. You went there to watch the shore?—A. No sir; when she docked in Victoria pier.

Q. You cannot tell us the month?—A. I can get it from the Tremblay file just now, I think. That would be on the 8th of October.

Q. What is the report. I do not want all the report, but a summary of it. What was reported to the Department at that time?—A. I do not think Mr. Kearney's report is on this file. It is on a separate file.

Q. Was there a report to the Department?—A. By Mr. Kearney.

Q. Was there a report by yourself?—A. No, not by me.

Hon. Mr. STEVENS: What is the object of going into this previous matter. He has not been examined upon it, so far.

Mr. GAGNON: He said that on the night after the seizure was made, he was asked by Mr. Bisaillon to make a report that he was patrolling the shore, and that as he had nothing to do with it he refused. I want to show that what he was asked for, a report, anything he had to do with the barge Tremblay, anything he had to do with it was not after, but before.

WITNESS: That was previously.

Mr. GAGNON: That is what I wanted to ask.

The CHAIRMAN: You mean he had been already reporting the matter?

Mr. GAGNON: That he had had some inspection or investigation made of the barge Tremblay before.

Mr. ST. PERE: That the barge was being watched?

Mr. GAGNON: That it was being watched before, that Kearney reported, and that it was not in connection with the previous reports but previous searches.

WITNESS: If you will give me a few minutes, I will find it.

By Mr. Gagnon:

Q. Officer Kearney was in the office the day after the seizure was made, when Mr. Bisaillon asked Kearney in your presence to make a report that Kearney and yourself were patrolling the shore on the night the barge was seized?—A. On the night the barge was seized at St. Sulpice.

Q. When did Mr. Bisaillon ask that of Mr. Kearney, in your presence?—A. It would be about ten o'clock the next morning, before the barge was brought in to Victoria pier.

Q. Does it appear upon the files what time the barge was seized?—A. In Montreal?

Q. Yes?—A. It does; somewhere about noon.

Mr. CALDER, K.C.: It was between half past eleven o'clock and noon.

Hon. Mr. STEVENS: She was seized after her arrival?

The CHAIRMAN: What date was it, Mr. Calder?

Mr. CALDER, K.C.: It was made on the 21st. Duval did not seize the barge at St. Sulpice; she was taken over by the Customs the next day at Montreal, the next day about twelve o'clock.

By Mr. Gagnon:

Q. Do you know if Bisaillon assigned two other officers to make reports regarding the barge Tremblay, a report, whether your seizure or investigation was anything, whether by Kearney or yourself?—A. Only from hearsay, that is all.

Q. What did you hear about it, from hearsay?—A. (No answer).

Mr. CALDER, K.C.: Are you going to put in hearsay evidence now, Mr. Gagnon? I may say that it is more dangerous for you than for me.

Mr. GAGNON: If it was reported by some officers, that they had patrolled or made an investigation.

Mr. CALDER, K.C.: But you asked him whether he knew whether Bisaillon asked other officers to make reports; he says he does not know, only from hearsay.

By the Chairman:

Q. You can read it as a report to the Department?—A. There is nothing.

By Mr. Gagnon:

Q. Is there anything on the file to show that Bisaillon asked, after the seizure was made, two of the officers in the Department to make a report on whatever connection they had with the barge Tremblay at all times; is there anything in the report to that effect?—A. There is something on one of these files.

Q. You say there is something on one of those files?—A. I am pretty sure I saw it here the other day.

Q. You are sure, Mr. Hicklin that that was what Mr. Bisaillon asked Mr. Kearney, when you state that he asked you or Mr. Kearney to make a report, when he said that night, that he meant the night of the seizure, or the night you were supposed to watch the barge?—A. No, the reports had already been made upon that particular instance.

Q. The reports had already been made by Officer Kearney?—A. Yes.

Q. But do you know if a report had been made by other officers?—A. In that instance?

Q. Yes?—A. No. Mr. Kearney was in charge. Every officer does not make a report, just the supervising officer.

Q. But you said that Mr. Bisaillon in that instance asked other officers to make a report?—A. No, I did not say that.

Mr. CALDER, K.C.: He said he heard that, Mr. Gagnon.

Mr. GAGNON: He heard Bisaillon ask Kearney to make a report.

Mr. CALDER, K.C.: But that is not hearsay. As far as the other reports are concerned, he said he heard that, but he has no knowledge of it.

Mr. GAGNON: There is no report of Officer Lalande on the barge Tremblay?

Hon. Mr. STEVENS: You are mixing the two incidents up, Mr. Gagnon.

Mr. CALDER, K.C.: I am afraid my friend Mr. Gagnon is taking an unfair advantage of the witness in this respect. He asks the witness whether he knows that Mr. Bisaillon asked other officers to make reports; he says he heard that. My friend Mr. Gagnon then goes on to say, "Therefore there are no reports by Lalande." If the witness finds a report by Lalande, my friend will come back and say this witness was not telling the truth, or was mistaken.

Mr. GAGNON: I certainly will not do any such thing.

WITNESS: Here is a list of the officers:—

> "October 8th.—This vessel was watched, searched, and goods examined by officers Kearney, Brossard, Lalande, McNamee and Brennan as per report of Officer Kearney.
> 13th October, 1924."

I omitted Mr. Brennan. I do not know his initials.

By Mr. Gagnon:

Q. You were not there?—A. I was not exactly watching.

By Hon. Mr. Stevens:

Q. You conveyed the instructions?—A. I conveyed the instructions to Mr. Kearney.

By the Chairman:

Q. After that did you make a report to Ottawa, that this vessel had been watched by these officers?—A. Yes, a report was made to Ottawa.

Q. On this special instance?—A. Yes, on October 8th.

By Mr. Gagnon:

Q. Giving information to the department by these officers that the barge Tremblay was suspected of smuggling liquor for a month before the seizure was made?—A. Yes.

Q. All the Preventive officers knew it?—A. Well, I cannot say that all the Preventive officers knew it.

Q. These people whose names are there?—A. Yes.

Witness retired.

W. L. HICKLIN recalled.

By Mr. Calder, K.C.:

Q. Mr. Hicklin you have turned up the report made by Kearney concerning the barge Tremblay?—A. Yes, sir.

Q. And this report is dated Montreal, October 13th, 1920?—A. Yes.

Q. And reads as follows:

J. BISAILLON, Esq.,
Acting Officer in Charge,
Customs and Excise Preventive Officers,
Montreal, P.Q.

Re Steam Barge Tremblay

SIR—Acting upon your instruction to watch the arrival of the above mentioned vessel at Montreal, and to watch the cargo being unloaded and to examine same, accompanied by W. G. McNamee, A. Z. Lalande, and W. Brossard, I kept watch with them on the Victoria pier all night until seven o'clock a.m., and after sending Officers McNamee and Brossard home for a sleep continued the watch with Officer A. Z. Lalande until five o'clock p.m. We watched the unloading of the cargo and carefully examined the same, it consisted of fish only. We were then relieved by Officers McNamee and Brossard who stayed there until they finished unloading the barge, which was about seven p.m. They then, with the assistance of Port Officer, Mr. Brennan and two harbour police made a search of the barge without finding any illegal shipment on board. If this barge had any illegal cargo on board then she got rid of it before arriving at Montreal.

I remain your obedient servant,
(Signed) D. J. Kearney."

Q. So that, when the seizure of the barge Tremblay for carrying liquor was effected Kearney had already handed in a report?—A. Yes.

Q. So that the previous incident—did that previous incident arise out of this report which has been read?—A. There was a telegram from Mr. W. F. Wilson.

Q. Yes that reads as follows:

"J. E. BISAILLON,
Acting Officer in Charge,
Customs and Excise Officers,
Preventive Service,
Customs House,
Montreal.

Steam barge A. Tremblay leaving Quebec ten o'clock to-night for Montreal suspect have some of George Cochran cargo. (stop) Give this vessel careful attention on arrival at Montreal, especially when unloading to apprehend any illegal shipment.

(signed) W. F. WILSON."

Q. That is dated October 7th?—A. That is the telegram I referred to before. There is another telegram from Mr. Bisaillon at Rock Island.

Q. Apparently that telegram is not here?—A. No.

Q. Is Mr. Kearney's report of October 13, accompanied by a covering letter of Mr. Bisaillon to the Department?—A. It must be. Yes, Mr. Bisaillon's covering letter is dated October 13.

Q. Mr. Hicklin, do you remember of any case in the Department where officers seized; officers not actually making the seizure, but who had something to do with the investigation after something had been seized, and which later was reported as being seized; were they put down as seizing officers, or having some share of the moieties in the proceeds of the sale?—A. It has happened; I do not think I could give you any specific case.

Q. Especially after Mr. Bisaillon was promoted to a salary which prevented his taking the moieties; that is correct, is it not?—A. I think probably, even before Mr. Bisaillon was promoted.

Q. For how long before?—A. Well, speaking of the Preventive Service?

Q. Speaking from your experience?—A. In the Preventive Service?

Q. Probably since its inauguration?—A. Yes.

By Mr. Gagnon:

Q. Before the Preventive Service was inaugurated I understand that Preventive Officers were being paid by the Collector?—A. I believe they came under the same ruling. I did not have anything to do with seizures, and I cannot speak as to that.

Q. Their name is put in the report as having contributed or done some investigation in connection with it?—A. Yes, that has happened.

Q. It was considered as the right of the officer to have part of the moiety or a share when they participated in any way in the investigation which led to the seizure?—A. I do not—

Q. It has happened?—A. Yes.

Q. It was the practice?—A. Yes.

By Mr. Calder, K.C.:

Q. Was it the practice to make specific provision for the payment of moieties in connection with seizures?—A. I am only answering Mr. Gagnon's question insofar as one officer working on Excise is concerned, and another officer comes along and makes the actual seizure.

Q. What I am asking is, whether it was the practice for the officer who had assisted in the seizure, in the way Mr. Gagnon puts it to you, by previous investigation to make a specific false statement as to his being in a certain place at a certain hour in order to justify his participation?—A. I cannot answer that, Mr. Calder.

Q. I think you can, you can tell us if that was done or was not done. I submit this to you, that say Assistant Seizing Officer so and so was entitled to part of the moiety by having his name inserted on the report?—A. That is on the K-9?

Q. Do you know of any instance where an officer was asked to report that he had been at a certain place at a certain time for a certain purpose when he had not been there at all?—A. I do not know.

Q. Either you know or you do not?—A. No, I cannot give you any case of that kind.

Witness retired.

D. J. KEARNEY recalled.

By Mr. Calder, K.C.:

Q. Mr. Kearney, since the last question put to you, you have had the advantage of consulting your weekly report?—A. Yes.

Q. Tell us where you were on the 20th?—A. I was in Montreal and made two seizures.

Q. Customs or Excise?—A. Both Customs, they were two cars; one in Valleymont, and the other in the other end of the city.

Q. Did you spend the evening of the 20th in Montreal?—A. Yes.

Q. Have you a telephone at your house?—A. Yes.

Q. Can you be reached, provided you are in?—A. Yes.

Q. Were you informed that any attempt had been made to reach you?—A. No, sir.

Q. On the part of your superiors?—A. No, sir.

Q. Where were you on the morning of the 21st?—A. At the office.

Q. Did you stay all the time?—A. No, sir, I went out looking for a car on St. Lawrence street.

Q. Did you see Mr. Bisaillon?—A. Yes.

Q. At what time?—A. Approximately between ten and eleven.

Q. Did he take up this question of the barge Tremblay?—A. Yes.

Q. Who were present?—A. Mr. Hicklin.

Q. Mr. Bisaillon and yourself?—A. Yes.

Q. What did Mr. Bisaillon say?—A. He said he was going to take over the seizure of the barge Tremblay from the officers of the Quebec Liquor Commission, as it was going to be a good seizure, and he would like to put my name and Officer Hicklin's down as seizing officers, and was going to have us on the report.

Q. In what way?—A. That we had been watching for the Tremblay.

Q. When were you supposed to have done that?—A. The day previous.

Q. Did you receive any such instructions?—A. No, sir.

Q. You had not patrolled the south shore?—A. No.

Q. Mr. Bisaillon's proposition was that you should state that you had patrolled the south shore on his instructions?—A. I do not recall the word "patrol," I recall the word "watch." I told him it was not so and I would not sign such a document. He told me he was doing this in order that I could put my name on the seizure report. I pointed out to him if he put my name down on the seizure report, I would not get anything, as my salary was over $2,000. I said, I had nothing to do with it and he said it would doubtless be better not to do it.

Q. I am afraid that feature would be more desirable.—A. I was not to be there on the boat, and I would not get any moieties as I was not drawing any money.

Q. Did you sign any paper?—A. No.

By Mr. Gagnon:

Q. It happens very often that officers who had not actually made a seizure or was not the seizing officer, who did not do the actual work are included in the report, that is, if they at some time or other do work on the case?—A. It was always the case in connection with the Excise if any officer received information, he would also receive part of the moiety.

Q. According to the practice, an officer would be entitled to payment of the moiety if he had anything whatever to do with the seizure or investigation?—A. I have heard of it.

Q. And in connection with the barge "Tremblay" the officer making the seizure, or if you had taken part in it, you would have been entitled to a moiety?—A. If my salary was below $2,000.

Q. You would have considered yourself entitled to it?—A. If I had worked on the seizure I would have been entitled to part of the moiety. The real fact was, that the seizure was made and he asked me to put my name down at that time.

Q. I see there is a report signed by you on October 13th, that you had been watching for the barge "Tremblay" at Victoria pier in the beginning of October on instructions from Ottawa?—A. On instructions from Ottawa, on the 8th October, I was watching for the "Tremblay".

Q. You had been watching for the barge with Officer Lalonde?—A. And Mr. Hicklin was there with me, for twenty-three hours. I started in at eight o'clock one evening and quit at seven the next evening.

Q. There was a search made by the officers?—A. The officer who relieved me searched the boat with Port Officer Brennan and the Harbour Police.

Q. In the beginning of October?—A. The search would have been made on the 9th October.

Q. Did you with other officers, watch for the barge "Tremblay"?—A. No.

Q. Did you ever receive instructions to be on the watch for the barge?—A. No.

Q. General instructions?—A. I might have. I could not say they were not general instructions. I could not receive any instructions in connection with the barge "Tremblay" until instructions were received from Ottawa on 8th October to watch for the arrival of the barge "Tremblay"; to examine its cargo to see if there were any illegal shipments on board.

Q. I suppose you are always on the watch?—A. Yes, I am on the watch all the time.

Q. You are always on the watch?—A. Yes, if I receive any knowledge as to any boats I would watch.

Q. You had information in connection with this?—A. The Department said to watch and examine the cargo.

By Mr. Calder, K.C.:

Q. Specific instructions?—A. Yes, we received specific instructions. They were handed to me by Mr. Hicklin who received them in turn from Mr. Bisaillon who in turn got them from the Department.

By Hon. Mr. Stevens:

Q. Could you state that it was quite customary for officers to share in the moiety by putting their names, those that had participated in the seizure?

Mr. CALDER, K.C.: He went further than that, by saying when they participated in any investigation leading to the seizure.

The WITNESS: I am referring to the Excise, I am an Excise man, and my duties have been towards Excise for three years.

By Mr. Calder, K.C.:

Q. The "Tremblay" arrived and was seized, November 21st?—A. Yes.

Q. And in order to participate you would have to do a certain amount of watching leading up to the seizure?—A. Yes. I drew Mr. Bisaillon's attention to that when he wanted to put my name down.

By the Chairman:

Q. I do not think you understood the question.—A. I understood Mr. Stevens to say the work I had done on the 8th was sufficient to warrant my name going on the seizure.

Q. Was it sufficient?—A. I would think so.

Q. But you would not have your name go in?—A. I would not have my name go on the report.

By Mr. St. Pere:

Q. You think it would be sufficient according to the practice?—A. I would try and get my name if I could, if my salary was under $2,000.

By Mr. Gagnon:

Q. You had made a report on the 13th, and drew Mr. Bisaillon's attention to the report?—A. Yes.

Q. And the other report did not exist, at that time?—A. No. He said he could put my name down as a seizing officer. I want to give you exactly what happened.

Q. He did not insist and you drew his attention to the fact you had reported what you had done on the 13th?—A. Yes.

By Mr. Calder, K.C.:

Q. When there has been a seizure, or work leading up to a seizure, either by receiving information, or a search, or actual seizure, the seizing officer goes on the K-9?—A. Yes.

Q. In all cases?—A. Yes, in the Excise it does. I am not in the Customs.

Q. But it is on the K-9?—A. Yes.

Q. Tell me if you know of any instance where any officer has been requested to make a specifically false statement for the purpose of appearing as seizing officer?—A. No, sir.

Witness discharged.

CHARLES E. KILLORAN called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Killoran, are you in the employ of the Canadian Government?—A. Yes, sir.

Q. In what Department?—A. Superintendent of Examiners.

Q. Are you a port officer or Preventive Service?—A. Port Officer.

Q. Were you ever instructed to assist Mr. Bisaillon in making a search of the barge Tremblay?—A. I was instructed to accompany Mr. Bisaillon to the barge Tremblay.

Q. Who instructed you?—A. Mr. Giroux.

Q. Did you go alone, or accompanied by somebody else?—A. Accompanied by somebody else.

Q. Who?—A. Mr. Duval, Mr. Heavers and another one I do not know.

Q. Did Mr. Bisaillon lead the party to the barge?—A. We did not go as far as the barge.

Q. Where did you go?—A. We stopped in a little shanty about seventy-five yards from the barge.

Q. On whose instructions did you do that?—A. Mr. Bisaillon's.

Q. Told you to stay there?—A. To stay under cover so we could not be seen.

Q. Did he go through the barge?—A. Yes.

Q. Alone?—A. Yes.

Q. Did he come back again?—A. Yes.

Q. What did he say?—A. There appeared to be nothing on the boat.

Q. When was this incident?—A. I should judge somewhere around the end of August.

Q. Did Mr. Bisaillon ask you to make a report?—A. No, not make a report, he asked me to sign a declaration.

Q. Under oath, an affidavit?—A. Yes.

Q. What were you to state in the affidavit?—A. I was to state I was watching the boat, but there was a word that did not suit me. It was the word "search".

Q. The affidavit he wanted you to sign would show if it were put in its original form that you had actually searched the boat?—A. Yes, that is the way the affidavit read.

Q. Who drew up the paper?—A. I have no idea.

Q. Who brought it to you for signature?—A. It was sometime in the winter time, possibly in December or January.

Q. Was it after the seizure of the barge Tremblay for carrying liquor?—A. Yes.

Q. You insisted upon altering the word?—A. Yes, I called Mr. Bisaillon's attention to the word and he immediately had it changed; had it altered.

Q. To read what?—A. "Watch" instead of "search".

Q. Then you signed it?—A. Yes.

By Mr. Gagnon:

Q. You did not sign that affidavit?—A. No.

Q. You drew his attention to the fact that you could not sign declaring you had searched?—A. Yes.

Q. You signed that you watched?—A. Yes.

Q. Did Mr. Bisaillon insist?—A. No.

Q. You signed the affidavit?—A. Yes.

Witness discharged.

THOMAS HEAVERS called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Heavers, previous to the actual seizure of the barge Tremblay for carrying a load of liquor—I am speaking of the St. Sulpice seizure—were you ever instructed to seize that barge?—A. No, sir.

Q. Did you never go down to take part in a search?—A. We went down to search it, as I understood it.

Q. Who gave the instructions?—A. Mr. Bisaillon.

Q. But Mr. Bisaillon was not in your Department?—A. Mr. Bisaillon was there that day, and I went in to ask permission from the collector. I always ask permission from the collector when I go to take part in a search.

Q. Where was the barge lying, at that moment?—A. I think they call it the Long Wharf, or the Island wharf.

Q. Who was in the barge?—A. There was Mr. Killoran, myself, Mr. Bisaillon, Mr. Duval, and a stranger whom I did not know.

Q. One of the Service?—A. No sir. Not to my knowledge.

Q. Did you go into the barge actually?—A. No, sir.

Q. Where did you stop, in your progress towards the barge?—A. We stayed behind the shed, about 75 or 100 yards from the barge. About 75 yards I would say.

Q. Did any of the party go into the barge?—A. Mr. Bisaillon went into the barge. Then he came down to one of the Customs houses.

Q. Did he state anything when he came back?—A. I do not think so. He may have made some remark, but I cannot recollect. We returned to the Customs house, anyway.

Q. When was that?—A. I think that would be about the end of August, as near as I can remember.

Q. At the time you were not asked to report upon that incident, were you? —A. No, sir.

Q. Subsequently were you asked to make a report in connection with it?— A. Subsequently, in the month of January, I think, we were asked to make a report in connection with it.

Q. What kind of a statement was it, a sworn or an ordinary statement?— A. It was to be sworn to.

Q. Was the drawing up of the affidavit or the sworn statement discussed by Mr. Bisaillon and you before it was drawn up?—A. No, sir.

Q. He brought it to you already drawn up?—A. He brought it already drawn up to me and to Mr. Killoran.

Q. A statement for each?—A. A statement for each one of us.

Q. In the same terms?—A. In the same terms.

Q. Except as to the name of the affiant?—A. Yes, sir.

Q. Did you sign it as it was brought to you?—A. No, sir.

Q. Why not?—A. Because it was not in accordance with the facts. There is a difference between a boat being searched and watched.

Q. What was the wording, in the affidavit?—A. That we had searched the ship.

Q. And that was not true?—A. We only watched the ship.

Q. What steps did you take to change that, in order to re-establish the correctness of the affidavit?—A. Mr. Bisaillon took it and got it changed.

Q. Are you sure that Mr. Bisaillon took it up and changed it?—A. To my knowledge, sir; he took the paper away from us. When we refused, he took the paper out of our hands and went upstairs.

Q. You say, when you refused, he took the paper out of your hands and went upstairs?—A. Yes.

Q. Did you tell him that if you swore to that affidavit, you would be committing an offense?—A. No, sir. It would be perjury if I had sworn to it.

Q. Did you tell him that?—A. No sir. I did not tell him that.

Q. Did you ever state that you had yourself afterwards drawn up a proper affidavit?—A. No sir. Never.

Q. You did not state that?—A. No, sir.

Q. I have here page 65 of your evidence at the Duncan inquiry, in which you say:

> "I am under the impression that officer Killoran and myself drew up another declaration, which was correct, went before a Justice of the Peace and signed it. The first declaration was prepared for our signature. We told him we could not sign it.

—A. I do not recollect that.

Q. There is a very important difference between them, is there not?—A. We might have said we only watched the boat.

Q. That is not the point. You say to-day there was only the word "searched" which you wanted changed to the word "watched"?—A. Yes.

Q. You state now that Mr. Bisaillon went out, changed the declaration as to the word, that one word, and then came down and you signed it?—A. We signed it, yes.

Q. When you were speaking to Mr. Duncan you stated that you were under the impression that Officer Killoran and yourself drew up another declaration? —A. We did not draw up another declaration; we did not draw it up.

By Hon. Mr. Stevens:

Q. Speak up, Mr. Heavers, did you make that statement?—A. I may have, sir.

By the Chairman:

Q. When you first swore to it, were you under that impression?—A. Yes sir.

By Mr. Calder, K.C.:

Q. How long was Mr. Bisaillon on the boat?—A. He would be on the boat three or four minutes, I guess.

Mr. CALDER, K.C.: That was the search. All right, that is all.

By Mr. Gagnon:

Q. He told you to wait; you were on the shore?—A. Yes, sir.

Q. On the wharf?—A. Yes, sir.

Q. How did he go out, on a launch?—A. No sir. It was right alongside the wharf, moored to the wharf.

Q. You could see him from the place where you were standing?—A. Yes, sir. We were in full view.

Q. You were not present when the barge was searched, in the month of October?—A. No sir. I only read that in the press.

By Mr. Doucet:

Q. At that time, in August, when Mr. Bisaillon went alone on the barge, did he go into the cabin?—A. No sir. He was in full view on the deck all the time.

By Mr. Calder, K.C.:

Q. Did anybody speak to him?—A. He was talking to somebody, but I do not know who it was. It might have been the captain or the mate.

By the Chairman:

Q. Can you tell me about what hour it was?—A. About eleven o'clock, or half past eleven.

Q. In the forenoon?—A. Yes, in the forenoon.

By Mr. Calder, K.C.:

Q. He wanted you to make an affidavit that there had been a search?—A. Yes.

By Mr. Gagnon:

Q. Did you know whether the boat was loaded, or not?—A. It was light, apparently. It was away out of the water.

By Mr. Calder, K.C.:

Q. Did you know how light it was?—A. I could not tell that. You can tell whether a boat is loaded or not.

By the Chairman:

Q. Whether it is overproof or not?—A. I could not tell whether it was overproof or not.

Witness retired.

GEORGE H. RIOUX called and sworn.

By Mr. Calder, K.C.:

Q. Mr. Rioux, you have no objection to speaking English?—A. None at all.

Q. Were you connected in the barge in any way, previous to your instructions to effect the arrest of certain parties in connection with her?—A. No sir.

Q. Your first entry into the case was when you were handed a warrant?—A. About the 22nd day of December, 1924.

Q. Whose arrest did you effect?—A. Captain Symons, and Mr. Bisaillon were arrested.

Q. On the 22nd?—A. Mr. Bisaillon was arrested on the 24th.

Q. Was his name on the original warrant?—A. Yes, sir.

Q. Issued previous to the 22nd, or on the 22nd?—A. Issued around that date.

Q. Where did you arrest Mr. Bisaillon?—A. I arrested Mr. Bisaillon in his office.

Q. Did you impound any papers at the time?—A. I have searched Mr. Bisaillon's office, on a search warrant.

Q. You were the bearer of the search warrant as well?—A. I was.

Q. Did you search Mr. Bisaillon's office at that time?—A. Yes.

Q. Did you take all his private papers?—A. I did not take any papers at all from his office.

Q. Or any books or documents of any kind?—A. Nothing from his office.

Q. Did you search his house as well?—A. I searched his house in the afternoon, around four o'clock.

Q. Previous to, or after his arrest?—A. After his arrest.

Q. Did you take anything from his house?—A. I did.

Q. Did you make an inventory of what you took?—A. I did not.

Q. Did you turn in, on the return to your search warrant, a list of the things seized?—A. A report was made on the search warrant.

Q. You say a report was made on the search warrant?—A. Yes, sir.

Q. A list of the documents seized?—A. I would not swear whether they were listed, the documents and cheques and the book.

Q. You mean there was a general nomenclature?—A. It was general.

Q. Do you remember whether there was one warrant, or two in this case? —A. There was a warrant of arrest, and a warrant of search, a search warrant.

Q. But do you remember whether there were two warrants of arrest, because I have here a warrant on the file of the Clerk of the Crown in Montreal, which itself contains the file transmitted from the Clerk of the Peace in Quebec. The warrant of arrest reads as follows:—(Reads).

> "I, Alexander Couillard, do declare that Frank Neil, George Hearn, Ludger Brien, Dick Campbell, Captain D. J. Perrault, and a man called Laguedor, an employee of the barge Tremblay"—

did so and so. Is it not a fact, Detective Rioux, that the warrant against Bisaillon was issued subsequently, in consequence of certain information?—A. Yes.

Q. Derived on the train?—A. Yes.

Q. From Captain Perrault?—A. Yes.

Q. Will you tell me, at this stage, whether there is a detective in your Department called Delpe?—A. Yes, in the Montreal district.

Q. Under chief Lorrain?—A. Yes.

Q. What is his first name?—A. D. A. I think.

Q. Was any search of Bisaillon affected at any time?—A. Not by me.

Q. Or in your presence?—A. No, sir.

Q. If the custom was followed, he was searched upon arrival in Quebec, I suppose?—A. I did not search Mr. Bisaillon, because we arrived at Quebec at ten o'clock at night, and Mr. Bisaillon was released on bail right away.

Q. You did not search him previous to that?—A. No, sir.

Q. So that very probably he was not searched at all?—A. No sir; because he returned home right away.

Q. Do you know whether any search was made of the person of Brien?—A. Officer Bouchard would be in a position to tell you that.

Q. What is his first name?—A. He is one of our officers in Montreal.

Q. Did you see the result of that search, the objects that were taken from Brien?—A. No, sir.

Q. You did not see a bundle of cheques?—A. I saw them in court, when they were produced.

Q. Were those cheques of Brien, or of the J. E. Belisle Company?—A. I did not see any cheques of Belisle.

Q. Were those cheques you saw cheques from Brien?—A. Cheques from Mr. Brien, yes.

Q. Were any of them to the order of Bisaillon?—A. Yes.

Q. Were they for large amounts?—A. Pretty large amounts.

Q. Can you mention the amounts?—A. They were over $1,000.

Q. Were there several over $1,000?—A. I guess there were three or four cheques I saw of that amount.

Q. Do you know where those cheques are now?—A. I could not tell you. They were produced in court.

Q. Were they produced in court as exhibits?—A. I am quite sure they were.

By the Chairman:

Q. Did you see those cheques in the hands of the Clerk?—A. I saw them in the hands of the Crown Prosecutor, Mr. Chairman.

By Mr. Calder, K.C.:

Q. Do you know whether they were withdrawn by Brien after the preliminary inquiry?—A. They were.

Q. By Brien himself?—A. Yes.

Q. Was Brien committed?—A. Mr .Brien was committee to stand trial but he was acquitted.

Q. Were they withdrawn after his acquittal, or before?—A. They were withdrawn the day of his acquittal in Montreal.

Q. Upon his application?—A. Yes.

Q. Were you present at the time?—A. I was.

Q. Did you have any memoranda or any memorandum book; did you see any memoranda or memorandum book belonging to Mr. Bisaillon produced in court?—A. There was a little memorandum book. After showing it to the Crown Attorney, Mr. Cannon, we decided not to produce it, because it was no use to our case in Quebec, from Montreal.

Q. What happened to it?—A. The little book stayed on my desk with other documents in Quebec, any cheques, so that when we cleared it up of the exhibits I took that little book to my office, and that little book stayed there until about a month or a month and a half ago, when officer Knox called me up to see me and asked me whether I had any papers or documents about Mr. Bisaillon. I told him that the only thing I had was a little book. That was the only thing.

Q. Did he take possession of that?—A. I knew that officer Knox was an officer of the Customs Department, or of the Royal Canadian Mounted Police, and I had no objection to giving it to Mr. Knox. That is the last I saw of it.

'By the Chairman:

Q. Did you ask for a receipt for it?—A. No sir. Mr. Knox came in to my office on a Sunday, about ten o'clock in the forenoon, in Quebec city.

By Mr. Calder, K.C.:

Q. Did you ever see a black memorandum book?—A. There were lots of books that I did not touch and did not take.

Q. What is that?—A. There were lots of books at Mr. Bisaillon's. The way I might explain it if the Committee wants me to explain,—I got up to Mr. Bisaillon's, the safe was open, there were a few cheques in the safe, and a few

other papers. After we looked through the safe, Mr. Bisaillon said "Well, on the table over here there are lots of papers, you can look through them." The minute I looked at the papers, I could see that they were put there not long ago, and there were some little books; I looked through them, but did not take them.

Q. Why did you not examine those memorandum books?—A. Well, when I first looked at the papers that were on the table, I saw that they were bills from the grocer, bills from the light company, and bills from the butcher.

Q. But the memorandum book?—A. I took the only one there, that one that was in the safe.

Q. You did not examine or open the others at all?—A. No.

Q. Those cheques you saw in the safe, did you take those?—A. I did. They were practically all private cheques of Mr. Bisaillon to the grocer, to the butcher, and to the light company.

By the Chairman:

Q. All those cheques were on private matters?—A. They were all on private matters.

Q. Not Customs matters at all?—A. No, sir.

By Mr. Calder, K.C.:

Q. Were they all cheques of Mr. Bisaillon, to tradesmen?—A. Practically every one of them, Mr. Calder.

Q. Did not the magistrate before whom Mr. Bisaillon was brought, suggest a search of Mr. Bisaillon?—A. No.

Q. He did not?—A. No.

Q. You did not suggest it?—A. No.

Q. Did the High Constable suggest it?—A. I could not say as to that.

Q. The trouble we are in, Mr. Rioux, is that Mr. Bisaillon contends that abundant justification for several matters is found in this black book of which I have spoken, and he says that it was taken from him, so that he is impaired in his defense?—A. As I said before, the only book I was in possession of was that little book that officer Knox got for me.

By the Chairman:

Q. Was it a large book?—A. No sir. A little book.

Mr. CALDER, K.C.: The book Mr. Stevens had, with the addresses of the young ladies.

WITNESS: It was just a little book.

By Mr. Calder, K.C.:

Q. No detailed list was drawn up at any time, to your own knowledge, of the documents taken by you?—A. Unless the list was drawn out by the Clerk of the Crown.

Q. But you do not know that?—A. I do not know that.

Q. There does not appear to be any on file? It is a pity, because if we had had the detailed list, we could find out what became of them?—A. There were so many papers that it would be pretty hard to make a detailed list of them.

The CHAIRMAN: It is too bad that you were not a bailiff, because a bailiff would have made a list and made a lot of money out of it.

By Mr. Gagnon:

Q. You produced some cheques when you were at the preliminary investigation?—A. I produced practically all the papers I had seized.

Q. You seized some cheques from the Provincial Bank?—A. I did, under the warrant.

Q. And the cheques you produced in court, do you remember if they were cheques you took at Bisaillon's place, or at the Provincial Bank?—A. Well, there were some cheques. The cheques we got at the Provincial Bank amounted to very few, because Mr. Bisaillon had withdrawn his old cheques just about a month before. I was over to the Provincial Bank with Notary Gravelle. It was Notary Gravelle who withdrew the cheques, and a copy of the statement of Bisaillon's account, which was produced in Quebec.

Q. What did Mr. Gravelle have to do with that?—A. Under the law, we have to have a notary with us, so that he will make a proces verbal of everything.

Q. Did Mr. Gravelle make a proces verbal?—A. Yes, he made a proces verbal.

Q. Where is the proces verbal?—A. It was produced in court by Mr. Gravelle.

By Hon. Mr. Stevens:

Q. Were those cheques all drawn on one bank?—A. Yes, sir.

Q. The Provincial Bank?—A. The Provincial Bank. When we first went over with the first warrant to the Provincial Bank, the manager, or the general manager refused to give us access to the cheques or books, so we had to go to the court to get another order, to get them from the Provincial Bank.

By Mr. Gagnon:

Q. You never handed back to Mr. Bisaillon the documents you had seized from him?—A. Not me personally.

Mr. CALDER, K.C.: I might put in the record, Mr. Chairman, that the warrant for the arrest of Dufresne, Neil, Hearn, Brien, Campbell, Perrault and Laguedor, is one bearing the date of December 19, issued in Quebec, under the signature of Judge Choquette. It is document number 22, of the documents in the preliminary inquiry at Quebec. The warrant against Captain Symons and J. E. Bisaillon bears date the 23rd day of December, 1924, at Quebec, and is issued under the seal and signature of Arthur Lachance, J.S.P.

Hon. Mr. STEVENS: What was the charge?

Mr. CALDER, K.C.: I have it translated, it reads as follows. (Reads):

"BUREAU OF THE PEACE

Canada, Province of Quebec,
District of Quebec,
City of Quebec.

The complaint of Joseph Chamberlain, Constable of the Provincial Police, Quebec, who swears that he is credibly informed and has reason to believe and does verily believe that during the last five months, up to the twenty-first day of November, 1924, in the district of Quebec, and elsewhere, J. F. Symons, of the City of Montreal, and J. E. Bisaillon, also of the City of Montreal in the district of Montreal, conspired together criminally with Come Dufresne, Ludger Brien, David Joseph Perrault, Frank Neil, George Hearn, and Dick Campbell, with a man called Laguedor and others, by trickery, deceit, and other fraudulent means to defraud the public in general and especially the Government of the Dominion of Canada, and the Government of the province of Quebec."

That was signed by Joseph Chamberlain, and was sworn to before the magistrate, Arthur Lachance.

The CHAIRMAN: Is there any judgment entered behind this complaint?

Mr. CALDER, K.C.: Not on this. There must be a commital for trial later on. I am looking for the proces verbal of the proceedings, but do not seem to be able to find it.

The CHAIRMAN: Maybe you will find it in the record from Quebec.

By Hon. Mr. Stevens:

Q. When you went to Bisaillon's house and searched the safe, was the safe open?—A. The safe was open.

Q. Was anybody there?—A. There was only the maid.

Q. There was not any other Customs officer ahead of you?—A. I did not see any.

Q. Was it evident to you that certain things had been removed from the safe, prior to your arrival?—A. I would not say.

Q. Who arranged for the bail for Mr. Bisaillon?—A. Mr. Masson, one of his witnesses, produced a letter of credit for $50,000 to the Judge, and came with him to Quebec.

Q. You arrested Mr. Bisaillon in his office down town?—A. Yes.

Q. Did you allow Mr. Bisaillon to go into the other room when you arrested him?—A. No, I stayed with Mr. Bisaillon right along.

Q. Was he talking to Mr. Masson at that time?—A. No, after I took Mr. Bisaillon to our office in Montreal, we put him in the Guard Room and then Mr. Masson came over and spoke to him.

Q. After you searched his safe in the house?—A. Yes.

Q. Mr. Masson had a conference before the search at the house occurred? —A. Yes.

Q. Then, when you went to the House you found very little in the safe, except some grocery bills and butchers' bills and such like?—A. Yes.

Q. When did Mr. Masson put up the $50,000?—A. The same day.

Q. And what bank was this letter of credit on?—A. The Bank of Hochelaga.

Q. What branch?—A. Notre Dame street, headquarters, St. James street.

Q. How much time elapsed between Mr. Masson so talking to Mr. Bisaillon down at headquarters and the time you searched the safe?—A. After I took Mr. Bisaillon to headquarters, it was eleven o'clock, I would judge.

Q. In the morning?—A. Yes, and I left Mr. Bisaillon there, in the guard room, and I went away to search Captain Simon's house and his office and Mr. Brien and I came back about half past two. Then, Mr. Bisaillon said to me "we will go to my place now."

Q. He invited you up?—A. I got into the car in which Mr. Duval was the chauffeur and we went up to his house.

By the Chairman:

Q. When you say you found the safe open, you mean the door was unlocked?—A. Yes.

Q. But the door was closed?—A. Yes.

By Mr. Gagnon:

Q. The charge was conspiracy to defraud the Provincial and Federal Government?—A. Yes.

Q. Mr. Bisaillon was acquitted?—A. Mr. Bisaillon was acquitted in Quebec.

Q. At the preliminary investigation?—A. Yes.

Q Who rendered the judgment?—A. Judge Choquet.

Q. Do you know if there is a written judgment on record?—A. Yes.

Mr. GAGNON: I will make application that the judgment of Judge Choquet in the Bisaillon case be produced and read into the records.

By Mr. Gagnon:

Q. He is the only one who was acquitted in the preliminary investigation? —A. Yes.

Q. And the others came to Montreal?—A. Yes.

Q. Did Brien have a trial?—A. The only ones were Captain Perrault and Dufresne.

Q. They had no trial?—A. No.

Q. It was the same witnesses in the Montreal case?—A. Captain Perrault and Brien was one too.

Q. Brien was a Crown witness?—A. Both of them, Perrault and Brien.

Q. They were supposed to be called as Crown witnesses, and is that the reason why there was no case proceeded with against them?—A. Well, I guess the Crown Attorney would be the officer who could tell you that.

Q. Is it a fact, that you were there?—A. I was there, but I cannot tell you the reason why it was not proceeded with.

Q. It was not brought against Brien as he was a witness in the Crown's case?—A. Yes.

Q. You are Chief Detective?—A. Yes, Chief of the Provincial Detectives for the district of Quebec.

Q. You did not proceed against Brien?—A. Where, in Quebec?

Q. He was sent for trial?—A. Yes.

Q. In Montreal?—A. No.

Q. You did not proceed against Perrault?—A. No.

Q. Did you put them as witnesses against the other accused?—A. Yes.

Q. They possibly were acquitted on the evidence of the two accused you had already tried, and they were Crown witnesses?—A. Yes.

By Mr. Doucet:

Q. Do I understand that you took Mr. Bisaillon to your own headquarters shortly after eleven o'clock in the morning?—A. I took Mr. Bisaillon to our headquarters in Montreal, around 10.30 to 11.00.

Q. You searched the house and returned shortly after?—A. Returned about 1.30 to 2.00 o'clock.

Q. Do you know whether Mr. Bisaillon communicated with his house over the telephone during the interval in which you were away?—A. I know for sure Mr. Bisaillon did communicate with Mr. Masson and Mr. Duval in our office, in Montreal, in the guard room.

Q. They had a conversation?—A. Yes.

Q. Which conversation you could not overhear?—A. I was not there.

Q. You have no knowledge of his communicating with his own house by telephone?—A. No, sir.

Hon. Mr. STEVENS: Regarding the cheques of Mr. Bisaillon; the bank states in a letter to the Committee dated May 8th that all cheques and deposit slips had been sent to their head office on January 2, 1925.

By Hon. Mr. Stevens:

Q. What did you do with these cheques?—A. They were produced to the Clerk of the Court.

Mr. CALDER, K.C.: Perhaps they were withdrawn by Brien after his acquittal.

Mr. GAGNON: You mean Bisaillon's books and cheques were withdrawn?

By Mr. Calder, K.C.:

Q. Bisaillon's cheques were withdrawn too?—A. The whole statement is in the dossier.

Hon. Mr. STEVENS: Mr. Gagnon, you have not produced them yet. Mr. Bisaillon must have them. The witness states he did not give Mr. Bisaillon any.

The WITNESS: I did not give anything personally, myself, but it was the Clerk who gave the cheques back, after the trial.

By the Chairman:

Q. When you saw these things they were in Court?—A. Yes.

By Mr. Doucet:

Q. When they had the trial were these cheques not returned?—A. They were in the possession of the Clerk, who keeps all documents. I turned them in to the High Constable, or the Clerk of the Crown, and I was discharged of them.

By Mr. Calder, K.C.:

Q. In the case of Brien, he would get these?—A. Yes, after he was acquitted.

Q. And in the case of Bisaillon?—A. It must have been the same. The documents would be given back to them, by the Clerk, in Montreal, and there would be a receipt taken by the Clerk.

By Hon. Mr. Stevens:

Q. I am trying to trace these cheques.—A. They must have been put in the hands of the Clerk, or have been withdrawn.

Mr. GAGNON: The record will show that.

The CHAIRMAN: We do not find the judgment quoted.

Mr. CALDER, K.C.: There is no judgment in the papers.

Mr. GAGNON: Maybe he is not acquitted.

Mr. CALDER, K.C.: He is not acquitted, technically, it is not an acquittal in law. You cannot plead it as autra foi acquit. It was not an acquittal. To-day if we can make a case against Mr. Bisaillon, we could prosecute.

Mr. GAGNON: That is what we are making, probably.

Hon. Mr. STEVENS: I think we ought to, if it comes to that.

Mr. CALDER, K.C.: I have the whole record here and there is no judgment.

By Mr. Gagnon:

Q. Do you say Mr. Brien's only were withdrawn by Mr. Brien himself in your presence in Montreal?—A. Yes, they asked me for them and it was the Clerk of the Crown who obtained a receipt for the exhibits.

Q. For the people who had their trial?—A. For every one of them.

The CHAIRMAN: I suppose you are willing to admit that your client was acquitted.

Mr. GAGNON: I thought so, but Mr. Calder has some suspicions.

Mr. CALDER, K.C.: I am taking the statement that has been made repeatedly, that he was discharged on that preliminary inquiry. If so, he was not acquitted and is still open to prosecution.

Mr. GAGNON: Is the case still pending?

Mr. CALDER, K.C.: Mr. Gagnon, you are effectively witty. You should stick to that particular branch. This record concerns the other cases.

By Mr. Donaghy:

Q. This letter of credit of $50,000, in whose favour was it?—A. Well, it was a letter of credit given by the bank, signed by the Manager, stating that he would vouch for Mr. Masson as far as the sum of $50,000 was concerned.

Q. You took a recognizance of Mr. Masson?—A. The Judge or the Clerk did.

Q. The fact that Mr. Masson had $50,000 in the bank, that was not bail or a recognizance.—A. Well, when Masson presented himself to the Clerk, the Crown and the Judge, he stated that he had property and produced a letter of credit.

Q. I presume Masson signed the recognizance, or the bond to produce Bisaillon at the trial?—A. Yes.

Q. You think he did?—A. Yes.

Q. Mr. Rioux, how long after Bisaillon's arrest was this letter of credit produced?—A. Well, that letter was produced at night. We arrested Mr. Bisaillon in the morning, and took him down to Quebec in the afternoon at five o'clock, and Mr. Bisaillon came back on the twelve o'clock train at night.

Q. So that the letter of credit followed you right down to Quebec?—A. Mr. Masson had it in his pocket.

Q. He went down on the same train?—A. He went down on the same train.

Q. With this letter of credit in his pocket?—A. Yes.

Q. That was evidently arranged between him and Mr. Bisaillon when Mr. Bisaillon was in Montreal in jail?—A. I do not know.

Q. Was that when Masson saw Mr. Bisaillon?—A. Yes.

Q. In Montreal, in the jail?—A. Yes.

Mr. CALDER, K.C.: I have here the discharge in Mr. Gendron's office. It is in the case of King v. J. E. Bisaillon No. 978. Shall I read it into the record?

The CHAIRMAN: What is it?

Mr. CALDER, K.C.: It is the judgment discharging Bisaillon, at the preliminary inquiry. Shall I read it in English?

Mr. ST. PERE: Read it in French first.

M. CALDER, K.C.: Very well. (Reading):

"BUREAU DE LA PAIX

Canada
Province de Québec,
District de Québec.

Le Roi
vs.
J. E. Bisaillon.

Ordonnance de non-lieu, Code Criminel, section 687

Sachez que le treizième jour de février, en l'année mil neuf cent vingt-cinq, au Palais de Justice, dans la cité de Québec, dans le district de Québec, J. E. Bisaillon, de la cité de Montréal, étant accusé, devant moi, soussigné, Juge des Sessions de la Paix pour la province de Québec, d'avoir, ledit J. E.Bisaillon, dans le cours des cinq derniers mois, à venir au 21 novembre 1924, dans le district de Québec, et ailleurs, avec Côme Dufresne, David J. Perreault, Frank Neil, George Hearn, Dick Campbell, J. F. Symons, et un nommé Laguedor, et d'autres, ensemble, par la supercherie, le mensonge, et d'autres moyens frauduleux, comploté pour frauder le public en général, et spécialement le Gouvernement de la Puissance du Canada, et le Gouvernement de la Province de Québec;

Je suis d'avis, en face de toute la preuve faite à l'instruction préliminaire, qu'il n'y a pas lieu de faire subir un procès au prévenu, et je l'élargis en conséquence; je déclare de plus que le cautionnement pris au sujet de la présente accusation est nul, à moins que la personne qui a porté plainte ne s'engage de porter et poursuivre l'accusation contre le prévenu à la cour du Banc du Roi, à sa prochaine session.

Donné sous mes seing et sceau, au Palais de Justice, dans la Cité de Québec, dans ledit district, les jour et an ci-dessus en premier lieu mentionnés.

(Signé) P. AUG. CHOQUETTE,
J.S.P.

Certifié vraie copie,
Québec, 6 mai 1926.
(CHARLES GENDRON),
Greffier de la Paix."

Mr. CALDER, K.C.: (Reading in English):

"OFFICE OF THE PEACE

Canada,
Province of Quebec,
District of Quebec,
The King
vs.
J. E. Bisaillon.

Order of Discharge, Criminal Code, Section 687

Be it known that on the 13th day of February, in the year 1925, in the court house in the City of Quebec, in the District of Montreal, J. E. Bisaillon, of the City of Montreal, being charged before me the undersigned judge of the Sessions of the Peace, for the province of Quebec, for the said J. E. Bisaillon having, during the last five months preceding the 21st of November, 1924, in the district of Quebec, and elsewhere, along with Come Dufresne, David J. Perrault, Frank Neil, George Hearn, Dick Campbell, J. F. Symons, and one Laguedor and others together by trick, deceit and other fraudulent means conspired to defraud the public in general, and especially the Government of the Dominion of Canada, and the Government of the Province of Quebec, I am of opinion, seeing all the evidence made at the preliminary inquiry, that the accused should not be committed for trial, and in consequence I discharge him. I declare moreover that the bail bond taken in connection with the present charge is annulled, unless the person who laid the charge binds himself to lay and pursue the charge against the accused at the Court of King's Bench at its next sitting.

Given under my hand and seal in the Court House, in the City of Quebec and said district, the day and year first mentioned.

Signed P. AUG. CHOQUETTE,
J.S.P.

Certified a correct copy,
Quebec, 6th of May, 1926,
(CHARLES GENDRON),
Clerk of the Peace."

I may have been mistaken as to the bail bond. There may or may not be another one. This is the printed formula.

There is this record, Mr. Chairman, in the process verbal or record of the case, that the accused, J. E. Bisaillon was admitted to bail, and J. F. Symons was sent to prison until he found the bail fixed. But there is no bail bond. The bail bond may have been surrendered. I suppose the bondsmen has the right to the surrender of the bail bond if he wishes it.

In the face of that entry, I would state that undoubtedly, a bail bond was executed, or Captain Symons would not have been sent to jail, and the other one freed.

That is all, as far as I am concerned. Shall we adjourn now, until half past three this afternoon, Mr. Chairman? As far as I am concerned, Mr. Rioux may be discharged.

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.

WILLIAM LIONEL HICKLIN recalled.

By Mr. Gagnon:

Q. Mr. Hicklin, after the barge Tremblay was seized at the Victoria Pier, I understand it was unloaded at the Victoria Pier?—A. Yes sir.

Q. Did you have occasion to go there in the afternoon, at the reque t of Mr. Bisaillon, with Officer Duval?—A. No. I think that was some two days later, if I remember correctly.

Q. Two days later?—A. I think so.

Q. But the barge Tremblay was still at the wharf?—A. Yes, she was still at the wharf unloaded, and awaiting orders to proceed to Quebec.

Q. Why were you sent there?—A. I was sent there because Mr. Bisaillon had information—at least, I understand he had information—that there was still some more liquor concealed somewhere in the vessel, and I was sent with Duval and a port officer named Noel to search her.

Q. That was a couple of days after the liquor had been unloaded?—A. If I remember rightly, Mr. Gagnon, it was a couple of days after.

Q. The liquor had been transferred to the King's Warehouse at that time? —A. Yes.

Q. And the barge Tremblay was waiting for orders to clear from the port of Montreal?—A. Yes, to go down to Quebec.

Q. You went there with Officer Duval on instructions from Mr. Bisaillon? What did you do there on the wharf?—A. Just before we got to the vessel, we saw a taxi leaving. We were in a Ford touring, with Noel, the port officer. We saw this Bramson's taxi—

Q. Bramson or Kennedy?—A. Bramson. —and Noel and I jumped out and stopped the taxi. There was a young fellow in the taxi and we asked him what he had. He had two parcels with him.

Q. The man in the taxi had two parcels?—A. Yes. We asked him what they were, and if I remember rightly, I think Duval opened one of them.

Q. What did you find?—A. We found it to be four large bottles of alcohol —vichy bottles of alcohol.

Q. Do you know the name of this man?—A. No, but I could get it for you on the file.

Q. Anyway, you made a report to the Department?—A. Not me. Duval and Noel proceeded on the boat, and I took the man back to Mr. Bisaillon's office.

Q. With the liquor he had in his possession?—A. Yes.

Q. And what happened after you went back to the office with the man and the liquor you had seized in his possession?—A. Mr. Bisaillon phoned the Liquor Commission, General Panet, I think, at the time.

Q. And what did you do with the man?—A. The Quebec Liquor Commission's officers came down and took him away.

Q. That was two days after the barge had been unloaded?—A. I am not real sure, but I am pretty sure it was two days afterwards.

Q. Do you know what happened that day?—A. No, I do not.

Q. Were you ever called to Court as a witness?—A. No.

Q. You never heard of it since?—A. I never heard of it afterwards.

Q. You are sure this man was handed over to the Liquor Commission after the telephone conversation between Mr. Bisaillon and the Liquor Commission? —A. Yes. If I remember rightly, the Liquor Commission's officers came down, and we used the same taxi this man had.

Q. And you were never called in Court as a witness?—A. No.

Q. You do not know whether there was any charge laid against this man about this liquor?—A. (No audible answer.)

By Hon. Mr. Stevens:

Q. Is there a report on the file, Mr. Hicklin?—A. I think there is, on file.

By Mr. Gagnon:

Q. You reported it to the Department?—A. No, I did not.

Q. Who did?—A. Mr. Bisaillon.

Q. I understand there was a seizure report made to the Department regarding ten bottles?—A. No.

Q. Who made the report to the Department?—A. I think it was just an ordinary letter to Mr. Wilson, if I remember rightly. I can look up the file for you, if you will give me time, but I am sure there was no seizure report made of those four bottles.

Q. Did you have any knowledge of a seizure report being made on that day or the day after, about some cases of liquor that had been found in the barge Tremblay after the barge was supposed to have been emptied—found under the ropes?—A. I never made such a report myself.

Q. Have you any knowledge of such a report being made to the Department?—A. I don't think there was a report made.

Q. After you left with this man, and the few bottles of liquor, and brought him to the Customs Department, and he was handed over to the officers of the Liquor Commission, did Officer Duval and Noel remain on the wharf?—A. They went aboard the Tremblay.

Q. What did they do there?—A. I understand they searched her, I was not there.

Q. Was there any report made afterwards?—A. I think there was a report; I don't know whether it was a seizure report they made to Ottawa. That would be Duval anyway. It would have nothing to do with me.

By Hon. Mr. Stevens:

Q. Did you go on board the Tremblay with Duval?—A. No, I did not go on board. The taxi was just leaving, and Duval and I jumped out of the Ford car we were in and stopped the taxi. I went back with the prisoner, and the four bottles of alcohol to Mr. Bisaillon's office, and Duval and Noel went on board the Tremblay. That is all I had to do with the case.

Mr. GAGNON: That is all.

Witness retired.

[Mr. W. L. Hicklin.]

WILLIE DUVAL recalled.

By the Chairman:

Q. Will you testify in English or in French?—A. In French.

By Hon. Mr. Stevens:

Q. (In English) You can testify just as well in English?—A. (In English) No, sir.

By the Chairman:

Q. Did you understand what Mr. Stevens said?—A. No, sir.

By Hon. Mr. Stevens:

Q. (In English) It gives you more time to think, does it not?—A. (In English) No, it is not that.

By the Chairman:

Q. (In English) If it is not that, what is it?—A. (In English) I am glad, Mr. Stevens, that is the first time I have made you laugh.

(The following evidence of this witness was given in French and interpreted by Mr. Beauchamp, official interpreter).

By Mr. Calder, K.C.:

Q. We were informed this morning that you were in charge of the barge Tremblay once the barge Tremblay reached Montreal; is that true?—A. I was in charge of the unloading of the barge.

Q. That is to say, of the liquor that was being removed from the barge? We were informed that you were in charge of the barge Tremblay for all Customs purposes.?—A. That is to say, I was in charge of the contents of the barge.

Q. Had you port officers or officers of the Preventive Service with you?—A. I had port officers.

Q. Who were those officers?—A. There was a Mr.—

Q. Would it be Hickey or Allmand?—A. No; one of them bore a French-Canadian name.

Q. Were there two French-Canadians?—A. There was one who was a French-Canadian, whose name I do not remember.

Q. Was there a Mr. Hickey there?—A. I saw Hickey there.

Q. Was he there acting under your orders?—A. I don't know whether he was sent there to be under my orders, but I saw him there.

Q. What Customs officer was in charge? Were you in charge?—A. For the time that I was there I was in charge.

Q. Then did the port officers or other officers not report to you?—A. They were not required to report directly to me, so long as they came to the wharf. I believe they had no official report to make.

Q. Was the Customs officer not required to come to you and say "I have been sent to assist you?—A. I don't think so.

Q. He was not required to do that?—A. I don't think so.

Q. Did you tell Mr. Bisaillon at the time, that one of the Americans had left with an officer of the Liquor Commission to go and get lunch and that he had not returned?—A. Mr. Bisaillon was not there; he was in Montreal.

Q. Did you make a report to Mr. Bisaillon to the effect that one of the Americans had left with an officer of the Liquor Commission to get lunch and that he had not returned?—A. I do not remember whether it was when I phoned him that night or on the following day when I saw him.

Q. If you told him that, evidently you believed that you had that man in your custody?—A. No, sir.

Q. Then, why did you report the matter to him?—A. I told him, because the American had left with one of the officers of the Liquor Commission and he simply had not returned.

Q. Then, why did you report that to him if you did not have the American in your custody?—A. It was simply to tell him he had left with that officer.

Q. Why tell him that if you did not have the man in your custody?—A. I did not have him in my custody.

Q. Then why report the matter to him?—A. Because they had him in their custody.

Q. Who had him in their custody?—A. The Liquor Commission.

Q. Who told you that the Liquor Commission had these men in their custody? —A. That is what Mr. Bisaillon told me.

Q. Then Mr. Bisaillon told you the Liquor Commission had these men in its custody? Did Mr. Bisaillon tell you that the Commission was charged with the custody of these men?—A. Mr. Bisaillon told us we had to attend to the unloading of the cargo of alcohol.

Q. Did Mr. Bisaillon tell you that the Liquor Commission was charged with the custody of these men and was to watch them?—A. I am telling you what Mr. Bisaillon told me. He told me we were in charge of the unloading of the cargo of alcohol.

Q. That is all?—A. Yes.

Q. Then why did you report to him that one of the Americans had left; had gone away?—A. I did not say I reported by telephone. I might have reported by telephone, or the following day when I saw him.

Q. Then why report the matter to him?—A. I reported the matter to him because he had left; the American had left and had not returned, and that I had arrested him along with Officer Gauthier when the unloading was taking place.

Q. Then, you arrested him—that is to say Officer Gauthier arrested him the previous day?—A. When the unloading was taking place.

Q. That is to say it was not on the previous day?—A. It was on the day that the unloading took place. We arrested him and took him on board the vessel. Apart from that he went with an Inspector of the Liquor Commission and did not return.

Q. Then what did Mr. Bisaillon state when you reported to him?—A. I believe he made a note of it and that is all that was done.

Q. He did not go immediately to the telephone and complain to the Liquor Commission?—A. I do not know as to that. I do not recall exactly whether it was when I telephoned to him or when I saw him personally. He did not give any details.

By Mr. Doucet:

Q. Mr. Duval, do you recall the day when Mr. Bisaillon was placed under arrest by Detective Rioux?—A. Yes, sir.

Q. That was about the 24th December, 1924?—A. Yes.

Q. You went to the Montreal Police that morning?—A. Yes.

Q. Did you have an interview with Mr. Bisaillon and Customs Officer Masson?—A. No, sir.

Q. You did not have a conversation that morning, with Customs Officer Masson and Mr. Bisaillon?—A. No, sir, I had a conversation with Mr. Masson.

Q. And Mr. Bisaillon?—A. I do not know; I do not recall. Mr. Bisaillon was under arrest and we were not allowed to speak to him.

Q. This is not an ordinary situation; the circumstances are not ordinary; your chief was in the hands of the police and had been arrested by warrant. You must remember whether you had a conversation with him or not that morning?

—A. That morning I saw him as I saw him other mornings. I spoke to him, I think, yes, I spoke to him.

Q. Do you mean after he was placed under arrest; after he was placed under arrest?—A. I think I might have spoken to him.

Q. At what place did the conversation take place?—A. At the Provincial Police.

Q. On the morning that he was placed under arrest?—A. Between eleven o'clock in the morning and twelve o'clock.

Q. Did you have any conversation with Mr. Bisaillon and Mr. Masson between eleven o'clock in the morning and twelve o'clock, at the headquarters of the Provincial Police.—A. That is rather difficult to state; I do not remember that.

Q. Then, did you leave the office of the Provincial Police in your automobile with Customs Officer Masson?—A. Not in my automobile.

By Mr. Calder, K.C.:

Q. Was it in Mr. Bisaillon's car, in which you were driving?—A. Yes.

By Mr. Doucet:

Q. You left them?—A. I do not know whether we left.

Q. Wait a minute. My question is this, did you leave the office of the Provincial Police with Mr. Masson?—A. I don't remember.

Q. Did you go to Mr. Bisaillon's residence?—A. Yes.

Q. With Mr. Masson?—A. With Mr. Bisaillon, Mr. Masson and Mr. Rioux.

Q. At what time of the day was that?—A. In the afternoon.

Q. You did not go there in the forenoon along with Mr. Masson, before you made a visit there with Mr. Bisaillon and Mr. Rioux?—A. No, sir.

Q. My information, Mr. Duval, is, that you left the office of the Provincial Police with Mr. Masson and Mr. Bisaillon and that you proceeded to Mr. Bisaillon's residence?—A. Your information is false.

Q. This would not be the first occasion?—A. No.

By Mr. Gagnon:

Q. To your knowledge, at what time was Mr. Bisaillon placed under arrest at the Customs Office? Were you there when he was arrested at the Customs Office.—A. No.

Q. Then did you drive him to the office of the Provincial Police?—A. Yes, I did.

Q. Then, how did you happen to drive him to the office of the Provincial Police if you were not there yourself?—A. I came there and he had already been arrested. I arrived at the place and he was then under arrest.

Q. Was Customs Officer Masson there?—A. Yes, sir, he accompanied me to the office of the Provincial Police.

Q. He accompanied you to the office of the Provincial Police when you drove Mr. Bisaillon there?—A. Yes, sir.

Q. He also accompanied you to the residence of Mr. Bisaillon when you went there with Officer Rioux?—A. Yes.

Q. Between the time you drove Mr. Bisaillon to the office of the provincial police, and the time you went to Mr. Bisaillon's residence along with Detective Rioux was officer Masson always with you?—A. Yes.

Q. If Officer Masson had gone to Mr. Bisaillon's residence, you would have been aware of it.

Q. Neither you nor officer Masson went to Mr. Bisaillon's residence, until Mr. Rioux went there?—A. No, sir.

Q. You were the first Federal officer to be at or to go to St. Sulpice at the time the barge Tremblay was moored to the wharf?—A. Yes.

Q. What time did you remain in St. Sulpice?—A. I was there from about half past eleven until midnight, and between one o'clock and half past one.

Q. When you left there at night was Captain Tremblay under arrest?—A. Yes.

Q. You left no Customs officer in charge of the barge?—A. No, sir. The barge was brought to Montreal during the night. That is to say, the following day in the forenoon.

Q. At what time did you return to the barge the following day?—A. I went there in the afternoon.

Q. Two or three days after the seizure of the barge Tremblay did you have occasion to effect or to make a seizure of some liquor that was left in the barge?—A. Yes.

Q. What did you seize on the second occasion?—A. Three cans of alcohol. Three tins of alcohol.

Q. Did you thoroughly examine the barge when you made that second seizure?—A. Yes.

Q. Where did you find that liquor?—A. I found that liquor at the rear of the barge where they place all the ropes.

Q. How did you happen to go there two days later, after the barge was supposed to be completely unloaded?—A. Mr. Bisaillon sent me there with Mr. Noel and Mr. Hicklin, stating that he had information that there was still some alcohol on board.

By Hon. Mr. Stevens:

Q. Who had been watching the barge during the two or three days between her unloading and the time you went back to her?—A. I do not know. I was not there.

Q. Who would know?—A. Possibly, Mr. Bisaillon might know. I do not know myself.

By Mr. Gagnon:

Q. During the whole time you attended to the unloading, or superintended the unloading of the barge Tremblay were there officers of the Liquor Commission there all the time, who attended to the checking or counting of the cargo which was being removed?—A. Yes.

Q. You do not know when those officers left?—A. It was after they had completed the unloading of the cargo.

Q. Did you remain there until the barge had been completely unloaded?—A. Yes.

Q. When the unloading was going on, did the officers of the Liquor Commission remain on the deck of the vessel, or did they remain on the wharf?—A. There were some officers on the wharf and some on the vessel.

By Hon. Mr. Stevens:

Q. I thought you were in charge of the unloading?—A. I was in charge of the alcohol, but I was not in charge of the vessel.

Q. Who checked the number of cases off?—A. The officers of the Liquor Commission checked the cases while the liquor was being loaded onto the trucks.

Q. During the whole of the unloading?—A. During the whole time the unloading was going on, they were checking the number of cases that were being put on the trucks.

Q. What time did you get through with that trip up to Mr. Bisaillon's house, when you went up there with Detective Rioux and Officer Masson?—A. They boarded the train at night. I drove them to the train.

Q. But what time did you get through at Bisaillon's house, when you went up there to search Bisaillon's house?—A. I do not recall the hour.

Q. You remember all about Masson being with you. Get your memory working, and tell us what time you got through?—A. Mr. Masson was with me.

Q. You told us that before. What time did you and Masson and Mr. Rioux get through?—A. I do not recall what time it was, but it was a few moments before we left for the train the train was leaving for Quebec.

Q. Masson was with you all day, after Bisaillon was arrested?—A. Yes.

Q. Did you go down to the bank with him?—A. I believe he stopped at the bank with me.

Q. Be mighty sure; did you go down to the bank with him?—A. I believe I did.

Q. What bank?—A. If I remember well, he said he had some business to attend to at the bank, but I do not recall what bank it was.

Q. Where was the bank located?—A. I do not recall, but it was in the Eastern part of the city.

Q. That does not convey much to me. On what street was it?—A. I do not remember on what street it was.

Q. Did you drive Masson around all day?—A. I drove the automobile in the afternoon.

Q. What right had Masson to be promenading around the city all day in a motor?—A. It was not the whole day.

Q. It was from about eleven o'clock in the morning was it not, until about four o'clock in the afternoon, or five o'clock?—A. No.

Q. Where did you and Masson have your lunch?—A. I do not remember.

Q. Do you know if he was with you at lunch time?—A. He must have been with me, because he did not leave me.

Q. Yet you cannot tell what bank you went to, or where you went for lunch, or if he was with you for lunch?—A. I do not remember that.

Q. How do you remember that Masson was with you all day?—A. Because I know he was with me. He was with me, he did not leave me.

Q. You are sure he did not leave you?—A. I am very sure.

Q. You are sure of that, if you are not sure of much else?—A. One or the other did not leave.

Q. What is that?—A. Neither one left the other.

Q. You stuck together like brothers?—A. I do not know.

By the Chairman:

Q. They left for Quebec?—A. Yes.

Q. At what time did the train leave for Quebec?—A. They boarded the five o'clock train.

Q. Was Detective Rioux with you on the car?—A. Yes, when Mr. Bisaillon was there.

Q. With respect to the famous barge Tremblay we are told that the containers were leaking?—A. Yes, sir.

Q. Was there some liquor leaking, or some liquor spilled around on the floor of the barge?—A. Yes.

Q. About what quantity was spilled?—A. We would have required the services of a gauger to calculate the quantity.

Q. Was there enough spilled to wet one's feet?—A. Yes, sir.

By Mr. Gagnon:

Q. Is it not a fact that you had lunch with Mr. Masson at Brien's cafe, and that Bisaillon and the latter's counsel were having lunch at the same time? —A. It is possible, I do not remember exactly.

By Mr. Calder, K.C.:

Q. When you arrived at Mr. Bisaillon's office with officer Masson, Detective Rioux and Mr. Bisaillon, was the safe open?—A. I did not see the safe.

Q. Did you enter the house?—A. Yes.

Q. You entered the same room as Masson and the others?—A. The same room, the four of us entered together.

Q. You went into each room all together?—A. No.

Q. Then you separated, so that you would not see the safe?—A. I remained downstairs with Mr. Masson, and Mr. Bisaillon went upstairs with Detective Rioux.

By Mr. Doucet:

Q. When the barge Tremblay arrived in Montreal, the cargo became a Customs seizure?—A. Yes, sir.

Q. And you were placed in charge of the cargo?—A. I was not there when the barge Tremblay arrived, I was there later on.

Q. The barge also became a Customs seizure?—A. I am not sure as to that, I do not know that.

Q. As a Customs officer, will you not tell me that once the cargo became a Customs seizure, the barge was not also a Customs seizure?—A. I do not know what followed the seizure. A seizure report was presented. I do not know if the barge was seized.

By Mr. St. Pere:

Q. You were there to watch the cargo?—A. The cargo, that is to say, what was in the barge. I had nothing to do with the barge itself. I had to look after the cargo.

By the Chairman:

Q. That is, so that the cargo should be conveyed to the King's Warehouse? —A. Yes.

By Mr. Calder, K.C.:

Q. Who told you that the barge was under the control of the Liquor Commission?—A. They told me so.

Q. Who told you?—A. The officers of the Commission told me so.

By Hon. Mr. Stevens:

Q. Did you not know that you were representing the Customs and that the barge had been seized by the Customs, and had been taken out of the hands of the Liquor Commission. You can understand me?—A. No.

Q. You are rated as a labourer?—A. Yes sir.

Q. You are not rated as a Preventive Officer or a Customs officer?—A. I am an employee of the Customs Department.

Q. Rated as a labourer?—A. Yes sir.

Q. What were you and Masson doing all day?—A. The day was not very long.

Hon. Mr. STEVENS: No, I agree with that.

The CHAIRMAN: From twelve to five.

By Hon. Mr. Stevens:

Q. What were you and he doing?—A. From eleven o'clock the time was taken up—first, we had to get our lunch, then we proceeded to Mr. Bisaillon's residence, and Mr. Rioux took the time to open the safe—

Mr. CALDER, K.C.: A few minutes ago you did not know whether the safe was open or not.

The WITNESS: —Mr. Rioux took the time to open the safe, and to look everywhere in his office, and to examine his papers, and return to board the train for Quebec at five o'clock. Mr. Bisaillon lived in Notre Dame de Grace, five miles away.

By Hon. Mr. Stevens:

Q. That is a Customs labourer's day's work, is it?—A. When there is nothing else to do.

By Mr. Gagnon:

Q. That was Christmas Eve?—A. Yes sir.

By Mr. Doucet:

Q. You were entrusted with the watching of the cargo at Victoria pier?—A. Yes sir.

Q. You superintended the unloading of the cargo?—A. Yes sir.

Q. Then you did not look after the barge yourself?—A. I only looked after the cargo.

Q. Then can you explain to the committee how it is that while you were watching the contents of the barge, two days later you discovered there was still alcohol on board?—A. Because there were three tins which were hidden under ropes; the ropes were entwined around them; in the hold at the rear of the vessel where the ropes and chains were placed. There were three tins hidden under the ropes.

Q. Was it not as easy to find them on that day as two days later?—A. Mr. Bisaillon received a telephone message, and he wanted us to get those tins, and we proceeded there and located the tins.

By Mr. St. Père:

Q. How many gallons of alcohol would those tins contain?—A. Each tin would contain about five gallons.

By Mr. Doucet:

Q. Are you still a Customs officer in Montreal?—A. Yes.

Q. I note at page 464 of the evidence, on March 2nd last, that Mr. Calder put the following questions to you:

"Q. You are a Customs officer connected with the Preventive Service at Montreal?"

and your answer was "A. I was at one time, but I am no longer." You said "I was transferred from the Preventive Service to the port of Montreal". At what date would that be?—A. It was at the time of the Duncan investigation; I don't remember exactly the date.

Q. The transfer was made while the Duncan investigation was under way?—A. Yes.

Q. Mr. Calder asked you a further question: "Q. When did you cease being a Customs officer?" and you said "About two months ago". He was not asking you with respect to the Preventive Service, but asking you whether you were a Customs Officer. The following question then was: "When did you cease being a Customs officer?"—A. Because I did not understand the question well, because I am still a Customs officer.

Q. You did not understand?—A. I did not understand the question as put to me. I understood that I was transferred, but that two months had elapsed when I was transferred.

The CHAIRMAN: (To Mr. Doucet) You must remember that this examination of the witness Duval was conducted in French, and interpreted by Mr. Beauchamp, Official Interpreter.

Mr. DOUCET: All right, we will take the French version of it.

By Mr. Doucet:

Q. At page 468 you were asked when you ceased being a Preventive Officer?—A. It was translated as "Customs Officer".

By the Chairman:

Q. You have always been a Customs Officer?—A. Yes.

By Mr. Doucet:

Q. Did you obtain a promotion at the time of the Duncan investigation?—A. No sir.

Q. The same salary?—A. I received the same salary. I expect a promotion afterwards.

Q. After this investigation is completed?—A. Yes.

By the Chairman:

Q. Do I understand that an increase in salary constitutes a promotion?—A. Yes.

Q. For government employees, that is the case?—A. Yes.

By Mr. Gagnon:

Q. Since when have you been making seizures?—A. I have been making seizures since I am connected with the Customs Department.

Q. You acted in that capacity even when you were not a Preventive Officer, regardless of your classification in the Department?—A. Yes.

Witness retired.

WILLIE DUVAL est rappelé.

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

M. DUVAL: En français, monsieur.

M. Calder, C.R.:

Q. On nous a dit ce matin que c'est vous qui étiez en charge de la barge *Tremblay* une fois que cette barge a été rendue à Montréal: est-ce vrai, cela?—R. J'étais en charge du déchargement, c'est-à-dire de la boisson qui sortait de dedans.

Q. On nous a dit que c'est vous qui étiez en charge de la barge *Tremblay* pour toutes fins douanières?—R. J'étais en charge du contenu, c'est-à-dire.

Q. Aviez-vous des officiers du port ou des officiers du service préventif avec vous?—R. Des officiers du port.

Q. Qui étaient-ce?—R. Un monsieur...

Q. Hickey et Allmand?—R. Non, c'est un nom Canadien français.

Q. Deux Canadiens?—R. Un Canadien français dont je ne me rappelle pas le nom.

Q. Est-ce qu'il y avait un M. Hickey là?—R. M. Hickey, je l'ai vu.

Q. Est-ce qu'il était là sous vos ordres?—R. Je ne sais pas s'il avait été envoyé sous mes ordres, mais je sais que je l'ai vu là.

Q. Quel officier de la douane était en charge? était-ce vous?—Pour le temps que j'étais là, oui, c'était moi.

Q. Alors, est-ce que les officiers du port et les autres ne se rapportaient pas à vous?—R. C'est-à-dire, ils n'avaient pas à se rapporter directement à moi, du moment qu'ils se présentaient sur les quais et qu'ils disaient qu'ils venaient, ils n'avaient pas de rapport à faire officiellement, je crois.

Q. Est-ce qu'un officier de douane n'était pas obligé de venir vous trouver et vous dire: J'ai été envoyé pour vous aider?—R. Je ne le crois pas.

Q. Il n'était pas obligé de faire cela?—R. Je ne le crois pas, monsieur.

Q. Avez-vous dit à M. Bisaillon, dans le temps, qu'un des Américains était parti avec un officier de la Commission des liqueurs pour aller prendre un lunch et qu'il n'était pas revenu?—R. M. Bisaillon n'était pas là.

Q. Il n'était pas là, il était à Montréal. Avez-vous fait un rapport quelconque à M. Bisaillon qu'un des Américains était parti pour prendre un lunch avec un officier de la Commission des liqueurs et qu'il n'était pas revenu?—R. Si je me rappelle bien, je lui ai dit. Je ne sais pas si c'est par téléphone, le soir quand je l'ai appelé, ou le lendemain.

Q. Si vous lui avez dit cela, c'est évidemment parce que vous croyiez en avoir la garde?—R. Non, monsieur.

Q. Pourquoi lui avez-vous rapporté cela?—R. Je le lui ai dit parce que l'Américain était parti avec un des inspecteurs de la Commission et qu'il n'était pas revenu, tout simplement.

Q. Pourquoi lui avez-vous rapporté cela, si vous n'aviez pas la garde de cet Américain-là?—R. C'était simplement pour lui dire qu'il était parti avec lui.

Q. Pourquoi lui dire cela si vous n'en aviez pas la garde?—R. Je n'en avais pas la garde.

Q. Alors pourquoi lui rapporter cela?—R. Parce que c'est eux qui en avaient la garde.

Q. Qui?—R. La Commission.

Q. Qui vous avait dit cela, que la Commission avait la garde de ces hommes?—R. C'est ce que M. Bisaillon m'avait dit.

Q. M. Bisaillon vous a dit alors que la Commission des liqueurs avait la garde des Américains?—R. Nous autres, nous avions seulement...

Q. M. Bisaillon vous l'a-t-il dit? M. Bisaillon vous a-t-il dit que la Commission des liqueurs était chargée de la garde des Américains?—R. M. Bisaillon m'a dit qu'on avait à s'occuper du déchargement de l'alcool.

Q. M. Bisaillon vous a-t-il dit que la Commission des liqueurs avait charge des Américains et de leur garde?—R. Je vous dis ce que M. Bisaillon m'a dit. Il m'a dit que nous avions charge du déchargement de la liqueur.

Q. C'est tout?—R. Oui, monsieur.

Q. Pourquoi, alors, lui avez-vous rapporté par téléphone qu'un Américain s'était en allé?—R. Je ne dis pas par téléphone, c'est peut-être par téléphone, ou le lendemain quand je l'ai vu personnellement.

Q. Pourquoi lui rapporter cela?—R. Je lui ai rapporté parce qu'il était parti avec un Américain et qu'il n'était pas revenu, et que je l'avais arrêté avec l'officier Gauthier la veille, lors du déchargement.

Q. Vous l'aviez arrêté?—R. C'est-à-dire que l'officier Gauthier l'avait arrêté.

Q. La veille?—R. Lors du déchargement, c'est-à-dire pas la veille, mais la journée du déchargement on l'avait arrêté, on l'avait rentré, tous les deux, à bord du bateau, et à part cela il est parti avec un inspecteur de la Commission et n'est pas revenu.

Q. Qu'est-ce que M. Bisaillon a dit quand vous lui avez rapporté cela?—R. Je crois qu'il a pris cela en note et c'est tout ce qu'il a dit.

Q. Il n'a pas saisi le téléphone immédiatement pour se plaindre à la Commission des liqueurs?—R. Cela, je ne le sais pas, monsieur. Soit, comme je l'ai dit, au téléphone, ou que je lui ai dit personnellement, je ne me rappelle pas au juste, mais il ne m'a pas donné de détails.

M. Doucet:

Q. Vous rappelez-vous le jour où M. Bisaillon a été arrêté par le détective Rioux?—R. Oui, monsieur.

Q. Vers le 24 décembre 1924?—R. Oui, monsieur.

Q. Vous êtes allé à la police de Montréal ce matin-là?—R. Oui, monsieur.

Q. Est-ce que vous avez eu une entrevue avec M. Bisaillon et le douanier Masson?—R. Non, monsieur.

Q. Vous n'avez pas causé ce matin-là avec le douanier Masson et M. Bisaillon?—R. Non, monsieur. Ah, j'ai causé avec M. Masson.

Q. Et M. Bisaillon?—R. Je ne sais pas. Je ne me rappelle pas là. M. Bisaillon était arrêté, on ne pouvait pas lui parler.

Q. Monsieur Duval, ce n'est pas une circonstance ordinaire. Votre chef est chez les policiers, arrêté en vertu d'un mandat. Vous devez vous rappeler si vous avez causé avec lui ce matin-là.—R. Ah, ce matin-là je l'ai vu pareil comme les autres matins. J'ai causé avec lui, naturellement; j'ai causé avec lui, oui. Mais après qu'il a été arrêté, vous voulez dire?

Q. Oui, après qu'il a été arrêté?—R. Ah, peut-être, oui. A quelle place?

Q. A la police provinciale, ce matin-là, après qu'il a été arrêté, après les onze heures de l'avant-midi jusqu'à l'heure du dîner, avez-vous causé avec M. Bisaillon et M. Masson, au département de la police?—R. C'est bien difficile à dire. Je ne me rappelle pas cela.

Q. Etes-vous parti, avec le douanier Masson, dans votre char, du département de la police provinciale?—R. Pas dans mon char.

M. Calder, C.R.:

Q. Dans le char de M. Bisaillon, que vous conduisiez?—R. Oui, monsieur.

M. Doucet:

Q. Vous êtes partis?—R. Bien, je ne sais pas si nous sommes partis. Arrêtez un peu.

Q. La question est celle-ci: avez-vous laissé les quartiers de la police provinciale en compagnie de M. Masson?—R. Je ne me rappelle pas cela.

Q. Etiez-vous allé à la résidence de M. Bisaillon?—R. Oui, monsieur.

Q. Avec M. Masson?—R. Avec M. Bisaillon, M. Masson et M. Rioux.

Q. A quelle heure de la journée?—R. Dans le cours de l'après-midi.

Q. Vous n'y êtes pas allé dans l'avant-midi?—R. Non, monsieur.

Q. Certain?—R. Certain.

Q. Vous n'êtes pas allé là avec M. Masson dans le cours de l'avant-midi, avant votre visite avec M. Rioux et M. Bisaillon?—R. Non, monsieur.

Q. Mes informations sont, M. Duval, qu'après votre entrevue aux quartiers de la police provinciale avec M. Masson et M. Bisaillon, vous vous êtes rendu à la résidence de M. Bisaillon.—R. Vos informations sont fausses.

Q. C'est correct. Ça ne sera pas les premières.—R. Non, monsieur.

Q. Il est bon de s'assurer de ce point-là.—R. Oui, monsieur.

M. Gagnon:

Q. A quelle heure M. Bisaillon a-t-il été arrêté à votre connaissance; étiez-vous là quand il a été arrêté au bureau des douanes?—R. Non.

Q. Est-ce vous qui l'avez conduit au bureau de la sûreté provinciale?—R. Oui.

Q. Comment se fait-il que vous l'ayez conduit au bureau de la sûreté provinciale, si vous n'étiez pas là?—R. Quand je suis arrivé, il avait été arrêté. Je suis arrivé, il avait été arrêté.

Q. L'officier Masson était-il là?—R. Oui.

Q. Il vous a accompagné au bureau de la sûreté provinciale lorsque vous avez été conduire M. Bisaillon?—R. Oui.

Q. Il vous a également accompagné à la résidence de M. Bisaillon quand vous avez été là avec M. Rioux, dans l'après-midi?—R. Oui.

Q. Entre l'heure où vous avez conduit M. Bisaillon au bureau de la sûreté provinciale et l'heure où vous êtes allé à la résidence de M. Bisaillon, avec M. Rioux, est-ce que M. Masson a toujours été avec vous?—R. Oui.

Q. Si l'officier Masson était allé à la résidence de M. Bisaillon vous en auriez eu connaissance?—R. Oui.

Q. Ni vous, ni M. Masson ne sont allés à la résidence de M. Bisaillon jusqu'à ce que M. Rioux y aille?—R. Non.

Q. Monsieur Duval, vous êtes le premier officier fédéral qui soit allé le soir, à la fin de novembre, à Saint-Sulpice, lorsque la barge *Tremblay* était au quai de Saint-Sulpice?—R. Oui.

Q. Vous êtes le premier officier fédéral qui est allé là?—R. Oui.

Q. Comment ce fait-il que vous êtes allé là?

M. CALDER, C.R.: Il l'a dit l'autre jour.

M. Gagnon:

Q. De quelle heure à quelle heure êtes-vous resté à Saint-Sulpice?—R. Entre onze heures et demie, minuit, jusqu'à environ une heurs, une heurs et demie du matin.

Q. Le capitaine Tremblay était-il arrêté quand vous êtes parti le soir?—R. Oui.

Q. Vous n'avez pas laissé d'officier de douanes en charge de la barge?—R. Non.

Q. La barge a été amenée au quai de Montréal dans le cours de la nuit?—R. C'est-à-dire le lendemain, dans l'avant-midi.

Q. A quelle heure êtes-vous retourné à la barge le lendemain?—R. Dans le cours de l'avant-midi.

Q. Deux ou trois jours après la saisie de la barge *Tremblay*, avez-vous eu occasion de saisir, à bord cette barge, d'autres boissons qui avaient été laissées là?—R. Oui.

Q. Qu'avez-vous saisi la deuxième fois?—R. Trois canistres d'alcool.

Q. Avez-vous fait l'examen complet de la barge à cette époque-là, après avoir opéré la deuxième saisie?—R. Oui.

Q. Qui surveillait la barge les deux ou trois jours qui ont suivi son arrivée de la barge, là où ils mettent leurs câbles.

Q. Comment se fait-il que vous êtes allé faire une saisie deux jours après que la barge était supposée avoir été déchargée au complet?—R. C'est M. Bisaillon qui m'a envoyé avec Noël et Hicklin, disant qu'il avait eu l'information qu'il restait encore de l'alcool à bord de la barge.

L'hon. M. STEVENS pose les questions suivantes en langue anglaise, et elles sont traduites au témoin par M. Beauchamp, interprète officiel:

Q. Qui surveillait la barge les deux ou trois jours qui ont suivis son arrivée à Montréal?—R. Je ne le sais pas, je n'étais pas là.

Q. Qui le saurait?—R. Peut-être M. Bisaillon; moi, je ne le sais pas.

M. Gagnon:

Q. Pendant tout le temps que vous êtes occupé du déchargement, ou de surveiller le déchargement de la barge *Tremblay*, il y avait continuellement des officiers de la Commission des liqueurs qui "checkaient" la marchandise qui sortait de la barge?—R. Oui.

Q. Vous ne savez pas quand ces officiers sont partis?—R. Après que le déchargement a été effectué; tout était fini.

Q. Etes-vous resté là jusqu'à ce que la barge soit complètement déchargée?—R. Oui.

Q. Les officiers de la Commission des liqueurs, pendant le déchargement, se tenaient-ils à bord de la barge ou sur le quai?—R. Il y en avait à bord et sur les quais.

L'honorable M. Stevens pose les questions suivantes en langue anglaise et elles sont traduites au témoin par M. Beauchamp, interprète officiel:

Q. Je croyais que vous étiez en charge du déchargement?—R. J'étais en charge de la boisson, de l'alcool. Je n'étais pas en charge du bateau.

Q. Qui a fait la vérification du nombre de caisses?—R. Ce sont les inspecteurs de la Commission des liqueurs qui les "checkaient" en faisant le chargement des voitures.

Q. Durant tout le temps que le déchargement se faisait?—R. Durant tout le temps que le déchargement se faisait, eux autres "checkaient" le nombre de caisses qui étaient embarquées dans les voitures.

Q. Quand avez-vous terminé votre visite chez M. Bisaillon, alors que vous vous êtes rendu là avec M. Rioux et M. Masson?—R. Ils ont pris le train le soir, j'ai été les reconduire au train.

Q. Quand ils sont allés faire des perquisitions chez M. Bisaillon, à quelle heure cette opération s'est-elle terminée?—R. Je ne me rappelle pas l'heure.

Q. Vous vous rappelez que M. Masson était avec vous?—R. Masson était avec moi.

Q. Vous nous avez dit ça tantôt. A quelle heure avez-vous terminé votre visite, avec M. Rioux et M. Masson, chez M. Bisaillon?

Le président:

Q. Quand avez-vous laissé la résidence de M. Bisaillon, c'est ce que cela veut dire?—R. Je ne me rappelle pas l'heure au juste. Je sais qu'on est arrivé quelques minutes avant, pour qu'ils prennent le train pour s'en aller à Québec.

L'hon. M. Stevens interroge le témoin en anglais et ses questions sont interprétées comme ci-après:

Q. M. Masson a passé toute la journée avec vous, après l'arrestation de M. Bisaillon?—R. Oui.

Q. Avez-vous été à la banque avec lui?—R. Je crois qu'il a arrêté à la banque avec moi.

Q. Soyez certain. Etes-vous allé à la banque?—R. Je crois que oui.

Q. Quelle banque était-ce?—R. Ce que je me rappelle, il m'a dit qu'il avait affaire à aller à la banque. Je crois que j'ai arrêté à la banque avec lui, je ne me rappelle pas quelle banque.

Q. A quel endroit était cette banque-là?—R. Je ne me rappelle pas.

M. St-Père:

Q. Dans l'est de la ville?—R. Dans l'est, dans tous les cas.

M. Calder, C.R.:

Q. Sur quelle rue?—R. Je ne me rappelle pas la rue.

L'hon. M. Stevens interroge le témoin en anglais et ses questions sont interprétées comme ci-après):

Q. Est-ce vous qui avez conduit l'automobile dans laquelle M. Bisaillon avait pris place?—R. Dans l'après-midi, oui.

Q. De quel droit M. Masson avait-il le droit de se promener en auto toute la journée?—R. Ce n'est pas toute la journée.

Q. C'était à peu près à partir de neuf heures du matin jusqu'à quatre ou cinq heures de l'après-midi?—R. Ah, non.

Q. A quel endroit avez-vous pris le lunch avec M. Masson?—R. Je ne me rappelle pas.

Q. Savez-vous s'il était avec vous à l'heure du lunch?—R. Il devait, parce qu'il ne m'a pas laissé.

Q. Vous ne pouvez pas dire à quelle banque vous avez été, non plus où vous avez lunché, ou s'il était avec vous quand vous avez pris votre lunch?—R. Je ne me rappelle pas, je n'ai pas pris note de ça.

Q. Comment pouvez-vous vous rappeler que M. Masson ait été avec vous toute la journée?—R. Il était avec moi, il ne m'a pas laissé.

Q. Vous êtes sûr qu'il ne vous a pas laissé?—R. Bien certain qu'il ne m'a pas laissé, moi non plus.

M. St-Père:

Q. Vous ne vous êtes pas laissés, ni l'un ni l'autre?—R. On ne s'est pas laissés.

Le président:

Q. Ils sont partis pour Québec ce soir-là?—R. Oui.

Q. A quelle heure?—R. Par le train de cinq heures.

Q. Quand vous dites: "On ne s'est pas laissés", M. Rioux était-il dans la voiture tout le temps avec vous autres?—R. Quand M. Bisaillon y était, oui.

Q. Au sujet de la fameuse barge *Tremblay*, on nous a dit que les bidons coulaient; est-ce la vérité?—R. Oui.

Q. Y avait-il de l'alcool répandu dans la barge?—R. Oui.

Q. Quelle quantité?—R. Ah, il y en avait.

Q. A peu près un pouce, deux pouces?—R. Il aurait fallu avoir un jaugeur.

Q. Y en avait-il assez pour se mouiller les pieds?—R. Oui.

M. Gagnon:

Q. N'est-il pas vrai, monsieur Duval, que ce midi-là vous avez lunché au comptoir Bouillon avec M. Masson, et que M. Rioux a lunché avec M. Bisaillon et son avocat, M. Duranleau, qu'ils ont lunché ensemble?—R. Ça se pourrait, je ne me rappelle pas.

M. Calder, C.R.:

Q. Quand vous êtes arrivé chez M. Bisaillon, à sa résidence, accompagné du détective Rioux, de M. Bisaillon et de l'officier, M. Masson, le "safe" était-il ouvert?—R. Je n'ai pas vu le "safe".

Q. Etes-vous entré?—R. Oui.

Q. Vous êtes entré dans le même appartement que M. Masson ou les autres?—R. Le même appartement; on est entré tous les quatre ensemble.

Q. Vous avez été dans chaque chambre ensemble?—R. Non.

Q. Vous vous êtes séparés juste pour ne pas voir le "safe"?—R. Je suis resté en bas avec M. Masson; M. Rioux et M. Bisaillon sont montés en haut.

M. Doucet:

Q. A l'arrivée de la barge *Tremblay*, à Montréal, la cargaison est devenue une saisie douanière; on vous a mis en charge de la cargaison?—R. Oui. Je n'étais pas là quand elle est arrivée.

Q. Plus tard?—R. Plus tard.

Q. Et la barge *Tremblay* est devenue une saisie douanière?—R. Ca, je ne sais pas, moi.

Q. Comme officier de douanes, vous ne me direz pas que, si la cargaison est devenue une saisie douanière, la barge ne l'était pas?—R. Je ne connais pas les suites de la saisie. Il y a eu un rapport de saisie fait; je ne sais pas si la barge elle-même a été saisie ensuite.

M. St-Père:

Q. Vous étiez là pour surveiller la cargaison?—R. La cargaison, ce qu'il y avait dans la barge. Je n'avais pas affaire à la barge, c'était à la cargaison que j'avais affaire.

Le président:

Q. Pour que la cargaison aille à l'entrepôt du roi?—R. Oui, monsieur.

M. Doucet:

Q. Qui voyait au déchargement de la barge?—R. Les officiers de la Commission des liqueurs.

M. Calder, C.R.:

Q. Qui vous a dit que la barge était sous le contrôle de la Commission des liqueurs?—R. Ce sont eux qui en ont pris le contrôle.

Q. Qui vous a dit que la barge était sous le contrôle de la Commission des liqueurs?—R. Ce sont eux qui l'ont dit, les officiers de la Commission des liqueurs.

L'hon. M. Stevens pose les questions suivantes dans la langue anglaise et elles sont traduites au témoin par M. Beauchamp interprète officiel:

Q. Ne savez-vous pas la barge *Tremblay* avait été saisie par le département des douanes et enlevée du contrôle de la Commission des liqueurs?—R. Non.

Q. Vous êtes classé comme journalier?—R. Oui.

Q. Vous n'êtes pas classé comme officier de surveillance?—R. Je suis un employé des douanes.

Q. Classé comme journalier?—R. Oui.

Q. Que faisiez-vous avec M. Masson toute la journée?—R. Toute la journée... ça n'a pas été long.

Q. Que faisiez-vous?—R. A partir de onze heures, aller manger, aller prendre notre "lunch", ensuite, aller chez M. Bisaillon, et puis, M. Rioux prendre le temps d'ouvrir son "safe", regarder partout dans son bureau, regarder ses papiers, revenir et prendre le train de Québec, à cinq heures. M. Bisaillon demeure à Notre-Dame-de-Grâce, à cinq milles.

Q. C'est la journée d'un journalier du département des douanes?—R. Quand il n'y a pas d'autre chose à faire.

M. Doucet:

Q. Vous aviez la surveillance de la cargaison, n'est-ce pas, au quai Victoria? —R. Oui, monsieur.

Q. Vous avez surveillé le déchargement de la cargaison?—R. Oui, monsieur.

Q. Vous ne vous occupiez pas de la barge vous-même?—R. La cargaison seulement.

Q. Maintenant, pouvez-vous expliquer au Comité comment il se fait qu'ayant la surveillance de la cargaison, deux jours plus tard il y avait encore de l'alcool dans le bateau?—R. C'est parce qu'il y avait trois canistres qui avaient été cachées en-dessous des câbles, les câbles étaient roulés par-dessus, dans un trou en arrière du bateau; là où ils mettent les câbles et les chaînes, il y avait trois canistres cachées en-dessous des câbles.

Q. N'était-il pas aussi facile de les trouver ce jour-là que deux jours plus tard?—R. M. Bisaillon a reçu un téléphone et nous a envoyés pour aller les chercher. Nous sommes partis, nous sommes allés et nous les avons trouvées là.

M. St-Père:

Q. Combien ces canistres pouvaient-elles contenir de gallons d'alcool?—R. Environ cinq gallons chacune.

M. Doucet:

Q. Etes-vous encore officier des douanes à Montréal?—R. Oui, monsieur.

Q. A la page 464 de la preuve, en date du 2 mars dernier, une question vous est posée par monsieur l'avocat Calder: "Vous êtes un officier des douanes, attaché au service préventif?" Et votre réponse est la suivante: "Je l'étais, je ne le suis plus."—R. On m'a transféré, du service préventif, au port de Montréal.

Q. On vous a transféré, du service préventif, au service du port?—R. Oui, monsieur.

Q. A peu près à quelle date?—R. Dans l'enquête Duncan, je ne ne me rappelle pas la date.

Q. Au cours de l'enquête Duncan, on a fait le transfert?—R. Oui, monsieur.

Q. Maintenant, M. Calder vous demande une autre question: "Quand est-ce que vous avez cessé d'être un officier de douane?" Et vous avez répondu: "Il y a à peu près deux mois." Il ne vous demandait pas dans le service préventif, il demandait officier douanier?—R. Comment cela?

Q. La question subséquente est celle-ci: "Quand est-ce que vous avez cessé d'être un officier douanier?"—R. C'est parce que j'ai mal compris, parce que je suis encore un officier de douane.

Q. Vous n'avez pas compris?—R. Je n'ai pas compris la question qu'il m'a posée; c'est-à-dire j'ai compris quand j'avais été transféré; cela faisait une couple de mois que j'avais été transféré, dans le temps.

Q. A la page 468 la question a été posée: "Quand avez-vous cessé d'être officier préventif?" Dans la traduction on a mis "customs officer", j'admets que l'erreur n'est pas la vôtre.

Le président:

Q. Vous avez toujours été payé par le département des douanes?—R. Toujours, monsieur.

M. Doucet:

Q. Avez-vous obtenu une promotion lors de l'enquête Duncan?—R. Non, monsieur.

Q. Vous avez toujours le même salaire?—R. Le même salaire. J'en attends une par exemple.

Q. Après cette enquête terminée?—R. Oui, monsieur.

Le président:

Q. Dois-je comprendre que c'est le salaire qui fait la promotion?—R. Oui, monsieur.

Q. Pour un employé du gouvernement, c'est bien cela?—R. Oui, monsieur.

M. Gagnon:

Q. Combien cela fait-il de temps que vous faites des saisies?—R. Je fais des saisies depuis que je suis à la douane.

Q. Et vous avez agi quand bien même vous n'étiez pas officier préventif, vous avez agi comme tel, quelle que soit votre classification au département?—R. Oui, monsieur.

Le témoin se retire.

WILLIAM RUTLEDGE called and sworn.

By Mr. Calder, K.C.:

Q. What is your present occupation?—A. Salesman.

Q. For whom?—A. For myself.

Q. In 1924, in the month of November, were you in the employ of the Quebec Liquor Commission?—A. Yes, Inspector of the Quebec Liquor Commissioners.

Q. Do you remember being detailed in connection with the barge Tremblay?—A. Yes.

Q. We will take it for granted that the date of the seizure was the night of the 20th-21st?—A. Yes, sir, 21st November at 12.30 when I arrived at the seizure.

Q. Who detailed you?—A. Mr. Dansereau.

Q. What time were you detailed?—A. At 11.30 I received a 'phone call to come to the office as quick as possible.

Q. Were you told what to do and where to go?—A. I was told a seizure had been made and I was sent as help.

Q. The barge had already been seized?—A. Yes.

Q. What time did you arrive there?—A. About 12.30.

Q. Were you in charge of a party?—A. Yes.

Q. And Inspector Gauthier at the Quebec end was also there?—A. Mr. Gauthier of Montreal, he was there with four men.

Q. We will pass over the intervening period and come to the time you arrived in Montreal; they were on board of the barge when you arrived?—A. Yes.

Q. What time did you arrive?—A. I couldn't exactly say, it was near twelve o'clock. As soon as we came to the wharf General Panet and Mr. Bisaillon were on the wharf.

By the Chairman:

Q. Did you go aboard?—A. Yes.

By Mr. Calder, K.C.:

Q. Was there anybody else besides Mr. Bisaillon from the Customs at the moment?—A. Not just at the moment, Mr. Duval came down in a Ford touring a short time after.

Q. Did you hear a conversation between Mr. Bisaillon and General Panet? —A. No, they walked over where there was a piece of tin that had blown down by the wind and were talking together.

Q. At the time, there were two Americans on board when you arrived at Montreal?—A. Yes.

Q. Campbell and Stewart?—A. I know one was Campbell.

Q. Where were these men kept during the trip?—A. In a cabin, near the Captain.

Q. Upstairs on the bridge?—A. Yes.

Q. Were they under guard?—A. Under guard all the way.

Q. Who was in charge of them?—A. I was.

Q. Did you remain on the boat in charge of the prisoners while General Panet and Mr. Bisaillon were conferring?—A. No, I was called out by Mr. Gauthier.

Q. Was there anybody left in charge?—A. No, they came down themselves.

Q. Campbell and Stewart came down?—A. Yes.

Q. Did you go ashore?—A. Yes.

Q. Did Campbell and Stewart go ashore?—A. They tried to and I hollered to them to get back.

Q. After this occurred were you put in charge, or was anybody else in charge?—A. No, I went in charge myself.

Q. Where were they, standing at the gangway?—A. Yes. They were all the time on board ship.

Q. Were you relieved?—A. Yes, about half past three. About that time Mr. Bisaillon came down and Mr. Kelly who was in charge, and Mr. Bisaillon came and said to Kelly the Federals are taking charge of this.

Q. Meaning "this" what?—A. The boat, the seizure. Mr. Kelly says "Mr. Bisaillon," as far as I overheard the conversation, "I do not take any orders from you, I take them from General Panet." He turned and walked over and said "we will go to the office" and Mr. Bisaillon and Mr. Kelly went to the office. I dont know whether they got there. Kelly came to me and said. "you are going to stay here and I am going to the office, the Federals are taking charge."

Q. Did you leave any guard on the prisoners?—A. I was told Duval was in charge, and I said to Duval "look after these men, they are sons of b's, they will try and get away."

Q. What did Duval say?—A. He said "they are all right."

Q. Did you give up charge at the time?—A. Right at the moment.

Q. Were you on board when this conversation between yourself and Duval took place?—A. No, sir, on the wharf.

By the Chairman:

Q. Was the door of the cabin locked?—A. No, there was no key to it.

By Mr. Calder, K.C.:

Q. They were on deck?—A. No, sir, down stairs on the bottom deck, or whatever you call it.

Q. The gangway deck?—A. I do not know what you call the front part of the boat.

Q. Were you the last Liquor Commission Officer to leave the ship?—A. No, sir I left Mr. De Bellefeuille there.

Q. Where you the last to leave the ship, to go ashore from the boat?—A. Yes, I expect, yes, I was in charge of the prisoners.

Q. Did you remain there?—A. No, sir, I wanted to go and Mr. De Bellefeuille he came to relieve me between three-twenty to three-thirty.

Q. When you left, Duval was in charge as far as you knew?—A. Yes.

Q. Of the prisoners?—A. Yes, he was.

Q. Did you return afterwards?—A. No.

Q. That was your last experience there?—A. No, I stayed there when De Bellefeuille came down to relieve me. I said to De Bellefeuille "what is up now" and he said, "Mr. Dansereau told me to tell you to go home," and I said, "Christ, hasn't he got no heart, I have been up all night and all day yesterday." I said, "all right, I will go up on the Captain's deck and try and get a couple of hours sleep." I was up about an hour and a man Powers came to me and said Bellefeuille wanted to see me, and I went down and said "what do you want to tell me, and he said, "Dansereau wants to see you" and he said Kelly had got some sleep. I said "Jesus, it is late now and it don't give me much chance to go home." Instead I went to the office and was there about twenty minutes and was right out on the road again.

Q. Almost as bad as in the Army?—A. Yes.

Q. Is that all you know about the matter?—A. Yes.

Q. You did not return to the Tremblay after that?—A. Yes, I returned next day. I had orders to go down and see about some barrels and boxes. I went down and examined the barrels, and a box of cabbage and the barrels were barrels of oil.

Q. Barrels of what?—A. Fish oil.

Q. When you left, after your conversation with Dansereau, when you left were Stewart and Campbell still on board?—A. Yes, on this part of the wharf, and they were sitting where there was one of the Tremblay lifeboats. They were talking together. Stewart had a valise in his hand and Campbell was talking to him; I do not know what their conversation was.

Q. You saw them?—A. Yes.

Q. De Bellefeuille relieved you?—A. Yes.

Q. He had been there?—A. Yes.

By Mr. Gagnon:

Q. Did you have any knowledge of Tremblay being arrested?—A. Yes, I was asked by Mr. Bisaillon to put him under arrest.

Q. Do you mean to say Bisaillon put Tremblay under arrest?—A. Yes. He walked over to the side of the boat and said something in French to Tremblay, "vous êtes arrêté."

Q. When was that?—A. That conversation between him and General Panet.

Q. You swear that Bisaillon had Tremblay arrested?—A. I won't say "arrested," he had him.

Q. Who took charge of Tremblay?—A. Inspector Joliat.

Q. The Liquor Commission arrested him?—A. He was arrested the night before. Bisaillon came down and said something, I do not know what he said.

Q. During the night, was there a Customs Officer in charge of the boat? —A. I did not see any.

Q. The boat left St. Sulpice about eleven o'clock?—A. Before that.

Q. Seven o'clock?—A. Yes, in the morning. We went up the river.

Q. Were there any Customs Officers in the boat when you went up the river?—A. Not to my knowledge.

Q. There were just the Liquor Commissioners on the boat?—A. There were two fellows, and I have not seen them since, and did not see them before.

Q. Two Americans, Mr. Stewart and Mr. Campbell?—A. No, two big stout fellows.

Q. You have not seen them since?—A. No, or never before.

Q. You never had charge of them?—A. No.

Q. Do you know Mr. Duval?—A. Yes.

Q. When did you see him last, on the night of the seizure, at what time? —A. On the night of the seizure or the day after?

Q. At St. Sulpice?—A. I did not see him there, I did not come till twelve twenty.

Q. Were there Customs Officers there at twelve twenty?—A. There were quite a few of them there.

Q. Were there more than two officers?—A. Yes.

Q. You are sure there were some on board?—A. Yes.

Q. Was Mr. Tremblay under arrest?—A. I do not know, I did not put him.

Q. You had charge of the two Americans?—A. Yes.

Q. You did not take charge of Mr. Tremblay?—A. No.

Q. Were there any other Quebec Liquor Commission officers there when you left in the afternoon?—A. When do you mean?

Q. In the afternoon.—A. When we got back to Montreal; are we talking about Montreal?

Q. Yes.—A. Yes.

Q. Were the Customs Officers on board?—A. Not all.

Q. Duval was there, was he on the boat?—A. Yes, and the police were standing on the wharf.

Q. Was the unloading going on?—A. We stopped it.

Q. You started to unload?—A. Yes, we loaded about three trucks, something about that.

Q. You returned to the boat just after?—A. Yes.

Q. You told us, a few minutes ago, you searched the boat?—A. No, just the barrels on the first front of the boat, just the barrels and a bag of cabbage.

Q. You did not make a thorough investigation?—A. We had no orders.

Q. You had no orders?—A. No, sir.

Q. How long after did you leave the employ of the Quebec Liquor Commission?—A. I could not tell you just at the moment. I went to the Head Office.

Q. How long after the seizure did you leave the employ of the Quebec Liquor Commission?—A. I left on 15th December, last year.

Q. About a year and a half?—A. Yes.

Q. 1925?—A. Yes.

Q. About a month and a half after?—A. A year and a month.

The CHAIRMAN: About eleven months and sixteen days.

By the Chairman:

Q. January, 1925?—A. No, December, about the 15th or 16th.

Q. In December?—A. Yes.

Q. Were there any other officers there?—A. Yes, a number.

By Mr. Calder, K.C.

Q. In fairness to this witness, let him state what he was going to say about leaving the Liquor Commission.—A. I was working in the Liquor Commission, in the port department, and I then went to the head office.

Q. Who were the officers of the Quebec—I mean who were your superior officers at the time of the seizure of the barge Tremblay?—A. I was not at the seizure.

Q. Who was there after?—A. I guess the best part of the Quebec Liquor Commission men, nearly all the Quebec Liquor Commission men.

Q. Could you give us their names?—A. Powers, Davis, De Bellefeuille, Bissett, Gauthier, Kelly, Matt and Mitchell.

Q. At times, not altogether?—A. Yes, the day after.

Q. They were used for replacing?—A. When I received the request from Mr. Bellefeuille to come down, I did not know who was with him.

By Mr. Gagnon:

Q. Who else besides you, Mr. Rutledge, in the employ of the Quebec Liquor Commission worked in connection with the seizure?—A. I knew a number of the Quebec Liquor Commission men. I have not got my notes.

Q. Ten or fifteen? You do not know who else was left there?—A. No, I left at four-thirty.

Q. There were still some there?—A. Yes, three or four, or four or five.

Q. Tremblay was the only one arrested by the Quebec Liquor Commission men?—A. No, they arrested somebody else.

By Mr. Doucet:

Q. Were Stewart and Campbell placed under arrest by the Quebec Liquor Commission?—A. Yes.

Q. When you reached Montreal these three men were under arrest?—A. Yes.

Q. You had a party of three?—A. Only two, Campbell and Stewart.

Q. They were continually under your charge until such time as Duval took charge?—A. Yes.

Q. You told him to look after these men?—A. Yes.

Q. De Bellefeuille was there?—A. No, he was not there.

Q. They were under arrest?—A. Yes. When we came to the boat they tried to get off and I hollered at them to get back. I think Mr. Bisaillon and General Panet were standing there at the time.

By Mr. Gagnon:

Q. Were the Quebec Liquor Commission men, the ten or fifteen, unloading? —A. No.

Q. Doing nothing?—A. I do not know what their orders were.

Q. Did they take part in the unloading?—A. I do not know what their orders were.

Q. Did they do anything?—A. I know I took off my coat and started unloading in the morning. I would not say what the others did.

Q. You were there?—A. Yes. I left when De Bellefeuille came down the river with three or four of his wagons. He pulled two double ones in, but I cannot say whether they were double or single.

Q. They were brought down to help the truckers?—A. Yes, I heard the conversation.

Q. When you were there?—A. Yes, they were not unloading anything.

By Mr. Calder, K.C.:

Q. If I understand you, you did help to load the Commission wagons?—A. Yes, in the morning.

Q. After that you stopped?—A. Yes.

Q. The carters came along and you did not see any loading after that?—A. No.

By Mr. Gagnon:

Q. How many Customs Officers were there when you left?—A. Just one.

Q. The other people were Quebec Liquor Commission men?—A. As far as I know.

By Hon. Mr. Stevens:

Q. You have made, I suppose, seizures on behalf of the Quebec Liquor Commissioners, have you not?—A. Yes.

Q. Frequently?—A. Yes.

Q. Did you ever have any clash with the Customs authorities on previous occasions?—A. No, sir, every time we went for information we always got it, there was no trouble at all.

Q. Never had any interference by way of seizures being taken out of your hands?—A. Once.

Q. When?—A. One time we went to the Dominion Mahogany; we got orders to seize a carload—we were told it was rough lumber. While we were there there was a red headed fellow came down and said "what are you fellows doing here" and I said, "we are making an examination" and I told him that Kelly was in charge. Kelly told him we had come to examine the car. He went inside and 'phoned and he came out and told Kelly that somebody wanted to see him on the 'phone. Kelly went in and then came out and said orders of the Customs to let it through by the regular channels.

Q. It was shipped by whom?—A. That is the fellow we are trying to find out.

Q. You did not say whom it was shipped by?—A. No, from the Dominion Mahogany, and was supposed to be rough lumber. There was a square piece of tin there and I had ship iron for clawing on the boats, and I opened the boards with it and I saw the cases.

Q. It was a carload of beer?—A. Yes, beer and champagne.

Q. It was liquor anyway?—A. Yes.

Q. And the Dominion Mahogany, is that the plant now of the Dominion Distillers?—A. I do not know whether it is the Dominion Distillers; it goes by the name of Dominion Mahogany, and when you get out there you can smell nothing but booze.

Q. It was the Dominion Mahogany Company, and could you give a description of where it was located?—A. It was on the Lachine Road going towards Lachine on the left hand side. I know it was not far from the Turcoat Yards. We turned around and I said to Kelly there is no use walking down. We will ride back on a flat car, and we sat on the car and rode on top while she went down the track.

Q. Mr. Kelly was in charge?—A. Yes.

Q. Where is Mr. Kelly?—A. As far as I know in the employ of the Quebec Liquor Commission.

Q. Mr. Kelly said what?—A. As far as I know, Mr. Kelly told me he had received orders from Mr. Panet to let it go through, that it was going through the right channels.

Q. That it was going through the right channels?—A. Yes, sir.

Q. Presumably that order came from the Customs?—A. Yes. I did hear him mention something about the Customs, but I did not quite catch what he said.

By the Chairman:

Q. You are not quite sure?—A. He just said the Customs.

By Hon. Mr. Stevens:

Q. During that trip along the river with the barge Tremblay was there any discussion as to who were the owners of that liquor?—A. Yes. The big red-headed fellow turned around and wanted to pay everybody to get off the boat.

Q. Was that Campbell?—A. Yes, sir.

Q. One of the distinguished prisoners?—A. Yes.

Q. What did he say?—A. He called me over to one side and said to me, "who is the guy in charge here?" I said "Mr. Gauthier." He said, "is he worth while talking to?" I said, "Yes, if you want to go to jail, he is."

Q. Did he talk to Mr. Gauthier?—A. No.

Q. Did he give you any other inside information?—A. Yes, he thought Mr. Bisaillon had double-crossed him.

Q. What did he mean by that?—A. I do not know, it was nothing to concern me, so that I did not bother him.

Q. Let us get this straight; he told you that Mr. Bisaillon had double-crossed him?—A. Double-crossed him.

Q. Did he or any of the others give you any information as to who the real owners of that liquor was?—A. No, sir. The only party I ever seen was a fairly sized stout gentleman coming down in a big limousine about three o'clock in the morning, I guess.

Q. At St. Sulpice?—A. Yes. He came down; I was standing on the bridge, and my two men were sound asleep, because they were full; he hollered out "is anybody on board?" I said, "sure, what do you want?" He said, "what is the trouble?" I said, "the boat is seized." I no sooner had the word "seized" out of my mouth than you could not see him for dust.

Q. He beat it?—A. Yes.

Q. Did you know who it was?—A. No, sir. I did not know who it was. I never saw him before. The car looked like an American license or a Canadian license.

Q. About those two other interesting gentlemen, where did they come on?—A. They came on in the morning, with our own men. I did not know who they were. They got of at Montreal. They seemed to know General Panet, because they were talking to him.

Q. They might have been officers of the Liquor Commission?—A. They might have been. They have what we call a private service in that department, and we do not know them. The men go out, and if they have any seizures to make, they get their orders from the assistant controller. They are what we call specials.

Q. You did not hear anything else about the ownership of the liquor?—A. No.

Q. General Panet did not say anything?—A. He was feeling pretty sore for a while. He said, "I guess I will put boot-legging on the sole of my foot the next time I am caught." That was the next thing he said to me. The next time I saw him I asked him how he got along; he said he was put back for a week. "but I will find bottom." He was with some gentleman; I do not know who he was with.

By Mr. Calder, K.C.:

Q. At the time you were out at St. Sulpice, were there four strangers, or just Stewart and Campbell?—A. Just Stewart and Campbell, and then off in the distance, Mr. Gauthier drew my attention to it when we saw a flashlight. One light would be red, and one green. I said, "that is not a boat signalling, it is someone on the island." Paul passed the word to me "perhaps they are running

a red-light district over there." I said, "Let us go over and see."—The light flashed again, in a few minutes, and I said, "you are right, they are signalling again."

Q. Was there anybody else besides the crew, the officers of the Quebec Liquor Commission, Captain Tremblay, Stewart and Campbell, that you saw? —A. No, sir. These two other persons got on board, and came up. They came down in the morning with Lefebvre, Mr. Kelly, Mr. Corbeil. The others were the guys on the south shore.

Q. They came down to St. Sulpice?—A. Our own men. I think Mr. Dansereau will be able to say that they were our own men.

By Hon. Mr. Stevens:

Q. About what date was it?—A. I could not tell. If I had my notes I could tell you. When we left, the Quebec Liquor Commission took everything from us.

Q. What year was it in?—A. The same year we seized the barge.

Q. Before or after?—A. I think it was after.

Q. The fall of 1924?—A. Mr. Kelly would be able to give you that information.

Witness discharged.

PAUL DE BELLEFEUILLE called and sworn.

By Mr. Calder, K.C.:

Q. Mr. de Bellefeuille, are you in the employ of the Quebec Liquor Commission now?—A. Yes, sir.

Mr. CALDER, K.C.: I am informed, Mr. Chairman, that in order that the position of these witnesses, Mr. Rutledge and Mr. de Bellefeuille, may be regularized, some sort of motion should be passed that they be summoned as witnesses. It can be entered in the minutes. I asked Mr. Demarais to get the proper officers, and he sent them up here.

The CHAIRMAN: That is quite in order.

By Mr. Calder, K.C.:

Q. Were you in the employ of the Quebec Liquor Commission at the time the barge was seized?—A. Yes, sir.

Q. Did you take part in the seizure at St. Sulpice?—A. No, sir.

Q. Did you go to the barge when it arrived at Montreal?—A. Yes, sir.

Q. At what time did you go there, after it arrived there on the 21st of November?—A. I was there when the barge arrived.

Q. Were you put in charge of either the liquor, the prisoners or the ship?—A. Not in the morning.

Q. Did you do anything in connection with the barge Tremblay in the morning at all?—A. No, sir.

Q. Did you go away from her?—A. Yes, sir.

Q. When did you return?—A. I got orders to get on a truck and go back with one after the truck was loaded "pour être au courant".

Q. You saw it leave?—A. Yes, sir.

Q. You came back?—A. I came back to the office, and in the afternoon about a quarter past three, I got orders from Mr. Dansereau to go back to the boat and relieve Mr. Rutledge.

Q. When you arrived at the wharf, did you see Stewart and Campbell there?—A. Yes, sir.

Q. When Rutledge went away, I understand they were still there?—A. Yes, sir.

Q. Did you keep them under observation?—A. No, sir, I had no instructions about them.

Q. What were you doing from the time you relieved Rutledge right along?—A. My instructions were to stay there and see what was going on.

Q. Did you see any of the liquor officers go away with either Stewart or Campbell?—A. No, sir.

Q. For the purpose of taking a lunch?—A. No sir.

Q. Or on some such pretext?—A. No sir.

Q. At what moment did you notice that they were no longer there, if you did?—A. I could not swear to the time, but I guess it was around after five o'clock.

Q: After five o'clock, you noticed they were no longer there?—A. Yes, sir.

Q. Did you ask any questions about it?—A. No sir, that was none of my business.

Q. Had you seen them at intervals between three o'clock and five o'clock?—A. I noticed them when I went on board the ship about three o'clock.

Q. And from time to time you saw them again?—A. I saw them again from time to time.

Q. From five o'clock you saw them no more?—A. They disappeared.

By Mr. Gagnon:

Q. You were there for the purpose of watching what was going on?—A. Yes, sir.

Q. For how long periods were you there?—A. Until half past ten o'clock.

Q. You relieved Rutledge?—A. Yes.

Q. He was the man in charge when you came on?—A. I do not know, but I do not think he was in charge.

Q. What were your instructions?—A. Before I left the office, I asked Mr. Dansereau what I was going to do about the men, about the crew; he said, "Never mind, just stick around there and see what is going on until the barge is unloaded," and I was there until half past ten.

Q. He did not give you any specific instructions, as far as the men were concerned?—A. No sir.

Q. About what time did you receive your instructions from Mr. Dansereau?—A. About half past three o'clock in the afternoon.

Q. You were there to watch the men?—A. I was there to watch the men.

Q. You did not see them go away?—A. No, sir.

Q. You were there with the Quebec Liquor Commission employees, and helped in the unloading of the liquor?—A. No, I was not helping.

Q. I am not saying you, but the other employees?—A. Yes.

Q. The Quebec Liquor Commission were unloading, or helping the Customs officers to unload?—A. No, they were unloading. They were there the same as I was there.

Q. You were there when the unloading was being done?—A. Yes.

Q. Who was doing the unloading?—A. The men from the Arbour and Cicotte firm. I did not know them.

Q. Were they Quebec Liquor Commission men, on the boat?—A. I guess they were.

Q. How many?—A. Two.

Q. Up to what time?—A. Up to half past ten, when they unloaded the boat.

Q. And they disappeared?—A. I guess Mr. Dansereau sent three or four men after six o'clock at night to help, but I did not know what it was for.

Q. You are still in the employ of the Quebec Liquor Commission?—A. Yes.

Q. Did you make a written report to the Liquor Commission?—A. Yes, I made a short report.

Q. What?—A. I did make a short report.

Hon. Mr. STEVENS: Mr. Calder, I was just wondering if we could not establish a point here. There is no dispute—or I would like to know if there is any dispute—between yourself and Mr. Gagnon, as to the Customs, Mr. Gagnon representing the Customs, taking charge of this affair, around noon. From Mr. Gagnon's questions, I gather that the point is that the Quebec Liquor Commission was in charge of the prisoners and so on.

Mr. CALDER, K.C.: I thought it was fully established that Mr. Bisaillon, after some talk with General Panet, telephoned to Ottawa, and from that moment on told General Panet that he was in charge, and General Panet merely took Captain Tremblay because he had been guilty of an offence under the Quebec Liquor Act, of illegally transporting liquor.

Hon. Mr. STEVENS: If that is the understanding, all right, but if not, we will have to have some of these witnesses back again. Mr. Gagnon's point is that the prisoners were in charge of the Quebec Liquor Commission.

Mr. CALDER, K.C.: That point, I think, can hardly be made in face of the testimony.

Mr. GAGNON: There is a point we are trying to make, that we never became responsible for the men, because it was the practice of the Customs authorities not to make any arrests in connection with a seizure of liquor.

The CHAIRMAN: I understood that they made their choice, and arrested Captain Tremblay.

Mr. GAGNON: They arrested Captain Tremblay, and did not bother with any of the others.

Mr. DOUCET: What I cannot understand is this: How can the Customs take charge of a cargo and apparently give no care to the barge or to the prisoners? If Mr. Bisaillon told General Panet that he was taking charge, to my mind, he would have charge of the whole thing.

The CHAIRMAN: The vessel was already seized by the Quebec Liquor Commision, and the Captain was arrested.

Mr. GAGNON: It might have been the duty of the Customs officer to seize the barge as well as arrest the men, but it is not the practice to arrest the men. We did not care at all about the men who were there. The Liquor Commission had arrested one, and if they wanted to arrest two or three, it was up to them. The Customs authorities had nothing to do with it, according to the general practice.

Mr. DESMARAIS: General Panet, when they arrested Tremblay, was under the impression that according to the Liquor Act he had no right to arrest more than one. He did not arrest the others, and did not take the others with him into court, but left them there. Of course, it was explained afterwards that they had no jurisdiction to touch the men, except to give them to the Customs officer. What they wanted to do had nothing to do with the Customs Department.

The CHAIRMAN: I understand that the barge was also seized by the Quebec Liquor Commission.

Mr. DESMARAIS: But when the Customs officers took possession, we had nothing whatever to do with it. They could have arrested all the men. We were always under the orders of the Customs officers. We had nothing to do with that. We cannot do anything.

Mr. DOUCET: The point I want to make is this: At the moment the Customs authorities took charge of the cargo, there and then they must have taken charge of the barge, because the argument that Mr. Gagnon puts forth is that it was not the practice to arrest men, because it had been the practice of the Customs Department to also seize the boat or the vehicle transporting the goods.

Mr. GAGNON: The charge is that we let these people go. But we had nothing to do with them, according to the general practice.

The CHAIRMAN: I think the contention of Mr. Stevens, amplified by Mr. Gagnon is well taken. Those two Americans were away, because the Quebec Liquor Commission could arrest but one person, and no two persons could be found guilty of the same offence—never mind about the Americans.

Mr. CALDER, K.C.: The point made by General Panet was that General Panet left those two Americans on the understanding that they would be looked after. I think he asumed that they would be looked after by way of arrest.

Mr. GAGNON: He also said he thought he had the right to arrest just one man.

Mr. CALDER, K.C.: Quite so, but, when he left the prisoners, he stated that he understood from Mr. Bisaillon that the Americans would be looked after, and he understood that that meant that they would be arrested, and that if he had not understood that, he would not have left them there. Now it appears that "looking after them" meant looking after their release.

Mr. GAGNON: It was his understanding that for one offence, they were arresting one man, which was Mr. Tremblay, and according to General Panet, the practice was to arrest only one person for one offence.

Hon. Mr. STEVENS: I do not want anyone to get the impression that I agree that Mr. Bisaillon was right in letting these other men escape. I think he should have retained them. I think it was his duty to do so. However, I do not see any sense in going over the ground time and time again, because we all admit that when General Panet left he left the barge and what was on it, in charge of Mr. Bisaillon.

Mr. GAGNON: I am making the point so as not to ask the Committee to call other witnesses.

By Mr. Calder, K.C.:

Q. You told me a minute ago, Mr. de Bellefeuille, that you had something to add to your testimony, will you do that?—A. When I got on the boat, Inspector Rutledge asked me "have you got any instructions about these two Americans?" I told him my orders were from Mr. Dansereau, that the Quebec Liquor Commission were in charge, and we had nothing to do with them.

The CHAIRMAN: You are discharged.

Witness discharged.

JOSEPH ALFRED BISAILLON recalled and sworn.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, at the time the barge Tremblay was seized, where were you? That is to say, on the night of the 20th-21st November, 1924?—A. I was at my home.

Q. In Montreal?—A. Yes, arriving from Rock Island, Quebec.

Q. You had come up from where?—A. Rock Island, Quebec.

Q. What time did you leave Rock Island?—A. I left Rock Island about three o'clock in the afternoon, to the best of my knowledge.

Q. And arived in Montreal when?—A. About seven o'clock—between seven and seven-thirty.

Q. Driven up by whom?—A. Officer Duval.

Q. Anybody with you?—A. No sir.

Q. Was not Officer Kellert with you?—A. No sir. I spoke to Officer Kellert before I left Rock Island.

Q. Was he with you in the car?—A. No sir; he remained in Rock Island, sir.

Q. When you came up from Rock Island, did you know that the barge Tremblay was proceeding up the river?—A. I did not know exactly it was the barge Tremblay, but I knew from information I had received there was a consignment of liquor.

Q. What information had you received?—A .That there was a boat coming up with some liquor.

Q. And you did not know what boat it was; what name it bore?—A. I don't recollect.

Q. Oh, now—A. If you show me my file, and show me my correspondence, I will be in a position to answer you. You are going back a year and a half ago.

Q. May I put it to you, Mr. Bisaillon, that the seizure of the barge Tremblay and what came out of it, was the big event in your life?—A. Certainly.

Q. Then you should recollect something about it, without the file. I am asking you now whether you knew that that boat was the barge Tremblay.—A. I presumed it was.

Q. You presumed it was?—A. Yes.

Q. What led you to presume that it was the barge Tremblay out of so much shipping on the St. Lawrence?—A. I don't remember, as I told you a moment ago, exactly the information that I had, although I knew there was some shipment coming in, and I did not exactly remember what was the name of the boat at that time.

Q. The extent of your information was that some shipment was coming in? —A. Yes.

Q. And you did not know the name of the boat?—A. No sir; there is lots of information comes in in that way.

Q. Yes, yes; don't let us have any comments, if you please.

By the Chairman:

Q. Did you ever know, before the seizure, that the barge Tremblay was engaged in smuggling liquor?—A. We were searching since her first trip in the latter part of April, 1924, until it was under seizure. She never came into the port of Montreal without being inspected or watched.

By Mr. Calder, K.C.:

Q. Can you tell us any other boats which were doing the same thing, to your knowledge?—A. No—

Q. Did you ever hear of the Frank H.?—A. Yes.

Q. And the George Cochrane?—A. I did, sir.

Q. Ever hear of them in connection with liquor smuggling?—A. No.

Q. Never?—A. Never.

Q. Now, I want you to be careful, Mr. Bisaillon. You say you never heard of the Frank H. in connection with liquor smuggling.—A. The only thing I know about the Frank H. is that she came into Montreal, and turned back without reporting.

Q. At that time you were presumably looking for her?—A. Yes, we were.

Q. Why?—A. Because from information I had from the Department, and notice to be on the lookout for her.

Q. That she was smuggling?—A. I don't know that it was smuggling—

Q. That she was carrying liquor?—A. Yes.

Q. Now, when did you get this indefinite information that a cargo of liquor was coming up on an unnamed vessel?—A. Well, I got it in the morning of the day we left Rock Island. I don't know if it was on the 19th or the 20th, but I got it that morning, and I left right away in the afternoon, about three o'clock.

Q. Then it must have been the morning of the 20th?—A. I don't know exactly.

Q. If you got it the morning you left Rock Island for Montreal, it must have been the 20th.—A. We left Rock Island, to the best of my knowledge, I think, on the 20th, because I received the letter in the morning.

Q. Have you still got that letter?—A. The Department has it, sir.

Q. The Department has the letter?—A. Yes, that letter of information.

Q. Was it an anonymous letter?—A. No sir.

Q. Who wrote it?—A. The informer.

Q. So the letter is on the file?—A. Yes, sir.

Q. Which file?—A. The Customs file, and it was produced in Quebec during the trial of the barge Tremblay.

Q. Addressed to you?—A. Yes, sir; in Rock Island.

Q. And your present recollection is that that letter mentioned no ship's name?—A. I don't believe it did.

Q. Nor any hours?—A. Hours of what?

Q. Hours of progress up the river?—A. I believe they did mention something about the hours; that they expected there would be something doing that night.

Q. On which shore?—A. On the north shore, around Berthier.

Q. Did you receive that letter that day?—A. I was sure I got that letter—

Q. And that it was not written afterwards?—A. No, sir. That letter was received in Rock Island.

Q. Handed over to—?—A. No, written to me in Rock Island.

Q. Will the envelope also be on the file?—A. I don't know about that.

Q. Do you remember whether or not you filed it?—A. I cannot tell you.

Q. Did you tell Duval about this?—A. No, but I mentioned it to Officer Kellert in Rock Island.

Q. Before you left?—A. Before I left; about three o'clock.

Q. Did you mention it to Duval on the way?—A. Coming back? Yes, I said I expected some shipment of liquor when we got near—I think it was between Marieville and the bridge.

Q. What did he say to you?—A. He said he had some information in regard to the boat.

Q. Did he mention the name of the boat?—A. No sir.

Q. Mention its probable whereabouts?—A. No sir.

Q. Did he tell you he had received a telephone call about it?—A. No sir.

Q. He was not as expensive as you were?—A. It was my duty to report to my officers.

Q. You believed that information, did you not?—A. Yes.

Q. The source was usually reliable?—A. Generally, yes.

Q. Why did you not take up some men from Rock Island with you to effect this seizue, and to more effectively patrol the shore?—A. The reason why, Mr. Calder, was that I never thought for a moment that it was such an

important seizure. I did not think people would be crazy enough to make such a shipment as these people made in this case. When I spoke of a seizure of liquor, it was running between 50 and 100 cases, or maybe a thousand or a couple of thousand gallons.

Q. 50 or 100 cases?—A. Yes.

Q. Is the barge Tremblay much larger than the Frank H.?—A. I am not in a position to say, sir.

Q. Or the George Cochrane?—A. I do not know either one of them; in fact, I have never seen the Frank H. nor the George Cochrane. The Allan S. was one that was seized by the Department.

Q. How does that compare with the Tremblay?—A. I did not see her, either. I sent an officer to seize her.

Q. Not knowing the size of the seizure, but surmising that it would run, say, 1,000 gallons, you were satisfied to bring up Duval?—A. Duval, and referred him to Masson, which I did.

Q. You knew Masson was sick?—A. I did not know. If I had, I would not have referred it to him.

Q. Did he report back to you— —A. I had been away for a few days—

Q. Did Duval report to you that Masson was ill?—A. After the seizure had taken place.

Q. Did you tell Duval after the vessel arrived in Montreal, to go and make this seizure?—A. With Masson, yes sir.

Q. Did he call up Masson at your place?—A. No, sir.

Q. Did you call up Masson?—A. No, I did not.

Q. Why not?—A. I was tired and I was going home. I had been on the job for ten days and travelling nights and working in the day time and I was going home. I was short of staff.

Q. You were not short of staff?—A. We were doing some work in Rock Island.

Q. Where did you give Duval instructions?—A. He was working in the Customs Department, and I never was doing any running around.

Q. Before or since?—A. Or since Rock Island was Rock Island.

Q. It might have been done previously?—A. Then, it is up to you people.

Hon. Mr. STEVENS: We had better leave that till we get to the Rock Island cases.

By Mr. Calder, K.C.:

Q. May I suggest that we can shorten this examination a great deal if you answer the questions instead of pleading your case?—A. I am not pleading my case; I have my lawyer here.

Q. Supposing you let him earn his fee.—A. He certainly does earn it.

The CHAIRMAN: He said he was short of men.

By Mr. Calder, K.C.:

Q. I suppose he had the full staff down there. If the witness is permitted to answer questions by thinking up a defence it will take a long time to get through the examination. However, I will retract that remark. You can be as expansive as you like.—A. Thank you.

Q. Do not thank me, thank the Chairman.—A. I want to thank you for the skill you display.

Q. What skill?—A. For the ability you display.

Q. When did you give Duval instructions to go in the car?—A. I gave him instructions in the office.

Q. Did it ever appear to you that it would be proper, as a superior officer, that you should not give orders to a common labourer?—A. He was not treated as a common labourer.

Q. He was not classified as one?—A. No.

Q. He had been your chauffeur for some time?—A. He was not my chauffeur.

Q. He drove your car habitually?—A. Not habitually.

Q. Did it ever occur to you to call up Mr. Masson himself?—A. I told him to come back and see him, and I told him to get in touch with Masson.

Q. You would have discovered a few things yourself, and you knew Masson was sick?—A. I had learned that.

Q. You would have made other arrangements?—A. I had to tell the officer.

Q. Why couldn't you tell Hicklin?—A. He lives in St. Lambert and has no telephone.

Q. What about Mr. Kearney?—A. I didn't know where he was.

Q. You didn't know where he lived?—A. I knew where he lived.

Q. Why did you not refer him to Kearney as well?—A. I referred him to Masson as they had been working together and showed good success.

Q. You say Duval had been working habitually with Masson?—A. Yes.

Q. What were your instructions to him, to get in touch with Masson?—A. To get in touch with Masson and proceed along the north shore as far as Berthier.

Q. You did not know where the car was?—A. No, but they had one other car.

Q. You gave him no instructions as to what he was to do in the event that he did not find Masson. He went away without instructions from you in this case? Did you give instructions what he was to do if he could not get in touch with Masson?—A. There was no reason he could not get in touch with Masson.

Q. You must have explained what he was to do if he could not get Masson?—A. He had instructions to report to me.

Q. He was to report to you?—A. Yes.

Q. Did he ask your permision to take his wife and Brien with him?—A. I did not know he was taking Brien.

Q. You did not know that?—A. No, sir.

Q. You swear that?—A. Yes.

Q. You found it out afterwards?—A. I found it after. The barge Tremblay was at St. Sulpice and I asked him who was with him and he told me Mrs. Duval and his informer.

Q. Did he give you the name?—A. I never knew who the informer was in the first instance, but the second time I asked who his informer was and he told me Mr. Brien.

Q. He did not ask your permission to take Brien with him?—A. No, he never asked me.

Q. That is the only time you knew of Brien being with him?—A. Yes.

Q. Yesterday, Mr. Duval was shown a report and he stated that that report had been dictated by you and he signed it. He was shown this report and he identified his signature.—A. Yes.

Q. He stated that he could not have written that report because he does not know English well enough and that you dictated it. It is not true that you did not dictate it?—A. If you will allow me to explain. Chief Wilson if my recollection is right, was in the office when this affidavit was given.

Q. It is not an affidavit at all.—A. That report Chief Wilson came to Montreal and asked for this report and it was to the best of my knowledge, this report was dictated in the presence of Chief Wilson.

Q. Were you there?—A. I imagine I was, yes, sir.

Q. You heard it?—A. I do not know if I did or not.

Q. You were present?—A. I might have been present, yes.

Q. You said you were?—A. You are asking me quetsions of over a year ago.

Q. You say now, because you are afraid of the contents of this that you might have been present?—A. No.

Q. A minute ago you said you were. Let it go at that. Did you see it at any time?—A. No doubt I have seen it.

Q. Did you ever take any steps to contradict it?—A. No, I did not.

Q. I now read it:

"CUSTOMS AND EXCISE,
PORT OF MONTREAL,
January 6th, 1924.

To W. F. WILSON, Esq.,
Chief Customs and Excise Preventive Service,
Ottawa.

SIR:—In connection with the Tremblay affair I desire to say to you that about two months previous to the seizure of the barge Tremblay on the 20th of November last, I received information from Ludger Brien of the Atwater Garage, former Customs Officer, that a big smuggling affair was going to take place and that he would tell him the details.

I was in Rock Island with Mr. Bisaillon for about ten days in November last, and on the 17th or 18th November, I received a telephone message from Ludger Brien telling me that the big affair that he had told me about, was going to take place in the middle of the week.

I did not think anything about this information until Mr. Bisaillon told me in Rolk Island on the 20th November, that he had to go back in Montreal in a hurry. Well, in the way down Mr. Bisaillon told me he was returning to Montreal in connection with the smuggling of a big cargo of liquor by the barge Tremblay. Officer Kellert was with us at the time when Mr. Bisaillon told me that he was going in Montreal in connection with the Tremblay barge and about smuggling liquor. I then told him I had information in connection with the same effect, but at that time I did not tell him who the informer was. I told him about the telephone call and how I got the information, without telling him the name of my informer.

When we got to Montreal, Mr. Bisaillon told me to get Officer Masson and proceed down the river. I tried to get Masson, but he was sick in bed, and had been sick for ten days. I asked Mr. Bisaillon if I could take my wife along with me, together with my informer. Mr. Bisaillon agreed to this. The informer did not want me to tell Mr. Bisaillon his name. I left Montreal in the Customs automobile with my wife, and the informer in the back seat; being in the front seat with my wife. The intention was that the informer would assist me in making the seizure. When I arrived at St. Sulpice, I noticed the Quebec Liquor Commision officers who informed me that they had seized the barge and its contents. Some cases were unloaded on the wharf. I then telephoned Mr. Bisaillon and told him the Quebec Liquor Commission men had got there before me, and had seized the barge. I also told Mr. Bisaillon the name of my informer then in the telephone that Mr. Ludger Brien was my informer. Mr. Bisaillon told me to return to the barge Tremblay and to inform the Quebec Liquor Commission men that I was going to seize the boat, but to leave them in charge. I did so, and returned to Montreal in the automobile with my wife and Mr. Brien.

I have the honour to be, sir,
Your obedient servant,
WILLIE DUVAL."

So that on the way up you told Duval that you were returning to Montreal in connection with the smuggling of a big cargo of liquor of the barge Tremblay, unless Duval is not telling the truth in this statement?—A. That statement is perfectly correct.

Q. Then you did know on the way up that it was the barge Tremblay and that it was a big cargo?—A. No, not on the way up; after I got to Montreal.

Q. I will read this sentence again. You have to choose whether Duval is telling the truth or not.

> "I did not do anything about this information until Mr. Bisaillon told me in Rock Island on the 20th of November, that he had to go back in Montreal in a hurry. While on the way down, Mr. Bisaillon told me that he was returning to Montreal in connection with the smuggling of a big cargo of liquor of the barge Tremblay."

That means, on the way back to Montreal from Rock Island?—A. I do not think that Mr. Duval is right there, because the last information was, getting from the office, when I got back from Rock Island, from the telephone I received, but it means the same thing.

Q. It means the same thing, you say?—A. Yes.

Q. You told us you did not know the name of the barge, you told us that you thought it was a small seizure, amounting to at the most 1,000 gallons?—A. That was a big seizure.

Q. You say this report is true?—A. Yes.

Q. You knew it was the barge Tremblay, and that it was a big seizure?—A. As long as the report says the barge Tremblay, I must have known it. You are asking me about things that happened a year and a half ago, and you are asking me about things that have lots of correspondence in connection with them.

By Hon. Mr. Stevens:

Q. You have no hesitation in saying now that it was the Tremblay barge, and that it was a small seizure?—A. Yes.

Q. Try and reconcile those, if you can?—A. It was all right. I got the information as to the name of the barge, after I got to Montreal.

By Mr. Calder, K.C.:

Q. Mr. Duval says you told him on the way to Montreal?—A. I might have told it.

Q. Then you did not get the information when you got to Montreal?—A. I got the information in Rock Island, and got it in Montreal by the same informer by telephone.

Q. Where did you learn it in Montreal?—A. I believe it was in the office.

Q. Where?—A. In Montreal.

Q. Why did you not state that; Duval says the exact opposite of that?—A. We are both telling the same thing. There is only a difference of a couple of hours on the same point.

Q. You heard this dictated by Duval?—A. I cannot swear that that was dictated in my presence, or in the presence of Chief Wilson, but I believe it was.

Q. When you arrived, you learned in the office that it was the Tremblay barge, and that it was a big cargo?—A. Yes. Not a big cargo. I expected it would be about 1,000 gallons, or a couple of thousand gallons at the most.

Q. After you telephoned?—A. After I telephoned.

Q. Then you knew it was the barge Tremblay?—A. When I arrived in Montreal.

Q. Presumably with a crew?—A. With a crew.

Q. Presumably the barge Tremblay would have a crew on board?—A. She would not be able to run if she did not have a crew.

Q. Therefore, Duval would be along to seize the boat with the cargo?—A. You can seize a cargo of one thousand cases of liquor with one man.

Q. Did you have the men?—A. I did not have any men to use.

Q. Did you ever hear of people fighting for their liquor; did you ever hear of hi-jackers and people who resist the Customs?—A. Very seldom, in the Montreal district. I do not know of any instance.

Q. Is that because the Customs officials were friendly to them?—A. No, sir, it is not because the Customs officials were friendly to them, but they are afraid when they see authority coming in.

Q. Considering the way they have been treated by the Preventive Service, when you never arrested them, as a matter of principle, I do not think they are very much afraid? When you sent officer Duval with officer Masson, you thought that was sufficient?—A. Sure it was. They have never murdered anybody, those people.

By Hon. Mr. Stevens:

Q. You are not serious in stating that?—A. I am, I could have made the seizure myself, if I had been there, and I would not have been scared.

Q. You thought it safe to seize that barge?—A. Two men would have been enough.

By Mr. Doucet:

Q. Might it have been feasible for you to have been there with Duval?—A. If I had known the quantity, I would have been there.

By Mr. Calder, K.C.:

Q. You do not know even to-day that officer Gauthier had to draw his revolver to prevent people getting away with the liquor?—A. No, I do not know that.

Q. So that it is possible that a man has to display armed strength; Gauthier had four men with him?—A. You do not need any men for Captain Tremblay. He is very tame, I can handle him myself.

By Mr. Doucet:

Q. Did you know him?—A. I visited his barge several times. The officers pay him a visit every time, in the port of Montreal.

Q. In Montreal?—A. Yes. That would not make any difference.

Q. With the Mounted Police, the Royal Canadian Mounted Police, and the regular police?—A. He is harmless, tame.

Q. What about the supercargoes? (No answer.)

By Mr. Calder, K.C.:

Q. Mr. Stewart and Mr. Campbell?—A. I did not know them.

Q I think we have saved your life, on that principle?—A. You would not be afraid of Captain Tremblay.

Mr. CALDER, K.C.: That is all for to-night.

Witness retired.

BERNARD BALTHAZOR called and sworn.

By Mr. Donaghy:

Q. Mr. Balthazor, you are a Customs officer at Montreal port?—A. Yes, sir.

Q. Did you bring up with you any papers or documents regarding the passing of goods imported into Canada?—A. Yes, sir.

Q. Will you produce them here?—A. Yes, sir.

Q. How many have you here, did you count them?—A. Nearly one hundred, close to one hundred; I am not quite sure.

Mr. DONAGHY: We had better examine him to-morrow, Mr. Calder.

Mr. CALDER, K.C.: I think it would be better to do that.

Hon. Mr. STEVENS: What are these, so that we may have some idea what we are going on with?

Mr. DONAGHY: Orders for passing of trunks, and so forth, without examination at Montreal.

Mr. DOUCET: Over what period.

Mr. DONAGHY: Several years.

By Mr. Donaghy:

Q. What years does this cover?—A. Since 1918.

By Hon. Mr. Stevens:

Q. Are these all the papers you have?—A. Absolutely.

Q. What are they? Tell the committee what they are.—A. These documents relate to the passing of goods without examination.

Q. Are these special cases which you passed without examination?—A. Those were written orders I received from the Collector.

By Mr. Doucet:

Q. Those documents date from 1918?—A. Yes sir.

Q. Up to date?—A. No, just to 1923.

Q. And since that date?—A. I have taken another position; I was placed in another position since September, 1923; I was promoted.

By Hon. Mr. Stevens:

Q. These were special orders you got from the Collector to pass certain goods?—A. No, not special orders; ordinary orders.

By the Chairman:

Q. To pass the trunks without any examination whatever?—A. Yes; people went there and secured an order for the passing of the trunks.

Q. And they were sent through without any examination?—A. I did not discuss his authority in the matter.

By Mr. Doucet:

Q. Now, did you keep these documents on the personal files?—A. I retained these documents myself.

Q. And they remained in your possession all the time?—A. Yes sir.

By Hon. Mr. Stevens:

Q. You have brought all you have?—A. Yes sir.

Q. There are no more?—A. No sir.

Mr. Doucet:

Q. Those form part of the Customs documents?—A. Those are not documents; they are orders on a piece of paper; these are not official documents; these orders are written down on a memo. or a pad; the memo. is there.

The CHAIRMAN: They will speak for themselves.

By Mr. Doucet:

Q. These documents, however, belong to the office administration?—A. It is a piece of paper; it is an order.

Q. Those orders authorize you to pass certain goods duty free?—A. Absolutely; they were signed by Mr. Weldon, my superior officer.

Q. Consequently they should have remained part of the office file?—A. Those were private documents; they belonged to me. We placed printed forms

on the file, and that was a document which belonged to me; it was addressed to me. The document stated "Balthazar," and when I was not there the name of my assistant was put in.

Q. Whether these documents were written, it seems to me they should form part of the office file, because they permitted a subordinate Customs officer to pass certain goods duty free.—A. Those documents or papers remained in the office.

Q. How does it happen that you should have these documents in your possession now?—A. Because I kept them myself, for my own protection.

The CHAIRMAN: There was no record made—no entry made to see whether these goods were dutiable or not. They were orders to give a special favour to persons and pass those trunks or baggage to trains or steamships without examination. There was no public record about that.

Mr. DOUCET: We are not asking you to give evidence just now. We will try to get the evidence to-morrow.

The CHAIRMAN: You seem to be astonished to see these things here.

Mr. DOUCET: I am not astonished, but I am surprised that these documents should be out of the Customs office.

The CHAIRMAN: They were called for by motion of Mr. Donaghy, and are here through the proper channels.

Mr. DONAGHY: You need not worry about them; they are here.

Hon. Mr. STEVENS: I had not any idea what these were, and I would suggest that we should summons those who gave the orders, whoever they are, and take it as a case and let us go into it and do it properly. I am not suggesting that we do it in any way but the proper way, but that we should do it as a matter of proper procedure. If there are any others I would like to see them all brought in order that they may be properly examined.

The CHAIRMAN: They must be examined to see if there is any truth in it.

Hon. Mr. STEVENS: I do not think it should be tolerated.

The Committee adjourned till 10.30 o'clock a.m., Wednesday, May 12th, 1926.

BERNARD BALTHAZAR est appelé et assermenté.

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

M. BALTHAZAR: En français, monsieur.

M. Donaghy:

Q. (Interprétation) M. Balthazar, êtes-vous officier de douane au port de Montréal?—R. Oui, monsieur.

Q. (Interprétation) Avez-vous apporté les papiers ou documents relatifs au passage en franchise de marchandises importées au Canada?—R. Oui, monsieur.

Q. (Interprétation) Voulez-vous produire ces documents?—R. Oui, monsieur.

Q. (Interprétation) Combien en avez-vous? les avez-vous comptés?—R. Une centaine, près d'une centaine; je ne suis pas bien certain.

Q. (Interprétation) A quelles années ces documents se rapportent-ils?—R. Depuis 1918.

L'hon. M. Stevens:

Q. (Interprétation) Sont-ce là tous les documents que vous avez en votre possession?—R. Absolument.

Q. (Interprétation) Voulez-vous dire brièvement au comité à quoi ces documents se rapportent?—R. Ce sont des documents pour livrer de la marchandise sans examen, par le collecteur.

Q. (Interprétation) Sont-ce des cas spéciaux que vous avez passés sans examen, sans inspection?—R. Non, ce sont les ordres par écrit que j'ai eus du cellecteur.

M. Doucet:

Q. Qui datent depuis 1918?—R. Oui, monsieur.

Q. Jusqu'à date?—R. Non, jusqu'en 1923.

Q. Et depuis cette date?—R. J'ai pris une autre position, on m'a mis dans une autre position depuis septembre 1923, un autre grade. J'étais avant cela à la gare Windsor.

Le président:

Q. (Interprétation) Pour passer les valises sans aucun examen?—R. Les gens sont allés là, on se faisait donner un ordre pour livrer les valises, c'est tout, et je les livrais.

Q. (Interprétation) Elles étaient passées sans inspection?—R. Non, je ne discutais pas les autorités.

M. Doucet:

Q. Gardiez-vous ces documents dans une filière personnelle?—R. Je les gardais moi-même dans un tiroir, c'étaient mes documents personnels.

Q. Ils sont restés en votre possession tout le temps?—A. Oui, monsieur.

L'hon. M. Stevens:

Q. (Interprétation) Vous avez apporté tout ce que vous aviez?—R. Oui, monsieur.

Q. (Interprétation) Il n'y en a pas d'autres?—R. Non, monsieur.

M. Doucet:

Q. Ne formaient-ils pas partie des documents de la douane?—R. Bien, ce n'est pas un document, c'est un ordre sur un morceau de papier; ce n'est pas un document officiel, je crois, c'est mis sur des mémoires, des "pads".

Q. Cependant, ils font partie du rouage du bureau?—R. C'est un morceau de papier, c'est un ordre enfin.

Q. Cela vous donnait l'autorité de passer en franchise certaines marchandises, n'est-ce pas?—R. Absolument, signé par M. Weldon, mon supérieur.

Q. Par conséquent ne devaient-ils pas faire partie des filières du bureau?—R. C'étaient mes documents privés à moi. Sur la filière on met des formes imprimées, mais, là, c'était un document à moi, cela s'adressait à moi, on disait: "Balthazar", ou quand je n'y étais pas, on mettait le nom de mon assistant.

Q. Que ce soit imprimé ou écrit, il me semble que ces documents permettaient à l'officier de douane subalterne, si vous voulez, ou collecteur, de passer en franchise certaines marchandises; alors ces documents auraient dû rester sur la filière du bureau.—R. Ils restaient dans mon bureau aussi.

Q. Comment se fait-il que vous les ayez en votre possession ici?—R. Parce que je les gardais moi-même, c'était pour me protéger.

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 47—WEDNESDAY, MAY 12, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. William A. Boys, M.P. (Statement and Examination).

Mr. J. A. E. Bisaillon, Montreal, Que.

Mr. Braun Langelier, Assistant Controller, Police Department, Quebec Liquor Commission, Quebec, Que.

Mr. David Joseph Perreault, Montreal, Que.

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

EXHIBIT FILED

No. 166—Letter dated Police Department, Montreal, 19th November, 1924, from Mr. Ernest Belanger to Mr. J. A. Bisaillon, Customs House, Rock Island, Que.

ERRATA

Page 1662, line 33.—Delete "incident alleged" and substitute "decision reached".

MINUTES OF PROCEEDINGS

WEDNESDAY, 12th May, 1926.

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

Present: Messrs. Bennett, Donaghy, Doucet, Goodison, Kennedy, Mercier, St. Pere and Stevens—8.

Committee Counsel present: Messrs. Calder and Tighe.

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

The Auditors submitted their Sixth Interim Report.

Moved by Mr. Donaghy,—That Mr. William S. Weldon, Collector of Customs and Excise, Montreal, Que., Customs Officer Balthazor, Montreal, Que. and Ex-Customs Officer O'Leary, Montreal, Que., be summoned to appear on Tuesday, 18th May, 1926, at 10.30 a.m.

Motion agreed to.

At the suggestion of Mr. Calder,

Ordered,—That Mr. Bernard Balthazor, Customs Officer, Montreal Que., in attendance as a witness, be released until Tuesday, 18th May, 1926, at 10.30 a.m.

Mr. William A. Boys, M.P. was sworn and heard respecting the Waisberg silk-smuggling case.

Mr. Boys retired.

Barge Tremblay Case

Mr. J. A. E. Bisaillon's examination was continued.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

The Chairman read a memorandum from the committee auditors requesting that an order issue on the Bank of Montreal, Toronto Branch, requiring them to give access to the committee auditors to the accounts of the Alco Dress Company, J. Perkins and H. Cohen, or to give them a certified statement of such accounts. Mr. Daly, counsel for Alco Dress Company, after protesting against the issue of such an order, requested that it at least be confined to matters relating to Customs and Excise, which request was acceded to by the Committee.

Mr. Calder filed with the Committee,—

Exhibit No. 166—Letter dated Police Department, Montreal, 19th November, 1924, from Mr. Ernest Belanger to Mr. J. A. Bisaillon, Customs House, Rock Island, Que.

Mr. J. A. E. Bisaillon's examination was continued.

Witness retired.

Mr. Braun Langelier, Assistant Controller, Police Department, Quebec Liquor Commission, Quebec, Que., was called, sworn and examined.

Witness discharged.

Mr. David Joseph Perreault, Montreal Que. was called, sworn and examined. Witness was released until further notice.

Moved by Hon. Mr. Stevens,—That Mr. J. H. Gauthier, Manager, R. and G. Manufacturing Company, Rock Island, Que., be summoned to appear on Friday, 14th May, at 10.30 a.m.

Motion agreed to.

Moved by Hon. Mr. Stevens,—That Mr. Quackenbush, Board of Trade Building, Montreal, Que., be summoned to appear as a witness on Friday, 14th May, at 10.30 a.m.

Motion agreed to.

The Committee adjourned until Friday, May 14, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

WEDNESDAY, May 12, 1926.

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

Mr. CALDER, K.C.: I understand that Mr. Boys wishes to make a statement.

Mr. W. A. BOYS, M.P.: I suppose, Mr. Chairman and gentlemen, my first duty would be to offer myself for examination, and I most willingly and voluntarily do that.

WILLIAM ALBERT BOYS, M.P. called and sworn.

By the Chairman:

Q. I understand, Mr. Boys, that you wanted to make a statement. You have seen the record?—A. I should like to do that, Mr. Chairman.

Q. We are ready to hear you.—A. But, as I say, if any member of the committee or counsel desire to examine or cross-examine me, regarding my connection with this matter from beginning to end, I am very willing to submit to it.

The CHAIRMAN: The record has been produced, Mr. Boys, and all letters and public documents attached thereto have been read into the record. For myself, I am satisfied with the record as read.

Mr. DONAGHY: Go ahead, Mr. Boys, and make your statement.

The WITNESS: My difficulty was this; I was not here; I do not even know whether there is any suggestion or charge against me, or whether there is not, or who the charge is against, or who is preferring the charge.

By Mr. Calder, K.C.:

Q. Mr. Boys, as I understand it, the charge was against the Department for having lightly released Waisberg at your solicitation, when it appeared from the record, and I believe was put to you by the Minister, that Waisberg appeared to be about to establish a system which he said was in operation in other places, and when Waisberg further complicated his case by attempting to bribe an officer. I submitted to the committee that a case at law for an attempt at bribery, could certainly be made against Waisberg if it were pressed, and the imputation was against the Department of having released him at your request, and, may I put it this way, your rather continuous pressure.—A. Well, in answer to that, I may say that as far as the bribery is concerned, I am sure I only have to say to you that Mr. Bureau would have no jurisdiction whatever to deal with an attempted bribery, and neither would I, and it was not dealt with. In the next place, I came to Mr. Bureau as the persona designata, under the Customs Act, the only person to whom I could come, there being no arrest and no information.

Q. Mr. Boys, from the public point of view, supposing that technically the Department of Customs might not deal without instructing an officer to lay a charge before the Court?—A. Charge for what, Mr. Calder?

Q. Charge for bribery?—A. It was not before the Minister.

Q. The charge was not before the Minister, but it was still open to the Minister to hold the goods utterly; it was within his discretion, the double duty being merely a moderation of the absolute right of the Minister?—A. I quite agree with you, but what I am saying is that the Minister had no authority to deal with attempted bribery, and did not attempt to deal with it, and neither did I.

Q. You put to the Minister that you believed Waisberg was sufficiently penalized already; that he was not a confirmed smuggler, or one of a gang?—A. Quite so.

Q. And that this was his first offence, to which the Minister repeatedly replied that in his opinion— —A. I object to that. He did not repeatedly reply; he replied once.

Mr. CALDER, K.C.: I will have to read the documents over again then.

The WITNESS: I wish you would, and you will see my answer to it, too.

Q. I will have to read the document to you?—A. I wish you would. You will see my answer to it too.

Q. Before I go on with that, there appears to have been a total change on the part of the officer at the port, who, in his first letter, very strongly put it up to the Minister that Waisberg— —A. Are you speaking of Mr. Young, or Mr. Kendall?

Q. Young, I think?—A. He was at that time the sub-collector, and Mr. Kendall was his assistant. While you are on that subject, may I say to you that if there is any suggestion of political influence, Mr. Young was in his day one of the most prominent Liberals in that County, and was appointed under a Liberal regime. I do not suggest for one moment that Mr. Young was anything but an upright gentleman.

Q. Of course we have to deal delicately with Mr. Young, because he happens to be dead. Will you allow me to read to you two letters whch follow one another at fairly close intervals? The first, which has been read into the record, reads as follows. (Reading):

"BARRIE, Ont., October 19th, 1922.

File 109-389.

R. R. FARROW, Esq.,
Commissioner of Customs,
Ottawa, Ont.

DEAR SIR,—I enclose a letter from C. R. Kendall who is my helper and examining officer for this outport at Camp Borden, which may help to explain how silks get into certain districts of this country, and are sold cheaper than many of our retail merchants claim they can honestly be sold.

I know D. Waisberg personally, as he was in business here for a time, and I had to watch him in connection with my office work here. After a time he had a fire, and then went on for a time, but finally wound up under suspicious circumstances."

—A. I think it is only right to say this, Mr. Calder, that I never saw that letter or heard of it until yesterday.

Q. I do not suppose you did. If you will allow me to read this letter and read the next letter, I will put a question to you which you may answer as you like.—A. All right.

Q. (Reads):

"It is possible he may have been deceiving or 'working' an examining officer here and there, and so I send this to you, and you will give it due consideration.

I have the honour to be,

Your obedient servant,

T. T. YOUNG,
Sub-Collector."

Then follows the next letter from Mr. Young to Mr. Farrow?—A. Again I did not see it, and knew nothing about it.

Q. I wish you to note the changed tone in this letter. It is dated Barrie October 25, 1922, and reads as follows. (Reads):

"Re D. Waisberg

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

SIR,—I submit seizure report for your further consideration, and in doing so, knowing that this man was a citizen of Barrie for some time, and as far as his dealings with the Customs officer (myself) are concerned, I had no trouble, I will take the liberty to ask you to deal as leniently with him as possible, under the present circumstances. He claims it is his first offence of this kind, and from the crude and uncalculating manner he went about it, so far as our Customs laws are concerned, I judge it is his first offence, and hence this letter.

I understand his wife and family are in Toronto. His children are going to school there. and I also understand has something to do with a business conducted at 184 Queen Street, under the name of A. Waisberg & Company, the business conducted possibly in his wife's name. But any connection with this affair is now in your hands for action.

I am sir,

Your obedient servant,

T. T. YOUNG,
Sub-collector."

I think you will admit, Mr. Boys, that Mr. Young's attitude was completely changed towards Waisberg, if you take the one letter and compare it with the other?—A. If you choose to read the report that went with it—

Q. I will ask you first whether it is not plain that the tone of Mr. Young had completely changed?—A. Well, I cannot answer that without seeing the report. If the report he enclosed with it was the report I know of and which refers to bribery and so forth, I would say "no."

Q. You would say his report had not changed?—A. I would say "no," if the report I am familiar with went with that letter, because the report was the most severe thing in the whole affair.

Q. You are referring to the letter dated at Barrie, October 23, 1922? —A. That is the one in which Mr. Kendall referred to questions and answers?

Q. Yes, and that was enclosed in Mr. Young's first letter?—A. What is the report, then, that was enclosed in the letter you just read?

Q. No report?—A. I thought he referred to enclosing a report.

Q. It does not say anything about enclosing a report, it is a letter he sent in which he states that "all in connection with this affair is now in your hands?" —A. But in the first line?

Q. That is the K-9?—A. That is a different report, that is all right. I will answer you at once I would say if that was not what I would call the Kendall report, the letter of Mr. Young which you have just read is certainly more moderate than the first.

Q. It takes a completely different attitude, does it not?—A. I have no doubt in my own mind that Waisberg saw him and gave his version of the affair, and possibly made some impression upon him.

Q. Did you see him in between?—A. I could not say.

Q. Did you see Kendall in the meantime?—A. I went and saw Mr. Young, and he told me that Kendall had exceeded his authority in attempting to arrest Waisberg, and I found that no information had been laid. He said the matter had been reported to Ottawa, and that I would have to take it up with the Department.

Q. But there is no doubt that that interview with Mr. Young was had by you between the two letters?—A. I cannot say that, it may have been, I do not know.

Q. In connection with that matter, you had an interview with Mr. Young before you wrote to Mr. Bureau?—A. Yes, I think so, because it was Mr. Young who told me I would have to take it up with the Department.

Q. And your letter to Mr. Bureau, which opens your relations with him in reference to this matter, is dated October 25?—A. It was with Mr. Young, because it was in consequence of that interview I wrote that letter.

Q. Young's second letter is dated October 25?—A. Yes.

Q. So that there appears to be no doubt that you saw Young between the two letters?—A. I do not agree with that. I am inclined to think that if I had seen Mr. Young before that letter, he would have said that Mr. Boys was acting for Waisberg and would have no doubt seen me about it. These are all surmises.

Q. No, these are not surmises; they are things you personally know?—A. You may have such a prodigious memory that you can tell the day and hour three years ago you saw a certain man, but my memory does not belong to that class.

Q. Did you write the same day you saw Young?—A. I would assume that I saw him on the day I wrote the letter, the day it bears date.

Q. Was Waisberg with you?—A. When I wrote the letter?

Q. No, when you saw Young?—A. I have no memory of it, but I would say "no."

Q. Had he seen Young before?—A. I do not know that.

Q. He would tell you, as your client, would he not?—A. I do not know, but even if he did, surely I have only to call it to your mind to have you agree with me that one cannot remember all these details. Waisberg came to me, I had defended Waisberg, and Mr. Young said in that letter that he left under suspicious circumstances; he had been charged with defrauding his creditors to the extent of $3,000. I defended him, and he was found not guilty.

Q. That may have been more because of your talents?—A. No, in your case, I would say that it would have been, but not in mine.

Q. I think sometimes we acquit people at the Bar whom we believe are guilty?—A. I would not like to say that. To get on with what I wanted to say, Waisberg came to me and wanted me to act for him. I went to Mr. Young to find out the situation. Waisberg had said something to me about Mr. Kendall making an attempt to arrest him. I went over promptly, and I think I saw Mr. Young on the 25th, the day I wrote that letter. I then asked Mr. Young for the facts, and he then told me that the matter had been reported to Ottawa, and that I would have to take it up with them. That is as far as I can recall it, and that was the only interview I had with him about it until after I saw Mr. Bureau.

Q. Are you aware whether Waisberg saw Mr. Young before you saw him?—A. I cannot say whether he saw Young or not, but I would imagine he had.

Q. Waisberg or you must have put the case strongly to Mr. Young, and

in a totally different light, before he wrote the second letter, because it is almost the opposite of the first?—A. I do not agree with the gratuitous thoughts which you read into the correspondence.

Q. That is your answer?—A. That is my answer.

Q. Did you have an interview with Mr. Farrow?—A. I came to Ottawa on the 27th, it seems to me, of October, saw Mr. Farrow, and he referred me to Mr. Bureau. I saw Mr. Bureau and had a discussion with him, and told him what I knew about Waisberg; I told him that I realized that the man had done wrong and should be penalized, and the question was "what should the penalty be?" If you want to know what the discussion between Mr. Bureau and myself was, as to whether in addition to being fined the silk should be confiscated, he suggested to me—and I want to be perfectly fair to Mr. Bureau —Mr. Bureau did emphasize the fact that he was inclined to think this man was a confirmed smuggler. I told him that he had been carrying on business in Barrie down to the year 1919, that he was a man over forty years of age, that I did not think in a year or two he could become a confirmed smuggler, and that if the story of Mr. Kendall was correct, it indicated to my mind that he could not be a confirmed smuggler, and any man who reads the file will agree that he was not a confirmed smuggler. Then Mr. Bureau agreed to impose the double duty and sales tax.

Q. By crude methods, you mean he later apparently offered Kendall money? That is so, is it not?—A. I would say, in an inexperienced, child-like manner, if Kendall's story is correct.

Q. He thought himself alone with Kendall and offered Kendall money. What is there child-like about that? The history of different countries shows that that is the way smuggling and bribery are carried on?—A. Every act of the man shows that he did not understand what he was doing. To come to him and whip out $50 to pass a trunk of silk without taking the preliminary precaution to find out whether he could safely make such a suggestion, to my mind is crude.

Q. There, at that preliminary interview with Kendall, before taking any action and before offering the money?—A. I do not know. I do not recall it if he did.

Q. If he had found some employees easily bribed, he would be apt to guide himself by the ease of his former experience?—A. I am just saying, Mr. Calder, that in my opinion his method was crude. I told Mr. Bureau that I knew Mr. Kendall, and that I personally believed Mr. Kendall as against Waisberg. I may say to you that Waisberg denied it to me, but I admitted to Mr. Bureau that Kendall was telling the truth, and that is my opinion.

Q. I want to find out what this child-like and crude method was, seeing that he had at the first interview with Kendall, said he was going to come down and do this?—A. Do what?

Q. Pass silk through and pay Kendall a certain amount of money?—A. You are not putting a question; you are dealing with possibilities.

Q. You said that his method was child-like and crude?—A. Yes, I did.

Q. And that therefore he must be a beginner?—A. Yes.

Q. Therefore he should not be further penalized?—A. Not only that, but I have told you that he was carrying on a clothing store in Barrie, up to two or three years before that, and was a man forty years of age. I do not know whether those circumstances would affect you, but they affected me.

Q. They do not affect me?—A. You are all getting your eyes opened here now. I have no doubt my eyes were not as open then as they are now. They were somewhat in the kitten stage.

Q. The practice revealed that he had a preliminary interview with Kendall? —A. Was that before the day of the $50?

Q. Yes?—A. I do not know these things. I had never had that report in my hand until I had it here, since Mr. Bureau told me about it in 1922. I am not familiar with these things.

Q. The facts are that he had a preliminary interview, at which he proposed to Mr. Kendall to bring silk through, telling him it was done elsewhere in that way, and that he would give him a consideration for it. Kendall may, or may not have led him on; if he was a wise and intelligent officer he would lead him on, and then, having had this first interview, he appeared with the silk, and had meetings along with Kendall, and offered him money. What is crude and child-like about that?—A. I have no desire to repeat it. I have given you two or three reasons, and if they do not appeal to you I trust they will to the Committee.

Q. You will not tell us what was crude and child-like about it?—A. I have repeated it. The record can be looked up and read. My answer is there, but I will repeat it if it is going to take any time to look it up. I have already told you that for a man not knowing the name of the officer, to proceed to offer him $50 in cash to bring in silk, to my mind indicates a lack of experience. I have already pointed out that he was a man, as far as my knowledge went, from forty to forty-five years of age. Up to 1923 or before that, he had been engaged in Barrie, an innocent country town, carrying on a clothing store, and I do not think he would develop into a confirmed smuggler quite so suddenly.

Q. Was the question of the attempted bribery taken up with Mr. Bureau? —A. No sir, it was not. It was referred to in the correspondence, and he had emphasized that to me. I will not say that. I said to Mr. Bureau "we cannot deal with it." I think you will agree with me as a lawyer, it is highly probable I would make some reference of that kind, but in any event, Mr. Bureau would not deal with it.

Q. Or permit you to deal with it?—A. We were dealing with smuggling, and I was proceeding pursuant to the provisions of the Customs Act. As far as I know, Mr. Bureau would have no authority to deal with the attempted bribery. If I am wrong, you will correct me.

Q. He would have this much power, that he could direct the officers of the Department to lay a charge?—A. Yes. Any constable in Barrie could have laid an information, under the Act.

Q. Has not your experience in Customs matters——A. This is the only one I have had.

Q. Is it not the constant practice, in departmental matters, for officers when they learn of an offence being committed, to require authority to act?—A. I have learned recently of a case in which the course of justice has been interfered with, but it has been since taken up. This is just as open as that.

Q. The next letter which is read into the record is dated November 7th, 1922, and reads as follows. (Reads):

"*Re Waisberg*

W. A. Boys, Esquire, M.P.,
Barrie.

My Dear Boys,—After your visit to my office with reference to the above, I sent for the file and went through it very carefully. I presume that Mr. Waisberg did not represent to you the facts as they were, so that you might judge for yourself.

I am sending you a copy of part of the file which will explain itself. Under the circumstances, I do not think you will be justified in exercising any special leniency towards Mr. Waisberg. You will see by this part of the file which I enclose herewith, that the case is more serious than you thought, or than you represented it to me. If Mr. Waisberg

has been the man you represented him to be, I am afraid he is not now of the same calibre, and that it will be dangerous to, in any way, condone or show leniency before further action is taken.

I will wait till I hear from you.

Yours very truly,

Minister of Customs and Excise."

Q. Now, you had knowledge of what was in the Minister's mind as to the seriousness of the smuggling, aggravated by the seriousness of bribery?—A. I want to say to you that all these facts were before Mr. Bureau when he gave his decision.

Q. What documents did he enclose under the heading of " sending you copy of part of the file "?—A. I may say to you I looked to see if I could find any papers. I have not any papers from Mr. Bureau. I have copies from my own office letter book of those letters which were written to him. As you refer to that let me read my reply to Mr. Bureau to see whether or not you think there is any suggestion—

Q. I think we have read it into the record.—A. If you have not any objection I would ask you to allow me to read this:

" *Re Waisberg*

BARRIE, November 9th.

To Hon. JACQUES BUREAU,
House of Commons,
Ottawa.

DEAR Mr. BUREAU:—I have just received your letter and naturally regret that you feel disinclined to adopt the suggestion you made during our interview. I note you think the case more serious than presented to me.

Rubs it in a little." May I say what I think I referred to. Mr. Bureau's letter left the impression with me that perhaps I had not been frank with him, and I did not like it.

" I really do not think this conclusion is justified.

As far as I know I told you Waisberg had attempted to bribe a Customs Officer and I intimated he had been persistent and I also told you he had pulled out $50 in money and offered it.

I did say I was of the opinion he was not making it a business and his crude effort, in my opinion, warrants that conclusion.

After all, the offence of which Waisberg was guilty was exactly as I stated.

As you know, I did not ask that he should go scot free and I felt now, having to pay double duty and sales tax, he is being severely penalized"—

May I point out that it is a matter of a penalty of over $400, if I remember the extreme penalty under the Act being $250 fine.

"—and unless you think he is a confirmed smuggler or one of a gang, I am still of the opinion that for this, his first offence, the penalty suggested is very severe."

You will observe I made the distinction myself between a man who is a confirmed smuggler and one who is making his first effort.

" I reported the result of my trip to him and to his wife, and it will certainly come as a serious blow if criminal proceedings are now taken, and I trust, upon further consideration, you will see your way clear to carry out the arrangement made when I was with you."

Let me say the criminal proceedings I referred to are criminal proceedings under the Act.

"I do not think you should lay too much stress upon the question and answer portion of the interview."

I refer there to Mr. Kendall's report which you will appreciate was written after he had seen Waisberg, and from memory, and he goes back to his room and he assumes to write out questions and answers, and such a thing never took place. There was no shorthand writer present. This was purely an effort on the part of Mr. Kendall.

By Mr. Calder, K.C.:

Q. An honest effort?—A. I have told you that it was plain to me, that in my opinion, Mr. Kendall is an honest man.

"No stenographer was present, and it was purely from memory.

It is true, it seems very impressive, but after all it is a case of attempted bribery and I definitely presented it as such, and I would be sorry to have you think I did not represent it according to the facts.

In view of the incident alleged and in view of Mr. Young's letter requested you to deal leniently, and in view of the fact that it is his first offence, I think justice will be done by carrying out the arrangement made, and if you do not feel free to dispose of it, I will be glad if you will let it stand until I again see you."

In connection with Young's letter, I presume he had a letter from Mr. Waisberg himself.

The CHAIRMAN: Your letter was read into the record on page 1662, and there is a word there; will you compare that with your letter, the second paragraph before the last: "In view of the incident alleged," is it "alleged" or "reached." I think that is in the letter?

The WITNESS: Is this the letter of November 9th?

Mr. CALDER, K.C.: The original is not dated. The carbon copy apparently was not made at the same time, but you will notice they do not superimpose.

The WITNESS: I quite agree with you. This is a copy from my own letter book. I only had this made a few days ago. It is my letter.

Mr. CALDER, K.C.: You will notice there is no date to the letter, but the date was taken as there was a letter before and a letter after bearing date of November 9th.

By Mr. Calder, K.C.:

Q. You press your letters?—A. Yes, I do.

Q. I suppose that the stenographer took November 9th and put in on although it was not dated. The letter before and after bear the date. —A. Is there a letter before and after from Mr. Bureau?

Mr. CALDER, K.C.: Yes.

The CHAIRMAN: In reference to the second last paragraph, you were reading, there is a difference of words. "In view of the incident alleged."

The WITNESS: "In view of the decision reached" I think is correct.

Mr. CALDER, K.C.: I may say Mr. Chairman—

The CHAIRMAN: "Alleged" is wrong, but that is what is on the file, and it should be "in view of the decision reached". The printed record is wrong.

Mr. CALDER, K.C.: Whenever these letters are read the stenographers have access to the documents themselves. I am quite sure I read them carefully.

Mr. BOYS, M.P.: "In view of the decision reached and in view of Mr. Young's letter requesting you to deal leniently, and in view of the fact that it is his first offence, I think justice will be done by carrying out the arrangement

made, and if you do not feel free to so dispose of it, I will be glad if you will let it stand until I again see you.

I think I will be in Ottawa next week on other business and at the very worst, will be there on the 27th or 28th, at which time I am to interview the Acting Minister of Railways, and in the meantime the only person suffering is Waisberg, for his goods are under seizure."

The CHAIRMAN: "Sincerely yours". The same letter has been read into the record.

By Mr. Calder, K.C.:

Q. You will find in that record that every letter written by you and every letter written to you were read into the record?—A. Yes.

Q. You say this: "It is true, it seems very impressive, but after all it is a case of attempted bribery." Following that was the position taken, by the Minister, that it was a bribery case?—A. It was discussed and he pointed out to me that it was a question not only of smuggling but also of attempted bribery. He would say to me, "It is, you understand, a matter of attempted bribery too."

Q. Is it not a fact, that that was the principal cause of his reluctance to release the goods?—A. I do not think so. I say most emphatically Mr. Bureau and I did not, in any way, attempt to settle the attempted bribery.

Q. I do not say you attempted to settle it, but was not the attempted bribery the principal factor that made Mr. Bureau reluctant to release the goods on double duty?—A. My impression now is not that. Mr. Bureau, as I have said and as I recall, was exercising the function of a judicial officer under the Customs Act and as persona designata. He was the Judge, so to speak, as you know as well as I do. From his decision there was an appeal under the Act. It was with regard to the smuggled goods we were dealing and nothing else.

Q. Undoubtedly, but you see the Minister would have large discretion, and his move to exercise that discretion one way or the other would be based on a certain consideration. Now was not the fact that Waisberg had attempted bribery of a Customs Officer a most important factor which would lead or which led Mr. Bureau, at first, to keep all the goods?—A. No, Mr. Calder, my opinion is, Mr. Bureau considered the most serious aspect was that this man might be one of a gang of smugglers. I recall this, I remember Mr. Bureau saying to me at the time, there is a good deal of smuggling going on, and "we must try to stop it". I remember these words quite well. That is what he stressed with me. I directed my attention to do what I believed then and what I believe now to satisfy him that whatever offence the man committed he was not a confirmed smuggler, and I am convinced that position was correct.

Q. You did not have in mind, at the time, that if the man is not a confirmed smuggler it would be a good thing to give him a check, which might result in stopping others who are on the verge of smuggling, and it would stop? —A. If you fine him $400 he would think—

Q. If you put him in jail and prevented him from earning a thousand dollars?—A. Mr. Bureau did not attempt to do that and did not have the right to do it, and I have already told you we made no effort to deal with the attempted bribery.

Q. If a man lost $400 and he lost a few years of work, and if he lost the value of his goods?—A. I think so; if you hit a man in two places it hurts more than if you hit him in one.

Q. In answer to the letter which was written to you— —A. I hope you will note that Mr. Farrow does point out he did not wish to insinuate I misrepresented anything.

"My DEAR Mr. BOYS:—I never intended to insinuate that you had misrepresented the case to me, but what I understood of the case at the time you saw me, did not tally with the documents when I read them. Mr. Waisberg wanted to establish a system, and as you are aware he did it because that appears by the correspondence.

It is an unfortunate misunderstanding, but as you have made representations to Waisberg I will reconsider the subject for your sake.

Yours very truly,"

By Mr. Calder, K.C.:

Q. The representations you made to Waisberg were that he was on a dangerous course, and he had better stop?—A. I did not make any representations to Waisberg—you mean to Mr. Bureau?

Q. No.

"It is an unfortunate misunderstanding, but as you have made representations to Waisberg I will reconsider the subject for your sake."

—A. I reported his decision to Waisberg.

Q. Reported his decision?—A. Yes, when I came home, Waisberg was naturally anxious to know what had happened and I told him that the Minister was not prepared to do any more than accept double duty and sales tax; that it was going to cost—I do not suppose I said that; I do not think I mentioned the amount.

Q. That would be a report, not a representation?—A. It was a report.

Q. On November 13 you wrote to the Hon. Jacques Bureau as follows:

"My DEAR BUREAU:—I have to be in Ottawa—"

—A. Did I take that liberty with him, is it not Mr. Bureau?

Q. Yes.

"My DEAR Mr. BUREAU:—I have to be in Ottawa on Friday and will call and see you re Waisberg, so kindly let the matter stand till then.

Sincerely yours,
(Signed) W. A. BOYS."

Q. Did that interview take place?—A. Yes, that interview took place on 17th November.

Q. And there, the final decision which is now on file, was reached?—A. I will tell you what I did. I went over it again, and the whole question was one as to whether he was one of a gang of smugglers, whether he was a confirmed smuggler. I say to you frankly, I did my best, as his agent to satisfy Mr. Bureau, he was not, in my opinion, a confirmed smuggler, or one of a gang. Apparently I convinced him; he did not say I had. But he then said he would allow the decision to stand, and I came back.

The CHAIRMAN: That is all.

The WITNESS: May I be permitted to say a word or two? It may be of record and quite unnecessary, I appreciate that as far as the members of the Committee are concerned they can refer to the sections of the Act, but I would like to have them on record even though it does take a few minutes.

The CHAIRMAN: You do not need to do that. The Act is before us; it is a public document and we are obliged to take it as proven.

The WITNESS: I appreciate that, but I would like to have it in the report of these proceedings. I will not take the trouble to read them but I will just refer to the provisions of the Sections in a word or two. Under Section 174 of the Customs Act, it is the duty of the Officer in cases of this kind to forthwith report the case to the Commissioner of Customs. Mr. Young, the local Collector did that.

Under Section 175, when the Commissioner gets a report, it is his duty to notify the owner or claimant of the things seized or detained, of the reasons for the seizure, detention, penalty or forfeiture and call upon him to furnish, within a period of thirty days, such evidence in the matter as he desires to furnish.

We did not wait for the thirty days. Pursuant to that, acting on instructions from Mr. Waisberg I came to Ottawa. I laid the case before Mr. Bureau, passing over the head of the Commissioner, as the Commissioner asked me to see Mr. Bureau. I drew the Minister's attention to Section 177 of the Act, which I think I ought to read, and which is as follows:

> "The Minister thereupon either gives his decision in the matter respecting the seizure, detention, penalty or forfeiture, and the terms, if any, upon which the things seized or detained may be released, or the penalty or forfeiture remitted, or may refer the same to the court for decision."

There was no suggestion of referring it to the court. He gave his decision and we could either accept his decision or appeal from his decision, in which case the matter would be referred to a judge. That course was not taken and his decision was final and was acted upon.

With your permission, I would like to read a statement of the facts in this case for the purpose of the record:

> "On October 25, 1922, David Waisberg called at my law office, Barrie. He informed me he was charged with smuggling and a trunk of silk which he had at the station had been seized.
>
> In and prior to 1919, Waisberg had resided in Barrie, where he carried on a clothing store. While a resident of Barrie, I had acted for him on two or three occasions, the last being an important trial in which he was successful, hence, I presume the return call.
>
> On the occasion in question, he retained me to act for him. I saw the local Collector, the late Thomas Young. He told me Mr. Kendall, his Assistant, had exceeded his authority in threatening to arrest, and the whole matter had been reported to the Minister and I would have to take it up with the Department. I advised Waisberg accordingly and received instructions to go to Ottawa, and did so on October 27th.
>
> No information had been laid against Waisberg and no arrest had been made and under the Customs Act it was the duty of Waisberg or his agent, to deal direct with the Minister and no one else."

No information had been laid against Waisberg, and if there had been I would have dealt with the case in my own town.

> "I first saw the Commissioner, Mr. Farrow, who referred me to the Minister before whom I laid all the facts and evidence as provided in the Act. The only question for determination was the nature and extent of the penalty. I contended, that this being a first offence, a penalty or fine of over $400 without confiscation was fairly severe. After argument the Minister decided accordingly.
>
> In the course of a few days I received a letter in which he informed me he was disinclined to carry out the decision reached and suggested that the offence was more serious than presented. I replied affirming the position I had taken and pointing out there had been no further developments and I could not understand his change in mind. I asked that the matter should stand until I was again in Ottawa and on the 17th of November I had my second interview. The Minister seemed strongly of opinion that Waisberg was one of a group of smugglers and on that account wanted to deal severely with him. I contended he could not be,

and referred to his crude methods and to other features of the case in support of my submission and evidently convinced him, for pursuant to the provisions of the Act he gave his decision imposing double duty and sales tax, $813.60 in all, on payment of which the silk was to be released. No disposition whatever was made of Waisberg's alleged attempt to bribe.

Upon my return I reported the result to Waisberg and his wife. This was on November 18, 1922. On August 8, 1924, nearly two years later, I received a letter from the Department that proceedings would be instituted, if duty and penalty were not paid at once. I immediately wrote Waisberg to settle expressing surprise he had not done so long ago. He did not again call on me but I learned later he had called at the Customs Office in Barrie and paid them $813.60 and had received the silk. I learned of this from Mr. Kendall.

With me the matter from beginning to end was a professional one. Politics had nothing to do with it. Waisberg was not then an elector in my county. I had not political influence with the Minister. I did, as any solicitor would, and should do, viz., the best I could for my client in an absolutely legitimate manner. I have nothing to regret, not even an indiscretion.

If the Committee consider I have done anything improper I invite them to report the evidence to the House at the earliest possible opportunity.

Further, should any member of the Committee or counsel engaged, think I am to blame in the slightest degree, I invite and press for the immediate formulation of a charge either in the House or elsewhere.

I trust that the two or three newspapers which displayed me, and the office I hold, in front page insinuating headlines, without the slightest foundation, will give this statement the same publicity."

By Mr. Calder, K.C.:

Q. I want to correct a mistake I inadvertently made when I told you the long report of Kendall which contains among other things, the questions and answers, was attached to the letter of October 25th, I was under the impression it was attached to the letter of October 19th.—A. You said it was on his Customs report.

Q. Yes.—A. You are mistaken.

Q. Yes.—A. If that is so, I take back what I said about Mr. Young's letter. I say, when the report was sent it showed the case in its worst form.

Q. The letter of October 19th, of Mr. Young, was attached to the report, which contained the first interview of Mr. Waisberg with Mr. Kendall. If you will allow me, I will read it into the record:

"Port of Barrie, Ontario,
October 17th."

A. That is two years ago.

Q. "R. R. Farrow, Esq., Commissioner of Customs."—A. Is that not signed by Kendall?

Q. Yes.—A. It was signed by Mr. Kendall himself, and sent by him direct to Mr. Bureau, and later on Mr. Young sent a copy of the report in the very letter you read to me.

Q. The fact is, to cut it short, since the letter was read into the record, briefly the point is, on October 17th, Mr. Kendall reported the first broaching of Waisberg who called upon him and told him he wanted to take in goods through Barrie and made the first proposition of bribery?—A. Is there not anything about $50 in that first report?

Q. Yes. "While attending a meeting, last night."—A. That covered the whole thing.

Q. I will read it again. That is a fair interpretation?—A. I do not want anything that is not fair.

Q. (Reads):

"Barrie, Ontario, October 17th, 1922.

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

SIR:—While attending a meeting last night, October 16, I was called out by a person who stated he wished to speak to me on business and alone. I told him I could not leave the meeting and he asked that I talk with him in a side room."

A. He did know him then?

Q. No.—A. That is rather crude; that is something new to me. Do you not think, to go to a man you did not know and offer to bribe him on the spot, is crudeness?

Q. You cannot say that, if he goes about it in that way. When Mr. Waisberg reported that he had an interview with Mr. Kendall, why didn't you believe Mr. Kendall and disbelieve Mr. Waisberg?—A. I may have been wrong, but I want to be fair to Mr. Kendall.

Q. At this interview there were no goods and no briberies except the proposal to open a port to Waisberg, and to that report is attached the severe letter of Mr. Young. Then comes the report of the actual bribery to which is attached the lenient report of Mr. Young.—A. Is that the one to which I referred as the "Question and answer" one?

Q. Yes. To which is attached the lenient report of Mr. Young, so that Mr. Young was more horrified at the proposal than at the actual accomplishment.—A. An explanation of the situation comes to my mind. Mr. Waisberg has a very charming wife, and she may have called on Mr. Young. That may explain the whole thing.

Q. You will remember, Mr. Boys, that Mr. Young is dead?—A. I am not saying anything against him, am I?

Q. To say of a Customs officer that a pretty face will launch his ship of duty away from the way it should be, you consider nothing?—A. I am afraid that the thoughts that prevail in Montreal are not justified in my part of the world.

Q. The difference between Montreal and Barrie, Mr. Boys—A. Mrs. Waisberg was all I say, and she was a very persuasive woman, believe me, and she may have called on Mr. Young and may have persuaded him to take a more lenient view.

Q. As I was about to say, Mr. Boys, the difference between Montreal and Barrie is that Montreal is more open.—A. I didn't say a thing about Montreal; it was about the thoughts that prevail. If you are correctly interpreting them. There is something you have not read there, which I noticed yesterday, from Mr. Blair; that is the absolute report from Mr. Blair stating that he thought the double duty and sales tax would be a satisfactory settlement.

Q. That was read into the record. Surely you don't want me to read it again?—A. No.

Q. He mentions that "for having attempted to enter same into Canada as ordinary baggage by bribing a Customs officer to pass same," and then he says "I would recommend that the goods be released upon payment of double duty."—A. May I see if that is the one I noticed yesterday? (Referring to file.) Yes, that is the one I am now referring to—

Hon. Mr. STEVENS: The K-9.

The WITNESSS. —from Mr. Blair, dated the 14th June, 1924.

By Mr. Calder, K.C.:

Q. That was drawn by Mr. Blair?—A. There is another one by Mr. Blair, too, but let me finish that while we are on it.

Hon. Mr. STEVENS: Mr. Blair drafted these, and Mr. Farrow simply incorporates them in the proper form.

The WITNESS: I am reading now from Mr. Blair's report dated June 14, 1924, "I would recommend that the goods be released on payment of $813.60, or the goods forfeited, and in default of such release within thirty days, that the goods be and remain forfeited and dealt with accordingly."

Hon. Mr. STEVENS: There is one by Blair of exactly the same wording, Mr. Boys. I have it before me. It is at page 1665.

The WITNESS: They both so report. I want to thank you, Mr. Chairman and gentlemen of the committee, for the opportunity of being present and making this statement.

Witness retired.

J. A. E. BISAILLON recalled.

By Mr. Calder, K.C.:

Q. Now, Mr. Bisaillon, you stated, I think, that you got information with regard to the approach of the barge Tremblay up the river, in a letter from an informer, dated the 19th November, 1924, which you say is of record on the files of the Department?—A. Yes, sir.

Q. Was that your first information as to that particular trip of the Tremblay?—A. No, I had several informations.

Q. Was that your first definite information?—A. Well, all informations are vague until the seizure is performed.

Q. Vague until the seizure is performed?—A. Yes, sir.

Q. Vague as to the name?—A. Not vague as to the name—well, vague as to the name—

Q. Vague as to the name Tremblay?—A. Not vague as to the name Tremblay but vague as to seizure. We never count a seizure until it is effected.

Q. Come, now, this is a nice bright morning. Let us start fair if we can. I will try to be as fair as possible with you, but you will have to be fair with me, too.—A. I will, sir.

Q. I am asking you whether the information that you got in the letter of the 19th was definite as to the name of the vessel?—A. Well, I am not prepared to say that the name of the vessel was remarked in the letter. I would like to see that letter.

Q. I am testing your recollection.—A. I don't remember, sir; I would like to see that letter; it is over a year ago.

Q. Will you remember whether it was definite as to the place where it was to be wharfed?

Mr. GAGNON: Mr. Chairman, may I suggest that if this letter is of record, it should be produced?

Mr. CALDER, K.C.: I will produce it, but I will not show it to the witness.

Mr. GAGNON: Why not?

Mr. CALDER, K.C.: I am citing to you again, for, I think, about the twentieth time, the case of the Parnell investigation in which Piggott's letter was shown to him, but it was not read to him, because if it had been read, Piggott would have triumphed in the examination. It is not the witness' own letter. I am just testing his recollection about it, and I am trying to find out how far he is willing to go in a statement. Mr. Chairman, the point I make,

if you will allow me, is this; I will not show him this letter, and I am not cross-examining him from the letter. I am cross-examining him from his statements of yesterday that he learned for the first time that the vessel to be watched and seized was the Tremblay; that he learned that on arrival at his office or his home, on the night of the seizure, that up to that moment he thought it was a small cargo; that he did not know the name of the ship, and that it was for that reason that he sent Duval alone—or with Masson.

Mr. GAGNON: He said "to the best of his recollection," but, Mr. Calder, I think that Mr. Bisaillon should have the same privileges as the other witnesses, and in certain cases you have allowed people to see their records and to see letters they have written. I have never asked for the same privilege for Mr. Bisaillon, but I think all the witnesses should be treated alike in this investigation.

Mr. CALDER, K.C.: Mr. Gagnon must remember there is a certain tactical element in any case. I am now exercising the right—I may not be fair in my learned friend's opinion—but I am exercising my right to take this witness over yesterday's statements, and put them to him, and let him take one or the other position, and when he takes that, I will use whatever I may have in my possession to either contradict him or corroborate him.

Mr. GAGNON: It was also of proof yesterday that the letter had been sent to the Department. It forms part of the record, and is supposed to be before the committee, and if such is the case, Mr. Bisaillon should have the right to see that letter before he answers your question.

Mr. CALDER, K.C.: I am not of your opinion. I submit, Mr. Chairman, that so far I have proceeded correctly. If I were to show to Mr. Bisaillon the statements he made, the sole recourse of the prosecution would then be to give the record to Mr. Bisaillon, and let him read all the letters.

Mr. GAGNON: The right of Mr. Bisaillon to see this document when he was called to answer any question regarding anything at all, would be absolutely illusory, because you could do that with all the witnesses.

Mr. CALDER, K.C.: It was done with Piggott.

Mr. GAGNON: I don't know that case at all.

Mr. CALDER, K.C.: Then you had better read it, because it is the leading case on this proposition. In that case, if Piggott had been allowed to re-read the letter he had written some time previously to Archbishop Walsh, a grave injustice would have been done, and there are some of us here who prefer to see justice done rather than an injustice.

Mr. GAGNON: I don't know the Piggott case, and I will have to take your word for that.

Mr. CALDER, K.C.: You can very easily find it. If you will refer to R. Barry O'Brien's Life of Sir Charles Russell, you will find in that Piggott trial the cross-examination verbally set down.

Mr. GAGNON: I think if this letter is on the record, it is only fair that it be shown to the witness. I do not see why we should treat Mr. Bisaillon in a different way from the other witnesses, and there is not a witness excepting Mr. Bisaillon who has been refused that privilege so far.

Hon. Mr. STEVENS: Mr. Gagnon, just a moment. Your client yesterday in giving his evidence, volunteered certain statements. One of these statements was to the effect, as I recall it, that he did not know until he arrived in Montreal, the nature of this cargo, that is, the magnitude of it, nor the name of the boat; that he believed it to be a trifling seizure, and he did not know what boat it was on. He made that statement himself; he was not led to make it by any questions; he made it himself. Now, I think, Mr. Calder has a perfect right—

Mr. CALDER, K.C.: I am cross-examining to that statement.

Mr. GAGNON: He said "to the best of his recollection."

Mr. CALDER, K.C.: No, he did not.

Hon. Mr. STEVENS: It was not until Mr. Calder had rather trapped him into suspecting he had made a mistake.

Mr. CALDER, K.C.: He made that statement when I read the report he had provided for Duval.

The CHAIRMAN: The question is allowed. If he contradicts himself, you may then face him with his statement.

By Mr. Calder, K.C.:

Q. Now, I am always speaking as of your present recollection. It should be as good as yesterday. Your statement yesterday was that you did not know until you got to Montreal, that the barge or craft in question was the Tremblay; that you did not know it was a big seizure; that the information that you got in the letter of the 19th was indefinite as to its size. Now, was it indefinite as to the wharf to which the ship was to come?—A. I believe it was first to be landed at Louisville, was it not?

Q. The letter said that it was to be landed at Louisville?—A. I don't know whether the letter said that, or whether it was by telephone after I got to Montreal; I don't remember.

Q. You don't recollect that?—A. No.

Q. Do you recollect that the letter was definite as to the place where the liquor was to be warehoused?—A. Yes, it was in some private wharf, in an empty house.

Q. Now your memory is coming back. Did the person who gave you this information tell you that he was to go down there himself with a show of force, in order to help out your officers?—A. I don't remember that.

Q. Because that might explain why you sent Duval down with Masson, expecting to meet the other men there. Now, all of this being true, why did you not tell Duval when he went down the river, that he was to look for the barge Tremblay, instead of sending him to look for an indefinite and unnamed barge at an indefinite and unnamed place?—A. I must have told him that.

Q. But he says you did not, Mr. Bisaillon. He says definitely that you did not.—A. Well, I don't remember; this is so long ago that I don't remember.

Q. If you knew at the time you instructed Duval that it was the barge Tremblay, that it was to land at Louisville, that the liquor was to be put in a certain house, you should have told Duval that, should you not?—A. It is to my phone that I got after—that report of Duval's was made after the seizure was operated.

Q. Don't let us cross our paths unnecessarily. If you knew when you instructed Duval that it was the barge Tremblay that was to be seized, that it was to land at a wharf at Louisville, that the liquor was to be put in a certain house, it would have been your duty to tell Duval that, in order that he might go to the right place at once, instead of skirting the river for an indefinite number of miles?—A. After my phone—

Q. Wait a minute. Would it have been your duty to tell Duval that?—A. Will you let me explain?

Q. Will you answer my question, and then you can take as long as you like to explain. If you knew these facts when you instructed Duval, should you not have told him those facts so as to make his job easier?

Q. Should you not?—A. The instructions—

Q. Should you not?—A. The instructions—

Q. Will you answer the question?—A. I do not remember that.

Q. You do not remember whether you should?—A. I do not remember what I told him.

Q. I am not asking you that, I am asking if you knew these three important factors which directed Duval to go right down and seize the vessel, should you not have told him those facts?—A. There is nothing to show that I did not tell him.

Q. You should, then; you recognize that you should have told him those facts?—A. There is nothing to show that I have not told him.

Q. There is the sworn testimony of Duval that you did not, and there is the report you drafted for Duval?—A. I am not prepared to say that I drafted that report.

Q. The report you heard drafted for Duval, and did not contradict it, which states your omission, that you did not?—A. Yes.

Q. Then you did not tell him?—A. I do not know whether I told him or not.

Q. He swears you did not?—A. I do not remember if I told him or not.

Q. You should have told him, in any event?—A. I do not remember if I did tell him or not.

Q. You should have told him?—A. I do not remember whether I told him or not.

Q. Was it part of your duty to tell him?—A. I told you I did not remember if I told him or not.

Q. Whether you told him or not, would it have been part of your duty to tell him?—A. If I did send him to look up the barge, I would send him to the North shore.

Mr. CALDER, K.C.: Mr. Chairman, I ask that the witness be ordered to answer the question, whether it would have been his duty, once in possession of these facts, to communicate them to Mr. Duval.

The CHAIRMAN: That is an easy question to answer.

WITNESS: I must have told him.

By Mr. Calder, K.C.:

Q. I ask you whether you will not recognize that it was part of your duty to tell him?—A. You are going back a year and a half ago.

By Hon. Mr. Stevens:

Q. As the senior officer, was it not your duty to instruct your junior officer as to these facts?—A. I must have done so.

Q. Never mind that; whether you must have done so or not, the question is, was it not your duty to do so?—A. Yes.

By Mr. Calder, K.C.:

Q. He swears you did not?—A. I know he does, I know he swore to it, but how could I send him without giving him the particulars?

Q. That is what the Committee are all wondering?—A. When I got back to Montreal, I got contrary information by telephone.

Q. You got contrary information by telephone, when you got back to Montreal?—A. Yes.

Q. Different from what you had before?—A. I mean to say that from the time of the landing of the boat at St. Sulpice they were to look around Berthier, and around that district.

Q. From whom did you get that information?—A. From the same informer I telephoned on arrival.

Q. So that the first information you got by letter was that it was landing at Louiseville?—A. I believe it was.

Q. That it was the Tremblay, and that the goods were to be put in a certain house, a certain vacant house?—A. Yes.

Q. When you got to Montreal, you got information that it was to be landed near Berthier?—A. On the shore from Bout de l'Isle up to Berthier, to be on the lookout.

Q. Does that include St. Sulpice?—A. Sure.

Q. Did you receive that information before, or after?—A. How do you mean, "before or after?"

Q. Did you receive that information before or after you sent out Duval? —A. Before, sir. How could I send Duval, if I had not received the information?

Q. Well, you had the information by letter?—A. Yes, sir.

Q. Do not tell me why you did a thing, tell me whether you did it or not? Did you have that information before you sent Duval down?—A. I certainly did.

Q. Your informer telephoned you, then, before Duval left?—A. I telephoned my informer.

Q. At Main 3500?—A. I am not prepared to say where.

Q. At the police headquarters?—A. No, sir.

Q. Not at the police headquarters?—A. No, sir.

Q. At the private residence of the informer?—A. Yes.

Q. All right. I will put in this letter. You state upon your oath that this letter reached you on the 19th, at eleven o'clock—wait a minute, what time did you get it?—A. I got it in the morning, when I got up.

Q. On the morning of the 19th?—A. I cannot say the date.

Q. It was my mistake. The day of the seizure, the day preceding the night of the seizure?—A. I think so.

Q. Will you swear you received this letter which I now show you, previous to the seizure, and that you did not cause it to be written after the seizure? (Exhibiting letter to witness).—A. No sir, I did not cause it to be written after the seizure.

Q. After the seizure?—A. No, sir.

Q. You unfortunately have not kept the postmarked envelope?—A. I have not.

Q. I will read this letter in French; there is a translation annexed to it, which will make it easy. Before I go on, let me ask, was this the person you had the previous conversations with, the man who wrote this?—A. I had several conversations with him.

Q. Was the Tremblay barge mentioned by name, in these conversations?— A. Yes, on several occasions.

Q. By name?—A. Yes.

Q. (Reads letter in French).

Q. What were those instructions?—A. To be on the lookout for that barge.

Q. You told him to be on the lookout for that barge. Will you tell us by what right you gave instructions to a policeman in Montreal, to go outside his jurisdiction and do work of the Preventive Service?—A. Yes, because he had been supplied with information.

Q. I am asking you by what right you detached from the Service of Montreal, a detective in that service, and sent him outside his jurisdiction?—A. That is done every day, Mr. Calder.

Q. But by what right?—A. For the protection of the revenue as well.

Q. Have you an arrangement with the chief?—A. Not necessarily.

Q. Did you have an arrangement with the chief, was my question?— A. No, I did not.

Q. So you ordered this man to be on the watch for a barge outside his jurisdiction?—A. The chief always said to his man that whenever we needed assistance or help they were to co-operate with us.

Q. In Montreal?—A. He did not specify the place.

Q. Did he mean in Montreal?—A. I do not know.

Q. Which chief was that?—A. Chief Bélanger.

Q. At any time?—A. At different times I have had those men.

Q. Particularly this man?—A. He visited the different guards, in Montreal.

Q. That is agreed, but what about outside of Montreal? Tell us upon what previous occasions you did that, and secured the consent of the chief?—A. I never asked the chief where the location would be, or where it would not be.

Q. The chief would be rather embarrassed if he needed this man suddenly and could not find him because he was down at Louiseville, helping the Customs?—A. I do not know how embarrassed he would be, but I know they were co-operating with us.

Q. At this time, I believe the Mounted Police had been put under your care, as regards the Customs Department?—A. No, I do not believe they were under my care at the time.

Q. But they were ready enough to assist you, and they were there to assist you?—A. Yes.

Q. And they had jurisdiction outside of Montreal?—A. Yes.

Q. Some of them were Customs officers?—A. I do not believe so; not at that time.

Q. You do not believe some of them were Customs officers?—A. Not at that time I do not believe it, but I may be wrong.

Q. At any rate, you did not think of requiring the services of the obvious force, the Mounted Police?—A. I did not. It was not necessary. Two men would have been enough to effect that seizure.

Q. I will read this letter now in English. It reads as follows. (Reads):

EXHIBIT No. 166

"DEPARTMENT OF POLICE,
DETECTIVE OFFICE, MONTREAL,

19th November, 1924.

Mr. J. E. BISAILLON,
Rock Island,
c/o Customs House, Que.

DEAR SIR,—Relative to the conversation that we had together, regarding the S.S. Tremblay, they are supposed to land their cargo in the evening of the 20th instant. The arrangements are made to land their goods at Louiseville, at the Rodolphe Tourville wharf, and the goods will be placed in an unoccupied building. Now, I am going to follow your instructions that you gave to me before you left, and try to be in Montreal for Thursday the 20th. I will be on the spot, with my brother. Come yourself, or else send some of your men. I will communicate with you in the afternoon or the evening at your place. Do not miss the affair, as the information is good.

I am awaiting your arrival.

Yours truly,

ERNEST BÉLANGER.

P.S.—If you wish to communicate with me during the evening, I will wait for you until 9.00 p.m.

Belair 0107W."

Why did you not tell Duval that he might expect to find Mr. Bélanger and his brother at the spot where the barge was to unload?—A. The change was due, if you will allow me to tell you, to the ice in that little river, going to Louiseville. It is a summer place, where the Hon. Mr. Tourville lives, and they were going to take that wharf.

Q. And use that house, I suppose?—A. No.

Q. In the Hon. Mr. Tourville's ignorance, to save rent?—A. No. What would be the saving of rent? It was not in Mr. Tourville's own home it was a house, according to my information, and then the whole change was made after I arrived in Montreal, on account of the ice being in the river.

Q. The change was made on account of the ice in the river?—A. Yes.

Q. And they proceeded to St. Sulpice?—A. They proceeded on the way from Berthier to St. Sulpice—that is my information—and to be on the look-out on the North shore. I have nothing definite.

Q. But Bélanger told you in this conversation that he was going to carry out his intention of being on the spot?—A. No sir. Something turned up that he could not go.

Q. Did he tell you that he would send his brother?—A. No, he did not say.

Q. Did he tell you that he would send anybody?—A. No.

Q. Did you ask him?—A. No, I did not ask him because I did not think that it was necessary. If officer Masson had been reported to me as sick, I would have gone down myself.

Q. If you had telephoned officer Masson yourself, you would have known that he was sick?—A. Yes, but I did not.

Q. In the night, you received a message from Duval?—A. I believe I got three messages.

Q. Tell us what they were?—A. The first message was that he had arrived, and had the cargo at St. Sulpice, but the Quebec Liquor Commission had arrived before he did.

Q. That was the substance of the first message?—A. Yes, that was the substance of the first message.

Q. At the time of that message, did he mention who was with him?—A. I do not believe he did, on the first message.

Q. Go on?—A. If my recollection is right, I was in bed; I got out of bed to answer the telephone. On the second message he told me, I believe, that the first telephone message he had sent he was there with his informer.

Q. Without mentioning the informer?—A. The name.

Q. You had no curiosity about it?—A. He said he was there; he came in.

Q. You knew that that was not Bélanger?—A. Yes, I knew that it was not Mr. Bélanger.

Q. Because Bélanger had just been speaking to you?—A. Yes.

Q. He said he would not go down?—A. There was something turned up that he could not go.

Q. However, you knew that it was not Bélanger?—A. I knew it was not Bélanger.

Q. And not Bélanger's brother?—A. Not Bélanger's brother.

Q. And nobody from the police force, as far as Bélanger's information and knowledge went?—A. Not as far as Mr. Bélanger was concerned.

Q. Did you ask him?—A. If officers have information, they will not divulge the name of the informer.

Q. But did you ask him?—A. On the second occasion, on the second phone, to the best of my knowledge he told me the name of Mr. Brien.

Q. Were you surprised?—A. I was surprised.

Q. Were you disgusted?—A. I was surprised, that is what I was.

Q. Agreeably or disagreeably surprised?—A. Well, I was disagreeably surprised.

Q. You were not in business with Brien at that time?—A. Mr. Brien and I have not been—

Q. Were you in business with Brien in any shape or form at that time?—A. No, sir.

Q. How long had you dissolved partnership with him?—A. I had nothing to do with Brien since the Spring, since the 30th day of April, 1921.

By Hon. Mr. Stevens:

Q. Of 1921, did you say?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. I may tell you Mr. Bisaillon, that my instructions are that Brien was expected down there by the owners of the cargo?—A. That I do not know.

Q. Namely, that when he did not turn up at a certain hour, one of the owners said "Where the hell is Brien"? Or words to that effect?—A. That is without my knowledge.

Q. And we have it in evidence here, in your hearing, that one of the owners said, "Bisaillon must have double crossed us."—A. I do not know where he could have got that.

Q. He got it from one of the owners of the vessel?—A. All right. I am not responsible for that.

Q. You do not know where the owner of the stock got it?—A. No sir, and I do not know anything about it.

Q. With those two incidents, if they are true, would it not appear that you and Brien were in touch with the owners of that cargo?—A. No sir. Never.

Q. It would appear so, from that answer?—A. It would.

Q. But it would not be the truth?—A. It would not be the truth, no sir.

Q. It would not be even likely?—A. Not even likely, because I would know.

Q. Have you any idea who this man was, who turned up in the middle of the night in an automobile, and who on being told that the barge was seized, turned around and went away?—A. I was asleep, sir. I was at home asleep.

By Hon. Mr. Stevens:

Q. You do not think that we are suggesting that it was you, Mr. Bisaillon, do you?—A. No, sir.

By Mr. Calder, K.C.:

Q. Have you any idea who it might have been?—A. No, sir.

Q. Did you talk with Mr. Bélanger afterwards?—A. No, sir.

Q. Not at all, about the seizure?—A. What do you mean, by after?

Q. Did you talk with Mr. Bélanger at all after the seizure?—A. Yes.

Q. I suppose you must have discussed your mutual disappointment?—A. Yes we did.

Q. He did not mention to you that he had gone down there?—A. According to his information, he had been on the lookout. I do not know if he went there himself.

Q. Did he mention to you that he had gone down there while the barge was under seizure?—A. No, sir.

Q. By the officers?—A. No sir; he did not go.

Q. You did not ask him?—A. I did not, no, he did not go.

Q. You did not ask him?—A. I did not ask him, I know he did not go.

Q. You did not ask him and he did not tell you and that makes you certain he did not go?—A. He had some other duties to perform.

Q. You asked him that?—A. He told me by phone.

Q. You knew he had other duties to perform?—A. Yes, that is the reason.

Q. That ended the incidents of the night?—A. Yes.

Q. The barge arrived next morning?—A. Yes.

Q. Did you get down, as soon as General Panet?—A. First of all, I telephoned General Panet and the Signal Department, and General Panet had left for the wharf.

Q. Now, when you arrived, Mr. Bisaillon, I suppose you must have had a conference with General Panet?—A. Yes.

Q. Well now, will you tell us exactly what passed between you on the wharf, with reference to the seizure, first of the vessel; next of the cargo, and finally of the barge?—A. Well, one question at a time, if you will allow me.

Q. I am giving you your head, so you will not be able to say I trapped you; tell us everything that passed.—A. I met General Panet, and shook hands with him and congratulated him on the good work.

Q. For whom?—A. It was the Customs Department, because it was imported goods, and it came under the jurisdiction of the Customs. Then, we got aside, General Panet and I, and he told me he was expecting trucks from the Quebec Liquor Commission. A truck came in and began to load, and I told him it would be advisable before unloading from the boat that the matter should be referred to the Department instead of taking it to the Quebec Liquor Commission; so through the courtesy of General Panet, I telephoned; I did not want any clash. I telephoned Chief Wilson and my instruction from Chief Wilson was to get the goods landed in the King's warehouse.

Q. Did it occur to you, at that time, to suggest to Mr. Wilson, that the Liquor Commission, being fully responsible, both legally and technically, and having ideal warehouses themselves, and moreover not proposing to charge you anything for the warehouse, that it would be wiser to store the liquor temporarily and subject to the federal rights in the Commission warehouse, and subject to previous check as to quantity?—A. No, sir.

Q. That never occurred to you?—A. No.

Q. It does not occur to you now that it would have been wise to do so?—A. No, sir.

Q. Why not?—A. Because all seized goods must be brought to the King's warehouse.

Q. Do you not think you might have stated the Liquor Commission was such a responsible and honourable body, that you could have constituted them a King's warehouse for the time being? There does not appear to be any particular selection of the King's warehouses?—A. It was not up to me to decide.

Q. Did you state it?—A. No.

Q. Did you tell Mr. Wilson you had better put the Liquor in the King's warehouse?—A. No.

Q. Did you sugest to Mr. Wilson it would be better to take the liquor from the Liquor Commission and put it in the King's warehouse?—A. I must have said something to that effect.

Q. The putting of it in the King's warehouse was your sugestion which followed his orders?—A. Yes.

Q. It originated on your suggestion?—A. I telephoned him explaining the circumstances.

Q. It originated by your suggestion? You suggested you reported that course?—A. I am not—

Q. Do not go back on what you said before.—A. I am not going back. I do not recollect everything I said. To the best of my knowledge I do not remember word by word what I said. You must remember it was a suggestion

on my part to Chief Wilson, and I do not believe he would be the man to check it over.

Q. Mr. Bisaillon, you have sworn it must have been by your suggestion?—A. It might have.

Q. The question now is, whether Mr. Wilson was justified in taking your suggestion. Did you make a suggestion?—A. I do not remember.

Q. A minute ago you did.—A. I do not remember every word I said.

Q. I am asking you this question, whether you did say to Mr. Wilson, the Liquor Commission propose to take the liquor into their warehouse, whatever our rights are, and you used words to that effect. Was it not at your suggestion that he said to put it in the King's warehouse?—A. I do not think I stated. I really believe I asked Chief Wilson's instructions to the effect whether I should send the goods to the King's warehouse.

Q. Did you tell him you had a preference for your own carters?—A. I do not recollect.

Mr. GAGNON: Mr. Chairman, before we go any further, Mr. Calder has asked Mr. Bisaillon a question as to whether or not it was a suggestion, and as to whether it would be his duty to suggest.

Mr. CALDER, K.C.: I did not say that. What I asked him was whether it would not have been the wiser course.

Mr. GAGNON: Chief Wilson advised Mr. Bisaillon to put it into the King's warehouse.

By Mr. Calder, K.C.:

Q. Did Mr. Wilson advise you to do that?—A. Yes. According to law all goods that are seized must be brought to the King's warehouse.

Mr. CALDER, K.C.: They constitute open garages King's warehouses.

Mr. GAGNON: I think that was carried out by the Liquor Commission itself.

Hon. Mr. STEVENS: You are making a mistake, Mr. Gagnon.

Mr. GAGNON: No.

Hon. Mr. STEVENS: You can constitute anything a King's warehouse, and it is done very frequently and very quickly There is nothing in the argument at all, in any case.

Mr. GAGNON: You are reproaching Mr. Bisaillon for having suggested bringing the goods to the King's warehouse, and I say the liquor must be in the King's warehouse, and he had to follow the course indicated by Mr. Wilson, which is acording to the law.

Mr. CALDER, K.C.: You can constitute a King's warehouse by the scratch of a pen.

By Mr. Calder, K.C.:

Q. That brings us back to the question, of whether rightly or wrongly, according to law, or contrary to law, or whatever it might be, whether you made the suggestion that it would be better to put the liquor in the King's warehouse rather than put it in the warehouse of the Liquor Commission and make it a King's warehouse?—A. I carried out the instructions I received.

Q. Now, Mr. Bisaillon, previous to these instructions, did you make any suggestions?—A. I do not remember.

By Hon. Mr. Stevens:

Q. You remembered a moment ago. You stated, in answer to a question, you did make a suggestion.—A. To the best of my knowledge, I do not know exactly word by word, the conversation we had.

Q. We do not expect so.—A. I do remember that suggestion or not, I might and might not.

Q. You do not believe you made any suggestion?—A. I do not believe I made any such suggestion.

Q. Why did you say you did, a moment ago?—A. Because I didn't know; I was giving you the best of my knowledge.

By Mr. Calder, K.C.:

Q. You did not know the consequence of your answer?—A. I did.

Q. You did not at the moment?—A. I did at the moment. I did not know exactly the wording. It was during the evening and I do not know what I said, until we reported the fact to Chief Wilson and my instructions were to get the goods into the King's warehouse and that was done.

Q. And the fact remains that under instructions the Liquor Commission had been permitted to take away only 335 cases, or thereabouts?—A. It was returned back to the King's warehouse.

Q. It was taken under their own supervision in their specially constructed trucks?—A. Yes.

Q. To their specially disposed warehouse?—A. Yes.

Q. You got the 335 cases back?—A. Yes.

Q. None of it was disturbed?—A. None of it was disturbed that I know of.

Q. Then, you got the Arbour Cartage Company?—A. Yes.

Q. Why did you do that?—A. I tried to get the Customs cartage to bring the alcohol. First of all I telephoned to them, and tried to get someone to bring the alcohol.

Q. The Customs cartage, who is that?—A. Well, there are two or three.

Q. Which one did you 'phone to?—A. Well—

Q. All of them?—A. No, I telephoned to one, I don't remember his name, he is one of the Customs men.

Q. He is the only one you 'phoned for?—A. Yes.

Q. You knew all others could be got?—A. The others are all light trucks.

Q. Tell us the names of some of them so we can check them up.—A. The contract is divided up among three or four; I do not know exactly.

Q. Tell us their names, as we cannot check up your statement.—A. I have not got them—

Q. If you cannot tell us, then we cannot check them up.—A. The Arbour Cartage Company did transport some of the cases.

Q. When did you take charge of the cargo, or when did you get instructions from Mr. Wilson, at what hour?—A. Of his first instructions?

Q. About what time?—A. Well, the telephone message was between one or one thirty, to the best of my knowledge. I do not know exactly the hour but I telephoned General Panet and told him I had received instructions.

Q. When you told him you had these instructions did he go back to his office?—A. Yes, after that he went back to his office.

Q. We will carry on with the liquor. Whom did you charge with the unloading, all your staff?—A. I think the only available officer I had at the time was Officer Duval.

Q. Where was Kearney?—A. Kearney, I do not know where he was.

Q. Where was Hicklin?—A. He was the office man and I could not take him away.

Q. Did you seek to find Kearney?—A. Kearney was on the job somewhere.

Q. He spoke to you that morning?—A. That does not make any difference.

Q. Did you not think that was an important thing to charge a man with? There were other men, Allmand, Hickey and Duval?—A. Yes, and Mr. Boisonnault.

Q. That would be a safe man, Mr. Boisonnault?—A. Yes, he worked in the Gauger's Department.

Q. Who was in charge of the party?—A. From three o'clock—I think it was Officer Duval, and then another one of these men came, I do not know exactly who it was and the actual unloading took place.

Q. Who did the unloading?—A. Some of the men of the Liquor Commission loaded the trucks; men of the Quebec Liquor Commission; the men that were left there.

Q. Unloaded the trucks?—A. Yes.

Q. Although it was your seizure?—A. I asked General Panet. I had men in Montreal and men were away; a lot of men were in Rock Island.

Q. You asked General Panet that?—A. Yes, he said he had men.

Q. Did he tell you he was going to leave men for the purpose?—A. Yes.

Q. He told you that?—A. I presume so.

Q. Do not presume, it is very important.—A. It is.

Q. Do you presume or do you know General Panet told you "I will give you men to unload the barge"?—A. Yes, because they remained there.

Q. No, that is a deduction; did General Panet tell you he was going to help you to unload the barge?—A. He must have done that.

Q. That he was going to have these men do this work; arduous work like that?—A. Must have been, as they remained on the job.

Q. The actual unloading of the boat took place, and who did General Panet tell you he would leave?—A. Either Mr. Dansereau or Forget.

By Hon. Mr. Stevens:

Q. I suppose these men were longshoremen?—A. No, regular Quebec Liquor Commission men; employed by the Quebec Liquor Commission.

By Mr. Calder, K.C.:

Q. They did the longshoremen's job? We are informed by those who were there all they did was check and watch.—A. The checking was done by the Quebec Liquor Commission at the wharf on the arrival of the goods, and the goods were checked by the Customs at the warehouse.

Q. To come back to the Customs at Montreal, was it Monette you 'phoned to?—A. I presume it was.

Q. Or was it Cheleur?—A. It was between the two of them.

Q. There is a third one?—A. Who is that?

Q. I do not know, but there is a third one.—A. No, it is either Cheleur or—

Q. Or Monette?—A. Yes.

Q. Did you go down, at any time, during the unloading of the barge?—A. I went down before the unloading took place, and I spoke to one of the Quebec Liquor Commission men and told him the cargo was to go to the King's warehouse and he told me he had no instructions about that.

Q. You took the precaution?—A. Took the precaution, I do not know what he had done, if he had telephoned or if they had telephoned to him or what was done, I could not tell you.

Q. Did you stay long on that occasion?—A. No, I went back to the office.

Q. Were you advised about the unloading?—A. I had a couple of telephones from Duval in regard to Captain Tremblay turning out the lights and also there was a carter who tried to prevent him from unloading.

Q. Captain Tremblay did that?—A. Yes.

Q. He had been released on bail?—A. Yes.

Q. I mean, as to the manner in which the unloading took place?—A. Yes.

Q. Did Mr. Duval make any complaints to you?—A. That is what I am coming to. There was an obstruction from the Captain.

Q. I am not talking about that.—A. That is a report.

Q. That is what Duval reported to you?—A. Yes.

Q. That was in the evening that he reported it to you?—A. No, about half past eleven, when he said everything had been unloaded and put into the warehouse, and the boat had been searched by the Quebec Liquor Commission and some of our men and nothing on board could be seen.

Q. That ended with the report?—A. Yes.

Q. Did any other man make any report?—A. What other man?

Q. Either Hickey or Boissonnault?—A. Yes.

Q. Did these report anything unusual?—A. Yes, that whiskey was floating around the barge Tremblay.

Q. In other words it appeared clear at the moment this report was made, there was a wholesale pilfering of the liquor?—A. No, I am not prepared to say that.

Q. Liquor was floating around?—A. There was a good deal of leakage. I suppose they drank as they were all feeling pretty well, from the day before; since the 20th.

Q. Was the report given to you that the cans were leaking and everybody was getting drunk?—A. Yes.

By Hon. Mr. Stevens:

Q. They synchronized?—A. Yes.

By Mr. Calder, K.C.:

Q. At that time, it never came into your mind, whether there was pilfering as well as leakage, at that moment?—A. I did not get a report until late in the evening.

Q. Until after it was over?—A. Before.

Q. Why did you not go and ascertain? I would imagine that men in the blank condition in which they were, and in which they usually are after drinking would have given you some valuable information?—A. There was no pilferage to my knowledge.

Q. I am asking whether it ever occurred to you to go down and see whether pilfering was going on?—A. I had been working eighteen hours a day.

Q. You told us you were sleeping part of the night preceding?—A. Yes.

Q. You were working eighteen hours a day?—A. I told you I was out all day travelling around and at Rock Island.

Q. You had had a full night's sleep?—A. Yes.

Q. You were awake and up at the office, and were awake when they 'phoned you?—A. Yes.

Q. Why did you not go and find out whether pilferage was going on?—A. There was no pilferage going on.

Q. Why did yon not go down to investigate yourself?—A. I had a man.

Q. What man?—A. Quebec Liquor Commission.

Q. Under your authority?—A. They were not.

Q. That is why you should have gone down.—A. No, sir.

Q. The more we go along, the more our conceptions of what constitutes duty widens. Now, we will come to the eventful morning of your arrest; you were arrested on the 24th?—A. Yes.

Q. At what hour?—A. I believe they came along about eleven o'clock.

By Hon. Mr. Stevens:

Q. Morning or evening?—A. Forenoon.

By Mr. Calder, K.C.:

Q. Rioux and Boissonnault were the officers?—A. No, Mr. Lorrain and Mr. Rioux.

Q. Were you taken to the Provincial Police?—A. Just a moment, I will explain, you might as well know the whole thing.

Q. If I can get it.—A. Yes, sir, I will give it to you. This is something I quite remember.

Q. I trust your memory will be good on that point.—A. I hope so. I was arrested about eleven o'clock and Detective Rioux searched the office in the presence of Detective Lorrain the Chief's son, and looked for papers and found nothing pertaining to the Customs.

Q. Nothing whatever?—A. No.

Q. He was not as lucky as Duncan?—A. Do you consider he was very fortunate?

Q. I consider he was marvellously lucky.—A. It is greatly to his credit, there was nothing to hide anyhow.

Q. Except possibly, the cheques?—A. What cheques?

Q. Your cheques.—A. That does not matter.

Q. You have not got that cleaned up yet?—A. No, sir, I am waiting for the Committee to clean it up for me.

Q. He found in your books nothing of a private nature?—A. No.

Q. Nothing in the desk there?—A. No.

Q. It is your statement that in your entire private office there was nothing of a private nature.—A. I do not recollect of having anything down in that office.

Q. I am not asking that.—A. To the best of my knowledge they did not produce anything.

Q. You say, Detective Rioux looked over your documents and found only documents of a public nature?—A. Yes, sir.

Q. That is your statement?—A. To the best of my knowledge, yes.

Q. He did not take all the papers he found there?—A. Where?

Q. In your office? All the papers that were there in your own private and personal office? He did not lift them? They were all left?—A. I don't believe he took anything out.

Q. All right, that is settled now. He left everything there?—A. Yes, because it all pertained to the Customs.

Q. He did not exercise the right he would have of taking them all up for further examination?—A. I don't know.

Q. He did not, as a matter of fact?—A. He done some searching there, but I don't remember—

Mr. CALDER, K.C.: I trust that some day detectives will realize that documents are more significant to those that give them their instructions than they are to themselves.

By Mr. Calder, K.C.:

Q. All right, he did not take any papers. Did you ever communicate with anybody before you left the office?—A. I spoke to Officer Hicklin and I spoke to Officer Kearney—

Q. You spoke to Officer Duval?—A. Yes.

Q. And to Officer Masson—A. Yes.

Q. You had open communication with all these people?—A. Yes, I had to arrange for my bail.

Q. They knew you were arrested?—A. I told them.

Q. Did you give them any directions at that moment?—A. No sir; the only thing, I was anxious—I knew that Christmas was the next day, and I wanted to be home with my family, and I hustled up for my bail.

Q. You told Masson to hustle for bail?—A. Yes, I told him to go to his bank—

Q. Which bank?—A. To the then Banque de Hochelaga.

Q. Now the Banque Canadienne Nationale?—A. Yes.

Q. What branch?—A. I believe he does his banking on Mount Royal; I cannot tell you.

Q. "He" does his banking?—A. I cannot swear to it.

Q. But the direction was to go to his bank?—A. In fact, he offered that to me. He said "Are you really under arrest," and I said "Yes, sir"; he said "You will have to have someone to bail you out," and I said I was looking to get hold of somebody, and he said "I can do that myself," and I said "Thank you."

Q. Did you have any idea what bail would be required?—A. Yes, because Detective Rioux—

Q. The other men had been bailed?—A. The other men had been bailed, and they wanted $9,000 bail on property, and he said "I will do that for you," and I said "I will be very thankful to you."

Q. He subsequently appeared in Quebec with a letter of credit for how much?—A. I did not see it; I heard of it. He might have showed it to me—

Q. He must have discussed it before Magistrate LaChance in your presence?—A. No, it was not discussed at all. The only thing is that when we came in Judge LaChance asked me what we were doing there, or something similar—I don't remember; I was all nerved up—

Q. You were not so nerved up as that, because you were received "avec le sourire aux levres," and everything was "all hunky-dory." That would not "nerve you up" very much?—A. It was an awful strain.

Q. Let us get back, and leave the details out for a minute. Was this letter of credit discussed in your presence, and if so, do you remember what the amount was?—A. I was told it was a letter of credit for $50,000.

Q. So that Mr. Masson must have had $50,000 in the bank, or in collateral at the bank at that moment?—A. Yes, and more too.

Q. Then you were released on that bail?—A. Yes.

Q. And the preliminary inquiry occurred several days afterwards?—A. Yes.

Q. What was your statement as to your bank account, in defence?—A. I don't remember; you have got it there.

Q. You don't remember what you said about your bank account?—A. I have not got my testimony here. I suppose I will have the priyilege of reading it over.

Q. Yes, I have no doubt. But surely you know what the facts were. I will read you the actual questions from the Court record, certified by Alexandre —and something illegible "Salvois" or something like that—and countersigned by Judge Choquet. At page eight of the official transcript you made the following statement—you have no reason to doubt that these notes are correct?—A. No sir.

Mr. CALDER, K.C.: I will read this in French. (Reads evidence in French). I will now read this in English. Mr. Lucien Cannon was cross-examining. (Reads):

> "Q. Now, Mr. Bisaillon, we have filed a statement of your account in the Provincial Bank, establishing that during the last three years, or at least in 1922, 1923 and 1924, at a time when you were receiving a salary of about $2,000 a year, you deposited over $69,000.
>
> Question objected to on the part of the accused, saying that the inquiry should be limited to the last year. Reply allowed by the Court. —A. In 1922, as I believe you must know, it was I who opened the port of Farnham, the Customs port of Farnham. As it always take long to procure from the Government what we need, there passed through my hands some $35,000 or $40,000 when I left at night, when I left in the morning to open the Customs office, and I came back with the collections for the day, which I deposited to my credit the next day, and which went

to the Receiver General. I had no safe, I had nothing; I had even not the necessary documents to pass my entries. I believe I waited a month before I got them.

Q. That was in 1922?—A. Yes, that was in 1922.

Q. And in 1923?—A. In 1922 and 1923. Now, in this matter what was done was this: we would pocket the money, and then deposit it, and after that report it.

By Counsel for the Accused:

Q. You were making cheques to the Government?—A. Either cheques were made out, or drafts were bought, and so the money was transferred.

Q. Have you your cheques?—A. No, you have them. I gave everything to this gentleman. All the cheques were given. As far as my salary is concerned, it were well perhaps to advise you of the following, Mr. Cannon. This is something that may interest you, seeing that the amount of the salary is not very high. Here is what I have received since the 1st of February, and I have at least four times that amount to get yet.

(The witness passes certain papers to the counsel for the Crown.)

By the Court:

Q. Those are Government bonuses?—A. Yes."

Q. That was not true, was it, that your account was made up in that way? —A. I have explained—

Q. Wait a minute; that was not true, that your account in the Banque Provinciale was made up by deposits of monies collected by you in Farnham? —A. No, sir.

Q. Have you any explanation to offer?—A. Yes, I have.

Q. Go ahead and make it?—A. At the time of the arrest, they searched all the banks imaginable. They imagined that I had deposits, and one thing and another. I was under the impression, when they did not produce any documents, that they had my books. They had the cheques, but they only produced a few cheques, and I was under the impression that they had all the others, all the cheques and deposits that had been made in Farnham as well. I was under that impression, and that is how I came to make that statement. I was under a nervous strain, and every cent of that money has been reported to the Department, sir.

Q. I am not talking about that. You knew full well, at the time you were examined in Quebec, that the amount of $69,000 shown in your bank account was not Government money?—A. It was not Government money.

Q. You knew that?—A. I did not know, because I did not see anything, and I did not have any documents that would explain that deposit.

Q. Who would know better than you?—A. Well, I was under a heavy strain, and I admit I have made a mistake, and I have admitted that I have made a mistake, before now.

Q. You will admit that it was part of your defense in the barge Tremblay matter, that you were not dealing in alcohol?—A. I was not, in 1922.

Q. But it was part of your defence that you were not a trafficker in alcohol?—A. I was not, either.

Q. My question is, it was part of your defence that you were not a trafficker in alcohol?—A. Not in 1922.

Q. It was part of your defence that you were not a trafficker in alcohol?—A. In 1921, yes; we quit on the 30th day of April, and at the time I was not trafficking in alcohol.

Q. If it can be shown that the amounts of money you had in your bank in those years were personal deposits, you would have to explain their origin, and

the only true explanation you could give us would be the liquor traffic?—A. No sir, not the liquor traffic.

Q. Not at the time?—A. Not at the time.

Q. But in the years 1921, and 1923, the only explanation you could offer for the very large depositing—the only true explanation—was that you were trafficking in alcohol?—A. Previous to 1919 and 1920; I think if you will go back to the statement, you will see that.

Q. But that would be the explanation of the origin of your fortune?—A. No, sir.

Q. How did it otherwise originate?—A. I will explain it, if you will produce that book. It dates back from 1900.

Q. Do not tell us figures, chapter and date; tell us what other business besides the liquor traffic brought you in $69,000 in three years?—A. Well, in 1919, 1920 and 1921 we sold quite a lot of liquors, which were shipped here to different parts of Canada, and I have received a certain amount of money.

Q. For that?—A. For the goods we have sold.

Q. And if you had told the Court that, the Court would have come to the conclusion that you were a liquor trafficker.—A. In 1920, yes.

Q. And they might have presumed that you were still in the business?—A. There was no presumption, not at that time.

Q. They might have adduced that, and therefore it was thought you deliberately stated that that account was derived from the Farnham collections, when you knew it had not been?—A. I have already explained the circumstances, not having any documents, only seeing two or three cheques thrown in front of me, that that was the cause of that statement. If I had had the documents, the full documents, I would not have made that statement.

Q. What bank did you draw drafts upon for the Receiver General, derived from collections from Farnham?—A. It was the Canadian Bank of Commerce.

Q. Where?—A. In Farnham.

Q. You had drafts through the Canadian Bank of Commerce in Farnham?—A. I might have drawn some somewhere else.

Q. Tell us where?—A. I do not know.

Q. Please now, Mr. Bisaillon, you know what bank you drew drafts from? —A. No, if you go back, I had not any record, and if you go back since I am in the Preventive Service, I would not be able to tell you, as it goes back to 1922, five years ago.

By Hon. Mr. Stevens:

Q. You stated and swore in this evidence that these moneys were moneys derived from Customs collections at Farnham, and that is what explains your account and you knew at the time they were from Farnham.—A. No, sir, I did not. If I had any documents I would not have said it.

Q. Did you ever draw a draft through the Banque Provinciale for Farnham collections?—A. I do not remember, I might.

Q. You do not remember?—A. No, you are going back five years ago. I have not got any cheques or any documents.

By Mr. Calder, K.C.:

Q. You had about four months to check this up and prepare yourself for this very point.—A. I beg your pardon?

Q. You had about four months to check this up and prepare yourself for this very matter.—A. I have no books.

Q. Nobody has any knowledge of your affairs except Mr. Bisaillon?—A. Yes, they know it.

Q. Who?—A. Mr. Rioux.

Q. Mr. Rioux states he did not know about them.—A. They took every document I had.

Q. Did they take everything?—A. I beg your pardon?

Q. Did they take every book?—A. Yes. they took everything, and I handed over myself—

Q. Mr. Cannon would know?—A. I have no books whatever, in the matter, since 1900.

Q. Whenever you went to the bank to remit by draft derived from collections, you always bought the draft by cash?—A. Yes.

Q. Why should you pass that through the account as a deposit?—A. How did I pass it through?

Q. You would go to the Banque Provinciale and I point out to you, that you had to go out of your way in doing that?—A. I would not deposit to my account, I would buy a draft.

Q. Therefore, you knew that none of the money was in a bank account? —A. I am explaining it. I was taken by surprise and had no account and it was to the best of my knowledge what I told them.

Q. You told us all about the circumstances, and that it was not deposited to your account and you told us that you did not know the $69,000 was made up of draft money.—A. I did not have any documents, and I did not know if they had gone to Farnham, or I did not know where they had gone.

Q. What about your knowledge of your own business, in connection with documents?—A. What?

Q. Your knowledge of your own business, would surely remind you of these documents? You know you never drafted through the Banque Provinciale in Farnham; you know that?—A. I am not prepared to say I never drafted through the bank.

Q. Are you prepared to state under oath you did?—A. I am not prepared to state under oath I did or I did not.

Q. Are you prepared to state under oath you never did?—A. No, I am not prepared to say it.

Hon. Mr. STEVENS: The answer to it is shown by a record of his evidence and shows they were all through the Bank of Commerce.

Mr. CALDER, K.C.: I am trying to find out whether Mr. Bisaillon can make at any tme, any definite statement on anything. I think I will give it up.

By Mr. Calder, K.C.:

Q. Now, are you able to say, that all the drafts from Farnham were sent through the Canadian Bank of Commerce, you would know that?—A. I have no record of it.

Q. You would know it?—A. I would not have any record.

Q. You would know it?—A. I know the money was turned in.

Q. You know you have no record that you were here yesterday, but the Committee would have that?—A. No, sir.

Q. You would have a record that you were examined?—A. I would have no record.

Q. You would have no record that you were here the day before yesterday?—A. I was here.

Q. You have no record?—A. No.

Q. You have no recollection?—A. Yes.

Q. A little?—A. Yes, it was nothing of any importance, Mr. Calder.

Q. And you should have a recollection of the fact that you sent drafts? —A. I have no record of it, the money was turned in to the bank.

By Hon. Mr. Stevens:

Q. Do not forget when you were examined on this examination, which was read sometime ago, you were asked about that, and you say now it was three

years ago, but the examination occurred a year and three months ago.—A. I have already explained the situation, and how it would go through.

Q. Nobody can understand why a man of your experience, can answer a question like that. You were arrested, and should remember.—A. I was very nervous at the time.

Q. From the strain and surprise of your arrest?—A. Yes, the humiliation and all.

Q. That is nonsense.—A. No, sir.

Q. For goodness sakes give us straight testimony.

Witness retired.

The Committee adourned until 3.30 p.m.

AFTERNOON SITTING

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

Mr. CALDER, K.C.: I wish to file first, Mr. Chairman, the letter to which allusion was made this morning, namely, Belanger's letter to Mr. Bisaillon of the 19th of November, 1924.

This letter will be marked as Exhibit No. 166.

Hon. Mr. STEVENS: Did you complete the reading of it in English, Mr. Calder. I remember you read it in French.

Mr. CALDER, K.C.: Yes, Mr. Stevens, I read a translation of it in English, and a copy of that English translation of it remains on the file.

J. E. BISAILLON recalled.

By Mr. Calder, K.C.:

Q. To revert for a moment to the day of your arrest, Mr. Bisaillon, you were allowed to communicate freely with people in the office?—A. You mean in my own office?

Q. Yes?—A. Not without the presence of the detectives.

Q. But in their presence, you were allowed to communicate freely with anybody in your office?—A. I do not believe I communicated with anybody outside of Mr. Hicklin, Mr. Duval, Mr. Kearney, and Mr. Masson.

Q. Did Mr. Masson go to see you subsequently, in the provincial office?—A. Yes, but it was in the presence of three or four detectives who were there.

Q. Were you allowed to communicate with your house?—A. No, sir.

Q. Did you ask?—A. I did not, sir.

Q. When you arrived at your house, we are told by detective Rioux, that apparently certain documents were laid on the table with all the appearance of preparation, and that the safe was open?—A. The safe was open, but there was no preparation. I mean to say, it was not locked.

Q. It is not customary to have a safe and not lock it, is it?—A. When there is nothing in it.

Q. Even when there is nothing in it? Did you not communicate with your house?—A. No, sir.

Q. Not a bit?—A. Not a bit.

Q. Neither directly or indirectly?—A. Directly nor indirectly.

Q. On your return from Quebec, after your acquittal, there was a little jambaree held in the Customs Department?—A. You ask if there was any jambaree after my acquittal?

Q. Yes?—A. Yes, sir.

Q. Was that the time you were presented with white lilies?—A. Yes.

Q. Is it true that a collection was taken up in the Department for the purpose?—A. I do not know about that.

Q. Who organized it?—A. I cannot say.

Q. To whom were you grateful for it?—A. Well, it would be hearsay, and I am not in a position to say. I was called to go upstairs in Mr. Clerk's office. I did not know what I was going up there for.

Q. And there Mr. Clerk presented you with white lilies?—A. Mr. Clerk presented me with white lilies, and presented me with something else afterwards.

Q. What was the something else?—A. That is why I am here to-day.

Q. You say "that is why I am here to-day"?—A. Part of the contribution, I believe.

Q. What is that?—A. It was part of the contribution.

Q. So you think he gave you lilies with one hand, and stabbed you with the other?—A. I have not any proof of it, but it looks very much that way.

Q. Let us get back to the day in Montreal, when the barge was at the wharf. Did they point out to you the prisoners, Stewart and Campbell?—A. General Panet said there were two Americans on board.

Q. You say General Panet told you there were two Americans on board?—A. Yes, sir.

Q. Did he point them out to you?—A. No, he did not point them out, they were sitting right next to the captain.

Q. So you saw them?—A. I saw them. I had a glimpse of them.

Q. Did he tell you they were under arrest?—A. He told me they were under arrest. They were all under arrest.

Q. And after that, some time after that you told him you were in control of the situation?—A. I told him I was in control of the liquor.

Q. In control of the situation?—A. No.

By Hon. Mr. Stevens:

Q. You seized the vessel?—A. The seizure was a seizure of the Quebec Liquor Commission, but I had left and the boat remained under my jurisdiction until the decision from the Department to have the boat brought from the wharf to Quebec.

Q. The seizure was a seizure of the Quebec Liquor Commission—to be frank about it?—A. Yes. These men had a Customs writ.

By Mr. Calder, K.C.:

Q. Do you mean to say that you made that formal distinction to General Panet, "I am in charge of the liquor and the liquor only"?—A. I had asked General Panet to leave the men to supervise the unloading and the guarding of the liquor.

Q. You told General Panet you were in charge, after telephoning to Mr. Wilson?—A. Yes, no doubt about that.

Q. You did not make the distinction "I am in charge of the liquor", you said, "I am in charge now"?—A. I told him I was taking possession of the goods.

Q. You told him you were in charge from now on?—A. What does my own personal report say, Mr. Calder?

Q. We will come to that later on. General Panet says he warned you that from the moment he relinquished, and took Captain Tremblay, that the two Americans were in your charge. Was that true or not?—A. I suppose it was.

Q. You did not protest against that?—A. No, sir.

Q. So we will take it for granted that the prisoners were in your charge?—A. All right.

Q. You knew they were under arrest?—A. Yes, but they had left a man to take charge of them.

Q. Who?—A. You had the list here.

Q. We had Rutledge, who said he remained there, but was not in charge of the prisoners, but had them under his eyes. Bellefeuille says he saw them until five o'clock?—A. My information is that they went up to dinner with the men of the Quebec Liquor Commission.

Q. Duval has told us that. But from the moment you took charge, General Panet said you took charge also of the prisoners?—A. He simply pointed out that there were two Americans on board.

Q. A few minutes ago you told me that if General Panet said you were in charge of the prisoners, that that was true?—A. All right.

Q. You were in charge of the prisoners?—A. The prisoners in the barge, if you want it that way.

Q. Did it occur to you, as a Customs officer, to guard the prisoners and arrest them?—A. They were all under arrest, the main man was under arrest. There was only one man we were entitled to arrest, that was the captain of the ship, and he was under arrest.

Q. Did it occur to you to go to Messrs. Stewart and Campbell and question them?—A. No, sir.

Q. Why not?—A. Because I had no right to arrest them.

Q. Surely you had a right to question them?—A. I was not concerned with them. The seizure was made, and that was a whole lot. It was the liquor, and the transportation of the liquor into the warehouse from the boat.

Q. How do you interpret the word "prevention"? Is it not to prevent smuggling, by striking at the origin of it?—A. Preventing it, preventing goods from being smuggled into the country and distributed. That is what we call preventing.

Q. It never occurred to you that it was your duty to see that the organization fighting against you, and smuggling goods into the country, should be located and destroyed?—A. They had been located. They were located, and they were under the supervision of the Quebec Liquor Commission, sir, when they landed the liquor at the wharf.

Q. Well then, we will take it, that you thought you had done your full duty when you took over the liquor and thought it was unnecessary to question the two men who were owners of the liquor, who were found in possession, to find out who were the real owners, how this thing had been organized, how far it had gone, whether they had smuggled before, whether they were going to smuggle again, all that was of no interest to the Acting Chief Customs Officer?—A. All that had been done by General Panet; he had them under arrest.

Q. Where did you get the information that he questioned them as to the cargo? Where did you get the information that he asked about the liquor, where it had come from, and who was interested in it; how did he get the information?—A. I took it for granted. After having made the seizure and having to do with the liquor, I took it for granted it was their right to go on with the seizure, as the seizure was maintained.

Q. You thought you had no right to question these men?—A. I came in after, and I did not want to go in—

Q. Your interference or superimposition on the Liquor Commission limited itself to coming in and taking the liquor away? You would not take the minds of the prisoners away from them?—A. That was my instructions; to take the liquor.

Q. The minds of the prisoners would not have amounted to very much?—A. It was not for me, I did not figure it.

Q. That was your position, that it was no part of your duty to examine these men?—A. No, sir.

Q. Having given General Panet assurance that you were in charge of the prisoners, why did you not keep charge until General Panet or somebody else said release them?—A. I was under the impression, these men had been left in charge and were going to take care of the liquor as well as the men.

Q. You told General Panet you were taking charge?—A. Yes.

Q. Well, at the time you told General Panet you were taking charge the idea in your mind was this "I am taking charge of this liquor; the Liquor Commission officials are charged with them and they can come and go as they choose?—A. No.

Q. What do you mean by taking charge?—A. Taking charge of the liquor.

Q. We have had that?—A. Yes, I was taking charge. I got instructions to keep the liquor; that was all.

Q. When did the men leave?—A. I could not tell you, I was not there.

Q. You were not that much interested?—A. I was not there, I was in the office.

Q. When did your men report to you and tell you that the men had gone; that Stewart and Campbell had gone?—A. There is a report in there. It was during the evening or the following day, or in the afternoon. I cannot exactly say, it is eighteen months ago.

Q. Have you ever seen them again?—A. No, sir, and could not give you any description of them.

Q. Did you ever see the captain interested in them; in Stewart and Campbell?—A. Who do you mean?

Q. Did you ever see anybody that was interested in the liquor cargo as well as Stewart and Campbell, or that were mixed up in it?—A. I have seen Captain Symons after that.

Q. Is it your statement that Captain Symons was interested?—A. I do not say he was, you asked me who was mixed—

Q. I asked if you met anybody, anyone who was interested in the cargo?—A. Who was interested in the cargo?

Q. Did you ever have a visit by a man called Neil?—A. Never, sir.

Q. You say, the vessel was never seized by the Customs?—A. By the Customs?

Q. Yes.—A. It was detained, the seizure was never maintained.

Q. Never anything done with it?—A. The Quebec Liquor Commission seizure, this is.

Q. There was never any decision on the seizure?—A. Not on the seizure by the Preventive Service.

Q. Did you ever put in the K-9?—A. Not that I recollect.

Q. You made it out and sent it?—A. We made a K-9, the seizure was never maintained.

Hon. Mr. STEVENS: What seizure is that?

By Mr. Calder, K.C.:

Q. There is the K-9, dated 20th November:

> "I, J. E. Bisaillon, did seize the steam barge Tremblay for using same for transportation of smuggled liquor."

Did they not get a copy of the K-9?—A. It was a seizure, a Preventive seizure, and it was not maintained. It was a Quebec Liquor seizure.

Q. It was released on $1,700 payment?—A. It was released, but it did not come to me.

By Mr. Doucet:

Q. The fact is, this seizure was not maintained? At the time the seizure was made along with the cargo?—A. Yes.

Q. You did not know whether it was maintained or not, did you?—A. No, but I knew first, at the time, it was not going to be maintained. I knew it was not going to be maintained as Chief Wilson came in to Montreal, and said it was not going to be maintained.

Q. Well, Mr. Bisaillon, the point I want to make is this, and which we want to have cleared up. On the 21st of November, when you seized the cargo of the barge Tremblay, you also seized the vessel?—A. Yes.

Q. At that time, you did not know, Mr. Wilson would tell you later, that the seizure would not be maintained?—A. No, sir.

Q. Consequently, were you not expected to observe some care over the seizure as if it were going to be maintained?—A. I did not really believe, at the time, Mr. Doucet, it was going to be maintained.

Q. You made the seizure, just the same?—A. Yes, and reported on the K-9.

Q. You made a report on a K-9?—A. Yes, it was sent back.

Q. In your mind, you did not think it would be maintained?—A. No.

Q. In view of that, and in justice to the Quebec Liquor Commission, and till a decision was reached, was it not up to you to exercise some care, or the same care as you would in connection with the cargo?—A. Yes, and I have made the report accordingly.

Q. You say "yes," do you not?—A. The same care?

Q. Yes.—A. Yes.

Q. While Mr. Calder is looking up some documents there, you say, that in connection with the Customs Act you could not arrest more than one person with having the goods?—A. No, the Master of the ship.

Q. Is there not a certain clause in the Customs Act which says when two or three persons, or two or more persons are together in possession of contraband goods, that you can proceed with an indictment?—A. No, sir.

Q. Section 215:

> "If any two or more persons in company are found together, and they or any of them have any goods liable to forfeiture under this Act, every such person having knowledge of the fact is guilty of an indictable offence and punished accordingly."

A. Yes.

Q. Did you know of the existence of the regulation?—A. That did not apply to ships, does it?

Q. It did not apply to what?—A. Ships.

Q. Now, Mr. Bisaillon, do you mean to tell me that Section of the Act does not apply to any vehicle, be they automobiles or vessels, in connection with contraband goods?—A. Yes, it must.

Q. Of course, it does, and consequently, by virtue of Section 215, you could have arrested any of them, even the two super cargoes of the vessel, and not only the Captain?—A. It never was done. The Captain is the man who has been arrested. The Captain is arrested and let the others go.

Q. We are not talking of the practice, we are trying to get the authority Customs officials may have in order to make an arrest, and you have the authority there, have you not?—A. Yes.

The CHAIRMAN: This is only to test the legal knowledge of the witness.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, will you make again the statement you made about never having seen Mr. Neil, after he was-- —A. Having seen Neil after the seizure?

Q. Yes.—A. I have no recollection, sir.

Q. A moment ago, you said "no" very emphatically.—A. I do not believe; I have no recollection.

Q. You know, Mr. Bisaillon, you said a moment ago, when I put the same question to you, you said, with one of those fine emphasis you put on, "no, sir" and now you say you do not recollect.—A. No, sir, I have no record. What is the statement? I would like to know. This is my own report and I would like to know. If I have the report itself, it is so long ago I do not remember. I do not believe I have seen him.

Q. I have a memorandum here by Mr. Wilson, which reads as follows:

January 14th, 1925.

Officer Bisaillon told me in Montreal, on the 16th December, that Neil, supposed to be from New York, came to see him in connection with the Tremblay cargo and remarked it was a heavy loss. I asked Mr. Bisaillon if Neil was the owner of the cargo and he said he did not know, but presumed he was from the interest he had taken in it and by the remarks it was a heavy loss.

Signed W. F. W."

What is your recollection now?—A. I have no recollection of that.

Q. That precludes almost from asking you the next question. You say, you did not think it took place and you did not think it advisable to question Mr. Neil at the time?—A. I might have told Mr. Wilson I had information.

Q. That Neil had come to you?—A. No.

Q. How?—A. I had information that it was a total loss for Neil and Neil was the owner. I understand still Neil was the owner.

Q. You think, having told Mr. Wilson, what I have read, and which was written down:

"Officer Bisaillon told me in Montreal on 16th December, that Neil, supposed to be from New York, came to see him in connection with the Tremblay cargo and remarked it was a heavy loss. I asked Mr. Bisaillon if Neil was the owner of the cargo and he said he did not know, but presumed he was from the interest he took in it and the remark it was a heavy loss.

A. I have discussed this with many people, but I have no recollection of having seen Neil.

Q. If Neil had come to see you—of course, if this is true, if he had come to see you again it would have been to ask where the liquor came from?—A. No.

Q. You would have asked him?—A. Yes.

Q. Why?—A. I was asked for a report on the case.

Q. You were asked for a report and if Neil had come to see you, you would have got the information?—A. Yes.

Q. It did not occur to you that you might be asked for a report at the time Stewart and Campbell were on the deck of the good ship Tremblay and were under arrest? Did you think that might happen? You could derive that from Mr. Tremblay, by asking "are these members of your crew, if not what are they doing on your ship"?—A. Mr. Tremblay was not there.

Hon. Mr. STEVENS: They were sitting on the foreward deck, dressed in yachting suits, fine looking sailors for a barge on the St. Lawrence, Mr. Bisaillon.

By Mr. Calder, K.C.:

Q. One more question, Mr. Bisaillon, when you were acquitted, did you take steps to cause the Department of Customs to pay your bill for your legal services?—A. No, I have made a bill and never sent it.

Q. You made a bill and never sent it?—A. Yes.

Q. At one time you had an idea you could charge to the Department, Messrs. Monette and Company's bill?—A. Not Mr. Monette; Mr. Monette was paid by me.

Q. But Mr. Monette's account; you made out a bill to be reimbursed?—A. Yes.

Q. You yourself certified that it was correct?—A. I never sent it to Mr. Wilson.

Q. I suppose you discovered how abusive such a thing would be?—A. Well, abuse?

Q. Do you think really the Customs Department should pay the bills, or should be requested to pay the bills?—A. The bill was not sent. I want to explain that I certified it as correct—

Q. And something made you hesitate. I want to get your psychology. At a certain moment you were under the impression that the Department should reimburse you for bills incurred by you in defending a criminal charge?—A. Yes.

Q. Tell us, by what possible construction you came to the conclusion?—A. No, I made the bill out and did not send it. It does not concern the bill, it was not paid.

Q. Do you say the bill was never sent?—A. I did not say it was never sent; it was never paid.

Q. Please do not give us any more of this: "do not recollect". Did you you send it or not?—A. No, I did not.

Q. You are sure?—A. I did not.

Q. This is positively one definite answer.—A. It was among my papers.

Q. There was a carbon triplicate and I want to find out where the other two went?—A. I believe I have one at home.

Q. Where is the third one?—A. I do not know.

Q. You did not send that?—A. No.

Q. Are you still of the opinion you can recover something from the Department?—A. Sure, I do not know why I should not; I remained with the Government for a year after that.

Q. Why didn't you send the bill?—A. I do not know.

By the Chairman:

Q. I suppose you were consulting a lawyer?—A. It does not concern, as the account is not paid. If you want to pay it I will give it to you right now.

Q. I suppose you have consulted a lawyer to that effect?—A. No, I did not consult one at all. I had a good mind to. My case, it was worth all my lawyer got for it.

Q. He has got his, and it was a question if you would get it afterwards?—A. I paid him for his services, he was reliable, a good lawyer and an honourable gentleman.

By Mr. Calder, K.C.:

Q. I am sure he will print this in the next issue.—A. I hope so.

Q. Did you recommend that the barge Tremblay should be released on a deposit of $400?—A. I might, I do not remember.

Q. As a matter of fact, did you not wire the same day, that the barge should be released for $400?—A. I have some recollection on account of the ice in the St. Lawrence and the agent was there wanting to have the boat taken down to Quebec. It was at their request that I sent the telegram.

Q. And you were told that the Deputy did not authorize it?—A. Yes, sir.

Q. Did you wire or telephone?—A. I might have done both, sir.

Q. The same day?—A. Well, I would not say—

Q. No, on the date of the seizure?—A. I don't know exactly what date, but I know there was some communication with Mr. Wilson.

Mr. CALDER, K.C.: That is all this time, Mr. Gagnon.

By Mr. Gagnon:

Q. Before the seizure of the barge Tremblay, did you have any recollection of anybody having been arrested or detained by the Customs Officers for offences against the Customs Act?—A. Only in one or two cases.

Q. Before that?—A. Yes; because there is no use bringing the men to Court; they would be fined $50 and let go every time.

Q. I am asking you as to the fact.—A. Only on one or two occasions.

Q. When you are sending an officer to make a seizure on information, do you provide him with writs of assistance?—A. They mostly all have writs—all the old officers.

Q. If something developed whereby you could not effect a seizure, with these writs of assistance would your officers have power to force assistance? —A. Yes; anybody around.

By Hon. Mr. Stevens:

Q. Did Duval have a writ of assistance?—A. No sir, but Officer Masson had.

By Mr. Gagnon:

Q. And between officers, these writs, which are issued by the Exchequer Court, are sometimes loaned to each other?—A. Yes, that has been done.

Q. And you were under the impression that Masson was going with Duval? —A. Yes, sir.

Q. What instructions did you give to Duval? In regard to the finding of the barge Tremblay—did you give him instructions to report to you?—A. To report to me immediately, if he saw anything.

Q. Do you remember any of your officers, while you were there, having to use the writ of assistance to force help?—A. Well, I do not recollect that, Mr. Gagnon.

Q. Before the seizure?—A. It might have been done, but it was never reported to me.

Mr. GAGNON: I have no other questions.

By Mr. Calder, K.C.:

Q. Mr. Bisaillon, we were told by Sergeant Churchman of the Mounted Police that on a certain occasion you offered him what you called a transferrable writ of assistance?—A. Not a transferrable writ, but I offered him my own writ, sir.

Q. You did?—A. Yes, sir.

Q. By what authority can you transfer a writ to somebody else? A writ is not a negotiable instrument.—A. It might not be negotiable, but I know it has been the practice from one officer to another.

Q. And you tolerated that practice?—A. I tolerated it; it was in existence, and I did not know the difference.

Q. I should think the difference would be so obvious that it might occur even to the Chief of the Preventive Service in Montreal. Do you not see the danger there is in handing to a man who has not been authorized by Parliament, a very very wide power which has been authorized by a special writ to a special man?—A. No, sir.

Q. You do not see the danger?—A. No, because this would authorize him to perform seizures.

Q. Did you often do that?—A. I offered it to Inspector Churchman.

Q. Did you ever do that with other people?—A. I believe on two or three occasions altogether.

Q. Tell us to whom you transferred a writ like that?—A. I believe I loaned it to Officer Kellert on one or two occasions—oh, maybe three or four times altogether. I do not know who the others may be, but I know I recollect on two different occasions to Inspector Kellert.

Q. Did you ever offer it to anybody else outside of the Service?—A. No, I did not need to offer it. When they needed it, they would come and ask me for it.

Q. People would come and say "Look here, I have no writ of assistance; will you lend me one?"—A. What I mean, it was among our own officers in the Department.

Q. So an officer would come to you and say "I have no writ of assistance; lend me one."—A. Yes, and I would lend him my own. It did happen on three or four occasions.

The CHAIRMAN: It is a very dangerous practice.

Mr. CALDER, K.C.: I should think it is.

The CHAIRMAN: Because some official might pawn it somewhere.

Mr. CALDER, K.C.: And that privilege could very easily be abused.

The WITNESS: Not in my Department—

Mr. CALDER, K.C.: No, I realize that would be impossible.

Mr. DOUCET: These writs are only issued to proper persons in their own name.

By Mr. Gagnon:

Q. Are all these officers provided with writs of assistance?—A. No, sir.

Q. What officers are provided with such writs?—A. In the beginning I believe Officer Masson, Officer Kearney, and myself. There might have been others too; I don't know. Then I wrote to the Department afterwards, and asked for more writs for the officers, and I believe that the officers were all granted writs after that.

Q. When was that?—A. That was in 1925. There is correspondence on the file to that effect.

Q. But up to that time any officer who was not provided with a writ of assistance and who had caught some smuggler, or had knowledge of smuggling being done, if the smuggler resisted, how would your officer have acted in order to enforce the seizure if he had no writ of assistance?

Mr. CALDER, K.C.: You can make a seizure without a writ of assistance; it is a search you cannot make without a writ of assistance.

The WITNESS: He would have been deprived of the right of entry.

By Mr. Gagnon:

Q. But if he is not provided with a writ of assistance, how can he effect a seizure in case of resistance?—A. He could not have done it.

By Mr. Calder, K.C.:

Q. What?—A. In case of resistance he could not have entered.

By Mr. Gagnon:

Q. He could not have entered a house at night?—A. No.

Q. That was changed in 1925?—A. Yes; it happened on three or four occasions.

Q. You stated a few moments ago that there was a different provision regarding the seizure of a ship. I see by Article 259,—

Mr. CALDER, K.C.: I thought it was agreed we were not to put law to this witness.

Mr. GAGNON: I am following Mr. Doucet's lead.

Mr. CALDER, K.C.: But you smiled such approval to Mr. Chairman's statement that we should not do that, that I thought you would be guided by that principle.

The CHAIRMAN: I am only accepting it as a test of the legal knowledge of Mr. Doucet.

Mr. GAGNON: If I can show that my client has acted within the law, in certain circumstances, I think it would be a good defence to your argument or the evidence you are trying to get from this witness.

Mr. CALDER, K.C.: I have no objection to your putting the question, only you approved so obviously of the opposite ruling of the Chair, that I thought you would follow it.

Mr. GAGNON: I have not said a word since the beginning of the sitting, so I could not approve.

Mr. CALDER, K.C.: Your expressive countenance often expresses a great deal, Mr. Gagnon.

The CHAIRMAN: Put the article to the witness.

By Mr. Gagnon:

Q. By Article 259 I see that in the case of a vessel, any officer has the right to order assistance even if he is not provided with a writ, and if any man refuses to assist, he is liable to penalty. Does that same provision apply in all the other seizures?—A. Yes sir.

Q. In all seizures?—A. Without the writ?

Q. You can provide for help?—A. Without a writ?

Q. Yes?—A. No.

Q. If Officer Duval had had some difficulty there at St. Sulpice, would he have had authority to ask for assistance?—A. Sure; yes sir.

Q. Regarding the right to question persons: do you have the right to question anybody when you are arresting them—when you are making a seizure?—A. We generally place them on their guard.

Q. Did you ever exercise that right?—A. No, I never did.

By Hon. Mr. Stevens:

Q. Never asked any questions?—A. I never arrested anybody.

By Mr. Calder, K.C.:

Q. Nor never asked any questions of anybody?—A. Only when it was necessary.

Q. And it never was necessary?—A. It always was, yes.

Q. Then you always asked questions?—A. I asked questions when it was necessary.

Q. You thought it was necessary in the barge Tremblay case?—A. Not in the barge Tremblay case.

Q. Was it because you knew all about it?—A. No, if I knew all about it, you would have a different report, and I would not be here.

By Mr. Gagnon:

Q. Supposing you are questioning a man, and he refuses to answer; can you compel him to answer, as a Preventive Officer?—A. I don't see how I can.

Mr. GAGNON: That is all. I want to draw the attention of the committee to the fact that I think this article of the law which provides for the questioning

of a person applies only to people who are reporting to different ports. They can be examined by an officer regarding their cargo, when they are going to report, but it does not apply to ordinary cases. I contend that the officers have no right to question people outside of the people who are coming to a port to report something, but they can question them on their cargo, or on the goods they want to import, but they have no right to question all people, even in the case of smuggling.

The CHAIRMAN: Sometimes they make their own declaration.

Mr. GAGNON: Yes.

Mr. CALDER, K.C.: They may have no right, but sometimes a man under similar circumstances makes a statement, and sometimes that statement is useful, if you are regarding the Preventive Service from the point of view of the public. Of course, if you regard it from the point of view of the smuggler, it takes a different term.

Mr. GAGNON: You cannot blame an officer for not doing what he is not authorized to do.

Mr. CALDER, K.C.: He could question them until they said "Stop," and then he could have stopped, and Mr. Bisaillon could have answered with a clear mind "I questioned them, and they refused to answer."

By Hon. Mr. Stevens:

Q. Will you answer one or two questions, Mr. Bisaillon? When you arrived in Montreal, according to one version of your evidence yesterday, you thought this was a small affair?—A. According to the information I had, Mr. Stevens. I did not think it was such a shipment.

Q. You thought it was a comparatively ordinary affair?—A. Ordinary, yes.

Q. Later you found out that it was a very extraordinary affair?—A. Yes, at about eleven-thirty.

Q. You detailed Duval to watch the shore and to make the seizure if he could?—A. I detailed Duval to Masson's home.

Q. But you detailed Duval?—A. Yes.

Q. And then you went to bed?—A. Yes, I went to bed.

Q. And had a good night's rest?—A. Yes, and I needed it too.

Q. But before you went to bed, you were informed that it was the Tremblay and cargo?—A. The Tremblay with some liquor on board.

Q. With a cargo?—A. With some liquor on board.

Q. In other words, you knew the nature of the cargo?—A. If I had known the nature of the cargo, I would have been there myself.

Q. When you found it was the Tremblay, why did you not go yourself?—A. I had visited the Tremblay on many occasions since the month of May, and we never could find anything.

Q. You thought she was all right?—A. (No audible answer.)

Q. Duval is rated as a labourer?—A. Yes.

Q. Never was a Preventive Officer?—A. He was a Port Officer.

Q. He was rated as a labourer?—A. Yes.

Q. And you set him to watch the shore to get this vessel?—A. I have some men with higher ratings than Officer Duval, who have not his ability.

Q. Duval is very intimate with you, is he not?—A. He is not so intimate, but he has been a good officer.

Q. And a very close associate and friend of yours all the way through.—A. No, sir, not a friend of mine. He has been a good officer of the Department. I have had good service from him.

Q. He drove your car?—A. He drove on several occasions, yes.

Q. Then when you came the next day yourself, and found there was a full cargo on board, you left Duval in charge?—A. I had no other officer—

Q. Oh, rats! You had Kearney there, a man who had been thirty years in the Service; he was in your office that morning.—A. All the officers, Mr. Stevens, were detailed to Rock Island by instructions from the Department.

Q. Tell me this. When you discovered that the Tremblay had a big cargo, amounting to $240,000 worth of revenue, you still left Duval in charge, did you not?—A. Yes. I left Duval in charge with a man from the Quebec Liquor Commission.

Q. And Duval is rated as a labourer?—A. That would not make any difference. When a man is an able officer, that makes no difference. It is not his rating that makes him able.

Q. It has something to do with it. The fact is, you left Duval in charge, and he is a labourer.—A. I left Duval in charge because he was able to perform the duty that had to be performed.

Q. You left him in charge?—A. Yes.

Q. And he is rated as a labourer?—A. Yes.

Q. But he had no writ of assistance?—A. No; he did not need any writ of assistance; the cargo was under seizure.

Q. He had no writ of assistance?—A. No.

Q. And he was one of the few men on your staff who did not have a writ of assistance at the time?—A. No, there were quite a few who did not have them at the time.

Q. Kearney was in your office that morning?—A. Yes, he was; I believe he was.

Q. And he has been in the Service about thirty years?—A. Yes.

Q. Is a good officer?—A. A very fine officer.

Q. An experienced officer?—A. Yes.

Q. A man of some education?—A. Yes.

Q. And you did not put him on at all?—A. He had been on the night previous watching; I do not know where he was despatched to that day.

Q. Did you know those two Americans who were on board?—A. No sir. I did not, sir; never saw them before.

Q. Never saw them before?—A. Never talked to them sir.

Q. Did you know that Brien was interested in that cargo?—A. By hearsay, but I never knew that Brien had anything to do with it until the night of the twentieth, between the hours of eleven-thirty p.m. and one-thirty in the morning—the second telephone. I never knew anything about it, sir.

Q. What did you know about him then?—A. I heard he was the informer in the case.

Q. You knew he was interested in the cargo?—A. No sir. I never knew that he was interested in the cargo.

Q. When did you learn that?—A. That he was interested in the cargo? I knew he was the informer, and that was all I knew.

Q. Did you hear he was interested in the cargo?—A. I did not hear of it.

Q. Who did you hear was interested as owner?—A. I heard there was a man called Neil.

Q. You are sure of that now?—A. I am sure of that now; a man by the name of Neil.

Q. Who else?—A. I do not know of anybody else. I have heard lots of comments, lots of hearsay.

Q. Did you ever know that the Dominion Distilleries were interested in that cargo?—A. No sir, and I never heard that the Dominion Distilleries were interested in that cargo.

Q. You are quite sure of that?—A. I am positive, sir.

By Mr. Doucet:

Q. When you made a seizure of a cargo in a barge, did you take a list of the names of the crew and the super-cargoes?—A. No, sir.

Q. You did not?—A. No sir.

Q. Did it not come to your mind at the time, Section 216, the next succeeding Section to the one I just quoted?—A. No sir.

Q. That Section says that every person found on board a vessel, hovering within the three mile limit, engaged in the importation of contraband goods into Canada, under the law, is also subject to a fine of $100?—A. Yes, but I said a minute ago, Mr. Doucet, that the Master of the ship was arrested, and I followed the old practice, and never interfered with the rest.

Q. But you realized it when I quoted the Section?—A. I did realize it, and I do realize it; but I always followed the practice of fining the man $400.

The CHAIRMAN: It says, Mr. Doucet,

> "Every person who is proved to have been on board any vessel or boat liable to forfeiture for having been found within one league of the coast or shores of Canada,"—

Hon. Mr. STEVENS: That is three miles, Mr. Chairman.

Mr. DOUCET: Surely, Mr. Chairman, the wharf is within one league of the shore. Surely the wharf is comprised in that.

By Mr. Doucet:

Q. Now, Mr. Bisaillon, did you at any time tell some one that you knew of two parties interested in this cargo?—A. No sir.

Q. You did not?—A. No, sir.

Q. Search your memory, and see if you cannot recollect telling one man, Mr. Dufresne?—A. I never saw Mr. Dufresne. You mean Captain Dufresne?

Q. I only have the name "Dufresne"?—A. If it is Captain Dufresne who was arrested, I was only acquainted with him in Quebec.

Q. When?—A. When we were arrested, during the time of our arrest. I never talked with Captain Dufresne any more than to say "good morning" to him.

Q. But even then?—A. I never discussed it with him.

Q. You never discussed it with him or anybody else?—A. No, sir.

Q. The names of two men, very prominent citizens of Montreal?—A. No sir. If I had been in their secrets, I would not have told it. If I had been within the secrets.

By Mr. Calder, K.C.:

Q. What is that? Would you say as a Preventive officer, that if you had known the true facts of this case, you would not have divulged them?—A. That is not what I mean, and I did not say that. "Je veux dire que je n'étais pas dans le secret des dieux."

Q. You mean you were not in the secrets of the gods, but in the secrets of the spirits?—A. Nor of the spirits. It is a different thing altogether.

By Mr. Doucet:

Q. Even if you were not in the secrets of those engaged, you might perchance have known?—A. There was no chance, Mr. Doucet.

Q. You might perchance have known of the cargo?—A. No chance; they would not come to me.

Q. And you told no one?—A. No sir.

By Hon. Mr. Stevens:

Q. By the way, Mr. Bisaillon, you never supplied us with the names of the employees you had engaged in the liquor business, which you promised us nearly two months ago?—A. No, I have not.

Q. We want that list?—A. The only man that can supply it is Mr. Brien.

Q. Mr. Belisle—why do you not produce Mr. Belisle?—A. I would like to see Mr. Brien; he might tell you something about Mr. Belisle.

Q. Is that another mysterious character and mix-up in business affairs?—A. It might be; still, he was in existence, Mr. Stevens.

By Mr. Calder, K.C.:

Q. You remember we told you to produce here, if you could, one single man besides yourself who would swear he had seen Belisle, and that Belisle was not you? (No answer.)

Mr. GAGNON: He gave the name of Brien, Mr. Calder.

Mr. CALDER, K.C.: But it is the employees, Mr. Gagnon.

By Mr. Calder, K.C.:

Q. You will remember that early in the proceedings I said to you, Mr. Bisaillon, that we would like to have produced here one single person besides yourself—I will also except Brien, because he might be interested—a single person besides yourself and Mr. Brien who will swear that he saw Belisle, and that Belisle is not Bisaillon.—A. Yes, sir.

Q. You have not been able to find a single person?—A. I have not been able to find anybody.

Q. This busy man who was at his office must have interviewed a lot of people, he must have dined, gone about and had his being in the city of Montreal, and nobody besides yourself and Brien can swear that it is not you?—A. There were a lot of people going to that office every day, and I was not there.

Hon. Mr. STEVENS: He was attending faithfully to his duties at the Customs.

WITNESS: I was.

Hon. Mr. STEVENS: And Belisle was doing all the business.

By the Chairman:

Q. Where did he come from?—A. Mr. Belisle came from somewhere around North Bay.

Q. An Ontario man?—A. Yes. Part of our whiskey went to Ontario, and some went clear down to British Columbia too.

By Mr. Calder, K.C.:

Q. Do you not see how important it is that you should materialize Belisle? It would take away from you one of the greatest suspicions?—A. I would like to do it Mr. Calder.

Q. What have you done in the direction of North Bay to find Mr. Belisle?—A. I have not done a great deal.

Q. Have you done anything?—A. Yes, I have made some inquiries.

Q. From whom?—A. Some people here and there.

Q. Where, in North Bay?—A. No, not in North Bay.

Q. North Bay is not as big a place as Detroit?—A. No, but it is a very wild country up there.

Hon. Mr. STEVENS: He is a pretty wild man, I warrant you.

By the Chairman:

Q. We are informed that Belisle was residing in St. Pierre Miquelon?—A. He might have been.

By Hon. Mr. Stevens:

Q. That is a new chance?—A. I do not know where he was born, and I do not know where he is.

By Mr. Calder, K.C.:

Q. You have not heard of him in Demarara or in Nassau?—A. No.

Q. To come back to your bill for services, I am instructed you sent this bill direct to the Minister?—A. This bill?

Q. Yes?—A. I might have sent him one, but it has no bearing, Mr. Calder; it was not paid, so, a bill that was not paid has no bearing.

Q. Did you ever hear of an offence called in the Criminal Code, an attempt to obtain money under false pretenses?—A. Yes, but it does not apply in this case.

The CHAIRMAN: That is not a proper question.

Mr. GAGNON: I do not think it is very relevant, Mr. Chairman.

Mr. CALDER, K.C.: When a man certifies his own criminal law expenses as follows: "I certify that the whole of the above expenditure was incurred on Government business" I think that is a false pretense.

Mr. GAGNON: But he was a Government employee, and if he was arrested, even on a criminal charge, I will go as far as to say that it is still doubtful whether he had the right to or not. He was kept with the Government, and even after he was arrested and acquitted with the consent of the Department, for a year after that.

Mr. CALDER, K.C.: If he was arrested for assault and battery on the street, could he send a bill to the government for your services?

Mr. GAGNON: It is not a question of obtaining money under false pretences. He is not sending the bill. If he had some trouble with his employers, and the Government kept him in its employ, that would certainly justify him in sending the bill in.

Mr. CALDER, K.C.: I want to find out whether he sent it or not.

WITNESS: I do not remember sending it, and I do not believe I sent it. The bill you have in your hand was taken by Inspector Duncan from my office. It was not sent at all, it was taken from my desk.

By Mr. Calder, K.C.:

Q. It might have been sent and returned?—A. Sent to whom?

Q. To the Minister?—A. It might.

Q. And have been returned as not due, which would I think, be a proper thing, if a Minister did that, and to his credit?—A. It was not a question with the Minister, or anything about it; I was in the employ of the Department. I was arrested, and remained there a year after; I still contend that this bill should be paid, and that is all there is about it.

Q. You have not applied for a petition of right yet, have you?—A. No, unless you help me.

Q. No, my experience with petitions of right is that they cannot be got? (No answer).

The CHAIRMAN: The king can do no wrong.

Mr. CALDER, K.C.: No, Mr. Chairman.

By Mr. Calder, K.C.:

Q. You certified this, according to the certificate I have read, and you went further than that in anticipation of payment; you signed "Received payment in full of this account?"—A. Yes.

Q. Are you quite sure it did not go the Minister and was turned down? —A. This bill did not go.

Q. I may have a keener sense of what false evidence is, but we will not discuss that. (No answer).

Mr. GAGNON: There is no false pretence in that fact that he sent the bill to the Minister; he was still in the employ of the Department.

Mr. CALDER, K.C.: I will say, it was a false pretence, when he was arrested on a criminal charge.

The CHAIRMAN: It is a question of law.

Mr. GAGNON: Anyway, I do not see any false pretence in it.

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

WITNESS: Thank you.

Mr. CALDER, K.C.: Shall we return this voucher to Mr. Bisaillon?

The CHAIRMAN: Surely, it may help him.

WITNESS: Will you help me get it, Mr. Calder. Do you think I will get it?

Mr. CALDER, K.C.: I am not the Government, but I would not buy your chances.

I have handed the bill to Mr. Bisaillon. I am reminded by the Clerk that he is the custodian of this bill, and that it forms part of the record. We had better get it back from him.

(Witness returns bill to Mr. Calder).

Witness retired.

BRAUN LANGELIER called and sworn.

By Mr. Calder, K.C.:

Q. You can speak English, Major Langelier?—A. I will do my best.

Q. Are you in the employ of the Quebec Liquor Commission?—A. Yes.

Q. In what capacity?—A. Assistant controller of the police department, Quebec district.

Q. You have particular charge of the Quebec end?—A. Yes.

Q. When were you first advised the activities of this barge?—A. On November 14, 1924.

Q. Up to that time, were you ignorant of its activities?—A. Yes, sir.

Q. I take it that you were the first man in the Quebec Liquor Commission to be advised?—A. Yes.

Q. Without revealing who your informant was, I suppose you have no objection to telling who he was not?—A. No, sir.

Q. Was it Mr. Brien?—A. No, sir.

Q. Was it Mr. Ernest Bélanger, of the police department, Montreal?—A. No sir.

Q. Was it Mr. Duval?—A. No, sir.

Q. Was it Mr. Bisaillon?—A. No, sir.

By the Chairman:

Q. Was it a man down in Quebec?—A. To tell you, sir, I did not know where he came from, I had never seen him before.

By Mr. Calder, K.C.:

Q. It was part of his stipulation with you, you told me, that his name should not be revealed?—A. Yes, sir.

By the Chairman:

Q. Perhaps it was a sailor upon the barge?—A. I could not say.

By Mr. Calder, K.C.:

Q. The information he gave you was in consequence of a conversation he had overheard?—A. Yes.

Q. On the barge Tremblay itself?—A. It was a conversation that he heard in Montreal. I could not say from recollection whether it was on the barge or not, but I think he mentioned the Montreal harbour.

Q. From the moment you received that information, you steadily watched for the barge?—A. Yes.

Q. Whom did you detail to look after it?—A. Inspector Patry, Inspector Laforest and another man.

Q. With men in their charge?—A. Yes.

Q. There were three parties?—A. Yes.

Q. They were to patrol the river below Quebec first?—A. Yes.

Q. Can you tell us, according to your information, where she was to come into the Quebec jurisdiction, at what point?—A. Well, I was told that the barge was coming up the river, that the barge was going to take a load off the Gaspe coast.

Q. And then to proceed up the river?—A. Yes, sir.

Q. Were you told at that time what its destination was?—A. I was told that it was going to be unloaded into a smaller barge, and would go up the Chambly canal, I think.

Q. Did you get in touch with the Marine Department, so as to get this vessel signalled to you, as she came up the river?—A. No, sir, I did not.

Q. You were relying upon your own observation entirely?—A. Yes, sir.

Q. Can you tell us at what ports or points she was reported to you by your own officers?—A. Well, she was first reported at l'Anse à la Martre.

Q. Where is that?—A. That is down on the Gaspe coast.

Q. Was she seen there by your people?—A. No, sir, she was signalled there.

Q. By the Marine Department?—A. By the Marine Department.

Q. Where was the next point?—A. The next point was on Lake St. Peter.

Q. And then?—A. Well, the informer came up to see me on the day before the seizure; I think, on November 19th.

By the Chairman:

Q. In Quebec, or in Ontario?—A. In Quebec, sir.

By Mr. Calder, K.C.:

Q. Telling you what?—A. That the barge had passed Three Rivers at noon on the same day.

Q. By that time had your parties reached the upper part of the river?—A. No, sir.

Q. Did you instruct any of them to go up the river on boats?—A. Yes. I sent a man up, I think it was a Saguenay boat that left at six o'clock the same evening, as I got the information about five o'clock in the afternoon.

Q. And he left by that boat?—A. Yes, sir.

Q. She was sighted, as we have been told, by you?—A. Yes.

Q. Or by your officers?—A. Yes.

Q. We will pass over the facts of the seizure; did you have any report that this ship had unloaded anywhere?—A. Yes.

Q. Where was she supposed to have unloaded?—A. Just off of Port St. Francis, I think it is, on Lake St. Peter.

Q. Into what vessel?—A. The barge St. George.

Q. Who gave you that information—I understand the informer has no objection?—A. No, sir. I got the information telephoned from General Panet in the evening.

Q. You do not know from whom he derived his information?—A. I heard afterwards, and was told, I think, if I remember well, in the barge Tremblay case in Quebec, that the informer's name was mentioned.

Q. As Captain Perrault?—A. Yes, sir.

Q. Did you take any steps to seize the St. George?—A. Yes, sir.

Q. Did you go there personally?—A. I went there the next day.

Q. With a certain number of officers?—A. I sent the men the same evening. I got the telephone message from Montreal, about 9.30 in the evening and immediately sent men up to Batiscan.

Q. Could you carry out the seizure yourself?—A. Yes.

Q. Did you do so?—A. Well, on the 22nd of November, while we were unloading the barge the Customs came and took it over from us.

By Hon. Mr. Stevens:

Q. Is that the St. George?—A. Yes.

By Mr. Calder, K.C.:

Q. They effected the seizure of the barge and the cargo?—A. Yes.

Q. Did you start to unload and take care of the liquor at that moment?—A. Yes.

Q. You relinquished the seizure and left them to proceed with it?—A. Yes.

Q. Did you return the liquor to the boat?—A. We already had a certain quantity loaded on the trucks, and we could not take it. If you will allow me, the captain of the barge told me the barge could not be taken down to Quebec, it was very stormy that day.

Q. You intended to bring the stuff down?—A. Yes. We had a tug coming down and we were going to unload part of the liquor, to lighten the cargo.

Q. To lighten it?—A. Yes, when they came we unloaded, if I remember, it was 400 cases.

By the Chairman:

Q. Of whiskey?—A. Yes.

By Mr. Calder, K.C.:

Q. You put it back?—A. I saw the Customs officer, and put it back. I said, "If you seize the barge, I will put everything back on the boat which I have taken off, and I will go back to Quebec, as we have not anything to do with it." He said, "what you have you can take it to Quebec." I told him what we had, the quantity was checked and we took it to Quebec.

Q. Was it subsequently returned?—A. Yes.

Q. I suppose, when you effected the seizure, you put the Captain under arrest?—A. Yes.

Q. Were any of the crew under arrest?—A. No.

Q. Why not?—A. They had run away.

Q. Did you question the master of the barge as to who gave him instructions to load and proceed?—A. Yes.

Q. Who were the owners?—A. He told me he did not know; he never seen the man before.

Q. It is wonderful in the trade, the way people take important orders from strangers. He told you that a man had ordered it?—A. Yes, and I had never seen this man before. He said he had not seen him before.

Q. Was he paid for the liquor?—A. He was not paid for transporting.

Q. Did he tell you to whom it was to be delivered?—A. No, sir.

Q. Or whom it was to be charged to?—A. No, he did not say anything.

Q. When you say the cargo was whiskey, it was alcohol?—A. Alcohol.

Q. It was not bottled stuff?—A. No, five and six gallon tins.

Q. I suppose they all turned out to be the famous number one Cologne spirits?

By Hon. Mr. Stevens:

Q. Would you mind telling us who the informer was? It will be interesting to us in view of the evidence we have received.

Mr. DESMARAIS: Well, Mr. Chairman, unless it is necessary—

By Mr. Calder, K.C.:

Q. It was desirable that the name should not be released. I am sure that I can put the question to Mr. Langelier more generally. It was none of those directly or indirectly mentioned in the Tremblay barge case?—A. No; did not have anything to do with that.

Witness discharged.

DAVID JOSEPH PERREAULT called and sworn.

By Mr. Calder, K.C.:

Q. What is your full name?—A. David Joseph Perreault.

Q. You were in the employ of the Liquor Commission, Montreal, in November, 1924?—A. Yes, sir.

Q. I notice in your testimoney at the preliminary inquiry in Quebec, some question arose, or you asked the protection of the court. Do you ask the protection of the Committee?—A. Mr. Chairman, if you will allow me, I have seen in the Star last night that I was called a crown witness. I was never a Crown witness and never asked for the protection of the court and do not need any protection here.

Mr. CALDER, K.C.: I wanted to make that clear because of what transpired.

By Mr. Calder, K.C.:

Q. About the Tremblay matter, did you know Mr. Bisaillon?—A. I never knew Mr. Bisaillon before the Tremblay case, nor did not know Mr. Brien.

Q. Did you know Mr. Neil?—A. I never knew Mr. Neil before that case.

Q. You got to know Mr. Neil in connection with the Tremblay case?—A. Yes.

Q. When did you meet him first?—A. The first time was one afternoon, I do not recall the date. His shipping agent came into our office and asked to be introduced to a shipping broker, as they had a boat at St. John, New Brunswick, and wanted to get a return load to go back to the Old Country. His name was Mr. Hearn.

Q. Is that the Mr. Hearn who was known on the barge Tremblay?—A. Yes, we got him in touch with Mr. Quackenbush, a shipping broker.

Q. Is he still in Montreal?—A. Yes, his office used to be in the Board of Trade.

Q. What is his name?—A. I do not know sir, it was Quackenbush and Hancock.

Mr. CALDER, K.C.: I would ask one of the members of the Committee to move that Mr. Quackenbush be called for Friday.

By Mr. Calder, K.C.:

Q. What is the name?—A. I think, Quackenbush and Hancock.

Q. He has an office in the Board of Trade Building now?—A. Yes.

Q. You put him in touch with Mr. Quackenbush?—A. Yes.

Q. Were you present at the interview between Hearn and Quackenbush? —A. No, I do not think so, but we gave him an address.

Q. And sent him on?—A. Yes.

Q. What happened next?—A. I think about eight or ten days after, Mr. Hearn came back with Mr. Neil to the office. I was not very often in the office, I was partly on the wharf all the time, and I got into the office and Mr. Neil and Mr. Hearn were there, and I was ordered to move a ship down to the Victoria pier where the barge Tremblay was laying, and Captain Symon asked me, after Mr. Hearn returned, to watch another boat from Gaspe to Montreal, and he said while you are down to the Victoria pier, see Mr. Tremblay, as he would like to take a load.

Q. Did you know Captain Tremblay before?—A. Yes, I had sailed his boat quite a time previous.

Q. Did you take the matter up with Captain Tremblay?—A. Yes, he asked me to take the two gentlemen down. And we went on the barge Tremblay and Tremblay was not there, but I knew the stewart on the Tremblay, who told me that Captain Tremblay was on the ship ahead of the Tremblay, a ship called the Gasparia. I took them to the barge Tremblay and there was quite a crowd, he was talking to, and I introduced him to the two gentlemen, and the stewart, which I knew well, asked me to go down to his room and have a consummation with him.

Q. You might possibly, for the sake of the Ontario people say that consummation is a drink?—A. I thought I was in Quebec. Of course, I did not have any conversation any more after I was there, on my visit to the stewart, and I went down the gangway to go back to my duties, and Captain Tremblay called me back, and he said, "Captain, I do not know these two gentlemen, I will have to get a deposit before I can deal with them."

Q. A deposit for the float?—A. Yes, I told him, it is in Captain Tremblay's evidence, I said, "I have nothing to do with it, and do not know anything about it" and I went back.

Q. All you had done was to secure a vessel for the two gentlemen who wanted to charter it?—A. Yes, the same I have performed for other gentlemen, and knowing the Tremblay I went to him. I have also done it at St. John, but I forget the name of the party.

Q. Did you know, at that time, what the cargo was?—A. No.

Q. What was the next step of which you have knowledge?—A. The next step was—Of course I know of this case, in a sworn statement at Quebec, and there are lots of things I do not recollect.

Q. Give us the best of your recollection.—A. You have my story through the other case. My superior, through these unfortunate things is a sick man in hospital, and it has partly made a mental wreck of me out of this. There are lots of things I do not recollect out of this case. If you will only be fair and ask me I will try and give it to you.

Q. If you will go ahead and give your recollection.

By Hon. Mr. Stevens:

Q. Just give us the information, in your own way.—A. The barge Tremblay was in Montreal, I think it was on Friday, if I well remember it.

By Mr. Calder, K.C.:

Q. When was this interview in which you introduced these two gentlemen? —A. About seven or seven thirty. I received a call from Mr. Neil stating Captain Tremblay was wanting to get a cash deposit for the trip and to use my influence to see if he would not accept $5,000, and he said he did not have his telephone and did not know where to reach him. Evidently, the telephone came from the hotel and I said, "I will be glad to call Captain Tremblay, I can get

him on the telephone," and I telephoned Captain Tremblay and he said for these gentlemen to see him in the morning. I called back Mr. Neil, I think he was in the Mount Royal Hotel. He stayed in the Mount Royal for a certain time and at the Ritz Carlton for a few days. I never heard anything until Monday about eleven thirty, when I got to the office. I was always away from the office in the morning, and I had to take a car and go around the wharves before I went in to the office to get the number of ships. When I got in to the office Captain Symons told me he was called upon Saturday afternoon, and all the ships' Agents' offices were closed, and all the banks were closed and it was a practice among us to pay the deposit into the Harbour Master's office. Where there is any transactions of any ship, or any of the Captains want anything done, we call on the Harbour Master to take the money. I have done it on many occasions myself, and other ships' masters have taken it to the Harbour Master. Captain Tremblay was chartered for the float, and wanted to pay the deposit money into the Harbour Master's office.

Q. Captain Tremblay told you he received the deposit?—A. Yes, the money to be returned on the arrival in Montreal in the Harbour Master's Office.

Q. Did you know it was concerning liquor?—A. No.

Q. You received no information?—A. No, sir.

Q. No information on the part of any interested parties, what the object of this trip was?—A. No, sir.

Q. What was the next step?—A. If I had noticed, I would not have done it myself, it was at St. Sulpice, which is too close to the national highway.

Q. We have reached the night when the deposit was made and the visit was completed. What was the next?—A. I think it was eight days after, quite a long time after that, Mr. Hearn came in to the office, and said, Mr. Neil had a party of his friends coming down in a yacht.

Q. What was the name of the yacht?—A. It was called the Sioux.

She was coming down through the Richelieu River. I knew her well, as she used to come down every year, down the St. Lawrence as far as Quebec usually, and he told me he had these friends and this was a new yacht and they were coming down to cruise and hunt and fish. We did not get suspicious of anything, and they asked me for a pilot for their use, the same as has been supplied every year, and for the bootlegging game into Montreal. It was supposed to be free for all, because I must tell you that we knew of one barge that was always ready for everything, and we had to give a welcome to everybody in Montreal on that account. There were some other bootleggers who required a pilot, and I was home at that time, and I said I would go with them. I had one chap and let him go to another boat, and he had been away about two hours, and they called me up and wanted a man. That was Saturday or Friday night.

Q. Who was the man you were going to propose, Mr. Dufresne?—A. Yes.

Q. When he did not turn up, what happened?—A. When I saw it was too late and I did not have anybody else and this man had gone, they proposed that I should go down and see if I could help a little, in fact, as I have done ever since. I was in the harbour and was only too glad to go down with them. I could see that there was something coming on, and I was glad to be posted. I went down to Sorel with them, and I took them down to Quebec, and they said they were bound down the Gulf.

By the Chairman:

Q. Was it a big launch?—A. No, it was about 100 feet long, I suppose. She was quite a boat, able to carry 1,200 cases, which I heard they were going to put on board. I took her down to Quebec, and came back to Montreal.

By Mr. Calder, K.C.:

Q. By train, or by motor?—A. By train.

Q. You said there were some circumstances which rendered you suspicious?

Was that on the trip down to Sorel?—A. On the trip down to Quebec.

Q. What were they?—A. It was the nature of the boat; the way they put on the cargo, because where the cabin was, instead of being rigged up for passengers, it was rigged up for cargo and cargo space.

Q. Which was a suspicious circumstance in the case of a pleasure yacht? —A. Yes. When I got back to Montreal, I looked at the report—I look at the reports every morning, of the ships coming up—and to my surprise, the yacht was reported back at Three Rivers, coming up.

Q. Whereas the intention was to take her down the Gulf?—A. Yes, so I could see the whole thing, that there was something in the air, but I did not have enough proof to notify the officials.

Q. Then what happened?—A. Then, after that, they came back to the office, and Mr. Hearn, came back and said, "We cannot go down the Gulf;" he said something brought them back to Three Rivers, and that Mr. Neil had to go back to New York, and is going to motor to Montreal with his car. He said "We want to take the yacht to a place across the river, a place called St. Sulpice, but nobody knows the north channel," and he says "If you could come down with us, Mr. Neil would come down with his car and pick us up." So I said I could not go in the daytime, that I had no time; I had to finish my day's work, and he said "We will go down to-night; it is only across the river, only a few minutes from St. Sulpice to Montreal, and you will be back by nine o'clock." I said "All right." I never move away unless I notify my authorities to that effect. I went down to Sorel with them and took the yacht to St. Sulpice, and when we got into St. Sulpice the Sioux was met by Mr. Neil—

Q. When you got to Sorel?—A. No, when we got to St. Sulpice. I went to Sorel and took the Sioux to St. Sulpice.

Q. And when you arrived at St. Sulpice, what happened?—A. There were Mr. Neil, Mr. Hearn and Mr. Brien. They came aboard. Mr. Brien was driving the car, and he had his own car.

Q. Had you met a Mr. Malcolm in connection with this matter?—A. Mr. "Buzz" Malcolm was the one who came into the office and introduced me to Mr. Neil and Mr. Hearn.

Q. Is Mr. Malcolm a resident of Montreal?—A. Yes.

Q. What does he do?—A. He is in the oil business, and a very fine gentleman too.

Q. Do you know what his address is in Montreal?—A. No.

Q. "Buzz," I presume, is only a nickname?—A. Yes.

Q. Do you know his first name?—A. No, but I guess it is B. Malcolm.

Q. Do you know who or what Mr. Neil is?—A. I do not. I never met the gentleman before.

Q. By report?—A. No, sir; I heard he was a very wealthy man, and a big shipping man.

Q. Where?—A. He seems to be all over.

Q. Are his headquarters in New York?—A. He has a fleet of boats in New York, and a fleet of motor boats, from what I could hear, and he has some ships that come across, because that ship apparently—now that we know something about this—that he wanted to charter from St. John, N.B., for a load, is likely the ship that brought that liquor up here.

Q. What was her name?—A. I don't remember. It is an awfully difficult name. It may be that Mr. Quackenbush will have it on his report.

Q. Is Mr. Hearn a Montrealer?—A. He used to be mixed up in the shipping business for the Canadian Government Merchant Marine in Montreal. When I got out with Mr. Neil, the secretary of the Harbour Board was standing by an elevator, and when he saw Mr. Hearn coming down, he gave him a hearty handshake, and that convinced me they were real shipping men.

Q. Now, Captain Perreault, you had arrived at St. Sulpice, and were met there by Brien and others. What happened?—A. We came back to Montreal.

Q. Up to this time had you seen the barge Tremblay on any of your trips? —A. Not at all. Never had any report and never had anything from her.

Q. Did you overhear any conversation between these gentlemen which led you to suspect they were dealing with the barge Trmblay?—A. Not at all, while I was with them.

Q. And they did not tell you direct?—A. No, sir.

Q. Go on, now; what was the next thing?—A. I got in about three o'clock —in the office—and there were two detectives from the Liquor Commission who wanted to inquire about the barge Tremblay to see if I could give them any information. Captain Symons and I looked up all the reports and we had her reported, I think it was at Three Rivers, but they were not very—

Q. You did not reveal to the Liquor Commission at that time that you had taken any part in getting a charter for Captain Tremblay?—A. No; I would have been wrong to do that without being sure she was carrying liquor.

Q. Exactly; but at any rate, you did not?—A. No. I have done it in other cases where I was sure. I can show you letters—

Q. That was subsequently?—A. Yes.

Q. Never mind the letters for the time being. What information did you give the Quebec Liquor Commission inspectors? That she had been cited at Three Rivers?—A. Yes, Three Rivers, or at Cap St. Michel. Cap St. Michel is only fifteen miles on the south shore of the main channel, from Montreal, so that would put her about three hours from Montreal.

Q. Opposite what place?—A. Opposite Cap St. Michel. Just above Vercheres—between Vercheres and Verennes.

Q. And they went away?—A. The Liquor Commission officers were not very satisfied because they said they had made inquiries in the morning to our Chief of Police at the harbour, who had sent them over to St. Hilaire, on the Richelieu River. There was no sense in sending the officers in there to look for the Tremblay because the Tremblay could no more go up the Richelieu River than the Regina of the White Star Line.

Q. Who sent them up there, Captain Williams?—A. Yes.

Q. He gave them the information that she was going to St. Hilaire?—A. Yes. We did not know anything about her. If we had known about it in the morning, we might have been of some use as we could have inquired of the Canada Steamship Line boats if they had passed her during the night.

Q. Tell me, did you ever take up with Captain Williams the source of this extraordinary information?—A. I did, eight days after my appointment. I was responsible for leaving 6,000 cases seized in one of the C.P.R. sheds, and ever since, I have had cross-wires with Captain Williams.

Q. You have had what, cross-wires with Captain Williams?—A. Yes.

Q. Did you ever take up with Captain Williams where they got this information that the boat was proceeding to St. Hilaire?—A. I did not, but I knew he had been looking for the Tremblay on two or three trips previous to that and searching her.

Q. After the visit of the liquor Inspectors—was that the day preceding the seizure?—A. Yes, sir, that was the day preceding the seizure.

Q. What happened after that, that you know of personally?—A. After that, I went up to Windmill Point, to move a couple of ships. I think I was away about an hour and a half.

Q. What time was that—A. That was in the afternoon. I came back to the office, and Captain Symons said "I had a visit from Mr. Neil, he wanted to get the $5,000, and I refused to give it to him." He said, "the barge is not likely to come up to Montreal," without mentioning where she was going to go, and he said, "I have given a letter to that effect, that I would deliver that money

in my office when the boat got to Montreal, and unless the boat gets to Montreal, he will not get the money." About half past seven o'clock at night I got a telephone message from Mr. Neil at my house asking me if I would go down to St. Sulpice, and tell Captain Tremblay that he was going to get his money on arrival at Montreal. I said, "I have nothing to do with it, I will call Captain Symons, and if he is willing to let me go down, I certainly will." I knew very well then what was on. I did not know at the time, but I know now that Captain Tremblay had gone down with the yacht to Three Rivers, and they left the boat at Three Rivers because of the orders to the Tremblay to go to St. Sulpice, and Captain Tremblay told me, "I will go to St. Sulpice, but you will not get one case delivered, unless I get my $5,000." So they had to get their money, or they could not get their cargo.

Q. Was that statement made to you by Captain Tremblay?—A. That statement was made to me by Captain Tremblay in Quebec.

Q. Did Captain Tremblay tell you at any time whether it was intended to go to Louiseville?—A. No, and I never knew that it was until I met Captain Tremblay—no sir, not to Louiseville.

Q. Louiseville was not mentioned by Captain Tremblay?—A. No sir, and they could not go up there, because there is only four feet of water, while his vessel draws eleven feet.

Q. So that even if there was no ice in the river, they could not go to Louiseville?—A. No more than the Empress of France could.

Q. Did you go down to St. Sulpice?—A. I called up Captain Symons, and told him that. He said, "Well, if you do go down, I wish you would ask Captain Tremblay for that receipt I gave him." He said, "I can see now that that is all boot-legging again, and I am sorry I did not take that money." Of course I felt very sympathetic towards Captain Symons, but I wanted at the same time to know exactly what was going on, and I expected that he would seize the load and hand it over to the Quebec Liquor Commission, to get the reward that had been offering, that they had been offering previous to this. I went down, it is only about an hour, or an hour and a half, and Mr. Neil came down with his own car from New York, a big limousine, and we went down to St. Sulpice; it was a dark night, and he wanted to know where the Tremblay was, and where the Sioux was. Tremblay was in fact, about a mile up above the wharf, and the Sioux was about five hundred feet above the wharf, both anchored.

Q. When you arrived?—A. When I arrived. I went up to the Dupuis Hotel, and when I got in there I went through some hard crowd. I have gone through some hard crowds during my sailing, but I never saw such a hard crowd as when I got in there, so I had to be nice.

Q. Rough-necks, were they?—A. I simply waited there in a room until Captain Tremblay had left word there that Captain Tremblay would call upon me as soon as he was alongside the wharf; when he came in he said he had landed about 2,000 cases on a small barge called the St. George, a gasoline boat.

Q. Subsequently you gave that information to the Quebec Liquor Commission, I understand?—A. Yes sir, I did. I communicated by telephone that night, but my impression is that they had disconnected the wires, and I could not use the 'phone, so Captain Tremblay told me there was a certain part gone to Louiseville, and a certain part going to Battesville. I knew they could not go up the river, the same as the Richelieu, and I thought the Sioux was loaded; the intention was to load the Sioux alongside the Tremblay at St. Sulpice.

Q. Was that intention declared to you by anybody?—A. Yes.

Q. Who told you that?—A. It was declared to me by this fellow Campbell.

Q. Did you meet Campbell at St. Sulpice?—A. Yes.

Q. At the hotel?—A. Yes. I met him for the first time.

Q. Did you talk enough with Campbell to ascertain who he was?—A. No sir, but he was a sea captain, from what I could see, because he was working a chart in a very nice way, and seemed to be a very clever man at his trade.

Q. What about Stewart?—A. Stewart was a kind of clerk. I did not have much to do with him.

Q. Did he look like a super-cargo?—A. I think he was partly a clerk, to check up everything. They seemed to be kind of business people. I had very little to do with them.

Q. Was Campbell in the hotel at St. Sulpice, when you arived?—A. Yes, he came in with Captain Tremblay.

Q. Was Brien's name mentioned?—A. I heard him ask if Brien was there.

Q. Who asked that?—A. I think it was Mr. Neil asked if Brien had arrived.

Q. Neil, who went down with you, asked Stewart and Campbell if Brien had arrived?—A. Exactly, yes sir.

Q. What answer did they make?—A. They said they had not seen him.

Q. What happened after that?—A. Everything was seized.

Q. Were you there when the seizing officers arrived?—A. I did not see anything. I did not go out of the hotel. I stayed there. When the thing was seized, everybody went away, and I was left alone. I could not get a car to go back to Montreal, so I returned in the morning.

Q. Did you take up with Captain Tremblay the handing back to Captain Symon's receipt?—A. Yes.

Q. What was said?—A. He said he would see to it in Montreal; as soon as Captain Symons said he was going to get his money, he was satisfied with it.

Q. Did you have anything to do with the barge Tremblay after that?—A. Nothing.

Q. Except that you were the harbour master?—A. Yes.

Q. Do you know whether the amount was paid to Captain Tremblay?—A. Yes, in my presence.

Q. A receipt was taken from him?—A. Yes.

Q. A letter of guarantee?—A. Yes.

By the Chairman:

Q. By Symons?—A. Yes.

By Mr. Calder, K.C.:

Q. Did you hear anything more about the Tremblay or about the whole matter until you were arrested yourself?—A. No sir, except what I saw on the paper, that there were some high officials interested in the deal, and I was not surprised when I was arrested. According to the papers, I knew very well they were wrong, from what I had seen in the past, since 1921, I knew this would be worked out in some way or other.

Q. Outside of newspaper reports and premonitions of arrest, nothing took place relevant to this inquiry until your arrest?—A. No sir, only the racket with the Liquor Commission, and the stealing and the unloading.

Q. You were arrested on the 22nd of December?—A. I know it was close to Christmas.

Q. Was Brien arrested at the same time as yourself?—A. Yes.

Q. Did you go up on the train together?—A. Yes.

Q. Were you allowed to converse together?—A. Yes.

Q. Who was in charge of you?—A. Mr. Dalpe.

Q. That is, Detective Dalpe, of the Provincial Detectives, at Montreal?—A. Yes.

Q. Mr. Brien talked to you about his business relations with Mr. Bisaillon, at that time?—A. Yes, sir.

Q. Had you met Brien before?—A. Yes. He was in the office once.

Q. I beg your pardon—you had met Brien before?—A. Yes. I have his card here; he left it when he came in to the office.

Q. Never mind about that?—A. All right.

By the Chairman:

Q. Did you know Brien very long?—A. I never knew him before that time at St. Sulpice.

Q. You never knew him before then?—A. No, sir.

By Mr. Calder, K.C.:

Q. You say he discussed with you on the way down his business relations with Mr. Bisaillon?—A. Yes, he did.

Q. What did he say?—A. He said, "If I knew Bisaillon had had me arrested, I know what to do with him" He pulled out a bunch of cheques paid to Mr. Bisaillon, and endorsed by him.

Q. Did he show them to you?—A. Yes, sir. He did.

Q. They were payable to Mr. Bisaillon and endorsed by Mr. Bisaillon?—A. Yes.

Q. Apparently, Mr. Brien took them up as defence ammunition?—A. They searched him in Quebec and got these documents.

Q. Inasmuch as these cheques appear to have been withdrawn and left with the Clerk of the court, tell us if you remember on what bank they were? —A. I do not remember, sir. I was quite down-hearted at the time.

Q. Do you remember the colour?—A. They were green cheques; green or blue cheques.

Q. The cheques were drawn to the name of Mr. Bisaillon?—A. Yes, sir.

Q. Do you remember any of the amounts?—A. I think some of them were over $40,000.

By Hon. Mr. Stevens:

Q. How much?—A. Some of them were over $40,000, if I can recollect.

By Mr. Calder, K.C.:

Q. That is small currency in the bootlegging business. You just had a slight glance?—A. A very slight glance.

Q. You know they were taken from Brien when he was searched?—A. On his arrival at the jail.

Q. You were with him on his arrival?—A. Yes, sir.

Q. You were both searched?—A. Yes, sir.

Q. First of all, he said that he could fix Bisaillon; did he tell you how he proposed to do it?—A. That seems to be—

Q. These are photostates of two cheques; will you state whether they looked like those? The colour is not there. Sometimes the script will recall it?—A. It seems to me they were smaller cheques.

Q. What one might call savings bank cheques, pocket cheques?—A. Yes, pocket cheques it seems to be.

Q. Did he actually tell you, Mr. Bisaillon had been in business with him? —A. Yes, sir, he told me he was in business with him.

Q. Did he tell you he was in business at the moment or up to the seizure of the barge?—A. No.

Q. Did he tell you when?—A. No, he was in business previous.

Q. Did he tell you under what name?—A. No, sir.

Q. Did he mention Belisle?—A. No, sir, I heard from other parties; from friends in the shipping.

Q. Did you ever hear from Bisaillon or Brien, or any of their employees? —A. No, sir, I never heard from them.

Q. Do you know the man who did business under the name of The American Ship Supply Company?—A. Yes, sir.

Q. We have been looking for that man for some time, do you know his name?—A. He was in to my office the other day. He has a case with Messrs. Lavery and Demers.

Q. Do you remember his name?—A. I know him, it will come back in a minute.

Q. Tell us what the man said? Do not tell us all he said, tell us whether or not he told you he knew Belisle?—A. I remember he told me he had been with him, not that name, with the firm. He never mentioned anything about Belilse.

Q. Tell us the names—you were going on to say you had heard among shipping people who Belisle was. Now, will you tell us the names of those who told you anything about Belisle?—A. I never heard of Belisle except on the papers.

Q. I thought you were going to tell us you heard through friends of yours in the shipping who Belisle was?—A. No, I heard through some friends having bought liquor from Mr. Brien and Bisaillon. I never heard anything about Belisle.

Q. If you recollect the name of this gentleman who has been doing business under the name of The American Ship Supplies, will you tell us who he is?—A. Yes, I certainly will. I will recollect it as I introduced him to Captains who bought ship's supplies from him. If I do not recollect Mr. Lavery will give you his name.

Hon. Mr. STEVENS: It is now six o'clock and there are some question I would like to ask Captain Perreault, not exactly in connection with this matter.

Mr. CALDER, K.C.: I took Captain Perreault over this matter almost exclusively, but there are questions I have to ask regarding other shipments.

Hon. Mr. STEVENS: Mr. Calder will direct when he wants Captain Perreault again.

By Mr. Gagnon:

Q. I would like to put a few questions. You said Mr. Brien on the train showed you some cheques?—A. Yes, sir.

Q. That was before Mr. Bisaillon was arrested?—A. Yes.

Q. It would be on the 23rd of December?—A. I do not recollect the date, I know it was a few days before Christmas.

Q. You said you were arrested on the 22nd?—A. I did not say, I do not recollect the date; I know it was close to Christmas.

Q. You said you had seen cheques?—A. Yes, sir.

Q. Signed by Brien?—A. Yes, sir.

Q. To the order of Bisaillon?—A. Yes.

Q. You are positive of that?—A. I am positively sure, yes, sir.

Q. You had not met Mr. Bisaillon at all at the time?—A. No, sir, never knew him.

Q. You had never seen his signature?—A. Never seen his signature.

Q. Did you know the signature of Mr. Brien?—A. No, sir, I never knew his signature either.

Q. Never knew either of their signatures?—A. No, sir.

Q. You just had a glance at the cheque?—A. Yes, sir.

Q. Did you look at the endorsement?—A. Yes, I did not have the cheque in my hand. He showed them in front of me; showed me the endorsements.

Q. Signed?—A. Mr. J. E. Bisaillon.

Q. You could read that?—A. Yes.

Q. Plainly?—A. Yes.

Q. What kind of writing is that, is Mr. Bisaillon's signature?—A. I cannot swear it was his signature, I never seen him before.

Q. You said you had seen a cheque endorsed by Mr. Bisaillon, or Mr. Bisaillon's name?—A. Yes.

Q. Is Mr. Bisaillon's signature a signature one can read, just at a glance, as being very plain?—A. Certainly.

Q. Very plain?—A. Yes.

Q. You could read Mr. Bisaillon's signature plainly like that?—A. Yes.

Q. And you have seen these figures, $40,000 on these cheques?—A. Yes, sir.

Q. If you looked at the endorsements you will be able to tell us how they were signed?—A. They were signed—I do not know Bisaillon's initials.

Q. They were signed by Brien?—A. Yes, signed by Brien at the bottom of the cheque.

Q. What was the signature at the bottom of the cheque?—A. Brien, endorsed by Bisaillon, made out to the name of Bisaillon.

Q. The signature of Brien was there?—A. Yes, sir.

Q. Was it L. Brien or A. Brien?—A. I do not know even his initials.

Q. You have seen Brien?—A. I know Brien and have seen Bisaillon.

Q. You have seen the signatures of Brien and Bisaillon?—A. Yes.

Q. You do not know if it is L. Brien or A. Brien?—A. No, sir.

Q. You swear, it is J. E. Bisaillon?—A. I swear I saw a cheque made to Bisaillon and signed by Brien and endorsed Bisaillon.

Q. You said you saw J. E. Bisaillon on the back?—A. I cannot swear to his initials.

Q. You remember having seen Bisaillon?—A. Yes.

Q. You remember having seen Brien's signature as signer of the cheque?—A. Yes.

Q. Was it Brien, just Brien, L. Brien or any initial?—A. I cannot recollect the initials.

Q. Could you swear as to the date?—A. I cannot swear as to the date, I only had a glance. Because at the time I did not have nothing to do with them, but he was just doing this for revenge; if he had known that Mr. Bisaillon was to blame for his arrest, that he could fix him up. I did not pay much attention to it.

Q. You cannot swear this is Bisaillon's signature?—A. I never saw him sign the cheque, and I never saw Mr. Bisaillon's signature.

Q. But you say this writing on the back of the cheque was very plain writing?—A. Very plain writing.

Q. And what was Mr. Brien's signature, plain too?—A. Very plain too.

Q. How did he sign his cheques? Was it "Ludger Brien"?—A. I cannot remember the initials. I know it was signed by Mr. Brien and endorsed by Mr. Bisaillon.

Q. Never mind about the initials. Was there something else below the signature?—A. I have no recollection of that.

Q. But you remember that Bisaillon's and Brien's names were on these cheques?—A. Yes, and he had a bunch of them about that big (indicating).

Q. And did you look at them all?—A. No, I did not take them in my hands at all.

Q. You just saw one of $40,000?—A. There was one there.

Q. Drawn on the Banque de Hochelaga?—A. Yes, and he said he had $2,000 or $3,000 worth of cheques in hand that could fix him up.

Q. What about that $40,000 cheque?—A. There must have been one of $40,000 in that bunch.

Q. You say there were $2,000 or $3,000 worth of cheques that could fix him up. What about that $40,000? Could that not fix him up?—A. This one of $40,000 was amongst the bunch.

Q. Why did you say "$2,000 or $3,000 worth could fix him up"?—A. That is what he told me.

Q. Were they not signed by Brien in trust?—A. I did not see every one of them.

Q. But one of them?—A. I don't think it was in trust. I think it was signed by Brien himself.

Q. What is your recollection?—A. I don't recollect; it might have been some company—

Q. But you swear positively that Mr. Bisaillon signed that cheque very plainly?—A. I saw it, and read it myself.

Q. And it was very plain writing?—A. Yes, it was plain writing.

Q. On the back of the cheque?—A. Yes, and they were produced and seized in Quebec by Mr. Rioux.

Q. The very same cheques which you saw were produced?—A. The very same cheques were seized in my presence at the jail at Quebec, and reproduced by Mr. Brien and Mr. Cannon in Quebec.

Q. You never saw any other cheques except those produced, unless you saw them on the train?—A. No, sir.

Q. No others?—A. No.

Mr. GAGNON: That is all. Oh, just a minute.

By Mr. Gagnon:

Q. You never saw any cheque of $40,000 ever produced in Court?—A. It seems to me it was there that night; not if it was not produced.

Q. You said, Captain Perreault, you never saw any cheques except the ones produced in Court later?—A. Yes, that is right. I do not know if they changed them, but they were there that night.

By Mr. Calder, K.C.:

Q. Those cheques we have asked Brien to produce, will you look at the cheques now shown to you, photostats which have been already produced, one for $1,500, and one for $200, drawn on the Banque d'Hochelaga, and endorsed "J. E. Bisaillon," and "A. E. Giroux" and state whether, in your opinion, the cheques you saw were that kind of cheques?—A. Yes, but they seemed to be smaller than these, to my recollection. They were pocket cheques, small cheques.

Hon. Mr. STEVENS: Mr. Gagnon, your client has two signatures; he has one signature which he has used recently, very, very difficult to decipher, the other when he was in more simple circumstances. You will find that all through the correspondence.

Mr. CALDER, K.C.: Well, this one is very plain.

Mr. GAGNON: Just as plain as the $40,000.

Hon. Mr. STEVENS: I called attention to it when he was on the stand, and he acknowledged the signature.

The CHAIRMAN: Is Brien coming here, Mr. Calder?

Mr. CALDER, K.C.: Brien is coming here on Friday.

WITNESS: At the time, I did not know this was coming on, and when he told me this thing he showed me a bunch of cheques. I never wanted to see them, either.

The CHAIRMAN: You are released until you are called again.

WITNESS: Thank you, Mr. Chairman.

Witness retired.

The Committee adjourned until Friday, May 14, 1926, at 10.30 a.m.

M. Calder, C.R.:

A la page 8 du témoignage officiel, dans le dossier produit par M. Ladouceur, greffier de la Couronne, je trouve les questions et réponses suivantes:

"Q. Maintenant, monsieur Bisaillon, nous avons produit l'état de votre compte à la Banque Provinciale établissant que dans les trois dernière années, ou du moins, en 1922, 1923 et 1924, alors que vous receviez un salaire d'environ $2,000 par année vous avez déposé pour $69,000? Objecté à cette question—de la part de l'accusé—attendu qu'on doit se limiter à la dernière année. Réponse permise par la Cour.—R. En 1922, comme je crois que vous êtes au courant—c'est moi qui ai ouvert le port de Farnham, le port de Douane de Farnham. Comme les choses sont toujours longues à avoir du Gouvernement ce qu'il nous faut—il m'a passé à peu près $35,000 ou $40,000—quand le soir je partais—quand je partais le matin pour ouvrir le bureau des Douanes—et je revenais avec ma journée de collections que je déposais à mon crédit le lendemain, qui s'en allait au Receveur Général, je n'avais pas de safe, j'avais rien, même je n'avais pas les documents nécessaires pour passer mes entrées —j'ai attendu, je crois, un mois pour les avoir.

Q. Ça, c'est en 1922?—R. Oui, c'est en 1922.

Q. Et en 1923?—R. 1922 et 1923. Maintenant, dans ceci ce que nous faisions, on met l'argent dans notre poche et on le dépose et après ça on le rapporte.

(Par le procureur de l'accusé):

Q. Vous faisiez des chèques au Gouvernement?—R. Soit qu'on faisait des chèques ou on achetait une traite et on la transportait.

Q. Avez-vous vos chèques?—R. Bien, non, vous les avez, j'ai tout donné à Monsieur..., tous les chèques sont donnés. Tant qu'à mon salaire, il serait peut-être bon de vous mettre au courant monsieur Cannon..., c'est quelque chose qui pourrait vous intéresser vu que le montant du salaire n'est pas très élevé voici ce que depuis le 1er février j'ai reçu et j'ai à peu près quatre fois le montant à recevoir.

(Le témoin passe certains papiers à l'avocat de la Couronne).

Q. (Par la Cour): Ce sont des bonus du Gouvernement?—R. Oui, monsieur."

"DEPARTEMENT DE LA POLICE,
Bureau de la Sureté,
MONTRÉAL, 19 novembre 1924.

J. A. BISAILLONS,
Rock Island, Que.,
care Customs House.

CHER MONSIEUR,—Au sujet de la conversation que nous avons eu ss. Tremblay il doive débarquer leur cargaison dans la nuit du 20 prochain les arrangement sont fait pour débarquer la marchandise à Louseville, Qué. au quai du Député R. Tourville la marchandise doit être mise dans une maison qui n'est pas occuper actuellement maintenant je vas suivre les instructions que vous m'avez donner avant votre départ, soyez sans faute à Montréal sans faute jeudi le 20 novembre je serez sur les lieu avec mon frère venez vous même ou envoyer moi des hommes, je communiquerez avec vous dans l'après..."

M. CALDER, C.R.: Je suppose l'après-midi.

"...ou dans la veuillez chez vous manquez pas la chause car l'information est bonne, j'atemps votre arriver.

Votre dévouée,
(Signé) ERNEST BÉLANGER.

P.S.—Si vous voulez communiquer avec moi appeler durant la veillez chez moi je vous attenderez jusque a 9 p.m.
Belair 0107W."

SESSION 1926

HOUSE OF COMMONS

SPECIAL COMMITTEE

INVESTIGATING THE ADMINISTRATION

OF THE

DEPARTMENT OF CUSTOMS AND EXCISE

ETC., ETC., ETC.

No. 48—FRIDAY, MAY 14, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Albert Edward Nash, Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants, Toronto, Ont.

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise.

Mr. George W. Taylor, Assistant Deputy Minister, Department of Customs and Excise.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise.

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

MINUTES OF PROCEEDINGS

FRIDAY, 14th May, 1926.

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

Present: Messrs. Bennett, Doucet, Kennedy, Mercier, St. Pere and Stevens—6.

Committee Counsel present: Messrs: Calder and Tighe.

The minutes of the last meeting—12th May—were read and adopted.

The Chairman read a telegram from Dr. P. Perrin of Montreal stating that Mr. Ludger Brien, summoned to appear as a witness, was confined to bed through illness and could not attend the Committee at present.

Mr. G. W. Taylor submitted,—

1. Two copies of Appraiser's Bulletin No. 52.

2. File No. 124842, re seizure of liquor at Stonehaven, N.B.

3. Advised that no departmental file exists re seizure of an automobile from Arthur Tourigny of Victoriaville, P.Q.

Moved by Mr. St. Pere,—For the production of the departmental file and also preventive service file re seizure J. H. Racicot, made at St. Johns, Que., in the year 1913-1914.

Motion agreed to.

Information was received from the Canadian National Telegraph Company of the non-delivery of summons to Mr. J. H. Gauthier, Rock Island, and to Mr. Quackenbush, Montreal.

Mr. Willie Duval, in attendance as a witness, was discharged.

Mr. Albert Edward Nash, representing Messrs. Clarkson, Gordon and Dilworth, Chartered Accountants, was recalled. He submitted the Sixth Interim Report of the Auditors (Dominion Jobbing Company Limited and Bontex Garment Company, both of Toronto) and was examined thereon.

Witness retired.

Barge Tremblay Case

Mr. William Foster Wilson, Chief of Preventive Service, Department of Customs and Excise, was recalled and examined.

Witness retired.

Mr. George W. Taylor, Acting Deputy Minister, Department of Customs and Excise, was recalled and examined.

Witness retired.

The Auditors submitted a list of books and records asked for by them from Mr. John W. Gaunt but not produced; also copy of Customs Appraiser's Bulletin No. 52. These to be attached to Exhibit No. 164 filed by Mr. Nash on 6th May.

The Committee rose at 1 p.m.

The Committee resumed at 4 p.m.

The name of Mr. Ulric Tremblay having been called, Mr. Tremblay did not respond.

Moved by Hon. Mr. Stevens,—That Mr. Ulric Tremblay, Quebec, Que., be summoned to appear on Tuesday, 18th May, at 10.30 a.m.

Motion agreed to.

Mr. George W. Taylor was recalled and further examined.

Witness retired.

Mr. Charles P. Blair, General Executive Assistant, Department of Customs and Excise, was recalled and examined.

Witness retired.

The Committee adjourned until Tuesday, 18th May, at 10.30 a.m.

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

FRIDAY, May 14, 1926.

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

A. E. NASH recalled.

By the Chairman:

Q. Mr. Nash, you are under the oath you have already taken?—A. Yes.

Q. I understand you have a report to submit to this Committee, which, is I think the sixth interim report?—A. Yes.

Q. Will you read it into the record?—A. Yes.

Q. This is the sixth interim report?—A. Yes.

Q. Covering the Dominion Jobbing Company, Toronto?—A. Yes.

Q. And, Bontex Garment Company of Toronto?—A. Yes.

Q. Will you make the two reports regarding the Companies?—A. Yes.

Mr. CALDER, K.C.: Will these be read into the record?

Hon. Mr. BENNETT: They should be, in fairness to these people.

The following is the Auditor's report:

" CLARKSON, GORDON and DILWORTH
Chartered Accountants,

OTTAWA, CANADA, 12th May, 1926.

To the CHAIRMAN,
Special Committee, Investigating the Administration
of The Department of Customs and Excise,
Ottawa.

SIR:—As auditors to your Committee we beg to make our sixth interim report as follows:

This report deals with the investigation of the books and accounts of the Dominion Jobbing Company, Limited and the Bontex Garment Company, both of Toronto.

Dominion Jobbing Company Limited

The Dominion Jobbing Company Limited was incorporated under Ontario Letters Patent dated 29th December, 1923, with an authorized capital of $100,000 divided into 250 7 per cent Cumulative Preference shares and 750 Common shares of $100.00 each. This Company took over the business of the Dominion Jobbing Company, a partnership of George Hollinger and Sam Hollinger.

The Minutes of the Company, 25th January, 1924, show the following as shareholders:

	Preferential Shares	Common Shares
George Hollinger	100	100
Frances Hollinger		2
Sam Hollinger		2
B. Luxenberg		1
J. R. Hetherington		1
	200	272

and the following Directors and Officers:

Sam Hollinger, President; George Hollinger, Secretary-Treasurer; Frances Hollinger.

Frances Hollinger is the wife of Sam Hollinger. There are no minutes in the Minute Book subsequent to 25th January, 1924, and Mr. Sam Hollinger informs us that there have been no shareholders or directors meetings since that date. We are informed that George Hollinger, a brother of Sam Hollinger, who was a partner in the business carried on prior to incorporating this company, is now in Montreal doing business under the name of the Klever Dress Company.

We have made an examination of the books and accounts of this Company from the inception of the Company to 31st December, 1925. We did not, of course, make a complete audit of all the transactions of the Company but confined our examination principally to those matters which would be of interest to your Committee.

The Dominion Jobbing Company Limited carries on a jobbing business at 87 York street, Toronto, in woollens, cottons and silks, and also buys and sells bankrupt stocks and equipment. The Company also has a selling office in Montreal and carries a small stock there. The records for this office are kept at the Toronto office. The Company purchases woollen and cotton goods chiefly from British, French and Canadian firms. Small quantities of silk are also purchased from concerns in Japan and Switzerland. Our examination has not disclosed any purchases from American firms.

The books and accounts of the Company are kept in such a manner that our examination was rendered somewhat difficult. While there were no missing records of importance, the books produced to us were not properly kept or regularly balanced and consequently many entries therein had to be explained to us before we could be satisfied. Certain information that we asked for was not available, particularly concerning the Company's revenue from sales, but we believe that this lack of information was due to ignorance of proper book-keeping methods rather than a desire to conceal any information.

We carefully compared all foreign purchases with customs entries and clearances, and satisfied ourselves that the proper amount of duty had been paid on such purchases. We made a close scrutiny of all cash transactions and found nothing therein to report upon.

Bontex Garment Company

This business was conducted by Mr. Sam Hollinger of the Dominion Jobbing Company Limited in November, 1925, to carry on the business of purchase and sale in ready-to-wear goods (Bathrobes, Cotton Dresses, etc.). The business was only carried on for three months and during that time was managed by Mr. J. B. Ellis who was in charge of the store on a commission basis, but had no other interest in the business.

This Company kept no books. Purchases were made for the Company by the Dominion Jobbing Company Limited and all sales were billed and proceeds collected by the latter Company. We found no indication either from the books of this Company or in the accounts of the Dominion Jobbing Company Limited that this Company had purchased any goods from foreign suppliers.

Mr. J. B. Ellis is Proprietor and Manager of the Bontex Import Company, now doing business in the premises previously occupied by

the Bontex Garment Company. He assures us that neither Mr. Hollinger nor the Dominion Jobbing Company Limited, nor any of that Company's officials have any interest whatesoever in the Bontex Import Company and that he did not at any time purchase or receive goods for the Dominion Jobbing Company Limited.

We made no examination of the books and records of the Bontex Import Company.

Respectfully submitted,

(Signed) CLARKSON, GORDON AND DILWORTH."

By Mr. Calder, K.C.:

Q. What is the summary of your report upon the Dominion Jobbing Company; Bontex Garment Company and allied companies?—A. We made a complete investigation of the books and records that were produced to us for both companies, and we have nothing to report of interest to this Committee affecting the Customs Department. The report lays out in some detail the examination we made and other than a criticism on the nature of the books produced to us, we do not think there is anything in the books that show anything of interest to this Committee.

Q. There was nothing to show, outside of bookkeeping, which may have been faulty, that there was any device to defeat the Customs in any way?—A. No, nothing.

By Hon. Mr. Bennett:

Q. It is suggested that this investigation took a fairly long time. This is only a small enterprise, why should it have taken so long?—A. I think possibly the only reason I could give is the faulty system of bookkeeping. There is this, I would like to say that where nothing is found in the books, it takes almost as long and possibly longer when a company is given to us to investigate, and we have to exhaust every possible field before we can report.

Q. How long were you on the work?—A. I think two or three weeks.

Q. How many people were doing the work?—A. Two.

Q. A little bit of a company doing a little bit of business down in Toronto?—A. They were doing a pretty extensive business.

Q. It has been a very serious interference with his business?—A. No.

Q. Take any business in the country, it certainly does not help the man?—A. It would not hurt him.

Q. To have auditors in a man's business, who is carrying on and endeavouring to have the public buy from him, it would not be beneficial to him?—A. The auditor would not be where his business is carried on.

Q. I see by his letter, he points out that fact and there were no suspicious circumstances in connection with the business.

Hon. Mr. STEVENS: Mr. Chairman, the auditors, Messrs. Clarkson, Gordon and Dilworth cannot be held responsible. If anybody is responsible I am responsible. I made the motion that this Company should be audited and if there be any responsibility it rests on my shoulders.

Hon. Mr. BENNETT: I am only asking why it took so long.

The WITNESS: I think we are prepared to take all responsibility in connection with the investigation of the Company's books. We only know one way of doing it and that is to do it completely.

By the Chairman:

Q. Do I understand from your report that the Dominion Jobbing Company, Limited, reveals no unusual transactions, and the other companies you have reported upon?—A. Yes.

Q. And does the same answer apply to the Bontex Garment Company?—A. The Bontex Garment Company practically had no books; they had the same books as the Dominion Jobbing Company.

Witness retired.

W. F. WILSON recalled.

By Mr. Calder, K.C.:

Q. You are already sworn?—A. Yes.

Q. Previous to the seizure of the barge Tremblay on the night of the 20th-21st November, 1924, had you received any information with respect to that particular trip which she was making up the river?—A. The particular trip of the 20th November?

Q. Which ended in the seizure?—A. No, sir.

Q. I believe, on previous occasions, you had received information which led you to order searches?—A. Yes, sir.

Q. These searches proved fruitless?—A. Yes.

Q. Can you recall roughly, how long before the seizure it was that the last search was made? It was in the same summer?—A. In the autumn, I think in October.

Q. In October, there was a search made?—A. Yes.

Q. Had you, after the last search, given any instructions that this boat should be watched?—A. No.

Q. So that, with respect to the trip which ended in the seizure, I take it that your first information was a telephone message from Mr. Bisaillon?—A. That is correct.

Q. That would be about mid-day on the 21st?—A. 21st November.

Q. At that time, the situation was this, was it not, the Quebec Liquor Commission had seized the boat and cargo?—A. Officers of the Quebec Liquor Commission who were authorized Customs Officers.

Q. Had seized the boat and cargo?—A. Yes.

Q. You regarded that as a Customs seizure from its inception?—A. It was put through, as a matter of fact, as an Excise seizure, because these were authorized Excise Officers.

Q. Then, the boat so seized was taken to Montreal, and after some discussion between General Panet and Mr. Bisaillon, Mr. Bisaillon took over; he took over after he 'phoned you the information?—A. He telephoned me and told me of the seizure and wanted to take possession of the seizure.

Q. Before we go on, Mr. Wilson, is it open to your Department to constitute a temporary King's warehouse; I mean to say, we know that for cars, the Central Garage was constituted a King's warehouse. Can that be done under the Act, as far as you know, to take a certain warehouse and say that will be for the time being a King's warehouse for the purpose of this case?—A. Well, in this particular case, it was I who ordered the removal of the cargo to the King's warehouse, which is in the Customs house.

Q. Is that place equipped for the proper caring of liquor, as to temperature and such conditions?—A. Yes, I should say so.

Q. Would you consider it as well equipped as the Quebec Liquor Commission's warehouse?—A. Well, I have not been in the Quebec Liquor Commission's warehouse, but I should say it is quite alright.

Q. Did the suggestion originate with you that the Customs warehouse should be used instead of the Liquor Commission's warehouse?—A. It did.

Q. At that time did Mr. Bisaillon tell you that the Quebec Liquor Commission were willing to transport and warehouse the cargo, pending the decision of the respective rights of the Dominion and the provincial authorities?—A. Mr.

Bisaillon told me over the telephone that one, or I think two truck loads of this liquor had already been transported from the wharf to the Quebec Liquor Commission's warehouses. I told him to stop that, and have those truck loads returned, and the whole of the cargo placed in the King's warehouse, in the Customs House, because it was my opinion that the Federal law should obtain and therefore be a Federal seizure.

Q. It was well to have it under your hand, anyway?—A. Properly, the goods should be in our custody. There was no idea of course of eliminating the Quebec Liquor Commission's men who were authorized as officials.

Q. At that time, in any of the telephone conversations that passed between you and Mr. Bisaillon, was any mention made of the two Americans that had been up to then held on board the "Tremblay?"—A. No.

Q. He did not mention them to you?—A. I think not. I have no recollection of that.

Q. Therefore you could give him no orders as to their disposition?—A. Quite so.

Q. Have you ever asked Mr. Bisaillon why he did not mention that very important circumstance to you?—A. Yes. I remember one conversation I had with Mr. Bisaillon, in his office in Montreal, about these men, and he told me that one of them—I think the name was Neil—had come to see him about the seizure.

By Hon. Mr. Bennett:

Q. Where did he tell you that?—A. In his office in the Customs house.

By Mr. Calder, K.C.:

Q. Some time after the seizure?—A. Yes.

Q. Do you remember how long after? I think if you will look you will find a note of your own there. It was sometime in December, I think?—A. Yes.

Q. So that this declaration was made in Bisaillon's office, at what date?—A. On the tenth of December.

Q. You took an immediate memorandum of it, at the time?—A. Yes.

Q. Was that the first time Mr. Bisaillon mentioned to you the names of any one concerned in the cargo?—A. To the best of my recollection, yes.

Q. What did he tell you about Neil?—A. That Neil was supposed to be from New York; that he came to him to see him in connection with the "Tremblay" matter, and remarked that it was a heavy loss. I asked Mr. Bisaillon if Neil was the owner of the cargo and he said, "I do not know," but presumed he was, from the interest he had taken in it, and by the remark made that "it was a heavy loss."

Q. Did you ask Mr. Bisaillon how it came that Neil should go and put himself in Mr. Bisaillon's hands, with such an admission as that?—A. Yes.

Q. What did he say to that?—A. My recollection is that he said he did not know Neil before.

Q. But the question I think you should have asked him at that time was, how it came that a man who was subject to arrest for smuggling, and subject to fairly penalties under various sections of the Act should go and put himself in the hands of Mr. Bisaillon, who might have, except for his peculiar notions of serving the public, arrested him?—A. Well, I did follow this conversation up, I remember, in asking him further with regard to Neil and Campbell, and where they were.

Q. Then Neil and Campbell were mentioned at that conversation?—A. Well, Campbell was the other man who was on board the boat. I have heard that, but Neil was the only one referred to.

Q. Had you heard that from Mr. Bisaillon?—A. No. At that time, I think I heard that—I will not be sure about it.

Q. I thought you said a few moments ago, that the first time you heard about two Americans being on board was at this conversation?—A. That is right. I am confusing the time with regard to Campbell, with later developments.

Q. At that conversation did he mention the presence of Campbell and the other man?—A. No, just Neil.

Q. He did not mention Campbell or Stewart to you at all?—A. No, sir.

By Hon. Mr. Bennett:

Q. Did you ever see either of them?—A. No, sir, not to my knowledge.

Q. You did not know whether they were Neil or Campbell?—A. No, sir.

Q. All you knew was that those were the names that were given to you?—A. Yes.

By Mr. Calder, K.C.:

Q. When you found out that these men had been on board and were released or allowed to slip away, did you take the matter up with Mr. Bisaillon?—A. Yes. I asked Mr. Bisaillon at the time where this man Neil was.

Q. Did you take it up with Bisaillon in a reprimanding way?—A. I cannot recollect that I did. The men had flown, and evidently we were too late, that was all.

Q. Well, against similar occurrences, I should think you would have jacked up Mr. Bisaillon pretty severely for allowing these two men to get away so easily?—A. Well, I do not want to escape anything at all, but this is all the note I have of it. I cannot go so far as to say in words that I did "jack" him up strenuously, because I have no note of it now, but I venture to say that something was said, because this was a serious matter.

Q. Mr. Bisaillon told us, and it was under counsel's questions, that he was following a practice of the Preventive Department, and that was, to get the goods and let the man go. Was that the practice?—A. No, sir.

Q. It appears to have been pretty consistently followed?—A. In some sections, yes.

Q. Bisaillon says that it was an established custom, following the discouragement of Court actions and that sort of thing; was it the practice to get the goods and never mind the man, and without expressing any anxiety as to the origin of the goods?—A. I will not go so far as to say that.

Q. Was it contrary to the direction?—A. He had no direction, in that sense.

Q. Did any direction ever issue from the Department after any seizure of a commercial cargo, that the man should be held and questioned, in order that the system might be destroyed?—A. Well, there was a general instruction issued, in the autumn of 1922, that prosecutions should not be instituted without departmental orders.

Q. In seizures of $200 or less?—A. Or more.

Q. Are you speaking of that circular?—A. Yes, that general circular, general instructions.

Q. Did it not say that in seizures of over $200 proceedings were to be entered forthwith?—A. That was under the new law of June, 1925.

Q. You are right. No investigation was prosecuted through the ships' brokers mentioned by Perreault, or through Mr. Malcolm, whose name has been mentioned, as a citizen of Montreal, or Mr. Hearn, who was at that time a citizen of Montreal, to trace the origin of this cargo, and strike at the system, if there was one?—A. No.

Q. So that to this day, the Department is ignorant of the origin of the cargo?—A. Well, I will not say that.

Q. If the Department is not ignorant of the origin of the cargo, will you tell us what the Department knows with respect to that origin?—A. Well, I can only tell you that from hearsay, which I suppose is not evidence.

Q. Well, information sometimes is hearsay?—A. The cargo is said to have originated in Belgium.

Q. In Belgium?—A. Yes, I am told that the loading of the Tremblay—that the Tremblay met a vessel.

Hon. Mr. BENNETT: I should think, Mr. Calder, as Captain Tremblay has been subpoenaed here, he should be the man to give this evidence, not Mr. Wilson.

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

By Mr. Calder, K.C.:

Q. Was this information obtained from Captain Tremblay?—A. No, sir.

Q. Who gave it to you?—A. Captain LaCouvee told me—it is really not evidence—that his information was that the Tremblay met another vessel at Matane, and they proceeded from there to St. Pancras on the north shore, where the transfer took place to the Tremblay.

Q. But beyond the shipping movement, as to the ownership of the cargo and the probable destination, no information has reached the Department?—A. That is correct.

Q. I will not take you through the windings of the case, as it followed the court procedure, but I want to follow the cargo. After it had been lodged in the King's warehouse, what was done to it, was it transferred to receptacles?—A. Yes.

Q. Why was that?—A. Because the tins were said to be leaking.

Q. Was that due to careless handling on the wharf, do you know?—A. I think not. I think it was rust.

Q. You think the tins were in a leaky condition when they reached the wharf, or before reaching the wharf?—A. I could not tell you that. I saw the tins myself, in the King's warehouse, and some of them were rusted, and leaking when I saw them.

Q. So you ordered them transferred into drums?—A. Shortly after that, Mr. Bisaillon reported that they were leaking badly, and asked permission to purchase drums to transfer the alcohol into those drums, which I authorized.

Q. And that was done?—A. Yes.

Q. Did the cargo remain in the possession of the Preventive Service until it was ultimately disposed of by sale?—A. In this way—

Q. Did you transfer it to any other Department?—A. No, when we deliver seized goods, as you know, under the law we have to deliver them to the custody of the nearest collector of Customs. We did that with this cargo, and it was in the custody of the collector at Montreal.

Q. Through what branch of the Department were the negotiations for sale made?—A. My branch instituted some negotiations, that is, the Preventive Service.

Q. What was the description of this liquor, in terms of the trade. No. 1 Pure Cologne spirits, I think, was it not?—A. Well, I do not think we have any official description of it.

Q. I got that nomenclature on the file, I may tell you, because I never knew there was such a thing in existence, until I read the file. (No answer).

By Hon. Mr. Stevens:

Q. In the official acceptance, or in the official offer of the Dominion Distilleries, they confirmed 36 cents a gallon on condition that it was number one Cologne spirit or 69, I think, overproof?—A. I remember that, but I make the distinction that I do not think there is anything on the file to officially show the quality.

Q. That is quite true?—A. Except the test of 69 overproof.

Hon. Mr. BENNETT: Mr. Taylor gave some evidence about that, I think.

Mr. CALDER, K.C.: Yes, I think he did.

By Mr. Calder, K.C.:

Q. What steps did you take as to the disposal of this, yourself, or the Department under your direction?—A. My office sent out inquiries to certain vinegar manufacturers, also to the Nova Scotia Board of Vendors.

Q. Was it offered to the Quebec Liquor Commission at any time?—A. No.

Q. Was that because they took the stand that it had been confiscated by order of the port, in the case of Captain Tremblay?—A. I think not. These offers were sent out by a man in my office, who looks after the details of these things, and it so happens that he did not write to the Quebec Liquor Commission, or to New Brunswick, or even Ontario, and if the matter had proceeded in our hands, when these things came before me, I would have noticed that discrepancy, and would no dobut, have offered the goods to these other provinces.

Q. The matter was taken out of your hands, was it?—A. Well, yes. The goods were sold by the Department.

Q. The goods were sold by the Department without reference to the negotiations you had initiated?—A. The Department did not know, when this stock was sold, that I had been conducting these negotiations.

Q. When you say the Department, do you mean Mr. Taylor or Mr. Farrow?—A. Well, inasmuch as this is an Excise seizure, I should say Mr. Taylor.

Q. As far as your own offers of sale were concerned?—A. Of course, I would report to the Deputy.

Q. But as far as your own offers of sale to the Nova Scotia Liquor Commission and to the vinegar manufacturers, did you receive any bids?—A. Yes, we received one bid. I cannot say that we received a bid for this liquor covered by the Tremblay seizure.

Q. Did you fix any price in your offer of sale?—A. No.

By Hon. Mr. Bennett:

Q. Mr. Wilson, may I interrupt for one moment? I cannot understand that that alcohol was used as a beverage. It would not be used as a beverage by these Liquor Commissioners, would it? What would they use it for?

Mr. CALDER, K.C.: They would use it for blending, I suppose.

Hon. Mr. BENNETT: (To Mr. Calder, K.C.) You don't know about that.

The WITNESS: It could be used for blending by adding water, etc.

Hon. Mr. STEVENS: We have their report here which shows they used from 300,000 to 500,000 gallons a year.

Hon. Mr. BENNETT: That is in Quebec. I cannot understand how they could pass this stuff off on the public to drink. (To witness) You don't know anything about that?

Hon. Mr. STEVENS: It is used for extract purposes—

Hon. Mr. BENNETT: Yes, that is easily understood.

The CHAIRMAN: It might have been used for blending purposes.

Hon. Mr. BENNETT: He (the witness) does not know that.

The WITNESS: Yes, or vinegar manufacturing.

Hon. Mr. BENNETT: Yes, I can understand that; that is simple, but I cannot understand how people could drink that sort of stuff.

Mr. CALDER, K.C.: Did you ever hear of them squeezing out this Sterno?

Hon. Mr. BENNETT: Yes, but I cannot understand how the government could sell that stuff for beverage purposes.

Hon. Mr. STEVENS: There is some very vital information in the Quebec Liquor Commission's report, which I have been trying for a week to get into the record. I don't know whether I can get it in or not. I thought we had another witness—

Mr. CALDER, K.C.: Yes, Mr. Frigon was to speak to that record.

By the Chairman:

Q. Mr. Wilson, you have no experience about these different beverages? —A. No; Mr. Taylor would know that.

Q. When you speak on these matters, you are only speaking from the files?—A. Yes.

By Mr. Calder, K.C.:

Q. Was the actual delivery made through you? I mean, did an order of delivery reach you from some other branch in the Department?—A. You mean after this liquor was sold?

Q. Yes.—A. No sir. The first I heard about the liquor was when the officer in charge, Mr. Hunter, in Montreal, telephoned to me and said that this alcohol was being delivered.

Q. Was being delivered?—A. Yes sir.

By Hon. Mr. Stevens:

Q. That is, it was being released from bond?—A. That delivery was being taken of it.

Q. Out of bond?—A. Oh, yes.

By Mr. Calder, K.C.:

Q. Did he tell you by whom it was being taken out?—A. For the Dominion Distilleries.

Q. Was that in consequence of an order brought to the bond by the Dominion Distilleries?—A. It was in consequence of an order issued by Mr. Mr. McLaughlin.

Q. Is that order, or a copy of it, in your file?—A. No sir.

Q. This was the first advice to you?—A. Yes, sir.

Q. And up to that moment you had been endeavouring to sell it?—A. Yes sir.

Q. Well, upon this message that the liquor was being taken out of bond, what did you do?—A. I told Mr. Hunter over the telephone to have delivery stopped.

Q. And with whom did you take up the matter?—A. Mr. Taylor.

Q. So that from this point on, the information must come from Mr. Taylor? —A. I should say so.

Hon. Mr. Stevens:

Q. Just a moment. Did you not receive instructions, Mr. Wilson, to order Mr. Hunter to permit the further delivery?—A. Oh yes.

Q. Who gave you those instructions?—A. Mr. Taylor.

Q. And Hunter did permit the delivery?—A. Yes. I immediately called Mr. Hunter on the telephone, and told him to remove the stop order previously given.

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

By Mr. Gagnon:

Q. Mr. Wilson, I understand that there was, in 1922, a mero. of instructions to the officers not to initiate any Court procedure unless so advised by the Department?—A. Well—

Q. Was there one in 1922?—A. I remember now there was a subsequent order to that, excepting narcotic drugs, liquors and silks. That is my recollection.

Q. When was that?—A. The original order was, I think, in the autumn of 1922, and the exception was made, oh, possibly within a month after that.

Q. Can you supply us with this memo?—A. They are here; I will be glad to.

Q. I understand that in 1925 there was a memo. instructing the officers to initiate proceedings immediately in seizures exceeding $200?—A. That was pursuant to an Act of Parliament of the 27th of June, 1925, and this subsequent order of which I speak excepted from that general order narcotic drugs, silks, and liquors, I think.

Q. But the 1925 memo. ordered your officers to initiate proceedings immediately according to the new Act?—A. Yes—

Q. And the other memos. were memos. telling the officers not to initiate proceedings unless so advised by the Department except in certain cases?—A. Except in those cases.

Q. So I would read the first memo, as forbidding, except in certain cases, and the other as instructing to initiate proceedings?—A. The first memo, was not a memo, in the sense of a memo. issued pursuant to the Act of Parliament. It was an instruction issued from my office to the officers of the Preventive Service.

By Hon. Mr. Stevens:

Q. Just a minute. Let me interrupt there. What about your instructions of, I think, June 17—was it 1924 or 1925?—where you reprimanded Mr. Bisaillon for not following out certain instructions you had given him?—A. Yes, I remember that.

Q. What were those instructions? It is all in the record there somewhere, but if you can tell us from memory, we can save time.—A. I am sorry sir, but I shall have to look that up.

By Mr. Gagnon:

Q. Did your Department, after you had reported, initiate any proceedings before the month of December, when the Attorney General of the province of Quebec, initiated the proceedings? Your Department never initiated any proceedings?—A. No.

Q. You never applied to the Court for the confiscation of the goods seized? —A. We do not apply do the Court for that. The Excise Act or the Customs Act provides for that.

Q. But were those goods confiscated by your Department?—A. They were confiscated by the Excise Act.

Q. When was that?—A. It is practically automatic.

Q. Are you aware there is a judgment of the Quebec Courts in the barge "Tremblay" case confiscating all the liquor seized, including the barge, at the request of the Quebec Liquor Commission?—A. I heard of that, yes.

Q. And that the only proceedings which were taken regarding the men were taken by the Quebec Liquor Commission or the Attorney General of Quebec?—A. That is correct.

Q. You were in possession of all those facts before the month of November, but no procedure was ordered by the Department regarding the people? Did you know the facts about Captain Perreault and Symons and Hearn before the Attorney General instituted proceedings against them?—A. No sir.

Q. You did not know those facts?—A. No sir.

Q. There was an investigation going on after the seizure of the barge Tremblay by your Department?—A. I made an investigation in Montreal, and took declarations from Mr. Bisaillon and Mr. Duval.

Q. But you did not know the facts about Perreault and Symons?—A. No.

Q. You say there were— A. Not until after they were arrested.

Q. There were some Quebec Liquor Commission inspectors who were also Excise officers?—A. Yes sir.

Q. Are there many of them?—A. Yes, quite a number.

Q. Do you know whether there were some of these men amongst the men under General Panet, when Mr. Bisaillon took the goods from them?—A. Yes.

Q. Was there a report to that effect?—A. Yes.

Q. By the Liquor Commission?—A. Yes.

Q. Did Mr. Bisaillon know at the time that the Liquor Commission officers were also Customs officers?—A. Yes.

Q. He knew that?—A. Yes sir.

Q. Did he know them by name?—A. Yes sir.

Q. Did he have a list of them?—A. Yes sir.

Q. He has a list of all the people in the district of Montreal who are also Customs officers?—A. Yes, sir.

Q. Those people are under whose direction? Supposing they are making a Customs seizure—one of those Quebec Liquor Commission men is making a Customs seizure— A. Or Excise.

Q. —to whom would they report?—A. The Chief of the Preventive Service.

Q. In Montreal?—A. Well, in Montreal up to the time Mr. Bisaillon ceased to be there.

Q. Would they report to you?—A. Yes.

Q. Through General Panet? Through their chief, or direct to you?—A. Up to the time Mr. Bisaillon ceased to be there, they reported to the Chief through Mr. Bisaillon.

Mr. GAGNON: That is all.

By Mr. Calder, K.C.:

Q. Mr. Wilson, were you aware that at the time of the barge "Tremblay" seizure, practically the whole Preventive Service of Montreal was at Rock Island?—A. With the exception, I think, of three officers.

Q. Hicklin, Kearney and Masson?—A. Yes.

Q. And Masson was sick?—A. Masson was ill.

Q. Were you aware of that fact previous to the seizure of the barge "Tremblay"?—A. I knew there were a number of men at Rock Island.

Q. Did you know that practically the entire force was down there?—A. I should say so; I must have known from the weekly reports.

Q. Will you tell me whether those men were down there ten days before, on an order originating with you, upon the suggestion of, or information received from Mr. Bisaillon?—A. At Rock Island?

Q. Yes.—A. I shall have to see that order.

Q. You gave an order to go down to Rock Island, did you not?—A. No, I don't think so.

Q. Were they down there on your order?—A. No. They were sent there by Mr. Bisaillon in, I should say, September or October, 1924, and I was not in this country then.

Q. As far as you know, the order originated with Mr. Bisaillon?—A. Yes.

Q. When you went away in the fall, did you leave anybody replacing you at the head of the Preventive Service here?—A. Yes.

Q. Who?—A. Mr. Carson and Mr. Hunter; but I can say to you that these men were sent to Rock Island on Mr. Bisaillon's responsibility.

Q. On Mr. Bisaillon's responsibility?—A. Yes.

Mr. CALDER, K.C.: That is all. You might look up that order.

The WITNESS: I have no order.

By Hon. Mr. Stevens:

Q. Just a moment. I want to clear up one point regarding those instructions. I have two or three questions. I have before me the evidence at page 433, where Mr. Bisaillon was under examination, and I read from that an extract from a letter of yours to Mr. Bisaillon dated January 19th, 1925, as follows:

> "Hereafter, when you effect a seizure under the Customs Act, for smuggling, do not accept a deposit in lieu of prosecution. In the event of seizures of liquor, silk, cigarettes, jewellery, clothing, or narcotic drugs, immediately telegraph stating particulars and await instructions with regard to prosecutions."

Now, that was apparently the instructions you had given to Bisaillon. Then, on October 13th, 1925,—I have a letter before me illustrating the point, which I will read into the record to refresh your memory, and by way of illustration. This is a letter from yourself as Chief Customs and Excise Preventive Service, to Mr. J. E. Bisaillon, Special Inspector of Customs and Excise:

Re Preventive Service Customs Seizure 6241

> This seizure covers 138 quart bottles of Scotch whiskey, and nine flasks of Scotch whiskey, seized on the 1st of October by Officer J. A. Masson from J. P. Champagne, 588 Desjardins Street, Montreal. The report was not received here until the eighth instant. Too long a time elapsed between the date of seizure and the date of the report here. It is observed a 'fine' of $400 was taken from Mr. Champagne under Section 189 of the Customs Act. On the 17th of January last, you were instructed by letter as follows:
>
> > "Hereafter when you effect a seizure under the Customs Act for smuggling, do not accept a deposit in lieu of prosecution. In the event of seizures of liquor, silk, cigarettes, jewellery, clothing or narcotic drugs, immediately telegraph stating particulars, and await instructions with regard to prosecution."
>
> Please forward a report immediately explaining why you violated the instructions contained in above paragraph of my letter of the 17th of January".

That is signed by "W. F. Wilson", yourself. From these two extracts—and there are others—it would appear that Mr. Bisaillon had not followed your instructions?—A. That is correct.

Q. Did you have considerable difficulty in having your instructions followed out in this respect?—A. Yes.

Q. Was it a common practice?—A. Well, we always had more or less difficulty.

Q. Now, would you answer me regarding a few questions, regarding the barge. The barge Tremblay was seized, and properly seized, at the time the liquor was seized, was she not?—A. Yes.

Q. Under the Act, the barge ought to have been placed under definite seizure, that is correct is it not, for having brought in smuggled goods?—A. She was seized for that reason.

Q. The barge was taken to Quebec—I am not going over the long piece of history—and kept there for some weeks?—A. Yes, some weeks.

Q. And released on payment of $1,700?—A. Yes.

Q. Was she released for the $1,700, or was the $1,700 merely a deposit pending action?—A. Merely a deposit pending action.

Q. Have you the K-9 report?—A. Yes.

Q. Has the case been finally settled?—A. No, sir.

Q. It is still pending?—A. Yes, sir.

Q. Why has it not been settled?—A. That, I cannot tell you.

Q. It is a year ago last November she was seized?—A. Yes, sir.
Q. She has been in use by her owners?—A. Yes, sir.
Q. Ever since?—A. Yes.
Q. Who has control of this situation now, of this case, Mr. Wilson; is it in your charge?—A. No, sir.
Q. Who has charge of it?—A. Well, I do not know; it is in the Seizure Branch of the Department, Mr. Blair or the Deputy.
Q. Has any report been made, outside of the report in the K-9?—A. I have not seen the Departmental file since.
Q. You do not know that?—A. I cannot tell you, I have not seen the departmental file.
Q. Had you anything to do with the release of the barge for the deposit of the $1,700?—A. No more than that I received the money.
Q. You received the money?—A. Yes.
Q. From whom did you receive it, Mr. Wilson?—A. The deposit was made—
Q. Give us the date and particulars of that?—A.

"Received from Pierre Casgrain, for Captain Hugh Tremblay, at Ottawa, this 12th day of April, 1925, subject to the decision of the Minister of Customs, the sum of $1,700, on account of Preventive Service—Customs Seizure 5610 for contravention of the Customs laws.

(Signed) W. F. WILSON."

Q. Now, Mr. Casgrain in that case was acting as solicitor for Captain Tremblay?—A. I believe so.
Q. And nothing has been done since in regard to the determining of this matter?—A. There has been no decision yet, sir.
Q. What did you do with the $1,700?—A. Deposited it to the credit of the Receiver General on account of the seizure.
Q. Can you tell me how the amount was figured, Mr. Wilson?—A. Yes, $700 was for expenses.
Q. For the watchman watching the boat over the winter?—A. Yes.
Q. She would have had to be tied up for the winter anyway by whoever owned her?—A. If she remained in the St. Lawrence she would.
Q. The Government took care of her through the winter?—A. No, she was released in—yes, that is correct.
Q. I remember reading the file?—A. She went from Montreal to Quebec.
Q. She was put in care of watchmen during the winter. And will you give us the date of the release?—A. It was the latter part of November, 1924.
Q. That is the seizure?

By Hon. Mr. Bennett:

Q. She was released 17th April?—A. Yes, she went to Quebec in December.
Q. When she was released on $1,700 payment, that was April?—A. Yes, there were watchman on her all winter.
Q. The Government paid out something like $700 in expenses and a penalty was imposed of $1,000, which was put in in the form of a deposit, and the vessel was released?—A. There was a deposit; it covered a deposit of $1,000 and $700 expenses, making $1,700.
Q. Beyond that you know nothing about it, nothing further about it?—A. No, sir.
Q. I suppose Mr. Taylor could tell us the reason why, or Mr. Blair?—A. Mr. Blair, I should say.

By the Chairman:

Q. It was a Customs seizure?—A. The boat was a Customs seizure and, therefore, Mr. Blair would be the man.

By Hon. Mr. Stevens:

Q. In regard to the release of the alcohol to the Commission, you referred a moment ago to the fact that Mr. Hunter phoned you from Montreal, and you had not been consulted regarding the sale of the liquor to the Dominion Distillers, had you?—A. —(No answer.)

Q. I will put the question another way. Did you know anything at all about the sale of the liquor to the Dominion Distillery?—A. Not about the sale, no, sir, until I was telephoned.

Q. You say you were instructed by whom to release it to Mr. McLaughlin? —A. By Mr. Taylor.

Q. Now, as Chief Preventive Officer, Mr. Wilson, did you make any efforts to find out who Neil or Campbell were, or who the owners of the alcohol were? —A. No, sir. The matter was being handled by Mr. Bisaillon who was in charge at the port of Montreal.

Q. I am attempting to ask you, Mr. Wilson, as his Chief, would it not be your duty to take some part in finding out who the owners of the cargo were, and who the owners of such an important seizure as this were?—A. Ordinarily, yes.

Q. Why did you leave it entirely to Mr. Bisaillon?—A. Mr. Bisaillon was in charge in the Montreal district.

Q. Had you received any instructions not to interfere with Mr. Bisaillon? —A. No.

Q. Well, Mr. Bisaillon did not seem to follow your instructions very well from correspondence I have seen between you and Mr. Bisaillon.

The CHAIRMAN: In this case?

Hon. Mr. STEVENS: In this and other cases.

The CHAIRMAN: This is the barge Tremblay case.

Hon. Mr. STEVENS: There are other cases.

By Hon. Mr. Stevens:

Q. Is that the case, Mr. Wilson?—A. He did not always follow instructions.

By Mr. Doucet:

Q. Mr. Wilson, was the barge subject to forfeiture?

The CHAIRMAN: Pending decision.

The WITNESS: The law provides she is subject to forfeiture, but as I say there has been no decision rendered yet.

By Mr. Doucet:

Q. At the time she was released, she was subject to forfeiture?—A. The law still stands—

The CHAIRMAN: She is still subject to forfeiture.

Mr. DOUCET: I could bring cases where there was no release made.

The CHAIRMAN: Sometimes a man is in jail for fifteen days and may go to jail for life.

By Hon. Mr. Bennett:

Q. May I summarize your connection with this matter?—A. Yes.

Q. You are Chief Preventive Officer?—A. Yes.

Q. You first learned that the barge Tremblay was in difficulty, from information received from Montreal?—A. Yes, from Mr. Bisaillon.

Q. That is the first information you had?—A. Yes.

Q. You then took all the steps?—A. I instructed Mr. Bisaillon.

Q. To take the usual legal proceedings?—A. Yes, quite so; that is to say to have the liquor removed.

Q. And it turns out he did not do it; that is a short way to put it?—A. I instructed him to have the goods removed to the warehouse.

Q. The ship was seized; that was legal and proper?—A. Yes.

Q. She was releasaed on payment of $1,700?—A. Later.

Q. There has been no decision given since?—A. That is true.

Q. She is still liable to forfeiture?—A. Yes.

Q. You have no explanation to offer as to the long delay?—A. No.

Q. She, having contravened the law in November, 1924, and this being May, 1926, the matter has not been adjudicated upon?—A. No decision yet.

Q. That is the position?—A. Yes.

By the Chairman:

Q. Can you tell me, by the record, if there was any mortgage on the boat, the vessel?—A. I do not think the record shows.

By Hon. Mr. Bennett:

Q. That is the position of the vessel?—A. Yes.

Q. So far as you are concerned?—A. Yes.

Q. Captain Tremblay could give us an answer better, could give us information with respect to the Tremblay?—A. Yes.

Q. He should?—A. Yes, as to how he got the goods.

Q. You have seen him?—A. I saw him at Quebec, at the trial.

Q. You have had no discussion with him?—A. No.

Q. Arising out of that, Mr. Bisaillon was arrested?—A. Yes.

Q. And taken to Quebec and tried and acquitted?—A. Yes.

Q. Somebody else was also tried in connection with the same matter?—A. Yes, there were several others.

Q. Some were convicted, were they not?—A. I think not.

Q. Were they all acquitted?—A. Yes.

Hon. M. STEVENS: There was a conviction in connection with Arbour.

Mr. CALDER, K.C.: There was a conviction, under the Quebec Liquor Act, of Captain Tremblay.

By Hon. Mr. Bennett:

Q. The Commissioners, under the Quebec Liquor Act, took certain proceedings with which you had nothing to do?—A. Yes.

Q. You only know what you have read and been told?—A. Yes.

Q. The cargo was taken away and put in the King's warehouse?—A. Yes.

Q. The whole of it was taken away with the exception of a portion that went to the Liquor Commission?—A. And which I think, was subsequently returned.

Q. And which you believed was subsequently returned?—A. Yes.

Q. You undertook to sell it in the usual way as forfeited liquor?—A. We took it upon ourselves to make inquiries to see if we could obtain offers.

Q. You followed the usual course?—A. Yes.

Q. It was forfeited liquor?—A. Yes.

Q. In this instance, the results of your efforts were nugatory because others intervened and it was sold?—A. Yes.

Q. That is one way to put it?—A. Yes.

Q. Stripped of everything, that is the tale?—A. Yes.

Q. You were not instructed with respect to the sale?—A. It is not obligatory that I should be.

Q. I do not suggest for a moment it was; that is a fact?—A. Yes.

Q. You learned it had been sold, in fact it was sold?—A. Yes.
Q. That is your personal knowledge?—A. Yes.

By the Chairman:

Q. You were only giving orders to the Preventive Service in Montreal, to those who knew something about the law?—A. Yes, the officer who was in charge.
Q. As far the price of alcohol is concerned, you know nothing about it?—A. I knew nothing about the price at which it was sold.

By Mr. Doucet:

Q. Mr. Wilson, have you any recollection of having any information as to watching the barge Tremblay, or as to the barge Tremblay being in the smuggling business or doing some smuggling since she was released in April, 1925?

By the Chairman:

Q. Have you the file covering that point?—A. I shall have to look at the files to see about that.

The CHAIRMAN: If he is not sure, he had better verify it, and he had better speak from the file.

By Mr. Doucet:

Q. I think, if you look up the file covering the smuggling of liquor in the lower St. Lawrence you will find some information on the point.—A. I shall be very glad; I am not trying to withhold anything.

By Mr. Gagnon:

Q. Mr. WILSON: I understand that the barge Tremblay is not confiscated by virtue of the Customs Act, yet there was a deposit of $1,700 to obtain the release, there was that deposit made?—A. There has been no decision yet.
Q. But the barge has been released before the decision or determination?—A. She is released pending decision.
Q. But, of course, Mr. Bisaillon had nothing to do with the release?—A. No, not as far as I know.
Q. Do you know that this barge has been confiscated by virtue of a judgment of the Liquor Commission and it has been released on a deposit of $1,700 and no decision yet?

The CHAIRMAN: I do not think anything has been confiscated yet.

Mr. GAGNON: Everything has been confiscated.

By Hon. Mr. Stevens:

Q. Did Bisaillon not phone you suggesting that the barge should be released on payment of $400?—A. Yes.
Q. Will you look it up?—A. Yes.
Q. Do you find the record? Mr. Wilson, will you read it?—A. On the 24th November Mr. Bisaillon telephoned to me from Montreal, and asked authority to release the Tremblay on a deposit of $400.
Q. What did you do?—A. I told him not to release it and in order to confirm my action I went to the Deputy and as a result telegraphed Mr. Bisaillon the same day as follows:

"Deputy does not authorize release of Tremblay on deposit."

The CHAIRMAN: Of the $400?

Hon. Mr. STEVENS: Read the telegram again.

By the Chairman:

Q. Did you telegraph after you received the 'phone from Bisaillon?—A. Yes, sir.

By Hon. Mr. Stevens:

Q. Read the telegram again—A.

"Deputy does not authorize release of Tremblay on deposit."

The CHAIRMAN: $400?

The WITNESS: That is what I meant, $400; that is what he said over the 'phone.

By Mr. Gagnon:

Q. Mr. Bisaillon was forbidden to release on $400?—A. Yes, he was forbidden to release.

Q. The same barge was released on $1,700?—A. Yes.

Q. According to the instructions of the Deputy Minister?—A. According to the instructions of the Department.

Q. You say that the seizure of the barge Tremblay took place in the month of November, 1924?—A. Yes.

Q. I see according to page 433 of the proceedings, before this Committee, that you wrote a letter, the letter Mr. Stevens referred to, dated January 19th, 1925, in which you say not to proceed to a prosecution in the case of narcotic drugs?—A. Yes.

Q. The letter reads in this way. (Reads):

> "Hereafter when you effect a seizure under the Customs Act for smuggling, do not accept a deposit in lieu of prosecution. In the event of seizure of liquors, silk, cigarettes, jewelry, clothing or narcotic drugs, immediately telegraph stating particulars, and await instructions with regard to prosecutions."

A.—Yes.

Q. You start out with the word "hereafter"?—A. Yes.

Q. Meaning that no such instructions were issued to Mr. Bisaillon in 1924? (No answer).

Hon. Mr. STEVENS: Of course that letter is a reprimand?

WITNESS: I will have to check that up.

By Mr. Gagnon:

Q. You reprimanded him in the month of October for not following the instructions contained in your letter of January 19th, 1925—in October, 1925?—A. So far as my instructions in these letters are concerned, yes, confining it to the instructions in these letters.

Q. There were no instructions before the month of January, 1925, were there?—A. My recollection is, "yes," but I shall have to look up the records.

Q. Taking your letter of January 19th, 1925, you say "hereafter," and then say,

> "In the event of seizure of liquors, silk, cigarettes, jewelry, clothing or narcotic drugs, immediately telegraph stating particulars and await instructions with regard to prosecutions."

—A. Yes.

Q. You did not tell him to institute proceedings, but to telegraph and await instructions?—A. Yes.

Q. And that was in January, 1925?—A. That is correct.

By Mr. Doucet:

Q. Going back to the barge Tremblay again, you have now a liquor file in connection with smuggling in the St. Lawrence River?—A. Yes.

Q. Do you find a letter from yourself to Mr. Bisaillon in connection with the barge Tremblay?—A. Yes.

By the Chairman:

Q. Give the date, and read it all?—A. All right. (Reads):

"OTTAWA, September 18th, 1925.

J. E. BISAILLON, Esq.,
Special Inspector,
Customs and Excise,
Customs House, Montreal, P.Q.

SIR,—It has been reported that there is reason to believe that the steam barge A. Tremblay, running between Montreal and the Gaspe Coast, has been carrying liquor sometimes for transshipment. It is said that on a recent trip there was liquor on board, that all the crew were drunk, and that they were the means of getting drunk several people at Fox River and other places.

This boat is said to go to Caraquet, N.B., every trip, and this takes them right in the path of the Shepherd King, which is loaded with alcohol, and operating in the Bay of Chaleur district.

Will you please have very close attention given this boat on her trips up the St. Lawrence, so that if she has any contraband goods on board, these may be found and seized.

I have the honour to be, sir,
Your obedient servant,
W. F. WILSON,
Chief Customs-Excise Preventive Service."

By Mr. Doucet:

Q. That information was given in the regular way?—A. Yes, sir.

Q. Did you ascertain if the information given you with regard to that boat —I did not quite catch the name of it—was correct?—A. I beg your pardon?

Q. Your information was that when she touched a certain port—what was the name of it?—A. Caraquet?

Q. No, on the way up the St. Lawrence?—A. At Fox River.

Q. Did you check your information as to Fox River, to see if it was correct?—A. I imagine that the captain of the cruiser Margaret would do that. I should have to go through the files to find out.

By Hon. Mr. Bennett:

Q. It came up in connection with the vessel the "Shepherd King" which you say was supposed to be operating in the Bay of Chaleur district?—A. She was there for some time, and it was suggested that the Tremblay was acting in connection with her, and getting illicit alcohol, and carrying it to Caraquet, and the north shore.

By the Chairman:

Q. That was the story, but there was no direct proof to that effect?—A. Yes, sir.

Q. It was not seized afterwards?—A. No, sir.

By Mr. Gagnon:

Q. According to you, whose duty would it have been to institute proceedings, in regard to the barge Tremblay after the seizure, against the people. Whose duty would that be?—A. As I understand it, these men who were on board were handed over to Mr. Bisaillon under arrest, by the Quebec Liquor

Commission officers, consequently the responsibility for those men rests with Mr. Bisaillon.

Q. But there were two of them?—A. Yes.

Q. How about the other people who were at the wharf, at St. Sulpice, who were arrested by the Quebec Liquor Commission when Mr. Bisaillon was not there; it has been already proved that there were some people who escaped at the St. Sulpice wharf before the intervention of any Customs officer?—A. I do not know what has been proven.

Q. Whose duty would it have been to arrest them?—A. I do not know what has been proven, or what has not, because I have not been here during the giving of the evidence, nor have I read the evidence.

Q. But whose duty was it later, when Mr. Bisaillon was himself arrested, to initiate proceedings against the other people who were not under arrest, in Montreal, when Mr. Bisaillon was arrested; surely you would not expect him to institute proceedings against those people when he was himself arrested?—A. The only knowledge I had concerning it at a later stage was concerning this man Neil, and the man Campbell, who were said to be on the ship.

Q. But the charge, Mr. Wilson, was a charge against these people Dufresne, Perrault, Symons, and Brien, and it was a charge of conspiracy to defraud the provincial Government and the federal Government, which was a different charge altogether from the charge which you could have laid under the Customs Act; there may not have been conspiracy, but there might have been some fraud against the Department of Customs. (No answer).

Hon. Mr. BENNETT: One was a charge under the Criminal Code, Mr. Gagnon, the other under the Customs Act.

Mr. GAGNON: Yes.

By Mr. Gagnon:

Q. But there was no procedure, and you did not expect Mr. Bisaillon to take any proceedings against the other people under the Customs Act, when he was himself in custody?—A. Under the circumstances, I did not expect anything else.

By Mr. Calder, K.C.:

Q. Mr. Wilson, how could proceedings be taken against a man on any charge whatever, if, after having arrested him you allowed him to go, without instructions from Ottawa. Stewart and Campbell were not prosecuted, and no proceedings were started, I take it, for the excellent reason that they were not there and could not be nabbed, and prosecution started against them?—A. That is right.

Q. When you instructed Mr. Bisaillon generally to require instructions before proceeding, that meant, did it not, that if he caught somebody doing an act he was to hold them until he got instructions—it could not mean anything else, could it?—A. No.

Q. Mr. Bisaillon interpreted that to mean "let the prisoners go free, do not tell Mr. Wilson about it," and then several months afterwards, asked for instructions?—A. Yes.

Q. That was his interpretation?—A. That was the way it worked out.

Mr. Gagnon:

Q. In the interpretation, General Panet thought he could arrest one man only.

Mr. CALDER, K.C.: Maybe he did.

Mr. GAGNON: General Panet at the wharf at St. Sulpice, was in charge of the seizure, and there were under him Customs officers whom we knew were Customs officers, and still only one man was arrested.

Hon. Mr. STEVENS: That is quite correct.

WITNESS: Arrests could not be confined to one man.

Hon. Mr. BENNETT: You are not helping the case, any, Mr. Gagnon, when you are talking about what somebody told somebody else.

Hon. Mr. STEVENS: I would like to ask a question or two here.

By Hon. Mr. Stevens:

Q. Was it your duty, and if it was, did you serve notice on the owners of the Barge Tremblay?—A. Yes, a notice did go to the owners of the barge Tremblay from the Department of Customs and Excise, immediately after the Customs report was received by the Department.

Q. Who were the owners, if you can tell us briefly?—A. Captain U. Tremblay, Limoilou, Quebec.

Q. Is it a limited company, or just a person?—A. I could not say.

Mr. CALDER, K.C.: It says somewhere, Mr. Stevens, that it was the Tremblay Shipping Company.

WITNESS: A notice of seizure would go to him.

By Hon. Mr. Bennett:

Q. But did it? Have you any knowledge of it? I have looked over the departmental file, myself. (No answer).

Hon. Mr. STEVENS: What I wanted to get from Mr. Wilson was just one point, and if we cannot get it from him we will not bother unless notice was given or delivered to Captain Tremblay.

By Hon. Mr. Stevens:

Q. Did you have anything to do with the case following that?—A. No.

Q. We will ask Mr. Taylor?—A. All right.

By Hon. Mr. Bennett:

Q. You then passed out of the picture?—A. Yes. That notice was sent out by the Department.

Mr. CALDER, K.C.: Before Mr. Taylor is called, Mr. Chairman, you asked me to clear up a certain point as to the seizure of the Tremblay? I find in Exhibit No. 155, the record in the case of the barge Tremblay, the following:

> "The information and complaint is amended by consent. The defendant pleads guilty in writing. The defendant is condemned to $100 fine and costs, or one month in jail. The seizure of the alcoholic liquors is maintained. The seizure of the barge "A. Tremblay" is dissolved, and the barge is freed.
>
> (Signed) J.L.D.
> J.S.P."

Hon. Mr. STEVENS: That is another case under the provincial Statute.

The CHAIRMAN: Yes, a provincial case.

Hon. Mr. STEVENS: It had nothing to do with the Customs seizure.

The CHAIRMAN: The barge was not seized or confiscated; I have seen that somewhere.

Mr. CALDER, K.C.: The liquors were confiscated to the profit of the Quebec Liquor Commission, but I am told by Mr. Desmarais that the Liquor Commission always considered that, subject to federal right.

The CHAIRMAN: What was the date?

Mr. CALDER, K.C.: The 3rd of April, 1925, and the initials are "J.L.D., J.S.P."

Witness retired.

[Mr. W. F. Wilson.]

GEORGE W. TAYLOR recalled.

By Mr. Calder, K.C.:

Q. Mr. Taylor, I am sorry to have called you at such short notice; I should have let you have the advantage of perusing the files. The matter we want to inquire about from you is very simple; the barge Tremblay seizure was, I understand, a Customs seizure, and the seizure of liquors was an Excise seizure. Will you tell us from your file when you personally became cognizant of this seizure, namely, the seizure of the liquor which formed the cargo of the barge Tremblay, which was seized on the night of the 20-21 of November, 1924?—A. The file does not assist me, Mr. Calder.

Q. Will you state at what date you began negotiations for the sale of the cargo, consequent upon its confiscation?—A. I did not begin any negotiations. Those negotiations were carried on by the Deputy Minister.

Q. By Mr. Farrow?—A. By Mr. Farrow.

Q. As the seizure was an Excise one, if you did not conduct the negotiations, and if they were conducted by the Deputy Minister himself, you were advised of them I suppose?—A. I was away; I became aware of them.

Q Tell us, if you can, from the files, what disposal was made of the liquor? —A. I am aware that there was a deposit made on account of the barge, of $1,000. Are you talking about the liquor?

Q. Yes; confine yourself to that?—A. In the week centering on the 14th of December—I cannot place the exact date.

Q. That is near enough?—A. The Minister called me in to his office, and referred to this question of the alcohol seized from the barge "Tremblay", which was taking up room in the King's warehouse.

Q. That on the 14th of December, 1925?—A. The 14th of December, 1925.

Q. A year after the seizure?—A. Yes. He informed me that he had decided to dispose of it, because it was taking up room. He asked me what was the highest price which we had received for alcohol of that class, for that purpose, informing me that he intended to sell it to the Dominion Distilleries, Limited. I told him that I would look up the records, and I think I did so the same night. I went through several files, and found that 35 cents per proof gallon was the highest price we had received for that particular class of alcohol, for the purpose for which it was going to be used.

By Hon. Mr. Bennett:

Q. What purpose was that?—A. Denatured alcohol, to manufacture denatured alcohol.

Q. That was stated by the Minister?—A. I believe so.

Q. When you mentioned it before, you did not say what the purpose was; you say the purpose was to convert it into denatured alcohol?—A. Yes.

Q. To convert it into denatured alcohol, you say?—A. Yes.

Q. Which would be useful for home consumption?—A. For beverage purposes, no.

Q. Will you forge ahead?—A. I informed him that the highest price that the records showed was thirty-five cents a proof gallon, as I have stated.

By Hon. Mr. Stevens:

Q. That is without any duty whatsoever?—A. Without duty.

Q. Excise or Customs duty in any form?—A. For this proof of denatured alcohol, the law provides that it is not dutiable.

By Mr. Calder, K.C.:

Q. So for the purpose this price would be ex-bond?—A. Yes.

By Hon. Mr. Bennett:

Q. Alcohol is denatured by injecting into it a certain fluid?—A. Yes.
Q. And that fluid is called in chemical terms, what?—A. Diethyl phthalate.

By Hon. Mr. Stevens:

Q. And brucine?—A. Brucine sulphate.

By Hon. Mr. Bennett:

Q. Did the Department take any steps to see that that was done before the alcohol was sold?—A. The officers in charge of the distillery had their instructions.
Q. To do so?—A. Yes; they were printed instructions.
Q. But in this case had they any instructions?—A. Absolutely.
Q. Written instructions?—A. No, but they have their general instructions—
Q. There were no special instructions given in this case?—A. Yes.
Q. Were they in writing?—A. No.
Q. Who gave them?—A. I did.
Q. To whom?—A. To McLaughlin, the Surveyor in Montreal.
Q. Over the telephone?—A. Yes.
Q. What were they?—A. They were subsequently confirmed in writing, and you will find a copy on the record.
Q. That is, a copy from you to him?—A. Yes; I think it was in January.
Q. And that was after it had been sold, and gone—no, it was not gone then—

Hon. Mr. STEVENS: Yes—

The WITNESS: I don't think so.

Hon. Mr. STEVENS: It was moved, I think, on the first of the month.

Hon. Mr. BENNETT: I think it was moved on the first of January.

The CHAIRMAN: Let us get it in the record and be sure of the date.

The WITNESS: It was in January anyway.

Hon. Mr. BENNETT: The time becomes somewhat important.

The WITNESS: I am sorry I have not a record of that.

By Hon. Mr. Stevens:

Q. Mr. Taylor, I may be able to help you a little in this matter. On this file marked "Sale of Spirits seized on the barge Tremblay, seizure number 5199, file number 818280-B," there is correspondence on this subject. Here is a letter from J. E. Lally, officer in charge, dated at Montreal, December 24, 1924, addressed to the Commissioner of Customs and Excise, reading as follows:

> "SIR,—Enclosed find Express receipt covering three bottles of spirits denatured by the Dominion Distillery Products Limited, Montreal, spirit export number B-13, numbers 2841, 2895, and 2927, showing the denatured spirits exported from Canada. The label attached to same gives this information. The spirits are for examination.
>
> I have the honour to be,
> Sir,
> Your obedient servant,
> (Sgd.) J. E. LALLY,
> *Officer in Charge.*"

That is on this file. I am assuming that it is the barge Tremblay alcohol. Is that correct?—A. No.

Q. Why is it on this file?—A. I think if you refer to the endorsation on the file you will see it simply reference to denatured alcohol.

Q. Well, the file: "sale of spirits seized on the barge Tremblay"; here is the whole file. We are told we must go to the files, and I am going by the file, here it is.—A. This file does not show that the spirits in question are necessarily from the seizure of the barge Tremblay.

Q. All the references here refer to the barge Tremblay spirits?—A. Yes, the point is, this concern had been receiving alcohol from other distilleries up to the end of January to the extent of 71,000 gallons proof, apart from the 16,408 gallons recovered from the barge Tremblay.

Q. Here is one of January 7th; Lally writes again to H. McLaughlin, Officer of Customs:

> "Confirming telephone conversation this morning I submit on seizure 5199—"

that is the barge Tremblay?—A. Yes.

> Q. "—remove from Customs House to Dominion Distilleries Products Company Limited, warehoused as 1-1-26, Nos. 1-106=106 packages, standard gallons 9749.3 at 68.3 proof gallons 16408.09.
>
> Yours truly
>
> (Signed) J. E. LALLY,

Dated January 7th?—A. Yes.

Q. 1926?—A. Yes.

Q. You had it in there before that date?—A. That had reference to the quality of spirits of a particular class brought in to the distillery from the barge Tremblay.

By Hon. Mr. Bennett:

Q. Were samples taken and sent to the Department?—A. In every case, I believe.

Q. Sent to you and sent to the analyst?—A. Yes.

Q. Both before and after it was alleged to have been denatured?—A. No, after being nutritioned.

By Hon. Mr. Stevens:

Q. You told me that you telephoned Mr. McLaughlin that this alcohol was to be sold to the Dominion Distillers, that is right?—A. Yes.

Q. At what price?—A. 36 cents per proof gallon.

Q. Would you say you yourself telephoned him it was denatured?—A. Yes.

Q. It was delivered to the distillers?—A. Yes.

Q. At the distillers' property?—A. Yes.

Q. Under whose supervision?—A. Under the supervision of two officers.

Q. Have you received any report that it was done?—A. Yes.

Q. In writing?—A. Yes.

Q. Where is it?—A. I believe it is on the record.

Q. As you said a moment ago, Mr. Taylor, this alcohol went into the general stock of the Dominion Distillery?—A. Yes.

Q. They brought in about 70,000 gallons during the month of December?—A. Yes.

Q. I recall that from memory?—A. Yes.

Q. And this consignment seized on the barge Tremblay went into their general stock?—A. Yes.

Q. Now, I have here—there was forwarded to the analyst certain samples. Now, here is a report of the analyst in one case. This is dated January 9, 1926:

"DEPARTMENT OF CUSTOMS AND EXCISE

Division of Chemistry

Certificate of Analysis

R. R. FARROW,

Deputy Minister of Customs and Excise.

SIR,—Examination has been completed on three samples of denatured spirits of so-called grade No. 1/F representing export entries 2841, 2895 and 2927 of the Dominion Distilleries Products Company of Montreal, Quebec and covered by your letter of the 28th ultimo.

All three samples contained brucine, sulphate and diethylphthlate, but the diethylphthlate is present to the extent only of 1.22 per cent by weight in each sample, all three being practically identical. They do not therefore, conform to the specifications covering special denatured, grade No. 1/F which calls for 2½ per cent of diethylphthlate.

I have the honour to be, Sir,

Your obedient servant,

(Signed) C. E. Watson,
Departmental Analyst,

Direction of C. E. Watson,
Chemist in charge.

Laboratory 415-416 and 417."

Q. Now, that would indicate that there was not a very close check on it? —A. There was a misaprehension there, Mr. Stevens, with regard to the method of testing. If you will refer to circular 488 C, it will be observed in each of these cases we require the per cent in denutrition shall be determined by volume. The analyst was determining it by weight, and the officer was working off a formula. When the matter was subsequently brought up the Department suggested it should be determined by volume. Correspondence, I think you find on the file, subsequently clears up the matter.

Q. I see it here. There would not be that difference?—A. Yes, sir.

Q. One half?—A. Yes, sir, the difference between volume and weight.

Q. The fact remains, it was not effective or according to the formula?

By Mr. Calder, K.C.:

Q. Up to that moment, were you going by weight or by volume?—A. The analyst apparently was working by weight.

Q. That had been the practice obtaining up to this moment?—A. Apparently he was working by weight. I do not know for what reason he was doing it. Our idea, the idea of the Department was to determine on quantity by volume.

By Hon. Mr. Stevens:

Q. Your own supervision, Mr. Taylor, extended only to this degree, that your Officer Lally would take a sample from certain packages and they would be forwarded to Ottawa, and there they would be tested or analysed?—A. Under supervision, under the instructions, the mix, as it is termed, that is the admixer of the denutrition of the alcohol, is required to be made under the supervision of and in the presence of two officers in all cases. There is no exception to the rule, and both officers, I have no doubt, were present when each test was made, the sample after being in the mixed tank is taken by the officer and retained in his possession until it is sent to the Department.

Q. You will notice in the correspondence that your Officer Lally explained by saying it was not mixed sufficiently and he might have got a less mixture to account for 1.22?—A. Because he could not explain it in any other way.

Q. Then, we understand clearly that this alcohol went into the Dominion Distillery and was absorbed in their general stock of smuggled alcohol and had lost its identity?—A. Yes.

The CHAIRMAN: I would like to see the letter read into the record.

Mr. CALDER, K.C. (Reads):

"DEPARTMENT OF CUSTOMS AND EXCISE

OTTAWA, 3rd February.

File 126175

File 48280

R. R. FARROW, Esq.,
Deputy Minister.

SIR,—In accordance with your instruction by letter of the 28th ultimo, *re* samples of grade 1/F rubbing alcohol received from the Collector of Customs and Excise at Montreal, have been examined. All three samples were found to conform to the departmental specifications for this grade of denatured alcohol. The amount of diethyphthlate present in all three samples was definitely in excess of the percentage. Tests applied for brucine, sulphate were positive in each sample.

I have the honour to be, Sir,
Your obedient servant,
(Signed) JAMES HOSSACK,
Analyst.

Export Entries excess 7625, 7750, 7891.
Laboratory Entries 519, 520-521."

Hon. Mr. STEVENS: Let me make myself clear. I am not disputing that at all. There is no need of reading that in. We will admit it frankly.

The CHAIRMAN: But somebody else may read it, who has not been here.

Hon. Mr. STEVENS: The thing is not complete, and will not be complete, until we get through with the Dominion Distilleries. We might as well make that plain now.

By Hon. Mr. Stevens:

Q. There are a couple of things I want to have made plain. In the first place, for the third time, the barge "Tremblay" alcohol went into the general stock of the Dominion Distilleries?—A. Yes.

Q. Secondly, you gave it as your opinion to the Minister, that 35 cents was a fair price per proof gallon of this alcohol, when used for denaturing purposes? —A. Yes.

Q. I want to make that very, very clear?—A. Yes.

Q. If used for potable purposes, it would be of a very much different value? —A. Quite a different value.

Q. When used for denaturing purposes and finally released from bond, there is no duty?—A. Correct.

Q. Am I right?—A. That is correct.

Q. There is no duty on it at all?—A. No.

Q. Therefore, when this alcohol would be released from the Dominion Distilleries under arrangements by them, it was sold—and if I have this file I will deal with it—there would be no duty to collect at all; that is correct, is it not?—A. I will have to qualify that to some extent, Mr. Stevens.

Q. Well, make it clear?—A. So far as the specially denatured alcohol is concerned, that is, alcohol of this particular class of denaturization, grade 1-F, we do not allow the release of it from the distilleries except to permit holders, that is, permit holders or persons holding permits issued by the Department, or unless it is exported in bond; otherwise we would hold it as dutiable.

Q. Will you give me the total value of this alcohol when released, say in 1,000 gallon lots?—A. Well, the value, the selling price, according to my recollection, is about $1.05 a gallon.

Q. Per proof gallon?—A. Measured gallon.

Q. That would be, if I can calculate it correctly, about 64 cents per proof gallon?—A. No, it would be more than that. The measured gallon would be a decimal, decimal 65 proof, consequently, your price would be enhanced by the difference between $1.00 and $1.65.

Q. You said $1.05 per measured gallon?—A. Yes.

Q. And thereby one point six five proof gallon?—A. Yes.

Q. But by proof gallon, it would be less?—A. That is right. Per proof, it would be about point sixty-four.

Q. 100/165 of $1.05; that is your calculation?—A. Yes.

Q. I want to get that on the record, so that we will have it there for future reference?—A. That is right.

Q. That is correct, is it not?—A. Yes.

Q. You released this for export, on the deposit of a bond?—A. Yes.

Q. Then when an export entry is made at the point of export, the bond is released; am I correct?—A. When the goods are certified as having been exported at the point of exit.

Q. When the goods arrive at the point of export, or exit, the bond is released?—A. Provided that the export entry is right, certified by the officer who clears the goods at the port of exit.

Q. And the Exchequer receives no revenue on that?—A. No revenue.

Q. No revenue at all?—A. No sir.

Q. Nothing of any kind?—A. No sir.

Q. You are quite clear upon that?—A. Absolutely.

Q. I think that is all I want to ask you upon that point, unless Mr. Calder wants to bring out anything further. (No answer).

By the Chairman:

Q. This alcohol I think you stated when on the stand before, coming from the barge "Tremblay", was a potatoe alcohol?—A. It was, or possibly a beet root alcohol. It was not a grain alcohol, in my judgment.

By Hon. Mr. Stevens:

Q. After being treated with these denaturants, it could not be used as potable alcohol?—A. No.

Q. That is, for blending purposes, or drinks of any kind?—A. No.

Q. It would be dangerous to use?—A. It would leave a bitter taste in the mouth.

Q. So that we can take it as definite that this alcohol, according to the Customs regulations, was not used for that purpose—according to the Customs records?—A. According to the Customs records.

By the Chairman:

Q. And as denatured could not be used?—A. Not in that condition.

Br Mr. Calder, K.C.:

Q. Without reversing the process?—A. Without reversing the process.

By Hon. Mr. Stevens:

Q. I have before me a letter from the Assistant Deputy Minister, that is, yourself, dated February 4th, 1926, which contains six provisos or conditions under which this alcohol was sold to the Dominion Distilleries?—A. Yes.

Q. I will read it and will ask you to confirm it as I present it. I will read the whole letter, although the main part is the six provisos.

File 118280, "OTTAWA, February 4th, 1926.

Collector of Customs-Excise,
Montreal, P.Q.

SIR,—With further reference to the communication being forwarded to your address, under separate cover to-day in connection with the specially denatured alcohol, Grade No. 1-F, entered for exportation by the Dominion Distilleries Products Company, Limited, I have to state that it would appear to the Department, from the nature of the entries referred to, that the denatured alcohol is not being exported in accordance with the instructions given to Mr. Henry McLaughlin by long distance 'phone, on or about the middle of December last."

I will ask you a question on that in a moment.

"It was explained to Mr. McLaughlin that:

(1) The alcohol seized from the barge Tremblay had been sold, and was to be delivered to the Dominion Distilleries Products Company, Limited, at a price of 36 cents per proof gallon.

(2) That an officer was to be assigned by him to accompany each load during transfer from the Customs examining warehouse to the distillery.

(3) That upon receipt at the distillery, it was to be weighed and tested by two officers.

(4) That such alcohol was not to be used for any purpose whatever, except for the manufacture of specially denatured alcohol, Grade No. 1-F, in accordance with departmental specifications, and under the supervision of two officers.

(5) That the specially denatured alcohol as produced was not to be disposed for except for exportation within Canada, by removal in bond and that a separate export bond for $5,000 was to be given by the distillers in connection with each export entry.

(6) As this was an Excise transaction, the matter had to be dealt with as provided by the Excise warehousing regulations, Circular 327/C, page 3. As the alcohol was denatured, however, Mr. McLaughlin was informed that the export bond might be cancelled upon the production of the certificate of the entry at the port of exit, to the effect that the goods had been cleared for export from this port.

It would appear, however, from export entries B/13, Nos. 7625, 7750, and 7891, referred to in Officer Lally's letter, that the denatured alcohol was not entered for warehouse and ex-warehouse for exportation with the filing of a bond as above defined, and as required by the provisions of the Circular quoted, and if such be the case, I have to request that in respect of any further shipments, the provisions of the Excise regulations are to be observed. A report indicating the procedure heretofore followed is desired.

I remain, sir,
Your obedient servant,
Assistant Deputy-Minister,
G. W. T.—F."

[Mr. G. W. Taylor.]

Now, first let me ask this question; these six provisos were the distinct contractual provisions under which the liquor was sold for 36 cents per gallon? —A. Yes.

Q. Would you mind elucidating the two paragraphs, first, that the specially denatured alcohol was not to be disposed of except under certain conditions. Was this not a variation from that provision?—A. There was a misunderstanding with regard to that, Mr. Stevens. Mr. McLaughlin is a Customs official, and I am an Excise official; that is to say, our earlier training has been along these lines. When I referred to exportation, or removal in bond, Mr. McLaughlin immediately had in mind the Customs system of supervision, whereas I had in mind, the Excise system.

Q. It was merely that there was a different procedure followed?—A. A different method of control.

Q. You say that his telephone message was on or about the middle of December last. I want to ask you this question; was this liquor sold at or about the middle of December last?—A. It was certainly sold not earlier than the 20th of December.

Q. Between the 20th and the end of December?—A. Yes.

Q. Then your last paragraph merely refers to an indication of why the Excise provisions were not followed?—A. Yes.

Hon. Mr. STEVENS: I will ask Mr. Taylor some more questions after lunch, if he will be good enough to come back.

Witness retired.

The Committee adjourned until 4.00 p.m.

AFTERNOON SITTING

MAY 14, 1926.

The Committee resumed at 4.00 p.m., the Chairman, Mr. Mercier, presiding.

GEORGE W. TAYLOR recalled.

By Mr. Calder, K.C.:

Q. Mr. Taylor, there is nothing on the file to show that a decision has been reached in the case of the barge Tremblay?—A. I believe not.

Q. The matter is still in suspense?—A. Yes.

Q. Now, it is evident that in dealing with the barge Tremblay the prescriptions of Section 174 and following of the Customs Act should have been followed: "Proceedings upon seizure or alleged penalty, or forfeiture incurred." —A. Yes.

Q. Now, Section 174 says:

> "Whenever any vessel, vehicle, goods or thing has been seized or detained under any of the provisions of this Act or of any law relating to the Customs, or when it is alleged that any penalty or forfeiture has been incurred under the provisions of this Act, or of any law relating to the Customs, the Collector or proper officer shall forthwith report the circumstances of the case to the Commissioner of Customs."

A. Yes.

Q. Have you a report from the Collector which would satisfy this prescription?—A. I believe not.

Q. You think there was no report?—A. Not that I am aware of.

Q. Did anybody in lieu of the Collector report the seizure?—A. It was reported through the Preventive Service.

Q. We may take it that that is a compliance with the prescription?—A. I would think so.

Q. That would be a proper officer in that case?—A. Yes.

Q. (Reading):

> "The Commissioner may thereupon notify the owner or claimant of the thing seized or detained, or his agent, or the person alleged to have incurred the penalty or forfeiture, or his agent, of the reason for the seizure, detention, penalty or forfeiture, and call upon him to furnish within thirty days of the date of the notice, such evidence in the matter as he desires to furnish."

Was that done in this case? You might look at the various files to satisfy us on that point.—A. I think that Mr. Blair had better answer that inquiry, Mr. Calder.

Q. Is there any evidence on your own file—on the Excise file,—that this was done? I beg your pardon I am still falling into the error. That seizure was a Customs seizure?—A. Yes.

Hon. Mr. STEVENS: Mr. Calder, I think either you or I are labouring under a misapprehension. Mr. Taylor is Assistant Deputy Minister, and he has Customs as well as Excise under his jurisdiction.

Mr. CALDER, K.C.: But I asked him to look at the Excise file, and then I reminded myself that that would not be on the Excise file, it would be on the Customs file.

By Mr. Calder, K.C.:

Q. You do not know whether that was done or not?—A. Will you repeat that question?

Q. Whether the notice to Captain Tremblay or the owner of the vessel was sent, calling upon him to furnish within thirty days from the date of the notice, such evidence in the matter as he desired to furnish?—A. I cannot answer that question from personal knowledge.

Q. But one thing is certain; no evidence was produced by him?—A. I believe not.

Q. (Reading):

> "Such evidence may be by affidavit, or affirmation made before any Justice of the Peace, Collector of Customs, Commissioner for taking affidavits in any Court, or Notary Public."

Up to the present day Captain Tremblay has remained satisfied with this state of affairs; that he deposited $1,700 and took the vessel, and he is quite willing to let it go at that?—A. Yes.

Q. No move on his part was made to withdraw the vessel from seizure or put the matter to an issue?—A. Not that I am aware of.

Q. (Reading):

> "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."

Evidently that was done.

> "The Minister may thereupon give his decision in the matter respecting the seizure, detention 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. If the owner

or claimant of the thing seized or detained, or the person alleged to have incurred the penalty, does not, within thirty days after being notified of the Minister's decision, give him notice in writing that such decision will not be accepted, the decision shall be final."

So, in the contemplation of the act, the maximum number of days before a cargo is confiscated and finally disposed of, in the event of the owner remaining motionless and initiating no proceedings, is sixty days?—A. Yes.

Q. We find that this vessel is, at the present time—at the end of eighteen months—not disposed of?—A. Yes.

Q. Have you any knowledge why that is?—A. I cannot account for the delay; I cannot explain the delay.

Q. Mr. Blair will be able to tell us?—A. I think so, yes.

Hon. Mr. STEVENS: I did not catch that last question.

Mr. CALDER, K.C.: After putting the various prescriptions of law which show that where the owner of a vessel remains silent and initiates no proceedings, the maximum delay is sixty days, and after that there should be a final decision, I reminded Mr. Taylor there was no final decision in this case, and he says he cannot, in his own knowledge, supply any reason why that delay should exist.

The WITNESS: There is only one explanation I would like to offer in that regard. The work of the Seizure Branch is very greatly in arrears. The work of the Minister's office in handling decisions is likewise greatly in arrears —very greatly in arrears.

By Mr. Calder, K.C.:

Q. Would the general arrears in the Department at the present time be eighteen months?—A. I would not make a statement to that effect, but I know it is very decidedly in arrears. There are probably 600 seizures on hand.

Q. Some of these are contested seizures, are they not; where the prescriptions of 175 and 176 as to the furnishing of evidence have been complied with and the Minister has to weigh the evidence on both sides?—A. Yes.

Q. Do you know of any case, where there being no offer of evidence on the person owning the vessel, the case itself remained eighteen months without solution?—A. I am not aware of a case of that kind; there may be though.

By Hon. Mr. Stevens:

Q. I think we can eliminate the Minister, as the Minister does not function until the Department makes this report, does he?—A. No, I was just explaining that after the departmental report has been submitted to the Minister, the work in his office, delays through the parliamentary session, this Committee sitting and so on have put his work in arrears, notwithstanding he is working to all hours in the morning, to my knowledge.

Q. That is very nice, but I do not think it answers the situation at all. Here we have a seizure made a year and a half ago. This is an important seizure and it involves an evasion of revenue of a quarter of a million dollars. The barge Tremblay is valued at $20,000, and she is released for $1,700, and yet a year and a half afterwards we have no evidence that I can find on the file of this report being brought down to date. Now, frankly, Mr. Taylor, I think the Department ought to make some very valid explanation of that or be subject to some serious criticism. I feel that there must be somewhere an explanation, and it is that explanation that we would like to get.—A. I think that Mr. Blair will be able to give you a further explanation with regard to it.

Q. Before we leave the question; you are aware of the barge Tremblay being released; I am talking about the seizure of the barge?—A. Yes.

Q. Being released for $1,700?—A. Yes.

By the Chairman:

Q. Pending decision?—A. Yes.

By Hon. Mr. Stevens:

Q. Did you take any part in the negotiations over that?—A. No, sir.
Q. None at all?—A. I did discuss the matter with the Deputy Minister.
Q. I suppose we will have to wait for Mr. Blair.

By Mr. Calder, K.C.:

Q. In the meantime, Mr. Taylor, the facts reported here are that this boat came up the river and started to land this cargo, evidently with the intention of avoiding Customs. What would be the duty paid value per gallon of this alcohol, supposing the whole thing had been done above board, and they had steamed into Montreal and called the Customs Officer and said tax us according to the seizure?

The CHAIRMAN: Barreling and re-barreling?

Hon. Mr. STEVENS: Just as he landed the cargo alongside the wharf and offered this for appraisal.

By Mr. Calder, K.C.:

Q. By anybody before it would land. Irrespective of the quality of the spirits themselves?—A. Of course there would be a duty of $10 per proof gallon; sales tax of five per cent on the duty paid value, and the commercial price of the alcohol, which would probably be in the neighborhood of thirty-six cents per proof gallon.

Q. Thirty cents per proof gallon would be the commercial gallon wholesale? —A. Yes.

Q. How much duty per gallon?—A. $10.
Q. And sales tax?—A. Five per cent on the duty paid value.
Q. That would bring it to about $14, or thereabouts?—A. Per proof gallon?
Q. Yes.—A. No, I would not say it would be as much as that.
Q. $10.80?—A. Yes.

Q. So that the amount these owners attempted to defraud the government out of, deducting from $10.80 the sum of 30 cents, would be $10.50 per proof gallon?—A. Yes.

Q. That would make the amount at issue a quarter of a million dollars, would it not?—A. 16,408 proof gallons.

By Hon. Mr. Stevens:

Q. There was a lot taken off on the Sioux. We have evidence that there were about 24,000 gallons?—A. Yes.

By Mr. Calder, K.C.:

Q. It would amount to about a quarter of a million dollars in round figures. It is quite evident that a considerable part could be cut off if Messrs. Campbell and Stewart had been arrested and held. I take it for granted that being engaged in an enterprise like this, it requires considerable capital and considerable enterprise, and this commercial enterprise would no doubt have hired Campbell and Stewart, and I trust would not have left them in jail, without paying something to get them off. That is all?—A. May I make a statement. This morning, when I was being examined in connection with the disposition of the specially denatured alcohol which was produced from the ethyl alcohol sold to the Dominion Distilleries Products, I had not the information with regard to the dates. I have a statement taken from the distilleries' records, which have been certified by the Dominion Inspector of Excise, and it shows that the entire quantity of alcohol which was sold to them, amounted to 9,749.3 gallons and was made into special denatured alcohol in the distillery between the 5th and 12th January. The record shows that every gallon of that alcohol was made into specially denatured alcohol of grade 1/F.

By Hon. Mr. Bennett:

Q. Whose records show?—A. The records of the Distillers and checked by the officer.

Q. And sent to you?—A. This is an extract from the books.

Q. Where are the originals?—A. In the possession of the officer at the distillery.

Q. So far as you are concerned this is merely something he sent you?—A. Something which the Dominion Inspector of Excise, went down to Montreal at my request, and took off the books.

Q. Recently?—A. Within the last three weeks or so.

Hon. Mr. BENNETT: We are going to get him here, are we not Mr. Calder?

Mr. CALDER, K.C.: Yes.

By Hon. Mr. Stevens:

Q. I was just going to put in the record at this moment, as I think it has some bearing on this case, a letter. Mr. Taylor, you stated that the sale was made to the Dominion Distilleries between the 5th and 12th January, 1926?—A. No, sir, what I said was, the alcohol which had been delivered at the distillery was made into denatured alcohol between the 5th and 12th.

Q. Here is a letter. We have been trying to get the date of the delivery, and we have not been able to get it. Here is a letter on the Dominion Distilleries' letter paper to Henry McLaughlin and there are other letters terminating in the department, but this is dated Montreal, November 14th, 1925:

"Mr. HENRY MCLAUGHLIN,
Department of Customs,

DEAR SIR,—In reply to your recent letter re alcohol that you have in government warehouse, we beg to make an offer of 35 cents per regauged imperial gallon proof strength, the alcohol to be of the standard or grade of No. 1. Cologne spirits and to test not less than 65 O.P. Government standard. Terms will be prompt cash. If this price would be acceptable to your department please advise us.

Yours truly,
DOMINION DISTILLERIES PRODUCTS COMPANY LIMITED,
(Signed) G. A. GEORGE,
Director."

Indicating that the offer was made by the Dominion Distillers on November 14th. This, I think, is the letter which was referred to in the evidence of Mr. Hicklin. It was then, by Mr. Bisaillon, forwarded to Mr. Wilson by a letter dated November 27th. I do not know why the letter was held up for so long, but that is the date given.

Hon. Mr. BENNETT: The offer was made on the 14th November.

By Hon. Mr. Stevens:

Q. And we have the evidence of Mr. Hushion that he came personally to Ottawa and saw the Minister in regard to these negotiations. I merely want to put on record when the offer was made. Therefore, it was about the first of the year?—A. I think about the 15th of December.

By the Chairman:

Q. It is easy to fix the date when they released the alcohol from King's warehouse. Try and find that out; they took a receipt?—A. I think I can state the fact right here. Here are the actual original entries under which the alcohol was removed.

Q. What is the date?—A. 5th January.

Q. We can say it was received into the Dominion Distilleries on the 5th January?—A. Yes, on which date they commenced to mix denatured alcohol.

Q. 1926?—A. Yes.

Witness retired.

C. P. BLAIR, recalled.

By Mr. Calder, K.C.:

Q. Mr. Blair, the barge Tremblay was seized on the night of 20th-21st November, 1924. It was released upon $1,700 deposit, pending decision. According to the Customs Act, where the owner of the vessel seized does not initiate proceedings to have it released within a maximum of sixty days a decision should be reached. That was eighteen months ago and there is no decision on the K-9. Did you make any report upon a K-9?—A. The notice of seizure is the first thing.

Q. When was that sent?—A. That was not sent out till the 3rd April, 1925.

Q. Although it appears by Section 175, that ought to be done forthwith?—A. Yes, but was not there, as my recollection is; was not the first an excise seizure and it was found they could not hold the vessel under the Excise Act and they transferred it to a Customs seizure.

Q. It was a Customs seizure?—A. I think it started in that way, and you can account for some of this period. The notice of seizure was sent on the 3rd April, 1925.

Q. Was any evidence submitted from Captain Tremblay?—A. No, the file shows no evidence submitted by Captain Tremblay.

Q. Within thirty days the Minister should have been reported to and the decision reached—A. I should say, through the congestion of work, it is not reached within thirty days. In the ordinary course, a recommendation was prepared before that.

Q. When was that prepared?—A. On the 1st September, 1925.

Q. What is the date of the K-9 you have before you, this Customs K-9?—A. This K-9, it is dated 20th November, 1924.

Hon. Mr. STEVENS: I have a copy of it here.

WITNESS: It was received in the Department on the 1st of April, 1925.

By Hon. Mr. Stevens:

Q. That shows that it was antedated?—A. That shows it was antedated to the date of the original Excise seizure.

By Mr. Calder, K.C.:

Q. When was your report on the K-9 actually drawn up?—A. It was prepared for, and put before Mr. Farrow, on the 1st of September, 1925.

By Hon. Mr. Bennett:

Q. Is that the original report?—A. Yes.

Q. Has it been put in?—A. I do not think it has ever been put in.

Q. Will you read it?—A. It might be desirable to put it into the record.

Mr. CALDER, K.C.: I think it should go in. I will read it. The report reads as follows. (Reads):

> "This is a seizure from Captain U. Tremblay, Limoilou, Quebec, of the barge A .Tremblay for having been used in transporting smuggled liquor. The duty paid value of the vessel is reported to be $20,000, and

release has been given pending decision on deposit of $1,700. On November 20th, Customs officers searched the above named vessel, which was tied at the pier at St. Sulpice, Quebec, and found a large quantity of liquor thereon. Seizure was accordingly made. The liquor is reported under Preventive Service Excise seizure No. 5199. Release of the barge was given pending decision on deposit of $1,700. I would recommend that the deposit be and remain forfeited and be dealt with accordingly.

C.P.B.

1/9/25."

WITNESS: The barge had been released.

By Mr. Calder, K.C.:

Q. It says that the deposit be and remain forfeited?—A. As the matter stands now, it is entirely open.

Q. So that Captain Tremblay made out of the trip, a net fee, subject of course to deductions for expenditure, $3,300, because he got $5,000 for the trip and you charged him only $1,700 for violating the Customs. Do you think, Mr. Blair, that the penalty imposed on the Tremblay for assisting in a fraud of a quarter of million of dollars on the Government, was sufficiently assessed at $1,700?—A. No, I do not.

Q. Why did you make a report to that effect?—A. It was assumed that the vessel being released, that that was just going to be a forfeiture.

Q. It was a deposit, the $1,700?—A. Yes, pending decision.

Q. Pending decision on that question?—A. Yes.

By Hon. Mr. Bennett:

Q. Was that it?—A. Yes. We could go back and seize the vessel, if we did not wish to accept a deposit.

Q. What was the value of that steam barge?—A. $20,000.

Q. Have you any idea of it yourself?—A. I have no idea of it at all, except what it says there. It was a very ordinary seizure, as far as the Customs was concerned.

Q. But it was a $20,000 barge which was arrested, charged with assisting in the fraud of perhaps a quarter of a million dollars, upon the Government. In this case, you got a deposit of $1,700 in all, you released the ship, and the Captain goes out to pay the fine by continuing to violate the laws of the country. Surely there is something wrong about that?—A. Surely.

Q. What is wrong about it?—A. The vessel is subject to forfeiture.

Q. But what was wrong; why did it happen in this way?—A. I do not know. It has been explained in other evidence, I think.

Q. But will you explain to us how it happened?—A. I do not know, any more than that I was called in.

Q. Just tell us how it happened with you?—A. I was called into Mr. Farrow's office, and I heard his instructions to Mr. Wilson to release it on those terms.

Q. But that does not explain why you recommended that the ship be released, to go out and commit more violations of the law?—A. That was only a formal decision. I was not asked to say whether I thought it was a sufficient punishment or not.

Q. I gather from what you told us some days ago, that in your capacity as legal adviser of the Department, you read the papers and arrived at a conclusion on what you thought was just, in the premises?—A. Yes.

Q. Now you state to us very frankly that you thought the punishment imposed was wholly out of proportion to the offence committed, and I am just asking you if you can explain why you recommended that the money be for-

feited, and how the ship could again be arrested—arrest is a term used in admiralty affairs?—A. I cannot explain it further than that. I have explained that I understood that that was the wish of the Department. Of course in 99 cases out of a hundred, that is never done.

Q. You were not aware whether there was a mortgage on the ship or not? —A. No, I knew nothing at all about that.

Q. May I hesitate to say that as you are quite frank, I ought to be equally so; I fear your mind reflected the judgment of others rather than your own? —A. I do not look upon a report of that kind as a judgment of my own.

Q. What do you look upon it as?—A. I look upon it as a formal decision of the matter, that has been decided by others.

Q. I am bound to say that I hardly read the Statute in that way?—A. The decision is the Deputy Minister's, and is the decision of the Minister.

Q. I have read a considerable number of these files, not for the same reason my friend the Chairman has read them, but the other night, I found that while in your capacity of executive assistant, you had the duty as a legal man to arrive at a conclusion, and you then wrote your report or judgment. That went to the Deputy Minister, and then to the Minister, and it is so framed that the Minister aproves or disapproves of the recommendation of the Deputy. But as I read them, in most instances, the Deputy's action was predicated upon your report, and your initials usually appeared upon serious matters. In this case, you apparently share my opinion and that of all of us that the punishment did not bear a very just proportion to the magnitude of the offence. But, it is upon your recommendation that the Deputy is to allow this ship to be released, and only get $1,700, which is really putting a premium upon committing such offences?—A. I see your point of view, Mr. Bennett, but I think it is thoroughly understood in the Department, that this was not my recommendation at all.

Q. Then it gets back to this: that antecedently to the preparation of your report you must have had a fair idea of the mind of your superiors?—A. Well, we do, and in that case I would.

Q. And your report, as I said before, reflects their state of mind rather than your own?—A. In some cases it does; there is no question about that.

Q. You "temper the wind to the shorn lamb"?—A. I merely dispose of it along the lines I have been directed to.

Q. You prepare your report along the lines you think reflects the minds of your superiors; that is the real truth in this case?—A. No, in this case, I thought the matter had been determined by my superiors, and I recommended that.

Q. So your prepared judgment was the reflection of the mind of the Department, already arrived at? The law does not say that you shall prepare the report.

Hon. Mr. STEVENS: It says that it shall be done by the Commission.

By Hon. Mr. Bennett:

Q. I follow it up with this; that in the preparation of that report, you look upon yourself as merely the alter ego of the Deputy, and it is his report really made by you?—A. I prepared it thinking it was disposed of upon that basis.

Q. But in the preparation of it, you prepared it as though you are for that purpose the Commissioner or the Deputy Minister?—A. It would be true, in that particular case.

By the Chairman:

Q. You discuss the matter with the Deputy Minister, and if you reach a mutual decision, you put it down, put your initials on it, and they accept it?—(No answer.)

Hon. Mr. BENNETT: In this case they did it before Mr. Blair knew anything about it. Mr. Blair had been advised that they would accept $1,700 and release the ship.

By Hon. Mr. Bennett:

Q. You were advised that they would accept $1,700 and release the ship?—A. I was present when he decided to release it upon that basis.

Hon. Mr. STEVENS: Having reference to the value of this ship, and to the knowledge of Captain Tremblay that he was violating the law, and that his ship was subject to forfeiture, there is on the file a very important statement.

By Hon. Mr. Stevens:

Q. I want you to get this, Mr. Blair, because it certainly reflects upon this decision. This is a statement handed to the Deputy Minister by Mr. Wilson, chief of the Customs and Excise Preventive Service, dated March 30th, 1925, and was on the file when this K-9 report was filled out.

Mr. Wilson says:

> "With regard to the above seizure, and the fact whether or not Captain Tremblay was aware of the nature of this cargo, I desire to quote hereunder";

I need not quote it all, but he was asked where he was going to land this cargo? He said he was going to land it in his own shed here in Victoria Pier. He was then asked if he was sure of it, to which he replied Yes, that if he landed it there and did not land it anywhere else he would probably lose his ship, that his ship was worth more than $5,000 the freight he was getting, and that she was worth more than $20,000 to him.

Here is Tremblay, before taking the ship out, knowing that his ship is liable to forfeiture, knowing his ship was worth $20,000, and that was before the Department and under their eyes when they made this decision. What I want to find out about it is this: In the face of that, and in the face of the Statute, the clauses which have been read describing the procedure in drawing up these reports, I want to ask you frankly, if you think the Department in this case did its duty?—A. I think the Deputy recognized that, and that is the reason why the recommendation was never signed.

Q. That is the reason you think the recommendation was never signed by the Deputy?—A. That is why he never signed his recommendation to the Minister on the seizure.

Q. Why has no action from September last until to-day, May 14th, been taken?—A. I cannot tell you, sir, other than that it was placed before the Deputy, and he did not just take any action.

Q. Do you not think it was your duty, in the face of this discussion we have had this afternoon, to immediately withdraw this recommendation—it has not been acted upon?—A. And it will not be acted upon now.

Q. What?—A. I do not suppose it is going to be acted upon.

Q. But do you not think that it is your duty to withdraw it?—A. I am quite willing to withdraw it, if that is desired.

Q. But do you not think it is your duty, it is not a question as to whether some one desires it or not?—A. I think it would be the duty of the Deputy Minister, or the Acting Deputy Minister, to withdraw it, if he desires.

By Hon. Mr. Bennett:

Q. Who is the Acting Deputy Minister?—A. Mr. Taylor.

By Hon. Mr. Stevens:

Q. But your initials are on this?—A. Yes. I am willing to do that.

Q. When you first appeared before this Committee—I said this once before—in February, at the instance of the Minister, brought here to show this Committee and to demonstrate to this Committee the procedure, the present Minister showed us that the present reports came in, and you as legal advisor, prepared a report, the Deputy Minister went over it, and if you arrived at a conclusion, the suggestion to the Committee was that every step was properly safeguarded, and properly looked after?—A. That is true of 95 per cent of the seizures which come before the Department. You will see one case like this, where action is begun above me.

Q. If this was an insignificant thing, like a few ladies' hats, or hose, involving $5.75, it would not matter, but here is a big thing, an outstanding thing; I just want you to concede a point, because I think it is something the Committee should take note of in considering the final report. (No answer).

By Mr. Doucet:

Q. Mr. Blair, when it was arrived at, that the amount of $1,700 would be exacted for a deposit, were you present with the Deputy Minister?—A. Yes, I was there.

Q. The whole case had been thoroughly gone over?—A. Well, I do not think there was very much discussion about it that day; I do not think there was much discussion about it in the Minister's office.

Q. Who was there with you, besides the Minister and his deputy?—A. As I recall it, Mr. Wilson was there and the solicitor for the ship, Mr. Casgrain.

Q. And Captain Tremblay?—A. I do not think Captain Tremblay was there.

Q. But he was solicitor for him?—A. Yes.

Q. Was the Acting Minister there?—A. No.

Q. Who was the Acting Minister on the 19th of April, 1925?—A. I do not know whether Mr. Cardin was really acting then or not. I do not think Mr. Bureau was in the office then, but I would not be sure.

Q. I think Mr. Bureau had left the office at that time owing to illness?—A. He was ill during a great part of 1925, I think.

Q. It appears to me, Mr. Blair, that in the matter of the violation of the law, after all you were only exacting a penalty of $1,000 as a deposit, because the balance of the deposit was to go to care for the barge during the winter, which the Captain would have to do anyway. It appears to me that the amount taken as a deposit was very small?—A. Yes. I have said that.

Q. That the deposit was small?—A. That I thought the deposit was small.

Q. But acting upon the advice of the Deputy, you confirmed that action in preparing the report?—A. No, it was the Deputy ordered the release on those terms.

Q. Then you prepared the other formal report?—A. I prepared the formal submission to him.

By Hon. Mr. Stevens:

Q. Did the deputy have specific instructions to do this?—A. I could not tell you.

Q. Have you any record of it?—A. No, sir.

Q. He is away ill?—A. Yes.

By Hon. Mr. Bennett:

Q. Do not think I am worrying you unduly, Mr. Blair, but I would like to know this: What conversation took place with reference to this matter,

when the sum of $1,700 was fixed?—A. There was very little conversation took place at the time. The conclusion I reached was that it had been determined before hand, that $1,700, and we were just called in in order that Mr. Wilson might get instructions to release it on those terms.

By Mr. Doucet:

Q. The whole thing apparently had been discussed between the solicitor for Captain Tremblay and the Deputy?—A. I am just assuming that. Captain Tremblay was not there.

By Hon. Mr. Bennett:

Q. As a matter of fact, you had nothing further to do with the matter?—A. Nothing further, sir.

Witness retired.

The Committee adjourned until Tuesday, May the 18th, 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. 49—TUESDAY, MAY 18, 1926

MINUTES OF PROCEEDINGS AND EVIDENCE

WITNESSES:

Mr. Bernard Balthazor, Customs Officer, Montreal, Que.

Mr. William S. Weldon, Collector of Customs and Excise, Montreal, Que.

Mr. Hormisdas Laramee, Acting Clerk of the Court of Appeal, Quebec, Que.

Mr. Gustave Chouinard, Deputy Clerk of the Court of the Sessions, Quebec, Que.

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

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

EXHIBIT FILED

No. 167—Memoranda from the Collector of Customs, Montreal, authorizing the release of goods.

ERRATA

Page 2076, line 21—Delete "landed" and substitute "did not land".
Page 2076—line 22—Delete "not".

MINUTES OF PROCEEDINGS

TUESDAY, 18th May, 1926.

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

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

Committee Counsel present: Messrs. Calder and Tighe.

The minutes of the last meeting, 14th May, were read and adopted.

The Chairman read a telegram from the Secretary, Harbour Commission, Montreal, stating that Mr. J. F. Symons, summoned as a witness, is confined to hospital and will be unable to appear for four weeks.

The Chairman read a message from the Canadian National Telegraph Company respecting the non-delivery of telegraphic summons addressed to Mr. Quackenbush, Montreal, stated by the Superintendent, Board of Trade Building, Montreal, to be now resident in Milwaukee, Wis.

The Chairman read a telegram signed by Art Vaillancourt, Quebec, advising that Mr. U. Tremblay, summoned to attend as a witness, has left on a voyage. Ordered,—That summons issue through the R.C.M.P. for the appearance of Mr. U. Tremblay as a witness.

Two letters were received from Dr. Perrin of Montreal respecting the indisposition of Mr. Ludger Brien, summoned to appear as a witness.

Mr. F. V. Massey, Manager, Bank of Nova Scotia, King and Victoria Branch, Toronto, submitted a full statement of Mr. C. A. Gentles' account, together with credit vouchers.

Mr. G. W. Taylor, Acting Deputy Minister of Customs and Excise, submitted telegraphic replies from Collectors of Customs respecting disposition of gaugers' samples. Sworn statements from gaugers will be forwarded to the Committee when received.

Mr. Charles Gendron, Clerk of the Peace, Quebec, Que., who appeared as a witness on the 6th instant, submitted a certified bank account of Mr. Bisaillon, and copies of correspondence, these to be placed with the Barge Tremblay documents which he produced on the 6th instant.

At the request of Mr. Charles P. Blair, Customs File No. 124842, Bathurst, N.B., re seizure of whiskey No. 36678/11 at Stonehaven, N.B., was ordered to be returned to the Department.

Mr. Bernard Balthazor, Customs Officer, Montreal, Que., was recalled and sworn. He was examined respecting orders received by him from the Collector of Customs, Montreal, authorizing the release of goods; his examination was conducted partly in French, interpreted by Mr. Beauchamp, and partly in English.

Witness retired.

The Committee rose at 1 p.m.

The Committee resumed at 3.30 p.m.

Mr. Balthazor's examination was continued. Mr. Calder read into the record the memoranda produced by Mr. Balthazor which he filed as Exhibit No. 167.

Witness discharged.

Mr. William S. Weldon, Collector of Customs and Excise, Montreal, Que., was recalled and sworn, and examined respecting Exhibit No. 167.

Witness discharged.

Mr. Hormisdas Laramee, Acting Clerk of the Court of Appeal, Quebec, Que., was called and sworn, and produced the following documents respecting the "Plamondon" case, viz:

1. Notice of Appeal, dated September 16, 1920.
2. Stated case of the Judge (reserve case).
3. Receipts from Clerk of the Peace, and one Disistement.

Witness discharged.

Mr. Gustave Chouinard, Deputy Clerk of the Court of the Sessions, Quebec, Que., was called and sworn, and produced two records in respect to the "Plamondon" case, viz: No. 1232, dated 12th August, 1920, and No. 1392, dated 1st September, 1920.

Witness discharged.

Mr. Jules Henri Gauthier, R. & G. Manufacturing Company, Rock Island, Que., was called and sworn. He was examined partly in French, interpreted by Mr. Beauchamp, and partly in English, respecting the disappearance of certain books of the R. & G. Manufacturing Company.

Witness retired.

Moved by Hon. Mr. Stevens,—That Mr. Gauthier of the R. & G. Manufacturing Company, Rock Island, Que., immediately communicate with his firm or with any one else in Rock Island, and instruct them to send the books of said company forward, and that Mr. Gauthier remain here and produce said books not later than Thursday, 20th instant, and that he report to the Committee daily at 10.30 a.m.

Motion agreed to.

At the suggestion of Mr. Calder, Mr. O'Leary of Montreal, in attendance as a witness, was discharged.

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

WALTER TODD,
Clerk of the Committee.

MINUTES OF EVIDENCE

TUESDAY, May 18, 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.

BERNARD BALTHAZAR called and sworn.

By Mr. Calder, K.C.:

Q. Do you speak English, Mr. Balthazar?—A. Not very well.

Mr. BELL: Would it be all right to ask the questions in English, and let him answer in French?

Mr. CALDER, K.C.: Yes, Mr. Bell.

(Questions asked in English and answers given in French, translated by Mr. Beauchamp, official interpreter).

By Mr. Calder, K.C.:

Q. Mr. Balthazar, you have produced before the Committee a bundle of special permits in the shape of memoranda, signed by Mr. W. S. Weldon, Collector at Montreal, and issued to you as an order?—A. Yes, sir.

Q. You say you kept these orders for your own protection?—A. Yes, sir.

Q. Why did you have to protect yourself by keeping these orders; was there anything illegal in the delivery? (Question continued in French). Was a delivery without examination illegal?—A. I believe it was.

Q. And these various orders were orders for delivery without any examination?—A. Yes, sir. I believe I am making a mistake. In certain cases these orders were orders for delivery without examination, and in these cases I believed I could not deliver the goods without examination, because I believed they were dutiable.

Hon. Mr. STEVENS: Read it as the notes were taken Mr. Interpreter.

WITNESS: They used to go to see the collector, and sometimes these parties would give another version to the collector, and the collector would then send me an order, in certain cases.

By Mr. Calder, K.C.:

Q. And you retained the memoranda in all cases where you believed certain explanations might be called for?—A. Yes, sir.

(Further questions put in English and answers given in French, and translated by Mr. Beauchamp, official interpreter).

Q. I will now read into the record, these various memoranda, approximately in order of date—

" Memoranda to Officer in Charge,
Windsor Depot, Customs, Canada,
Montreal, December 24th, 1918.

You may permit the bearer, Sergeant Aylen, to have his souvenir slides of the battles in France free as part of his kit, he having used same for recruiting purposes.

W. S. WELDON,
Collector."

Did you examine that cargo?—A. I do not think so.

Q. These memoranda will be marked "A," and all will be marked as one exhibit. According to your belief, was that parcel dutiable?—A. I do not think so, not in that case.

Q. Was that parcel dutiable?—A. I do not know.

By the Chairman:

Q. Mr. Balthazar, if you had examined that parcel, you might have found something in it that was dutiable?—A. That is possible.

Q. Why then did you not examine that parcel?—A. Because I held an order from my superior officer.

By Mr. Calder, K.C.:

Q. Then you did not examine the package before receiving the order?—A. That is not mentioned on the order. Possibly so, and possibly not. In that case I do not think so.

Q. I will now read a memorandum which I will mark with the letter "B" which will be filed under the same exhibit number.

"To Officer Balthazar, C.P.R. Depot,
Montreal, November 12th, 1918.

You may permit Mr. Theriault to take possession of a cream separator which he personally brought with his baggage to the U.S. about ten days ago and is now returning the same to Canada where it was manufactured, without changing the character or the value of the article.

W. S. WELDON,
Collector."

Did you examine that cream separator?

Hon. Mr. STEVENS: Cream separators are free, are they not?

WITNESS: That is more than I know; they change so often.

Hon. Mr. STEVENS: We had better find out right now. The Customs tariff is here.

Mr. CALDER, K.C.: We should have the schedule for 1918, but we have not got it here.

Hon. Mr. STEVENS: Cream separators have been free ever since 1907, about twenty years. The tariff was put in by the Hon. Mr. Fielding.

By Mr. Calder, K.C.:

Q. If it were true that this cream separator was free of duty, what would be the object of getting this memorandum—because you did not know whether it was dutiable or not?—A. That must be the case.

Q. Do you say that it was packed so that you did not know whether it was a cream separator or not?—A. That goes too far back, I cannot recall that.

Q. I will now read memorandum "C":

"To Officer in Charge,
Windsor Depot.

Montreal, October 30th, 1918.

You may release baggage to Mr. Turner at the Windsor depot, as the same contains only wearing apparel and a few wedding gifts and settlers' effects as a matter of fact.

Yours truly,
W. S. WELDON,
Collector."

Then I believe you wrote at the bottom, "ex Lacolle" checks numbers 215091/92/93-161557. That is to say, there would be four pieces of baggage?—A. Yes, sir.

Q. Do you remember whether you had examined this baggage, or whether it was to be examined?—A. I do not think I examined this baggage. That goes rather far back.

Hon. Mr. STEVENS: We were quite right, Mr. Calder. The cream separators have been free ever since 1906.

Mr. DOUCET: Item 459 of the tariff.

By Mr. Calder, K.C.:

Q. Would the fact that you had kept this memorandum refresh your mind, as to whether you made an examination or not?—A. I made no note of the memorandum, and I do not think I could remember from the memorandum.

Q. You mean you do not think you examined the baggage, these four pieces? —A. I do not think so, but I am not positive.

By the Chairman:

Q. As a matter of fact, when you receive an order such as that, do you examine the baggage, "yes," or "no"?—A. I do not, sir.

Mr. DONAGHY: Mr. Calder, find out what they were.

Mr. CALDER, K.C.: There were four trunks, and the check numbers are given.

Mr. DONAGHY: Find out whether there was any entry for settlers' effects.

By Mr. Calder, K.C.:

(Questions and evidence given in French, and translated by Mr. Beauchamp, official interpreter.)

Q. Then in that case, where you release these goods, was there an entry to the effect that they were settlers' goods?—A. No, that is not necessary.

Q. You say that is not necessary?—A. No, because we had no manifests to close.

By the Chairman:

Q. To determine whether these were settlers' effects or not, you would have had to open the trunks?—A. Yes, sir.

Q. Then you did not open these trunks?—A. No, sir.

By Mr. Calder, K.C.:

Q. Did you know who these persons were?—A. No, sir.

Q. Nothing giving these persons' address, simply Mr. Turner. This will be memorandum "C." I am filing these as one exhibit, and lettering them as I go along. I will now read a memorandum which I will mark with the letter "D":—

"OFFICER IN CHARGE,
Windsor Depot,
Customs, Canada, Montreal,

December 3rd, 1918.

DEAR SIR,—You may release wearing apparel taken from Mrs. Tinger's trunk, yesterday, comprising goods for her own use, and that of her children, as she is coming here on a visit, and absolutely requires all the goods contained, required for comfort while travelling, as required by the Customs Act.

W. S. WELDON,
Collector."

A. Goods not dutiable, because they were required for comfort.

Q. You have, on this memorandum, that it is Ex Lacolle 274217, and it contains one coat $20; fourteen yards silk velvet $40; one sweater $6; children's

clothing $15; total $91. Apparently you had taken this out of the trunk. Do you recall whether these goods were new?—A. They must have been new, because I removed them from the trunk.

Q. At all events the trunk contained fourteen yards of silk velvet?—A. Yes, sir.

Q. That silk velvet was certainly dutiable?—A. According to me it was dutiable.

Q. Then, this silk velvet would not come under the heading of goods or articles required for personal comfort?—A. According to me, no; but the Collector of Customs might have decided otherwise.

Q. I now read you memorandum marked "E":

"MONTREAL, December 5.

DEAR SIR:—You permit holder of baggage check 226383, D. and H. to obtain release of trunk which contains exhibits for school teachers' convention being held here to-day and to-morrow. The same will be returned to you upon termination of convention for re-checking back to U. S.

(Signed) W. S. WELDON."

You have a notation: "Check 39822 Ex Lacolle" did you release these goods?—A. Yes, sir.

Q. Before or after examination, or without examination?—A. I released them without examination.

Q. Did you release these goods?—A. Yes, sir.

Q. Did the person put in an appearance to check out the goods again?—A. I could not say. If I saw the order I might be in a position to state whether or not the person put in an appearance. That person must have put in an appearance to check out the goods again.

Q. Will you please examine the order which I am now presenting to you, who delivered that? The order was handed to you?—A. Yes.

Q. It was handed to you?—A. Yes, sir, I am not the person who delivered that.

Q. You do not know what person delivered the order?—A. It is Mr. O'Leary according to the numbers on the baggage check.

Q. In order that we may proceed with some system, will you please tell us whether the words "Ex Lacolle," bearing check numbers 215091, etc., on exhibit "C" are in your own handwriting?—A. Yes, they are.

Q. And the number on the bottom of check 29822, Ex Lacolle, are in Mr. O'Leary's handwriting?—A. Yes.

By the Chairman:

Q. Where is Mr. O'Leary now?—A. He is in Montreal.

Q. Is he still a Customs Officer?—A. No.

Q. Has he been dismissed?—A. According to what I am told; what I have been told he has been dismissed.

Q. I will read the memorandum:—

"To Officer Haynes and Balthazar,
C.P.R. Depot, Montreal,
JUNE 24th, 1918.

DEAR SIR:—You may release Mrs. Rohr's trunk and belongings as she has made a satisfactory statement re the riding boots.

Yours truly,
(Signed) W. S. WELDON."

marked in your handwriting "Ex Lacolle 31205, June 24th, 1918" and apparently your initials "B.B.". Can you tell us anything about these riding boots, apparently you had taken them?

Mr. CALDER, K.C.: I am reading the whole memorandum.

By Mr. Calder, K.C.:

Q. Could you tell us what you know about these riding boots?—A. That is rather difficult.

Q. You had removed them from the baggage?—A. I cannot say.

Q. It appears by the memorandum: "Madam Rohr made a satisfactory statement with respect to these riding boots."—A. To the Collector.

Q. Apparently you had stopped her baggage because it contained these riding boots?—A. Certainly.

Q. Were these riding boots new?—A. They must have been new when I would stop them or hold them.

Q. Memorandum "G":

"To Officer Balthazar,
C.P.R. Depot.

DEAR SIR:—You may deliver trunk belonging to Miss Atkin, duty free, as containing only personal effects.

(Signed) W. S. WELDON,
Ex Lacolle 52690, April 14th, 1918."

in your handwriting. Was this trunk examined or not?—A. I do not think so, sir, it was not examined to the best of my knowledge.

Q. Memorandum "H".

"Officer Balthazar or Officer Haynes,
C.P.R. Depot,
Montreal.

APRIL 19th, 1918.

DEAR SIR:—You may release Mrs. Meredith's trunks without charging any duty on personal effects.

(Signed) W. S. WELDON,
Ex Lacolle 57315, April 19th, 1918."

Was that trunk examined?—A. Are those my figures?

Q. Yes.—A. It was not examined.

Q. Memorandum "I".

"Customs, Canada.

MAY 4, 1918.

Officer Balthazar or Haynes,
Windsor Depot.

DEAR SIR,—Please deliver, duty free, to Captain Chabelle, a package of films as well as anything else there may be there.

(Signed) W. S. WELDON,
Collector of Customs."

In your figures we have the notation "one box, Ex Lacolle check 71114 B. B." —A. That was not examined.

Q. Memorandum "J":

"To Officer Haynes or Balthazar,
Windsor Depot,
Montreal.

MAY 16, 1918.

DEAR SIRS,—You may release two baby carriages belonging to Mr. Fineberg as I feel satisfied from his statement that both have been in his possession for upwards of six months.

(Signed) W. S. WELDON,
Collector of Customs."

A. I recollect this baggage quite well. The baby carriages appeared to be new to me. I didn't want to deliver them because I thought they were new.

Q. Then, according to your opinion, these baby carriages had not been in use for six months?—A. According to me they had not been in use for that period. Possibly another version was given to the Collector of Customs.

Q. Memorandum "K":

"Montreal, May 7, 1918.
To Officer Haynes or Balthazar,
Windsor Depot.

DEAR SIR,—Please deliver to bearer Miss Viner, two trunks called for by checks 69090 and 141519, N.Y.C. as they contain balance of her household effects as per her report to me when the first lots were delivered.

(Signed) W. S. WELDON,
Collector of Customs."

Your handwriting "Ex Lacolle 14519, 69090, May 7." Was that baggage examined?—A. Yes, I recall that; it was examined.

Q. Then you examined it?—A. Yes, I did.

Q. There was no objection to the delivery of the baggage?—A. I believe that the goods were new and dutiable and she went to see the Collector of Customs.

Q. Do you know whether Miss Viner was coming to settle in Canada?—A. She told me so; I did not believe her.

Q. She told you so and you did not believe her. Had you observed any reason why you did not believe her?—A. At the Customs we do not believe any person; that is rather a good rule to follow.

By Mr. Bell:

Q. If another man examined these trunks on another occasion— —A. He broke these orders.

Mr. CALDER, K.C.: The statement is that the baggage was examined and that he was under the impression that all the stuff in the trunk was new. That is why he held it and he points out that he was told by the owner that she was coming here to dwell, but he did not believe her.

By Mr. Calder, K.C.:

Q. Memorandum "L":

"Customs, Canada,

May 24, 1918.

Officers Haynes or Balthazar,
Windsor Depot.

DEAR SIRS,—Would you permit Mr. Levin to take possession, duty free, of the National Cheque Stamp upon production of affidavit that the

same had already paid duty here and was brought to New York for inspection and probable repair.

(Signed) W. S. WELDON,
Collector of Customs.

Ex Lacolle check 90666, May 3, 1918."

To which is attached the following statement from Mr. Levin:

"N. Levinson & Company,
Importers and Exporters of Furs and Skins,
436 St. Paul street west,
Montreal.

JUNE 4, 1918.

To whom it may concern:

I hereby declare that said machine in reference to duty has been paid already here previous to having taken it to New York for repair.

Yours truly,
N. LEVINSON AND COMPANY,
Per T. Levinson."

Attested by "Commissioner Superior Court, Arthur Levin, Montreal." It is hardly an affidavit. You did not deem it proper to ask Mr. Levinson whether or not he had passed the machine through the Customs?—A. I do not recall that fact.

Q. At all events, you did not do that?—A. No.

Q. Do you not think it would have been advisable for you to ascertain from Levinson at what date and at what Customs port he had entered the machine previously?—A. I might have forgotten about it. I sent him to the Collector of Customs to make his statement.

Q. And the Collector of Customs received a statement?—A. I believe so. No, the statement was drafted or made out and was attested before Arthur Levin, Levinson's neighbour. That is on the page which you have just read. This affidavit was attested before the Commission of the Superior Court and if I understand well he brought the statement to the Collector of Customs.

Q. No, because the Collector tells you to release the trunk on condition that the affidavit is released to you?—A. That is the affidavit which I have and I delivered it.

Q. Memorandum "M":

"Officer Haynes or Balthazar.

MONTREAL, June 27th, 1918.

This lady has made a declaration to the effect that the goods contained in her valise are absolutely the property of herself and small sister and are to be worn by them during their visit here of some weeks. You may therefore release them.

(Signed) W. S. WELDON."

Ex Lacolle 134089.

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

Q. You do not remember anything of this lady?—A. I do not recall her, or anything.

Q. You apparently had examined the goods?—A. I did not examine the goods.

By Hon. Mr. Stevens:

Q. How do you know you did not examine the goods?—A. I can't really remember.

By the Chairman:

Q. As a matter of fact, when you received the order from the Collector of Customs, did you, or not, examine these goods?—A. I did not examine them.

Hon. Mr. STEVENS: I have heard the witness state three or four times that he did not examine the goods that are referred to in these orders; he merely passed them.

WITNESS: The order states that the goods are to be delivered.

Mr. CALDER, K.C.: The last memorandum which I read states, "You may therefore release them."

Hon. Mr. STEVENS: It does not say that you shall not examine them.

Mr. DONAGHY: It is an order to release the goods; the order should not be given in that form but should read, to release the goods if you find so-and-so.

Hon. Mr. STEVENS: I should say the order should not be given at all. In none of these orders is it indicated that the officer shall not examine the goods.

Mr. DONAGHY: The implication is plain, it says, "Release them."

By Mr. Calder, K.C.:

Q. I will read Memorandum "N":

"To Officer Balthazar.

MONTREAL, November 28, 1918.

DEAR SIR,—You may permit release of package addressed to Mr. Apps, for Mrs. Peacock, Soldiers' Wives League, being balance of a donation to said League's entent and to be dealt with as per Connor's letter *re* this transaction.

(Signed) W. S. WELDON,
Collector of Customs."

Ex Lacolle 271960, W.B.

Was that examined?—A. Not that I know of.

Q. Do you know what is meant by the words "As per Connor's letter *re* this transaction?"—A. No, I don't recall that letter, to go that far back.

Q. Memorandum "O":

"Officer Balthazar,
C.P.R. Depot.

MONTREAL, October 2nd, 1919.

DEAR SIR,—Apropos of package of silk you have confiscated belonging to Miss Caron, who was a passenger for D. & H. R. train last June. I am perfectly satisfied that the amounts shown me here to-day are bona fide transactions in Canada. She says that the third piece was purchased at Murphy's, St. Catherine street, and altogether I am willing to accept her statement.

Yours truly,
(Signed) W. S. WELDON."

Q. Do you recall what quantity of silk there was in that lot?—A. I believe that is goods which were taken from passengers on board trains, which they handed over to us to be placed under lock and key, and which they afterwards came to reclaim; and they would want to withdraw it, and not pay. That is, this person went to the Collector and wanted to give his version there.

Q. Memorandum "P":

"Officer Balthazar,
C.P.R. Depot.

MONTREAL, July 4th, 1919.

You may release shoes and gloves, etc., set aside as part of bearer's baggage, who is a passenger from Montreal to France, who had originally intended sailing from New York.

(Signed) W. S. WELDON,
Collector."

Ex Lacolle, A.D.B. 246.

Q. Do you remember the circumstances?—A. That was examined. I must have examined these goods; he must have given me some version, but he did not tell me he was going to France.

Q. The next is Memorandum "Q":

"Mr. Balthazar,
C.P.R. Station.

MONTREAL, January 22nd, 1919.

You may release Miss Geoffrion's hat as she has given me every assurance of the fact that same was purchased from Fairweather's here.

(Signed) W. S. WELDON,
Collector."

Ex Lacolle 130996.

That was a hat set aside out of the baggage?—A. I removed that hat from the baggage.

Q. Because you believed it was a new hat?—A. Yes sir.

Q. Memorandum "R":

"Officer Balthazar,
C.P.R. Depot.

MONTREAL, April 22nd, 1919.

You may release baggage belonging to Mr. Ayer, who is going through to Newfoundland to reside.

(Signed) W. S. WELDON,
Collector."

Complied with J. E. O'Leary.

I see the words "Complied with, J. E. O'Leary," you know nothing about that?—A. No sir.

Q. How does it happen, Mr. Balthazar, that these orders to Mr. Balthazar happen to be included in the documents you have?—A. I was in charge of the department.

Q. Then, these orders were addressed to you?—A. Yes sir.

Q. Memorandum "S":

"Ex Lacolle H.B. August 27-19,
Officer HAYNES,
C.P.R. Depot.

MONTREAL, August 28th, 1919.

Herewith find declaration of Mrs. Berger upon which you may deliver the dresses held by you under suspicion, which you may now release.

I, Mrs. L. Berger, do hereby solemnly declare that the four dresses detained by Officer Haynes since my arrival from Atlantic City, were

positively made by me in Montreal before my departure for Atlantic City, where I was taken suddenly ill and ordered by my physician to return at once.

Declared before me.

(Signed) W. S. WELDON,
Collector,
(Signed) Mrs. L. Berger."

Did you suspect those dresses were new?—A. Is the order in my handwriting?

Q. It appears to be your handwriting.—A. " H. B. August 27-19 " means handbaggage. I suspected those dresses were new.

Q. Memorandum " T ":

" Mr. HAYNES,
Customs Officer C.P.R.

MONTREAL, August 26th, 1919.

You may deliver two packages vaccine points consigned to Lederle Co., entry for same having been passed here as per No. 21170E—21611-A.

(Signed) W. S. WELDON,
Collector."

4 pieces in all
delivered 26/8/19
A. S. H."

Do you remember the circumstances?—A. I do not recall that. The entries on the order?

Q. Yes.—A. It means that the entry was passed.

Q. Then, that was regular?—A. Yes, that was regular.

Q. Then why did you keep the order?—A. I kept the order along with other orders and I put them in the desk in my office.

By Hon. Mr. Stevens:

Q. I notice, by looking at the tariff, under item 206, vaccine points are duty free. Why did you detain them? Why was there any question about them?

Mr. CALDER, K.C.: It is not this witness' handwriting; I do not know why he kept it.

Hon. Mr. STEVENS: Why all this mystery, when it is a free article? Why keep records of special deliveries of an article that is free?

Mr. DONAGHY: He says he kept all the orders he ever got; that is his system.

By Mr. Calder, K.C.:

Q. The next memorandum is " U ":

" Officer Balthazar,
C.P.R. Depot.

MONTREAL, September 26th, 1919.

You may accept duty on goods represented by this invoice and release same.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle Advice B-570."

Do you remember that one?—A. I do not recall that, but I must have collected the duty on that consignment of those goods.

Q. Memorandum "V":

"MONTREAL, September 12th 1919.

Officer Balthazar,
Windsor Depot.

You may release cigarettes belonging to Lt. Carron, left behind in England, as part of soldier's kit.

(Signed) W. S. WELDON,
Collector."

Nothing special about that?—A. No, I must have removed them from his trunk.

Q. Memorandum "W":

MONTREAL, July 3rd, 1919.

Officer ———
Windsor Depot.

You may release baggage 184062 containing postcard views of the war owned by a returned soldier who is bringing them for souvenirs in as good faith as if he had sent them ahead from France as a soldier's present.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle 184062."

Did you examine that baggage?—A. I do not think I examined that baggage.

By Mr. St. Pere:

Q. Mr. Balthazar, the order which you received from the Collector related only to the releasé of the postcards in the baggage?—A. Yes, sir.

Q. That order did not cover any other articles which might have been subject to duty; that order did not allow you to release other goods which might have been subject to duty?—A. I must have examined the baggage.

Q. You have just told Mr. Calder that you did not examine the baggage. —A. Sometimes it is rather difficult to recall all that took place. At all events, if there was something new in the baggage, I would have removed it.

Q. If you did not examine the goods?—A. If I did not examine the goods I would not have removed it.

Q. How is that order drafted, or worded, Mr. Calder?

Mr. CALDER, K.C.: (Reads the order in French.)

By Mr. St. Pere:

Q. Did you understand, Mr. Balthazar, that according to that order the baggage only contained postal cards?—A. That is what I understood.

By Mr. Calder, K.C.:

Q. (Reading in English). The next will be memorandum "X":

"CUSTOMS, CANADA,
MONTREAL, June 5th, 1919.

Officer Balthazar,
Windsor Depot.

You may release the parcels of plans, the property of Mr. Benjamin Fox, and Mr. Maers. These are to be submitted for estimate of work only, and are to be returned to the U.S. Duty on building plans, etc., will all subsequently be cleared and paid at Port Arthur.

W. S. WELDON,
Collector."

H. B. Ex Highwater,
June 15th, 1919."

A. He must have gone to the Collector previously.

Q. The next is memorandum "Y".

"CUSTOMS, CANADA,
MONTREAL, March 8th, 1919.

Officer at C.P.R. Station,

You may release Col. Robert Starke's trunk, which arrived from New York this A.M., containing the personal effects of himself and family.

W. S. WELDON,
Collector."

Ex Lacolle, 148100."

Was that baggage not examined?—A. I recall that I did not examine the baggage.

Q. The next is memorandum "Z"

"CUSTOMS, CANADA,
PORT OF MONTREAL, April 8th, 1919.

Officer Balthazar,
C.P.R. Station.

DEAR SIR,—This will be your instruction to deliver to Mr. Wiggin trunk containing personal effects of Mrs. Wiggin and himself as per check No. 158340, who are on their way to Australia, Mr. Wiggin being the manager of the Fairbanks Morse Company, and he is desirous of repacking his belongings into other smaller pieces for convenience on the ship Niagara, which leaves Vancouver on the 26th instant, and he will be absent for a couple of years.

W. S. WELDON,
Collector."

Ex Lacolle Check 158340, Apr. 5, 1919."

Was that unexamined baggage too?—A. I did not examine that baggage; I do not think I examined it.

By Mr. St. Père:

Q. Every time you received orders of that description from the Collector, did you respect those orders; or, notwithstanding those orders, did you decide yourself to examine the contents of this baggage?—A. No, sir, I always respected these orders.

By Mr. Doucet:

Q. But in case the baggage contained other articles than those mentioned by the Collector? (No answer).

By Mr. St. Père:

Q. You respected the order not to open the trunks?—A. Yes, I respected the order, and I did not open the trunks.

By Mr. Doucet:

Q. The order stated that the trunk contained certain articles?—A. The orders covered the whole of the baggage, all the articles.

Q. However, you are convinced that the Collector had not examined the baggage himself?—A. He told me to release the goods, to release them, and I could not disobey or disregard the collector's orders.

By Mr. St. Père:

Q. By the baggage, you understood all that was contained, all the articles in the trunk?—A. When I got an order to release the goods, whether there were ten articles or not, I obeyed that order to release the baggage.

By the word baggage, you understood all that was contained in the trunks? —A. Yes.

By Mr. Doucet:

Q. However, he mentioned or specified certain articles which were included in the baggage?—A. Well, I do not know.

By Mr. Calder, K.C.:

Q. (Reads in English). Memorandum "AA"

"Officer at Windsor Depot,
Montreal, March 26th, 1919.

You may release Mrs. Stuart's baggage. She admits having purchased a dress in New York, but having been away over two months it was only natural, and the same was worn by her on many occasions, as being nice and convenient for the trip, under the Customs' law.

Yours truly,

W. S. WELDON,
Collector.

Ex Lacolle 46232."

Then appears in your writing "Ex Lacolle 46232". Was that baggage examined? She admits having purchased a dress in New York, and that having been away for two months, that was natural?—A. I do not think I examined that article.

Q. Then you seized the dress, you took the dress?—A. It is not stated. She made that statement to the Collector.

Q. You did not remove a dress from her trunk or baggage?—A. I do not think I did.

Q. The next is "BB"

"MONTREAL, March 25th, 1919.

Officer C.P.R. Depot,

You may release trunk belonging to Mrs. Bossieux in from New York to-day, as I am confident that when she tells me she has been away since last November, and the purchase of the dress in question was a Thanksgiving Ball, it certainly should not be dutiable. The shoes likewise have been worn, and were necessary while travelling that length of time, also the belt.

W. S. WELDON,
Collector."

Was that unexamined baggage, or was it baggage you held?—A. I must have examined that baggage. I did not believe her, so she must have gone to the Collector of Customs.

Q. The next is memorandum "CC"

"CUSTOMS, CANADA,
MONTREAL, July 7th, 1919.

Officer BALTHAZAR,
C.P.R. Station.

You may release fan in baggage No. 41874, the property of Mr. Hesley, U.S. Shipping Board, who has been sent to this port in connection with their work. Fan will be reexported on leaving Montreal office.

W. S. WELDON,
Collector."

That was absolutely regular—A. That was regular. It must have been passed through the Collector before coming to me.

By the Chairman:

Q. Then the question to be determined is whether that article was to be exported? That has not been proven? (No answer.)

By Mr. Calder, K.C:

Q. The next is "DD"

"CUSTOMS, CANADA,
MONTREAL, August 18th, 1919.

Officer,
Windsor Depot,

You will please pass through the baggage belonging to Miss Cartier (a guest of the city) who has already arrived and is at the Ritz-Carlton Hotel. The baggage will arrive per D. & H. Railroad to-night.

W. S. WELDON,
Collector.

Checks Nos. 722325 and 722326."

That baggage was not examined?—A. No, sir.

Q. The next is "EE":

"CUSTOMS, CANADA,
MONTREAL, March 25th, 1919.

Officer at Windsor Depot or Grand Trunk.

You may clear entry for hatching eggs addressed to H. Fullick, coming by Am. Express from Lafargeville, N.Y., as these cannot afford to be handled at the Examining warehouse, but must be dealt with promptly.

W. S. WELDON,
Collector.

Delivered from Windsor Station on this order, March 27th, 1919.
Ex Atholstan, E-2088 X 21.
A. Haynes, P.O."

You do not know anything about that?—A. No, I was not there.

Q. The next memorandum is "EE":

"CUSTOMS, CANADA,
MONTREAL, April 23rd, 1919.

Officer Balthazar,
C.P.R.

You may deliver parts of aviation engine released by Department wire 34365, February 20, 1919, under entry No. 8920.

W. S. WELDON,
Collector."

Check 159972 complied with.
D. & H. J. E. O'Leary."
(No answer).

Q. The next is "FF":

"CUSTOMS, CANADA,
MONTREAL, November 10th, 1919.

Mr. Rev. M. Polack,
City.

"Dr. to L. Salomon,
Wholesale Clothier

To 1 Coat made in Timit . . . . . $16.00.
Paid November 10, 1919,
L. Salomon.

I hereby declare that the above coat is my property, and was given me a present by L. Salomon at least three months ago, and that he made

same for me, that I brought it down to New York with me when going there.
26/2/20."

W. S. WELDON,
Collector."

That is evidently a mistake. Do you remember whether you stopped this coat or not?—A. I do not remember whether I did or not.

Q. The next is "GG":

" CUSTOMS, CANADA,
MONTREAL, October 22nd, 1919.

Officer at C.P.R. Depot,

You may release veneered wood being brought in by Mr. Leary, Canadian Car Company's representative, who will arrive in Montreal Thursday a.m., and entry will be duly passed during the day.

W. S. WELDON,
Collector."

In your handwriting I see "Ex Lacolle Ach. B.654." What does "Ach. B." mean?—A. Advice, and this relates to goods which are imported by the person coming into the country, when they are not checked.

Q. There is a further notation, "34312-H". The next memorandum is "HH":

" CUSTOMS, CANADA,
MONTREAL, October 11th, 1919.

Officer Balthazar,
C.P.R. Depot.

DEAR SIR,—You may receive baggage brought in by Mr. Beauvais and examine at his house, in order that his household effects may not have to be repacked and done improperly.

W. S. WELDON,
Collector."

And in red ink, I find

" Mr. Bourdon, or Mr. Moquier,

Please send someone to 88 Notre Dame street to examine these goods, W.S.W. Tel. Main 424."

Was that order complied with, the examination at 88 Notre Dame street?—A. I do not know whether it was or not. I simply delivered the order. I believe the order was complied with.

(Questions and answers given in French)

Q. Was Mr. Bordeau or Mr. Moquier under your orders?—A. No, they were not.

Q. Did you transmit the order to Mr. Moquier, or to Mr. Bordeau?—A. No. Mr. Weldon must have told them about it. That is in his handwriting.

Q. Memorandum " II ":

" Officer C.P.R. Depot.

OCTOBER 21st, 1919.

DEAR SIR:—You may deliver four packages veneer wood for Canadian Car and Foundry Company, pending passing of entry which will be done this afternoon.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle adv. B. 645, October 21st, 1919, entry 34312H, October 21st, 1919."

By Mr. Calder, K.C.:

Q. It was evident that that was veneer wood?—A. Yes.
Q. Is that wood subject to duty?—A. Yes.
Q. Memorandum "JJ":

To Officer Balthazar, "JUNE 22nd, 1919.

DEAR SIR:—You may permit release of say 6,000 feet films in possession of Mr. Nolansky, a passenger from D. & H. train, Saturday a.m. A deposit of cheque for $400 being in my hands pending receipt of invoice for the purpose of perfecting entry for same.

(Signed) W. S. WELDON,
Collector of Customs.

Ex Lacolle adv. B 243, June 28, 1919."

Hon. Mr. STEVENS: Any comment on that?

Mr. CALDER, K.C.: No, apparently there was a deposit of a cheque.

Hon. Mr. STEVENS: Anything irregular?

Mr. CALDER, K.C. That is why I made no comment on it.

By Mr. Calder, K.C.:

Memorandum "KK."

"SEPTEMBER 22, 1919.

To Officer C.P.R. Depot,
Montreal.

DEAR SIR:—This will be your authority to deliver to Mr. A. G. Picard, his gun, which he has brought in for sporting purposes only. Mr. Picard is coming to Montreal as a resident and is employed with the Canadian Car and Foundry Company.

(Signed) W. S. WELDON.

Ex Athelstan, check 595153."

That was also obviously taxed, was it not?—A. I do not think I examined that article. He must have gone to the Collector of Customs.

Q. Memorandum "LL": "Miller, Reese, Hutchinson, Inc.

AUGUST 13, 1919.

To whom it may concern:

The bearer of this communication, Major Carl Kinseley, one of our staff engineers and who executed the attached affidavit, which is to be considered part hereof, is taking with him to the plant of the Marconi Wireless Telegraph Company, Limited, 173 Williams Street, Montreal, tools and electrical apparatus mentioned in said affidavit, which tools are the property of the Miller, Reese, Hutchison, Inc., and are to be used in connection with certain experiments to be conducted for us at the Marconi Company plant. Major Kinseley is personally in charge of said tools and apparatus. The material in question is to be returned to the United States on the completion of the experimental work referred to which may cover a period of several months, and will not be offered for re-sale while in the Dominion of Canada.

Respectfully,
(Signed). MILLER, REESE, HUTCHINSON, INC.
Per Mershorn,
Secretary,

MILLER, REESE, HUTCHISON, Inc. seal 1916.

For identification purpose Major Kinseley is appending his signature below.

(Signed). CARL KINSELEY.

Witness:
Signed A. B. Mershorn."

Then, there is the attached affidavit which is probably too long to read into the record, listing a number of tools and is sworn to or attested to by William Shay, Notary Public, Bronx County, New York. That is perfectly regular, is is not?—A. I think so.

Q. Did you examine these tools——

By the Chairman:

Q. It is only a matter to see if they are exported afterwards?—A. Yes, the goods have to be exported.

Mr. DOUCET: It will be a matter of seeing when they came in whether they are subject to exportation if the Customs Officer did not check entirely. In that case there would be no check on the goods going out. I think the witness ought to say whether he made an examination or not.

The CHAIRMAN: Or the Collector?

Mr. DOUCET: The officer is the man who released the goods.

The CHAIRMAN: On orders.

Mr. DOUCET: He would order the release of certain goods as per inventory, and what I want to know is, if he has not an inventory of the goods, how he could check the order. I am going to have a question to ask this witness.

Mr. CALDER, K.C.: I may say there is no order attached to this. I beg your pardon:

"Release duty free as workman's tools to be returned.

(Signed) W. S. WELDON."

By Mr. Doucet:

Q. Your orders then, were to release certain tools?—A. To release the trunk. I did not know whether it was a trunk or a tool-box. The order was to release certain tools; it does not mention trunk. I do not know whether it was a trunk or tool-box. I was told to let these goods or tools pass through.

Q. Then, what check on these goods would you have when the goods were to be re-exported or returned; when they were ready to be sent out of Canada? —A. I let the goods pass through as I was told, with the words, "release to be exported."

By Mr. St. Père:

Q. Then you let the goods pass through, you released them, as it were?—A. Yes, sir.

Q. Did the Collector of Customs make any representations to you; did he tell you you were to make an inventory of these tools?—A. No, he did not.

Q. Even if an inventory had been made would you have received reproaches?—A. No.

Q. Is there a possibility these goods may have been re-exported?—A. No.

Q. Then, the Collector of Customs never admonished you?—A. No, never; he never did.

Q. He never told you to classify the goods again?—A. No.

Q. Did you take or secure a copy of the affidavit?—A. No.

Q. Is it the practice of the Customs official on duty at Windsor station, or at other railway stations, to make out a list of all articles contained in a trunk or in baggage, or does the Department of Customs issue orders that such a list is to be taken?—A. Do you mean to say when the duties are collected?

Q. Yes, in any way, when you examine goods, when you examine baggage and goods which are contained therein, whether they are dutiable or not, does the Department of Customs require that you should take a list of all these goods or classify these goods?—A. No.

Q. Then, does the Customs Department ever give you orders to this effect? —A. No, the Department did not. When we found any article in the baggage we seized it.

Q. You make a report?—A. Yes, we make a report and charge duty.

Q. Such as when you make seizures; that is the practice to make reports? —A. Yes.

By the Chairman:

Q. You collect the duty at once and hand over a receipt to the traveller or passenger?—A. Yes, in triplicate.

By Mr. Calder, K.C.:

Q. Memorandum "MM":

"MONTREAL, June 1st, 1920.

To Officer Balthazar,
C.P.R. Depot,
Montreal.

DEAR SIR,—You may release four pieces baggage containing workman's tools for Mr. Stegge, who is coming to do some work in connection with the Mentor Phone and Record Company, the same to be taken out of the country again when through.

(Signed) W. S. WELDON."

That was released by you and you did nothing more about it?—A. Yes.

Q. Did you examine the baggage?—A. I do not remember.

Q. Memorandum "NN":

"MONTREAL, October 7th, 1920.

To Officer Windsor Depot,
Port of Montreal,

DEAR SIR,—You may accept duty on package silver plated cutlery for Miss G. Stocker, at a valuation of $12 as a present from her father in Norway, and therefore, entitled to the usual treatment accorded such transactions, to wit, nominal appraisal.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle, check 83446, stub 274639, duty collected $4.52."

By the Chairman:

Q. Did you follow that order?—A. Yes, sir.

By Mr. Calder, K.C.:

Q. Were you holding the baggage for a higher valuation?—A. No.

The CHAIRMAN: Duty was charged without inspection of the trunk.

By Mr. Calder, K.C.:

Q. Memorandum "OO":

"June 9th, 1920.

To Officer C.P.R. Depot,
Montreal.

DEAR SIR,—You may release bull-dog coming on to-night's train from Detroit consigned to Miss Olmstead. Entry for same will be duly passed to-morrow.

(Signed) W. S. WELDON."

I daresay there will be no question about the bull-dog?—A. About examination.?

Q. Yes.—A. It is easy to examine a dog.
Q. Memorandum "PP":

"JULY 3, 1920.

To Officer Balthazar,
C.P.R. Depot,
Montreal.

DEAR SIR,—You are hereby advised you may release packing box containing plans and manuscript belonging to Mr. Aldridge, as they are not dutiable. The work that may accrue from same being done in Canada will be exported to China.

(Signed) W. S. WELDON."

Q. Memorandum "QQ":

"MAY 25, 1920.

To Mr. Balthazar,
C.P.R. Depot,
Montreal

DEAR SIR,—You may release trunk belonging to Miss Gladys Taylor, containing wedding presents, as she is coming into Canada to be married and become a settler.

(Signed) W. S. WELDON.

Ex Athelstan 228414."

Was that baggage examined?—A. I do not believe so.
Q. Memorandum "RR":

"Officer at Express,
C.P.R. Depot,
Port of Montreal.

SEPTEMBER 20, 1920.

DEAR SIR,—You may permit delivery of Irish terrier puppy which Mr. Campbell is bringing with him as baggage or probably as express. Proper entry will be duly made.

(Signed) W. S. WELDON."

Any duties on dogs?—A. Yes, there is.
Q. Memorandum "SS":

"To Officer Balthazar,
C.P.R. Depot,
Montreal,

JULY 2, 1920.

I, Tom Komunctk, do solemnly declare that the suit given me by my brother while visiting New York was already a second-hand suit; that I am entitled to same as an article of clothing donated for charitable purposes, and that I am an object of charity, being only an ordinary working man.

(Signed) TOM KOMUNCTK.

Mr. Balthazar may deliver the valise and clothes direct.

(Signed) W. S. WELDON.

Ex Lacolle, adv. B-265."

A. This was baggage which was taken off the train by the officers.
Q. In your opinion was it new, did you look at it?—A. It must have been new, because I did not want to release it.
Q. In a case such as that, where the party went directly to Mr. Weldon, did you get in touch with Mr. Weldon over the telephone and tell him, according to your opinion, those goods should not be released?—A. Yes, that must have happened in some instances.

Q. Did you call him up with regard to many cases?—A. Yes, quite a few cases, when they were serious matters; I do not recall them.

By Mr. St. Pere:

Q. Do you recall whether you 'phoned him or wrote to him?—A. It happened quite often, that I telephoned that I had certain doubts about the goods.

Q. In that case you are not sure whether you called him?—A. I am not sure whether I did or not.

By Mr. Calder, K.C.:

Q. Memorandum "TT":

"Montreal, April 28, 1920.

Officer Balthazar,
C.P.R.

DEAR SIR,—You may release Mr. Adair's trunks (4 pieces), checks 573159/62 (One excess) should they arrive this a.m. from Atlantic City. He is not trying to evade duty on anything new.

(Signed) W. S. WELDON,
Collector."

Did you examine those trunks?—A. I do not think I examined them.

Q. Memorandum "UU":

"MONTREAL, April 21, 1920.

Officer Balthazar,
C.P.R.

You may release eight trunks, samples, hats, etc., as per checks 29.37. 13./14./15./9/10/11/12/27.41.69.

Dry goods appraiser will examine and entry for same will be passed to-morrow.

(Signed) W. S. WELDON,
Collector."

There is an endorsement by Debenham; eight trunks hats, delivered by O'Leary; see bond tags.

You do not know whether those were subsequently examined, do you—A. No, sir.

Q. Would you seal the trunks in a case such as that?—A. I am not the person who passed those trunks. But, as a general rule, the other officials place the seals on the trunks; we do not break the seals, or remove the seals, from the trunks. We break the bond tag, and the seal remains intact on the trunk.

Q. The seal remains on the trunk?—A. Yes, the seal remains on the trunk. It is the officer who examines the trunk who breaks the seal.

By Mr. St. Pere:

Q. Trunks which belong to commercial travellers, are they, as a rule, examined by appraisers before being handed over to the travellers?—A. Yes, they are.

Q. There is nothing extraordinary in that?—A. They examine at the house, but, as a general rule, we examine those trunks at our own offices.

Q. And you are the person who acts as appraiser?—A. Yes, I act as appraiser in the case of goods valued not exceeeding $100.

Q. If the value is in excess of $100 the goods are forwarded to the examining warehouse?—A. Certainly.

By the Chairman:

Q. Immediately?—A. Yes, immediately.

By Mr. Calder, K.C.:

Q. The next is "VV":

"CUSTOMS, CANADA,
MONTREAL, April 20th, 1920.

Officer C.P.R. Depot.

You may permit release of film contained in baggage N.Y.C. 434403 for private view, to be returned after the show, all under the supervision of officer O'Grady.

W. S. WELDON,
Collector.

Toronto, 4th April, 1920.

Films checked 434403 under supervision of O'Grady. Delivered by Messier, April 20th, 1920."

A. That is all right.

By Mr. St. Père:

Q. (Questions and answers in French). Are you the person who released these goods?—A. I am not certain. These goods were under the supervision of the Customs officers at Toronto.

By Mr. Calder, K.C.:

Q. The next is memorandum "WW".

"CUSTOMS, CANADA,
MONTREAL, October 12th, 1920.

Officer Balthazar,

You may release two trunks personal baggage, the property of Mr. Donat Raymond, who has been travelling south the past three months, and who will arrive here on Saturday next by auto. Baggage No. 422560.1.

Yours truly,
W. S. WELDON,
Collector."

Did you examine this baggage at all?—A. I do not remember.

Q. The next is "XX" and is on the letterhead of Ames, Holden, McCready, Limited, shoe manufacturers, and is addressed as follows:

"Mr. W. E. Shean,
Assistant to Executives.

DEAR SIR,—The Smith Premier typewriter covered by enclosed baggage check was brought into Canada over seven years ago as settlers' effects, and I have since used it in travelling. Clear this entry.

I remain,
Yours very truly,"

The initials are "R. W. A.".

"Officer at C.P.R.,

This should be released as settlers' effects, which, with other articles in entry will be passed for same. As a matter of fact, same machine came in as settlers' effects seven years ago. The owner went back to U.S. for a term.

W. S. WELDON,
Collector."

The next is memorandum "YY";

"CUSTOMS, CANADA,
MONTREAL, March 12th, 1920.

Officer Balthazar,
C.P.R. Depot,

You may release home-made dresss held by you delivered to your care by train officer. It does not seeem right to charge on home-made articles, a gift.

W. S. WELDON,
Collector.

Highwater 269490."

The next is memorandum "ZZ":

"CUSTOMS, CANADA,
MONTREAL, March 10th, 1920.

Officer at Windsor Depot,

You may deliver to Canadian Car and Foundry Company the shipment of car strips. Entry will be passed to-day.

W. S. WELDON,
Collector.

Entry 618784-H, March 18th, 1920,
Ex Atholstan 308169-288319."

The next is "AAA":

"CUSTOMS, CANADA,
MONTREAL, April 6, 1920.

Officer Balthazar,
C.P.R. Depot.

DEAR SIR,—The bearer, Mr. Levitt, manager of Messrs. Woodhouse and Company, is just arriving from England with his bride, who was a resident of that country. He explains naturally that she is coming here to be a settler, and has among her belongings, presents new and old. It seems to me that following the custom, she is entitled to same as settler's effects.

W. S. WELDON,
Collector."

Attached to this memorandum is a list, and the following:—

"Officer Balthazar,

"Make nominal appraiser of new silver contained in wedding presents.

W. S. WELDON,
Collector.

Stop No. 273523.
Wedding presents.
Value $100. 3570-21/20."

The next is memorandum "BBB":

"CUSTOMS, CANADA,
MONTREAL, March 17, 1920.

Officer Balthazar,
C.P.R. Depot,

You may accept duty on trunk of hats for Fairweathers, N.Y.C. baggage 357354, as per appraisal of appraiser Bourdon, who will examine same at 5 p.m. to-day.

W. S. WELDON,
Collector.

Entry 54391-E.
18/3/20."

(No answer).

[Mr. B. Balthazar.]

Mr. ST. PERE: Mr. Calder, in what you read previously, did I understand it to be said that Mr. Weldon considered the practice that wedding gifts were considered as settlers' effects?

Mr. CALDER, K.C.: It would seem to me to be so, according to the last paragraph, in which he said that following the custom, she was entitled to same as settlers' effects. Then there is a note that the new silver only was appraised, and that it was appraised at $100.

The next is memorandum "CCC":

"CUSTOMS, CANADA,
MONTREAL, February 2, 1920.

Officer Balthazar,
C.P.R. Depot,

Please permit the bearer, Mr. Henri Timmins to take possession of his sister's trunks, just arrived from New York, and leaving again for Pasadena to-morrow. He declares there is nothing dutiable therein.

W. S. WELDON,
Collector.

Check Lacolle 276564, 276565, 276566 and 72444."

That was delivered without examination, I take it?—A. Without examination, I believe so.

Q. The next is memorandum "DDD":

"CUSTOMS, CANADA,
MONTREAL, March 31, 1920.

Officer at C.P.R.,

This will be your authority to pass Miss Stafford's baggage in, as she is a Canadian coming in to be married, and going back to the States again, where she has lived for some time, and had her trousseau given her by her family.

Lacolle 413282.
March 27, 1920."

That also was delivered without examination?—A. Yes.

Q. The next is "EEE":

"CUSTOMS, CANADA,
MONTREAL, March 22, 1920.

Officer Windsor Depot,

It seems to me from Mr. Gaffin's statement that you may permit his baggage in free as it contains only his clothing, and such few wedding presents as belong to the lady whom he married and is now coming into this country to be a settler.

W. S. WELDON,
Collector.

Ex Lacolle 409314.
15/16."

The next is memorandum "FFF":

"CUSTOMS, CANADA,

Officer O'Leary,

Please deliver this gentleman his Corona typewriter. He is going to Buffalo to-night.

W. S. WELDON,
Collector.

On this card is "Society for Chemical Industry," and attached is the baggage check.

The next is memorandum "GGG":

"CUSTOMS, CANADA,
MONTREAL, August 25, 1921.

Officer Balthazar,
C.P.R.

You may release piece-goods found in the trunk belonging to Mrs. Steacie who is on a visit to her people here, and intends having said goods made up while here, and bringing back same to Boston when returning, say six weeks hence.

W. S. WELDON,
Collector.

Ex Highwater,
August 18/21."

Do you know if that was a considerable amount of piece goods?
Answer given in French not translated.
Q. The next is memorandum "HHH":

"CUSTOMS, CANADA
PORT OF MONTREAL, MAY 9, 1921.

Officer C.P.R. Depot,

I understand you have retained a set of hair brushes belonging to Mr. McLagan, which was a part of his travelling luggage, and solely for the convenience and comfort of the trip. It would seem to me that this should be released as such.

Yours truly,

W. S. WELDON,
Collector.

Ex Quebec 454939.
May 9/21."

The next is "III":

"CUSTOMS, CANADA,
MONTREAL, May 5, 1921.

Officer Windsor Depot,

You may release a silver service intended for presentation to Mrs. Bosworth upon occasion of the launching of a Norwegian vessel under Item 692 of the Tariff, a metallic trophy presented for distinction.

W. S. WELDON,
Collector.

Ex Lacolle, B-102."

Or "162", I am not sure which.
The next memorandum is "JJJ":

"CUSTOMS, CANADA,
MONTREAL, April 14th, 1921.

Officer Balthazar,
Windsor Depot.

You may release baggage belonging to MacNab of Newfoundland, who is going home from New York with several articles purchased for his children, and wishes to stay in Montreal until Sunday. None of the articles to be left in Montreal.

W. S. WELDON,
Collector.

Ex Atholstan,
405407."

That was not examined either?—A. I do not believe so.

Q. The next is "KKK":

"CUSTOMS, CANADA,
MONTREAL, April 7th, 1921.

Officer Balthazar,
Windsor Depot.

Please permit Mme. Feigen, who has been married in Poland some few months ago, to obtain possession of her trunk No. 356152 as she is coming now to reside in Canada, the trunk coming direct in bond from Poland.

W. S. WELDON,
Collector.

That was not examined?—A. No. But she was entitled to it free.

Q. Memorandum "LLL":

"Officer Balthazar,
Windsor Depot.

DEAR SIR,—This is to authorize you to deliver to Mr. Ferrand one Carona typewriter, his own property, purchased several years ago in Montreal, and for several times has already been across into the United States, but this last time, unfortunately, it was not identified before leaving for the United States.

(Signed) W. S. WELDON.

I hereby certify that the foregoing is correct in every particular.

(Signed) A. FERRAND."

Memorandum "MMM":

"To Officer Balthazar,
C.P.R. Depot.

NOVEMBER 29th, 1921.

DEAR SIR,—You may deliver one Corona typewriter machine to Mr. Irving H. Parker, his machine, which was also in your charge at the same time having been claimed by Mr. Bruni as his and for him therefore in bond to steamship Corsican, he being a passenger on said boat sailing November 26th, 1921.

(Signed) W. S. WELDON.

In every case these typewriters were packed so that you could identify them as typewriters?—(No answer.)

Q. These typewriters were packed in such a manner as they could be identified as typewriters?—A. As a rule they were.

Q. Memorandum "NNN":

"DEAR SIR:

This will direct you to release a model in charge of Mr. Wagner of Indianapolis, who will arrive on Monday or Tuesday. This model which is free from duty anyway will be exported in a day or two.

(Signed) W. S. WELDON.

Ex Bridgeburg 777289/90, November 21st, 1921, BB."

A. These goods are free.

Q. Memorandum "OOO":

"MONTREAL, September 27th, 1921.

To Officer C.P.R. Depot,
Montreal.

DEAR SIR,—Mr. Waldbauer, who is coming to Canada as a settler, in fact to be a professor of chemistry at McGill University, has among his personal belongings a typewriting machine which was taken from

him on the train yesterday and deposited with you. Under item 705 of the tariff, he is justly entitled to bring this in to the country free. Please let him have same.

(Signed) W. S. WELDON.

That is correct?—A. Yes.

Q. Memorandum " PPP ":

" To Mr. BALTHAZAR:

Please deliver trunk belonging to Antonio Valiquette, Windsor 886920, 18/8/22".

Mr. Antonio Valiquette's card of the Librarie Bauchemin Limited, Montreal, reference to Mr. Daoust on the card.

Memorandum " QQQ ":

" NOVEMBER 30th, 1922.

To Officer Balthazar,
C.P.R. Depot,
Montreal.

DEAR SIR,—This will be your authority to deliver to Senator Beaubien his two pieces of personal baggage at Quebec, 539196. As one of the grips contain a present from France to the Prime Minister, Senator Beaubien has promised to see that the necessary instructions will be given to protect officers of this port in their action of releasing the same.

(Signed) W. S. WELDON,
Collector."

Mr. BELL: What is the date?

Mr. CALDER, K.C.: November 30th, 1922. It is noted Ex Quebec 539196, Honourable Senator Beaubien, November, 1902—should be 1922.

By Mr. Calder, K.C.:

Q. Memorandum "RRR":

"MONTREAL, September 7th, 1922.

Officer BALTHAZAR,
Windsor Depot.,
Montreal.

DEAR SIR,—You may permit Mr. Strange, of Belfast, to have his trunk as per check number 417140 to be brought down to examining warehouse for examination."

Did you release that without examination?—A. No, we examined it. I sent it to the examining warehouse, that is what is stated there.

Q. Memorandum "SSS":

"MONTREAL, August 28th, 1922.

"To Officer, C.P.R.
Montreal.

DEAR SIR,—You may release one gun beloning to Sam or Thomas Salvatore as part of household effects which are now on their way by freight. This family is coming here to settle and this item would be entitled to free entry under Item 705.

(Signed) W. S. WELDON,
Collector."

That was not a revolver?—A. I do not recall whether it was or not.

Q. It states gun.—A. We call a gun in Canada now a revolver.

Hon. Mr. STEVENS: How many more have you, Mr. Calder?

Mr. CALDER, K.C.: I am almost at the end.

By Mr. Calder, K.C.:

Q. Memorandum "TTT":

"MONTREAL, September 15th, 1922.

To Officer O'LEARY"

and that is rubbed out.

"Officer BALTHAZAR

DEAR SIR,—You may deliver second-hand cornet to Rev. C. Ford, which he left with you on baggage check 53-75-03. This gentleman is going to live in the West Indies and this was given to him as a present to make use of there. In transit.

(Signed) W. S. WELDON."

The witness retired.

The Committee adjourned till 3.30 p.m.

AFTERNOON SITTING

MAY 18th, 1926.

The Committee resumed at 3.30 P.M., the Chairman, Mr. Mercier, presiding.

BERNARD BALTHAZAR recalled.

By Mr. Calder, K.C.:

Q. I will now read into the record memorandum "UUU":

"To Officer BALTHAZAR
C.P.R. Windsor Depot.

MONTREAL, May 16th, 1922.

DEAR SIR,—Having had an explanation from Mr. and Mrs. Fairweather re their purchases in Boston, the lady states that she has been there for two and a half months and except for the inconvenience of repacking their trunks they would very willingly allow them to be sent in Bond to St. John where the gentleman lives and is known.

You may therefore release them.

(Signed) W. S. WELDON,
Collector."

That is endorsed "Fearweather for repacking. Goods subject to duty."

Mr. BALTHAZAR, this is "VVV":

"From HIGHWATER, October 3/22.

Mr. BALTHAZAR,

You may release this machine for religious and educational purposes only. To be returned to U.S.

(Signed) W. S. WELDON,
Collector,
3/10/22."

There is some sort of memorandum in pencil but it is illegible.

Memorandum "XXX":

"To Officer
C.P.R.

MONTREAL, August 14th, 1922.

You may release lady's coat in baggage 457979, same having been taken from Montreal several weeks ago, and made over while on holidays.

(Signed) W. S. WELDON,
Collector."

Memorandum "YYY."

"To Officer
Am. X. Co.

MONTREAL, April 27th, 1922.

You may deliver two dogs consigned to J.S. Cote, 403098, 403099. Entry for same will be passed by Blaiklock Bros.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle
Check 403098-99
Entry 4025 April 28/22.
B.B."

Memorandum "ZZZ":

"Officer Balthazar,
C.P.R. Depot.

MONTREAL, March 25, 1922.

You may release goods found in baggage of Mrs. D. Elliott Elves which belong to her and will be brought back to England again when through with her visit.

(Signed) W. S. WELDON,
Collector.

Lacolle 844756
25/3/22."

Memorandum "AAAA":

"MONTREAL, October 4, 1922.

I, Miss B. Livinson, of Montreal, hereby declare that the underwear contained in my mother's trunk is the property of my mother, sister and myself, and was all brought from Montreal to New York upon our recent visit to U.S., and now returned in same condition.

Declared before me this 4th October, 1922.

(Signed) W. S. WELDON,
Collector.

(Signed) BEATRICE LIVINSON."

Hon. Mr. STEVENS: Is there any more of this junk?

Mr. CALDER, K.C.: Three more.

Memorandum "BBBB":

"To Officer,
C.P.R. Depot.

MONTREAL, November 25, 1922.

You may release to Mr. Rovins articles of clothing brought in by him for his two children who have been visiting their grandparents in Montreal for some weeks with their mother and are returning to the U.S. on Monday.

(Signed) W. S. WELDON,
Collector."

Memorandum "CCCC":

"PORT OF MONTREAL, October 9, 1922.

I, Mrs. Herman Miller, hereby declare that all of the silver and other articles contained in my trunk which I brought from New York to-day

are and have belonged to me for six months prior to coming to Canada to reside.

Declared before me this 9th October, 1922.

(Signed) W. S. WELDON,
Collector.

(Signed) Mrs. HERMAN MILLER."

Memorandum "DDDD":
"To Officer Balthazar,
C.P.R. Depot.

MONTREAL, March 20, 1923.

You may deliver to Mr. J. K. L. Ross' residence, Peel St., 14 packages, personal and other effects, to be examined by our appraiser at his house as per phone instructions received from Mr. R. R. Farrow, Saturday, March 17/23. Entry to be passed after appraisal.

(Signed) W. S. WELDON,
Collector.

Ex Vancouver
689987/82
689988/91
689986/84/89
689983/92/90
689981/85/80
689979/ "

Memorandum "EEEE":
"To Mr. Cassidy,
C.P.R. Depot.

MONTREAL, May 18, 1923.

You may deliver Miss Bloomfield's cape to her father and mother who declare that same was brought in Canada about a year ago and belonged to the girl since that time.

(Signed) W. S. WELDON,
Collector.

Ex Lacolle 459992."

Memorandum "FFFF":
"To Officer concerned at
Windsor Depot.

MONTREAL, January 26, 1923.

You may release the candies sent by pupils individually to sick sisters in the infirmary at Lachine, under item 690-A.

(Signed) W. S. WELDON,
Collector.

Ex Highwater 809019
125368."

Memorandum "GGGG":
"To Collector of Customs,
Montreal.

MONTREAL, January 12, 1923.

I, W. L. Fraser, do hereby make affidavit and declare that the silverware in my trunk arriving from the U.S. is my own property and has been for two years and in fact was brought from Nova Scotia to the U.S. when I went there to live, and is therefore entitled to free entry into Canada again.

Declared before me, Montreal, January 12/23.

(Signed) W. S. WELDON,
Collector.

(Signed) W. L. FRASER."

"To Mr. Balthazar,
C.P.R. Depot.

MONTREAL, January 5/23.

You may release one trunk personal effects for a newly married couple, the lady in question coming to settle in Canada. Check No. 18.64.00.

(Signed) W. S. WELDON,
Collector."

Mr. CALDER, K.C.: Shall I file all these memoranda together? They are numbered from "A" to "GGGG".

The CHAIRMAN: They will be Exhibit No. 167.

By the Chairman:

Q. You have been a Customs Officer since when?—A. I have been a Customs Officer for the last thirty-nine years. It will be thirty-nine years the day after to-morrow.

Q. Always in Montreal?—A. Yes, always in Montreal.

Q. You are released, Mr. Balthazar.

Mr. CALDER, K.C.: Is he to be discharged?

The CHAIRMAN: Mr. Balthazar, you can sit down.

Witness retired.

BERNARD BALTHAZAR est appelé et assermenté.

M. Calder, C.R.:

Q. Mr. Balthazar, you have produced before the Committtee a bundle of special permits in the shape of memoranda, signed by Mr. W. S. Weldon, Collector at Montreal, and issued to you as an order?—R. Oui, monsieur.

Q. You say you kept these orders for your own protection?—R. Oui, monsieur.

Q. Why did you have to protect yourself by keeping these orders; was there anything illegal in the delivery? Y avait-il quelque raison pour vous induire à garder ces documents pour votre protection?—R. Certainement, parce que s'il était arrivé quelque chose après....

Q. Y avait-il quelque chose d'illégal dans ces livraisons?—R. Je ne le savais pas, je ne les ai pas vues.

Q. Est-ce qu'une livraison sans examen était illégale, d'après vous?—R. Je le crois.

Q. Et ces différents ordres étaient des ordres de livraison sans examen?—R. Oui, monsieur.

Q. Dans tous les cas?—R. Oui. Pardon, je crois faire une erreur. Dans certains cas, il peut arriver que j'aie pu examiner la marchandise et que j'aie décidé que je ne pouvais pas la livrer, croyant que c'était sujet aux droits; ils allaient chez le collecteur,—peut-être donnaient-ils une autre version au collecteur,—Ce collecteur m'envoyait un ordre dans certains cas.

Q. Et vous avez gardé les mémorandums dans tous les cas où vous croyiez que vous aviez besoin de protection, parce qu'il y avait des explications à donner?—R. Oui, monsieur.

Q. Je vais maintenant lire le mémorandum suivant:

"A l'officier en charge, dépôt Windsor, 24 décembre 1918.

Permettez au porteur, le servent Aylen, d'avoir les clichés transparents des batailles en France, libres de droits comme partie de son équipement, comme il s'en est servi aux fins du recrutement.

W. S. WELDON,
Collecteur".

Q. Aviez-vous examiné ce colis-là?—R. Je ne crois pas, pas dans ce cas-là.

Q. Est-ce que, d'après vous, ce colis était sujet aux droits?—R. Je ne sais pas.

Le président:

Q. Si vous l'aviez examiné, vous auriez peut-être pu trouver quelque chose d'imposable?—R. Cela se peut.

Q. Pourquoi ne l'avez-vous pas examiné?—R. Parce que j'avais un ordre de mon supérieur.

M. Calder, C.R.:

Q. Et vous n'aviez pas examiné le bagage avant de recevoir l'ordre?—R. Ce n'est pas mentionné sur l'ordre. Peut-être que oui, peut-être que non. Dans ce cas-là, je ne crois pas.

(M. Calder donne lecture du document marqué "B"):

Q. Did you examine that cream separator?—R. Je ne suis pas bien certain, je ne sais pas si c'était dans une valise. J'ai dû l'examiner, s'il était dans un "crate". C'est trop loin, je ne puis vous dire.

Hon. M. Stevens:

Q. Cream separators are free, are they not?—R. Je ne pourrais pas dire si, dans ce temps-là, c'était "free".

M. Calder, C.R.:

Q. If it were true that this cream separator was free of duty, what would be the object of getting this memorandum—because you did not know whether it was dutiable or not?—R. Parce que je ne le savais pas.

Q. Do you say that it was packed so that you did not know whether it was a cream separator or not—R. Il faut croire. Dans le temps, je ne le savais pas. C'est trop loin, je ne me rappelle pas du tout.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "C"):

Q. Then I believe you wrote at the bottom "ex-Lacolle checks numbers 205091, 205092 and 205093 and 16657". That is to say, there would be four pieces of baggage.—R. Oui, monsieur.

Q. Do you remember whether you had examined this baggage, or whether it was to be examined?—R. Je ne crois pas que je l'aie examiné, c'est un peu loin.

Q. Would the fact that you had kept this memorandum refresh your mind, as to whether you made an examination or not?—R. Non, je n'ai fait aucune remarque dessus, je ne crois pas.

Q. You mean you do not think you examined the baggage, these four pieces?—R. Je ne crois pas; je ne suis pas positif, mais je ne crois pas.

Le président:

Q. Comme question de fait, quand vous recevez un ordre comme cela, examinez-vous le baggage ou non?—R. Non, monsieur.

M. Calder, C.R.:

Q. Dans ce cas-là, où vous avez relâché les quatre valises, y a-t-il une entrée de faite comme "settlers' effects"?—R. Non, ce n'est pas nécessaire.

Q. Ce n'est pas nécessaire?—R. Parce qu'on n'avait pas de manifeste à fermer.

Le président:

Q. Pour savoir si c'était des effets de colons ou non vous auriez dû ouvrir les valises?—R. Oui, monsieur.

Q. Vous ne les avez pas ouvertes?—R. Non, monsieur.

M. Calder, C.R.:

Q. Savez-vous quelles étaient ces personnes?—R. Non, monsieur.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "D"):

Q. Vous avez compris la lecture du mémorandum?—R. Oui, monsieur.

Q. Vous avez noté que cette valise provient de Lacolle, n° 274217?—R. Oui, monsieur.

Q. Vous avez pris les articles suivants dans cette valise: un manteau, valeur $20; 14 verges de velours de soie, $40; 1 tricot, $6; des vêtements d'enfant, $15; total, $91. Vous rappelez-vous si ces articles étaient neufs?—R. Ces articles devaient être neufs puisque je les ai ôtés.

Q. A tout événement, il y avait les 14 verges de velours?—R. Oui, monsieur.

Q. C'était certainement sujet aux droits?—R. Suivant moi.

Q. Et cela ne tombe pas dans la catégorie des articles requis par une personne pour son confort en voyage?—R. Suivant moi, non. Le collecteur a pu décider autrement.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "E").

Q. Avez-vous relâché ces bagages-là?—R. Oui, monsieur.

Q. Avant ou après examen, ou sans examen?—R. Sans examen.

Q. Est-ce que la personne s'est présentée pour "rechecker" son bagage?—R. Je ne pourrais pas dire. Si je voyais l'ordre, je pourrais peut-être vous le dire. Il a dû, je ne peux pas dire.

Q. Voulez-vous regarder l'ordre?—R. (Le témoin examine un document). Ce n'est pas moi qui ai livré cela.

Q. L'ordre vous est parvenu?—R. Oui, monsieur.

Q. Vous ne savez pas qui a livré cela?—R. C'est M. O'Leary; par ses chiffres, par le "check".

Q. Pour que nous puissions procéder à l'aise, voulez-vous nous dire si les mots "ex-Lacolle", "check" No. 215091", etc., sur la pièce "C", sont de votre écriture?—R. Oui, monsieur.

Q. Et l'écriture au bas du "check" No. 39822, ex-Lacolle, est l'écriture de M. O'Leary?—R. Oui, monsieur.

Le président:

Q. Où est M. O'Leary?—R. Il est à Montréal.

Q. Est-il encore officier de douane?—R. Non, monsieur.

Q. A-t-il été congédié?—R. D'après ce que j'ai su, oui, monsieur.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "F").

Q. Voulez-vous nous dire ce dont vous vous rappelez au sujet de ces bottes à l'écuyère?—R. C'est assez difficile.

Q. Vous les aviez prises?—R. Je ne pourrais pas dire.

Q. Voici ce que le mémorandum dit: "Madame Rohr a fait une déclaration satisfaisante au sujet des bottes à l'écuyère".—R. Au collecteur.

Q. Apparemment, vous aviez arrêté son bagage parce que ces bottes s'y trouvaient?—R. Certainement, monsieur.

Q. Est-ce que ces bottes étaient neuves?—R. Il fallait qu'elles fussent neuves pour les arrêter.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "G").

Q. Est-ce que cette valise a été examinée ou non?—R. Je ne crois pas monsieur, au meilleur de ma connaissance.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "H").

Q. Cette valise a-t-elle été examinée?—R. Sont-ce mes chiffres?

Q. Oui.—R. Elle n'a pas été examinée.

(M. Calder donne lecture au témoin, en anglais, du mémorandum "I").

Q. In your figures we have the notation "one box, Ex Lacolle check 71114 B.B."?—R. Cela n'a pas été examiné.

(M. Calder donne lecture du document marqué " J ").

Le TÉMOIN: Je me rappelle cela, c'était aisé à examiner; je ne voulais pas en livrer parce que je pensais que c'était neuf.

Q. Ils n'avaient pas six mois d'usure, d'après vous?—R. Suivant moi, non, monsieur. Il y a peut-être eu une autre version au collecteur.

(M. Calder donne lecture du document marché " K ").

Q. Est-ce que ce bagage a été examiné?—R. Oui, je me rappelle qu'il a été examiné.

Q. Vous l'avez examiné?—R. Oui, monsieur.

Q. Il n'y avait pas objection à la livraison?—R. Je pensais que c'était neuf, sujet aux droits. Elle a été voir le collecteur.

Q. Est-ce que Madame Viner venait s'établir au pays?—R. Elle me le disait. Je ne la croyais pas.

Q. Elle vous le disait, vous ne la croyiez pas; aviez-vous quelque raison pour ne pas la croire?—R. On ne croit personne, à la douane.

(M. Calder donne lecture, en anglais, du document " L ").

Q. Vous n'avez pas cru devoir demander à M. Levinson où et quand il avait passé la machine en douane?—R. Je ne me rappelle pas cela.

Q. A tout événement, vous ne l'avez pas fait, n'est-ce pas?—R. Non.

Q. Ne croyez-vous pas qu'il aurait été intéressant pour vous de faire dire par Levinson à quelle époque et à quel port il avait fait l'entrée auparavant?—R. J'ai pu l'oublier; mais je l'ai envoyé chez le collecteur pour faire une déclaration.

Q. C'est le collecteur qui a recueilli la déclaration?—R. Je le crois, oui.

Q. Non, elle a été recueillie par Arthur Levine, qui, si je me rappelle bien, est le voisin de Levinson?—R. R. C'est sur l'ordre que vous venez de lire?

Q. Oui, oui. Ce n'est pas un affidavit devant le collecteur, c'est devant un commissaire.—R. Je comprends, mais si je me rappelle bien il a emporté cela au collecteur.

Q. Non, puisque le collecteur dit: Relâchez la valise, à condition qu'on vous produise, à vous, un affidavit.—R. C'est l'affidavit que j'ai pris, je l'ai livré.

Q. Il n'est pas suffisant d'après moi.

(M. Calder donne lecture au témoin du mémoire " M ", en anglais).

Q. Do you not remember anything of this lady?—R. Je ne me rappelle pas, non.

Q. You apparently had examined the goods?—R. Non, je n'ai pas examiné cela.

L'hon. M. Stevens:

Q. How do you know you did not examine the goods?—R. Je ne crois pas de l'avoir examiné.

Le président:

Q. Comme question de fait, quand vous receviez un ordre du collecteur est-ce que vous les examiniez, les marchandises, ou non?—R. Non.

L'hon. M. Stevens:

Q. (traduction) Ces ordres ne disent pas de ne pas examiner la marchandise.—R. Ils disaient de la livrer.

(M. Calder donne lecture en anglais du mémoire "N").

M. Calder, C.R.:

Q. Was that examined?—R. Pas que je croie.

Q. (traduction) Savez-vous ce que l'on veut dire par les mots: "Lettre de Connor relativement à cette transaction-là"?—R. Non.

Q. Vous ne vous rappelez pas de cette lettre-là?—R. Non. C'est trop long.

(M. Calder donne lecture en anglais du mémoire "O".)

Q. Vous rappelez-vous combien de soie il y avait là-dedans?—R. Si je me rappelle bien.....Avec le chiffre, je vais vous le dire immédiatement. (Le témoin examine un document). Ceci, je crois que c'est de la marchandise qui a été ôtée des particuliers sur les trains, qui n'est pas "checkée," je crois et qu'ils nous redonnent à nous, et nous la mettons sous clef, et lorsqu'ils viennent pour la retirer, ils voudraient la retirer, pour ne pas payer. Enfin, il a été chez le collecteur,—je ne sais pas, je suppose qu'il a donné sa version.

(M. Calder donne lecture en anglais du mémoire "P".)

Q. Do you remember the circumstances?—R. J'ai du examiner ceci. Il ne m'a pas donné la même version, voyez-vous; il ne m'a peut-être pas dit qu'il s'en allait en France.

(M. Calder donne lecture en anglais du mémoire "Q".)

Q. That was a hat set aside, out of the baggage?—R. C'est moi qui l'ai ôté, le chapeau.

Q. Parce que vous croyiez qu'il était neuf?—R. Oui.

(M. Calder donne lecture en anglais du mémoire "R".)

Q. Comment se fait-il, monsieur Balthazar, que les ordres qui ont été exécutés par M. O'Leary se trouvent dans votre filière à vous?—R. C'était moi qui était en charge du département.

Q. Parce qu'ils vous étaient adressés?—R. Oui, monsieur.

(M. Calder donne lecture en anglais du mémoire "S".)

Q. Vous aviez soupçonné que ces robes étaient neuves?—R. Est-ce marqué la-dessus?

Q. Oui, c'est marqué, de votre écriture: "H.b. August 27/19, ex-Lacolle."—R. Oui, c'est cela, j'ai supposé qu'elles étaient neuves. "H.b." veut dire "hand-baggage".

(M. Calder donne lecture en anglais du mémoire "T".)

Q. Do you remember the circumstances?—R. Je ne me rappelle pas; mais les entrées sont sur l'Ordre?

Q. Oui, oui.—R. Ce qui veut dire que l'entrée a été passée.

Q. Cela, c'était régulier?—R. Oui. Cela, c'était régulier.

Q. Alors, pourquoi avez-vous gardé l'ordre?—R. Je l'ai gardé avec tous les autres ordres, je les ai mis dans mon "desk".

L'hon. M. Stevens:

Q. (traduction) Pourquoi les avez-vous retenus alors, s'ils n'étaient pas sujets à la douane?—R. Ça n'a pas été envoyé à moi, cela. C'est peut-être mes chiffres mais ce n'est peut-être pas moi qui les ai livrés.

(M. Calder donne lecture du mémoire "U".)

Q. Do you remember that one?—R. Bien, je ne me rappelle pas, mais j'ai dû percevoir les droits là-dessus et donner un reçu.

(M. Calder donne lecture du mémoire "V".)

Q. Nothing special about that?—R. Non; j'ai dû les ôter de la valise, vous savez.

(M. Calder donne lecture du mémoire "W".)

Q. Did you examine that baggage?—R. Je n'ai pas dû examiner cela, non.

M. Doucet:

Q. Monsieur Balthazar, l'ordre que vous recevez du collecteur, c'est pour relâcher les cartes postales?—R. Oui, monsieur.

Q. Dans le cas où il y aurait eu d'autres effets sujets à la douane dans le bagage, il ne vous donnait pas ordre de relâcher ces autres effets?—R. J'ai dû examiner la marchandise.

Q. Vous venez de dire à M. Calder que vous n'avez pas examiné le bagage. —R. Bien, il y a des fois, c'est assez difficile de se rappeler de tout; c'est assez difficile, mais dans tous les cas s'il y avait quelque chose de nouveau, je l'aurais ôté.

Q. Mais, si vous ne l'avez pas examiné?—R. Si je ne l'ai pas examiné....

M. ST.PÈRE: De quelle façon se lit cet ordre-là, monsieur Calder?

(M. Calder donne lecture de l'ordre en question, en anglais.)

M. St.-Père:

Q. Avez-vous compris par là, monsieur Balthazar, que cette valise-là contenait exclusivement des cartes postales?—R. J'ai compris cela.

(M. Calder donne lecture du document marqué "X".)

Q. C'était des plans, cela? C'était bien des plans?—R. Oui. Il a dû aller chez le collecteur avant, vous savez.

(M. Calder donne lecture du document marqué "Y".)

Le TÉMOIN: Je me rappelle, je ne l'ai pas examiné.

(M. Calder donne lecture du document marqué "Z".)

Q. Was that unexamined baggage too?—R. Ce n'est pas examiné, cela, je ne crois pas.

M. St.-Père:

Q. Chaque fois que vous receviez des ordres de ce genre du collecteur, respectiez-vous ces ordres-là, tels qu'ils étaient écrits, ou, malgré ces ordres-là, est-ce que vous décidiez vous-même d'examiner ces bagages-là?—R. Non, j'ai toujours respecté ces ordres.

M. Doucet:

Q. Et dans le cas où les bagages contenaient autre chose que ce qui était mentionné par le collecteur?

M. St-Père:

Q. Vous respectiez ces ordres de ne pas ouvrir les valises?—R. Je respectais ces ordres de ne pas ouvrir les valises.

M. Doucet:

Q. Lse ordres vous disaient que cela contenait certains articles?—R. Ça comprenait tout, tout le bagage.

Q. Cependant vous étiez convaincu que le collecteur n'avait pas examiné le bagage?—R. Il disait de relâcher, "release"; je ne pouvais pas désobéir aux ordres.

M. St-Père:

Q. Par le mot bagage, cela comprenait tout ce qu'il y avait dans la valise?—R. Du moment qu'il me donnait ordre de livrer un morceau, quand même il y en aurait dix, je n'avais pas à désobéir.

Q. Par le mot bagage, vous avez compris tout ce qui était contenu dans les valises?—R. Par le mot bagage j'ai compris tout ce qui était contenu dans les valises.

M. Doucet:

Q. Cependant, il spécifiait certains articles qui étaient compris dans le bagage?—R. Bien, je ne sais pas.

(M. Calder donne lecture du document "AA".)

Q. Then appears in your writing "Ex Lacolle 46232". Was that baggage examined? She admits having purchased a dress in New York, and that having been away for two months, that was natural?—R. Je n'ai pas dû examiner cela.

Q. Vous avez pris la robe; apparemment vous avez saisi la robe?—R. Cela ne le dit pas. Elle a déclaré cela au collecteur.

Q. Vous n'avez pas pris une robe dans ce bagage?—R. Je ne crois pas.

(M. Calder donne lecture du document marqué "BB".)

Q. Was that unexamined baggage, or was it baggage you held?—R. J'ai dû examiner ce bagage. Je ne la croyais pas, elle a dû aller chez le collecteur.

(M. Calder donne lecture du document marqué "CC".)

Q. C'est parfaitement régulier?—R. C'est parfaitement régulier. Cela a dû passer par le collecteur avant de venir à moi.

Le président:

Q. Il reste la question de savoir si elle a été réexportée; cela n'a pas été prouvé.

M. Calder donne lecture du document marqué "DD".)

Q. That baggage was not examined?—R. Non, monsieur.

(M. Calder donne lecture du document marqué "EE".)

Q. You do not know anything about that?—R. Non, je n'étais pas là.

(M. Calder donne lecture du document marqué "FF".)

Q. Do you remember whether you stopped this coat or not?—R. Je ne me le rappelle pas.

(M. Calder donne lecture du document marqué "GG".)

Q. What does "Ach. B" mean?—R. "Advice". C'est de la marchandise apportée à la main, dans les chars, que les officiers de douane leur enlèvent; ce n'est pas "checké".

(M. Calder donne lecture du document marqué "HH".)

Q. Was that order complied with, the examination at 88 Notre Dame Street? —R. Je n'en sais rien. Je l'ai livré seulement, je crois.

Q. Est-ce que M. Moquin et M. Bourdon étaient sous vos ordres?—R. Non, monsieur.

Q. Avez-vous transmis l'ordre à M. Moquin ou à M. Bourdon?—R. Non, monsieur. M. Weldon a dit de le leur dire. C'est son écriture.

(M. Calder donne lecture du document marqué "II".)

Q. Il était évident que c'était du bois de "veneer"?—R. Oui, monsieur.

Q. Du bois de plaquage?—R. Oui, monsieur.

Q. Y a-t-il des droits là-dessus?—R. Oui, monsieur.

(M. Calder donne lecture du document marqué "JJ".)

Q. That was also obviously taxed, was it not?—R. Cela, je ne me rappelle pas. Cela a dû aller chez le collecteur immédiatement.

(M. Calder donne lecture du document marqué "LL".)

Le président:

Q. It is only a matter to see if they are exported afterwards?—R. Il faut que ce soit exporté. Mais je ne me rappelle pas.

M. Calder, C.R.:

Q. Avez-vous fait le pointage?—R. Je ne crois pas. J'ai exécuté les ordres qui m'avaient été donnés.

M. Doucet:

Q. Vos ordres étaient, n'est-ce pas, de relâcher certains outils?—R. De relâcher la valise. Je ne sais pas si c'était une valise ou un coffre, je ne me rappelle pas.

Q. L'ordre était de relâcher certains outils; ce n'était pas une valise?— R. Je ne sais pas si c'était un coffre ou une valise. On m'a dit de les laisser aller.

Q. Alors, comment auriez-vous pu exiger l'exportation de ces marchandises lorsqu'elles seraient prêtes à laisser le Canada?—R. Je l'ai laissée comme cela, la valise, comme il me l'a dit: "Released to be re-exported".

M. St-Père:

Q. Quand vous avez laissé les marchandises comme cela, vous avez employé l'expression " releasé "?—R. Oui, monsieur.

Q. Est-ce que le collecteur des douanes vous a fait des représentations, vous a-t-il dit que vous deviez prendre des inventaires des valises?—R. Non, monsieur.

Q. Quand bien même un inventaire aurait été fait, auriez-vous eu des reproches?—R. Non, monsieur.

Q. Est-ce que ces marchandises auraient pu être exportées?—R. Non, monsieur.

Q. Jamais le collecteur des douanes ne vous a fait de remontrances?—R. Jamais, monsieur.

Q. Il ne vous a jamais dit de classifier cela de nouveau?—R. Non, monsieur.

Q. De prendre une copie des affidavit?—R. Non, monsieur.

Q. Est-ce l'habitude pour le préposé à l'examen des bagages, à la gare Windsor ou ailleurs, quand vous faites l'examen des valises, de prendre la classification des marchandises qu'elles contiennent?—R. Vous voulez dire lorsqu'on collecte des droits?

Q. Oui, n'importe comment. Vous examinez une valise de marchandises, qu'elle soit soumise ou non aux droits, est-ce l'habitude, ou les ordres du département sont-ils que vous devez prendre une classification des marchandises que cette valise contient?—R. Non, monsieur.

Q. Le département n'a jamais donné d'ordres à cet effet-là?—R. Non, monsieur. Ce qu'on trouve de neuf, on le saisit.

Q. Vous faites un rapport?—R. On fait un rapport, on charge les droits.

Q. Comme vous faites dans les cas de saisie?—R. Comme on fait dans les cas de saisie.

Q. C'est un système suivi, vous faites un rapport?—R. Oui, monsieur.

Le président:

Q. Vous collectez les droits immédiatement, vous donnez un reçu au passager?—R. En triplicata.

(M. Calder donne lecture du document marqué " MM ".)

Q. That was released by you and you did nothing about it?—R. Non, monsieur.

Q. Did you examine that baggage?—R. Je ne me rappelle pas.

(M. Calder donne lecture du document marqué " OO ".)

Q. I dare say there will be no question about the bull-dog?—R. C'est aisé d'examiner le chien.

(M. Calder donne lecture du document marqué " SS ".)

Le TÉMOIN: Ceci c'est un rapport emporté dans les chars, enlevé par les officiers du train.

Q. In your opinion, was it new, did you look at it?—R. Cela devait être neuf, parce que je ne l'ai pas livré.

Q. Dans une affaire comme celle-là, quand on allait trouver M. Weldon directement, appeliez-vous M. Weldon par téléphone pour lui dire: " D'après moi, ce complet est neuf "?—R. Oui, cela a dû arriver quelquefois.

Q. L'avez-vous appelé dans plusieurs cas?—R. Oui, dans quelques cas, quand c'était sérieux. Je ne me rappelle pas celui-là.

M. St-Père:

Q. L'appeliez-vous au téléphone ou si vous lui écriviez?—R. Cela n'arrive pas très souvent. C'est par téléphone, quand j'ai des doutes. Ce n'est pas arrivé bien des fois.

Q. Dans ce cas-ci, vous n'êtes pas sûr si vous l'avez appelé?—R. Je ne suis pas certain.

(M. Calder donne lecture du document marqué " TT ".)

Q. Did you examine those trunks?—R. Je n'ai pas dû les examiner.

(M. Calder donne lecture du document marqué " UU ".)

Q. Est-ce que vous scelliez les valises dans un cas comme celui-là?—R. Ce n'est pas moi qui ai passé cela.

Q. En général, est-ce que vous scelliez les valises dans un cas comme celui-là?—R. On ne les descelle pas; on tire le " bond tag " et le sceau reste là.

Q. Le sceau reste sur la valise?—R. Le sceau reste sur la valise. C'est l'officier qui va examiner qui brise le sceau.

M. St-Père:

Q. Les valises de voyageurs de commerce comme celles-là, est-ce qu'elles sont habituellement visitées par " l'appraiser " avant de les remettre aux gens? —R. Toujours.

Q. Comme cela, il n'y a rien d'extraordinaire là dedans?—R. Ç'a été examiné chez eux, ç'a été examiné à la maison même, mais règle générale nous les examinons chez nous.

Q. Et c'est vous qui agissez en qualité " d'appraiser "?—R. Absolument, en dessous de $100, jusqu'à $100.

Q. Si ça dépasse ce montant, cela va à " l'examining warehouse "?—R. Absolument.

(M. Calder donne lecture du document marqué " VV ".)

M. Doucet:

Q. Est-ce vous qui avez délivré cela?—R. Non, monsieur, je ne crois pas; ç'a été sous la " supervision " d'un officier, vous voyez, là, à Toronto, en " bond ", le numéro du manifeste est mis dessus.

(M. Calder donne lecture en anglais du document marquée " BBB ").

M. SAINT-PÈRE: Monsieur Calder, dans ce que vous avez mentionné précédemment, est-ce que j'ai bien compris que M. Weldon disait que c'était la coutume suivie de considérer les cadeaux de noce comme des " settlers' effects "?

M. CALDER, C.R.: Oui.

(M. Calder donne lecture du document marqué " GGG ").

Q. Est-ce que c'était une grosse quantité?—A. Ah, c'est difficile à dire. Je peux regarder l'ordre. Peut-être que je me rappellerai. (Le témoin examine le document " GGG "). C'est assez difficile, vous savez.

(M. Calder donne lecture du document " MMM ").

Q. In every case these typewriters were packed so that you could identify them as typewriters?—R. Oui, on les identifiait, oui.

Q. Il étaient empaquetés de façon à ce que vous reconnaissiez immédiatement que c'était des clavigraphes?—R. Oui, absolument. Règle générale.

(M. Calder donne lecture du document marqué " NNN ").

LE TÉMOIN: Cela c'est "free", cela, vous savez. Ça été déclaré avant.

(M. Calder donne lecture du document marqué " PPP ").

Q. Mr. Antonio Valiquette's card of the Librairie Bauchemin, Limited, Montreal, reference to Mr. Daoust on the card?—R. Daoust, Emilien.

(M. Calder donne lecture du document marqué " RRR ").

Q. Did you release that without examination?—R. Je l'ai envoyé à " l'examining warehouse ".

Q. Vous l'avez envoyé à " l'examining warehouse "?—R. C'est ce qu'ils disent là.

(M. Calder donne lecture du document marqué " SSS ").

Q. Ce n'était pas un revolver?—R. Je ne me le rappelle pas. On dit un fusil, là.

Q. " Gun "; généralement cela veut dire un revolver, aujourd'hui, chez nous.

Le comité lève sa séance à 1 heure de l'après-midi.

(A trois heures et demie le comité reprend sa séance et M. Calder donne lecture en anglais de certains documents.

Le président:

Q. Vous êtes employé aux douanes depuis combien d'années?—R. Il y aura 39 ans après-demain.

Q. Toujours à Montréal?—R. Toujours à Montréal.

Le témoin est congédié.

WM. S. WELDON recalled.

By Mr. Calder, K.C.:

Q. Mr. Weldon, you have heard these various exhibits read, from "A" to "GGGG"?—A. I have.

Q. Under what authority were these issued by you?—A. Acting under the conscientious belief that I was doing what was right as Collector of Customs at the port of Montreal, in my capacity as Collector.

Q. Was it only done in regard to baggage, or commercial parcels as well? —A. Never for commercial parcels.

Q. What information did you require from the person seeking the order, before giving such order?—A. Well, if there was any dispute at all at the station where these people came in, naturally the officer in charge has the right to his own idea as to whether they should be dutiable or not, and to tell those people whether or not they have to make payment. There is only one appeal, and that is to the Collector or Surveyor if the Collector is not there.

Q. Supposing you have a case such as Mr. Balthazar says occurred, where he examined the goods and concluded they were new goods, and, therefore, dutiable, and the person appearing before you asserted that they had been worn and were, in fact, second-hand goods; how would that dispute be resolved in your mind? I am not speaking of such a case as where you personally knew the individual, and might know of his acquired character; I mean with regard to a stranger?—A. I would use my conscientious judgment, the same as any man ought to do in that position.

Q. Would you do that without inspecting the goods yourself?—A. If the officer at the other end of the line was satified to do so, he can send the whole thing down to the warehouse.

Q. If he is dissatisfied with your finding?—A. Yes.

Q. He can have everything sent down to the warehouse?—A. Absolutely.

Q. You always contemplate he will exercise that freedom, if he wants to? —A. At any time, he is at perfect liberty to do so.

Q. Was that the custom of the port before you were there?—A. No, the custom of the port was to telephone, not write.

Q. The custom of the port was to telephone the instructions, and not write? A. I have heard everything you have read, and if I have to go through it again, knowing the facts as I do, I would repeat it again. It was intimated to me by another officer, when I first took charge, that to write anything was a dangerous precedent; it might be brought up against me; I said, "I would not commit my name to anything I am ashamed of," and I am not ashamed of anything as far as the records I have left are concerned.

Q. You say such orders were telephoned before you took charge?—A. Yes. I am glad Mr. Balthazar kept those memoranda; I hope he has not overlooked one. They were in full view of the inspectors at any time the inspectors visited that port. If I did wrong in 1925, I was wrong in 1918. I did not endeavour to suppress, or tear them up; they are there, and will be as long as I live.

Q. As a final question; upon several occasions it was said that the articles were for the purpose of wearing, and for the immediate purpose of the parties, for their present comfort and convenience; were you alluding to memorandum:

Department of Customs and Inland Revenue, Canada, dated at Ottawa, April 1st, 1921?—A. Yes, article 26.

Q. Relating to "Travellers' Baggage"?—A. Yes.

Q. I will read item 26 and item 27:

"26. Wearing apparel, articles of personal adornment, toilet articles and similar personal effects of persons arriving in Canada may be passed free, without entry at Customs as travellers' baggage, under the provisions of the Customs Tariff, but this provision shall only include such articles as actually accompany and are in the use of and as are necessary and appropriate for the wear and use of such persons for the immediate purpose of the journey and present comfort and convenience, and shall not be held to apply to merchandise or articles intended for other persons or for sale.

27. In addition to the articles provided for in the preceding section, the following articles may be admitted free as travellers' baggage, until otherwise ordered, viz: Usual tools of trade, occupation or employment, in the actual possession at the time, of a workman arriving in Canada, for his personal use, and which have been bona fide in use previously by him."

There is only one place where there appears to be a slip-up, and that is where the fourteen yards of velvet came in?—A. That is not unusual. We have people who come up here to spend their holidays, or they may go to the seashore, and most of them bring material to make up for their children while they are passing the time on their holidays; or they may bring anything else of a merchantable nature. If I had intended to do anything crooked, I need only have stood by. Why, I was not in office two weeks before a man hung himself in the Windsor hotel, he was so damned scared I was after him.

Let me tell you of another case: a gentleman came in last week to attend a convention, along with his wife. The officer in charge seemed to treat them very badly; he took a new dress the lady had, and two or three pairs of new gloves, and not only that, he swore at the lady, or at the gentleman, and said that they ought to buy their goods in Canada. I did not believe any officer would be guilty of such conduct. The gentleman and the lady were entitled to the goods they had brought in, as American citizens, and whether they were American citizens or not. I got after the surveyor in the immediate charge of these men at the station, and we settled it up in a few minutes.

Take another case: a gentleman had to go to New York on business; he took two or three articles in a valise or hand-bag, went to New York. When he got there it was teeming rain; he was compelled to stay there all day to transact his business, next day his shoes were in such a state that he could not get them on, and was compelled to buy a new pair. When he got to the station here he had his boots taken away. What kind of treatment is that to stand up against, either in Montreal, Ottawa, or anywhere else in the Dominion of Canada?

By Mr. Bell:

Q. It is an outrage?—A. It is an outrage. When a man tries to come out honestly and put all his cards on the table, by God, this is the treatment he gets. If I had wanted to be crooked, I would never have put a word in writing; I would use the telephone.

By Mr. Doucet:

Q. And get away with it?—A. Yes, and get away with it.

By the Chairman:

Q. It would be better not to write any more memoranda?—A. I am going to have writer's cramp after this.

Q. Let the valise be opened at the station?—A. Suppose the officers still persist in saying that they shall pay duty, what is going to happen? They are going to take it up the Department.

Q. We have lots of these forms K-9. Perhaps a pair of shoes will cost $2.50 in Detroit; we have hundreds of K-9's, while others wait for the decision of the Minister? (No answer).

By Mr. St. Pere:

Q. When you took that stand, issuing your memoranda, did you follow the custom adopted by your predecessors?—A. No, they used to use the telephone, because I have never seen any writings at all, in all my time.

By the Chairman:

Q. It would save you trouble if you did that ?—A. Thank you, sir.

By Mr. Donaghy:

Q. Personal effects come in free?—A. Yes.

Q. The examiners of baggage examine trunks and recognizing personal effects would naturally let them come in free?—A. If they were personal effects?

Q. Yes?—A. They should, provided they can see that they are.

Q. The examiner would be the man who would know whether a trunk contained personal effects or not?—A. He might not; he does not always use good judgment.

Q. His judgment should be as good as yours, if you do not see the trunks or the effects?—A. If I do not see them.

Q. That being the case, I would like to hear an explanation of this order being signed by you. "You may deliver trunk belonging to Miss Aikens, duty free, as containing only personal effects." Why should you set up your judgment in opposition to the examiner, when you had not seen the trunk?—A. If these people coming to town were reputable people—and I had every reason to believe that they were—the mere statement that they were their own personal effects and that they were coming to Canada, I would take the lady's word. We soon get to know the crooks.

Q. Do you know Miss Aikens?—A. I never saw the lady.

Q. She might have had anything in her trunk; she might have been smuggling opium?—A. The officer was up there to examine the trunk. I did not touch it. She came down to me like a lot of them do, crying.

Q. Before you over-ruled the man at the station, do you not think you should have looked at the contents? Here was Miss Aikens coming to the station; you did not know her?—A. I did not know her. How long ago is that?

Q. That was in 1918?—A. That is a long time ago.

Q. You did not know the lady, you assumed she had trouble with the examiner, and you took her word?—A. Yes.

Q. Giving a written order, over-ruling him, although you had never seen the goods and had never seen the inside of the trunk; how do you explain that? —A. If it was between Miss Aikens and the clerk, I would take her word absolutely.

Q. But how do you explain it; do you mean to say that you would give an order for the delivery of a stranger's trunk?—A. Yes, if I thought she was a respectable person.

Q. Over-ruling the examiner at the station?—A. Yes, I would.

Q. I should say that would be a very dangerous practice?—A. Not at all.

Q. Not seeing the trunk, it seems to me you took a strange method of procedure, over-ruling the man who had seen the trunk. Here is another case: "You may release the wearing apparel taken from Mrs. Tinger's trunk, comprising goods for her own use and that of her children"?—A. Yes.

Q. Do you know Mrs. Tinger?—A. I positively do not.

Q. Do you know that it was sworn here there were fourteen yards of silk in that trunk?—A. That might be.

Q. How do you account for that?—A. If she is coming in as a visitor, she can come along and work it up into wearing apparel.

Q. "You may release wearing apparel taken from Mrs. Tinger's trunk yesterday, comprising goods for her own use and that of her children, as she is coming here on a visit, and absolutely requires all the goods contained for comfort while travelling, as required by the Customs Act." On what judgment were you acting when you said that she wanted fourteen yards of silk?—A. She could easily use up that much.

Q. I never heard of such a thing?—A. I have.

Q. Under what item of the tariff would that come in free, that silk?—A. Under the tariff, I would say she was entitled to bring that in.

Q. But under what item?—A. In those very items we read, items 26 and 27.

Q. What do they say?—A. (Reads):

> "26. Wearing apparel, articles of personal adornment, toilet articles and similar personal effects of persons arriving in Canada may be passed free, without entry at Customs, as travellers' baggage, under the provisions of the Customs Tariff, but this provision shall only include such articles as actually accompany and are in the use of and as are necessary and appropriate for the wear and use of such persons for the immediate purpose of the journey and present comfort and convenience, and shall not be held to apply to merchandise or articles intended for other persons or for sale."

Q. Would fourteen yards of silk come in under that item?—A. It would come in under that item.

Q. In what part of it?—A. Under this part:—

> " for the wear and use of such persons for the immediate purpose of the journey and present comfort and convenience, and shall not be held to apply to merchandise or articles intended for other persons or for sale."

Q. But that must be read in conjunction with the other portions, such as

> " Wearing apparel, articles of personal adornment,"

and so forth. Here is another one; Mrs. Meredith's trunk, April 1918. Do you know Mrs. Meredith? " You may release Mrs. Meredith's trunk without duty?" —A. I do not know just what Mrs. Meredith that is.

Q. You do not know this Mrs. Meredith?—A. I do not, at the present moment.

Q. Is there no address here for the lady?—A. I know one Mrs. Meredith, but I do not think I ever spoke to the lady in my life.

Q. That lady might have had anything in that trunk?—A. The officer is there to look at it. He looks at it, and if they cannot get along, they appeal to me. He can still go to it, and say I am wrong.

Q. But he would disobey his superior officer?—A. Yes, and I would take it like a man, if I was not right.

Q. You would debate it with him?—A. Yes.

Q. You gave this order for the purpose of having a debate?—A. No, sir.

Q. There were three cases of plans brought in here?—A. Yes.

Q. Plans are dutiable, if brought into Canada?—A. Plans from which buildings may be built in Canada.

Q. That is for the protection of our own professional men, architects and so on?—A. Yes, sir. Not a sketch plan, though.

Q. Turn up the item on plans, and read it?—A. I have not my tariff here.

Q. Well, take ours?—A. It is Section 180, or item 180, which reads as follows. (Reads):

> "Photographs, cromos, cromo-types, artotypes, paintings, drawings, pictures, decalcomania transfers of all kinds, engravings, or prints or proofs therefrom, or similar works of art, n.o.p.; blue prints, building plans, maps and charts, n.o.p. twenty-two and a half per cent."

Q. What have you to say about an order given in 1919, "You may release two parcels of plans of Benjamin Fox, to return to the United States?" A. That is all right.

Q. What steps did you take to see that those would be returned to the United States, after they had ben admitted duty free on your order?—A. If I recollect rightly, I wrote to Port Arthur; they had preliminary plans, and they were on their way to Port Arthur or Fort William, one of those two places apropos to putting up a building.

Q. But they were going into the heart of Canada, what precautions did you take to see that they were taken back to the United States, without duty and without being used?—A. It is quite possible I wrote to the collector at Port Arthur.

Q. But did you take any steps to see that that was properly done?—A. I would not say that I did, or that I did not.

Q. And if you did not?—A. It was up to the collector up there. If they were plans for a building by an architect in his own district, he would know about it, and would look after it.

Q. How would he know?—A. They could not escape him.

Q. But how would he know that they came from the United States?—A. The architect's name would be on them.

Q. Do you say it was on?—A. No, I do not.

Q. Do you swear that it was?—A. No.

Q. You cleared these plans at Montreal?—A. Yes.

Q. They are then free in Canada?—A. I said I put a proviso on there.

Q. What steps did you take to see that they would not be used?—A. I cannot tell you that.

Q. Do you remember taking any steps in Canada?—A. No, I do not.

Q. You do not?—A. No.

Q. What right had you to pass plans; or to allow plans to be cleared in Montreal without going through the proper Customs clearance?—A. They could have gone through in bond to Port Arthur.

Q. They did not; I want to know why you released these plans?—A. If they were sketch plans there would be no duty on them.

Q. You do not say they were duty free?—A. I remember distinctly they were before the Chief Appraiser and we discussed the whole thing at the time.

Q. Who was the appraiser?—A. Mr. Lennox.

Q. Did he pass them?—A. They were passed the day before I got there.

Q. By the appraiser?—A. Yes, they were sketch plans.

Q. How do you know?—A. I happened to be the first man who ever paid duty on plans in Montreal.

Q. They were sketch plans?—A. Yes. That is what they said and could not be built from.

Q. Do you know Robert Stark?—A. Well.

Q. Is he a friend of yours?—A. Well, if you call a friend one whom you can say good day to, every day.

Q. On March 8, 1919, you gave an order to the collector to pass his trunk?—A. Yes.

By Hon Mr. Stevens:

Q. Is that Colonel Stark?—A. Yes.

Q. President of the Board of Trade?—A. Yes.

By Mr. Donaghy:

Q. Montreal?—A. Yes.

Q. Why was it necessary to give an order that Colonel Stark's trunks should not be looked at? Why should he be treated differently from any ordinary man?—A. I never told them not to look at his trunks.

Q. You said to pass it; what does that mean?—A. I do not remember the circumstances.

Q. Did he go to you and ask for the order?—A. I do not know that he did.

Q. Did you mail it?—A. I presume so; or I sent it to the official at the station.

Q. Did he telephone?—A. I do not know.

Q. Why should Colonel Stark ask you for something that is not granted to any ordinary citizen of this country?—A. I do not know that he had any reason. He asked a favour of me, and I never asked one of him.

Q. You know that ordinary people's trunks are examined by the examiner? —A. Yes, sometimes.

Q. Some people get special favours?—A. Apparently so. It is not unusual to get an order from Ottawa to facilitate the passing of things.

Q. What you have to answer for is your own affairs.

By Mr. Bell:

Q. When you say it is not unusual, I take it you mean with reference to your own Department and your organization?—A. Yes.

By Mr. Doucet:

Q. If you had occasion to keep a collection of all those orders you would have a large file?—A. Yes, they are all there.

By Mr. Donaghy:

Q. Is it usual to send a man's trunk up to his house and go up and examine it later after he has had it in his hands?—A. No, I mean to say when we send a trunk up to a man's house it is for certain purposes. Where a man has a trunk containing a very valuable oil painting, and it might be destroyed, and it is much better to have it go to his house, and be examined there.

Q. How about ordinary household fittings?—A. The same thing in connection with that. It often happens with chairs and things of that kind.

Q. I want to know if you make it a practice with household goods coming to turn them over to a man and he is allowed to take them to his house without being examined and no precautions taken?—A. They are not touched at all, but he keeps them there.

Q. What is the object of that?—A. You can see if the goods have been tampered with.

Q. What are the examining warehouses for if you have to have this examination at a man's house?—A. For the reason I speak of; to protect his goods. There are certain articles that you cannot trust to the ordinary every-day packer.

Q. What about travellers coming into Canada from the United States with trunks? Are they examined?—A. Travellers with travellers' samples?

Q. Ordinary trunks; baggage?—A. Yes.

Q. They are examined?—A. Yes.

Q. If they come and tell you at your office that they are going out of the country, do you pass their trunks and take their word for them?—A. If they give me a statement, yes.

Q. Do you take any precaution?—A. It depends whether I know them.

Q. Do you, Mr. Adair?—A. Robert Adair?

Q. Mr. Adair, April 28, 1920.

"You may release Mr. Adair's trunks, apparently four pieces."

Do you know him?—A. Yes.

Q. Where does he live?—A. Montreal.

Q. "Which have arrived this a.m. from Atlantic City"?—A. Yes.

Q. He is not trying to evade duty on anything new?—A. No, he is not.

Q. Why should not this gentleman have four trunks examined like any other individual?—A. There is no reason why they should not be; he gave me a positive statement.

Q. Did Mr. Adair call you up?—A. Mr. Adair 'phoned me, I presume he did, I do not remember him coming into the office. He was not here when the trunks got here.

Q. Did he ask you to pass his trunks?—A. He asked me to have the trunks brought there and he said there was nothing dutiable, and if Mr. Adair will state that, or would bring in anything new, he would pay.

Q. Why should not be submit to the laws of the country?—A. I do not know.

Q. I cannot understand that.—A. I wish to God they would not request me. We do all we can to facilitate, but cannot keep these people off our backs.

Q. Is it your practice to give an order for the release of eight trunks?—A. It depends on what the conditions are.

Q. To be examined later; the entry being passed later?—A. Yes.

Q. That would be also in the case of firms in business in Montreal?—A. I presume you are referring to millinery trunks?

Q. I will read this: "April 2, 1920: You may release eight trunks of samples"?—A. Yes, sample hats.

Q. Hats, et cetera, as per checks?—A. Yes.

Q. Dry goods. "Entry for same will be passed to-morrow"?—A. Yes. If these trunks came in at night, it is not possible for the man at the depot to examine them.

Q. Was the entry passed for these?—A. Absolutely.

Q. Do you swear that it was passed?—A. Yes.

Q. You know that?—A. Yes, they are right down opposite us; I know all about it.

Q. Do you give orders for the release of trunks before they arrive in Canada?—A. No, sir, I do not believe I do.

Q. Listen to this:

"APRIL 12th, 1920.

You may release two trunks, personal baggage, the property of Mr. D. Raymond, who has been travelling in the South for the past three months, and he will arrive here Saturday noon"?

A. They very often check their baggage through when they are motoring and send their checks by mail.

Q. Is that what was done by this man?—A. Yes, that is what happened there.

Q. Why did he want his trunks released before he got into Canada?—A. I suppose he would not want them lying around.

Q. Who would take them away?—A. I suppose, as a matter of convenience, he would want to have them here.

By Mr. Doucet:

Q. Raymond, of Montreal?—A. Yes.

Q. What is his occupation?—A. Windsor Hotel proprietor.

Q. A very prominent gentleman in Montreal?—A. Yes, sir.

By Mr. Donaghy:

Q. Now, when a lady comes from the United States to be married in Canada, and then goes back to the States to live, do you pass the trunks she brings into Canada duty free?—A. She comes here to be married?

Q. Yes.—A. And goes back to live?

Q. Yes.—A. And has her presents with her?

Q. Has her trunks?—A. Usually the presents are put up for exhibit and taken back again.

Q. Let me read this:

"March 13th, 1920.

This will be your authority to pass Miss Stafford's baggage in"? A. Yes.

Q. "As she is coming in to be married and is going back to the States again"?—A. Yes.

Q. "Where she has lived for some time"?—A. Yes.

Q. "And her trousseau given her by her family"?—A. Yes.

Q. Why should that trunk not be examined?—A. I do not know of any purpose; she was an American citizen.

Q. That trunk might contain any kind of dutiable goods?—A. It might have.

Q. We have a great many suggestions of contraband goods coming in?—A. I know contraband goods when I see them, and contraband people.

Q. Do you know this lady?—A. I cannot recall this lady.

Q. Not a personal acquaintance?—A. Not the slightest.

Q. Why should you give a mere stranger an order to come in with a trunkful of stuff?—A. If she was coming in to be married she was entitled to have her trousseau brought in. We are going to have the same case in Montreal again.

Q. Did you know that she was going to get married?—A. Yes. I know it appeared in the paper, if you will look up the files.

Q. Do you know if it had been in the papers?—A. I would not swear, I do not remember.

Q. Do you make a practice of that?—A. No.

Q. If a lady comes to you and says "I am going to get married"?—A. I know of several, half a dozen marrying in some of the best families in Montreal, and they check their trunks—

Q. Never mind the best families.—A. Ordinary families.

Q. Take the ordinary family?—A. I do not know very many.

Q. You would take Miss Stafford's statement?—A. Yes.

Q. You would know that she was going to be married?—A. I did not know Miss Stafford, but I might know somebody she was marrying.

Q. Will you swear you did?—A. Yes.

Q. Don't you see how dangerous a practice arises?—A. Yes.

Q. A lady comes to you and says "I am going to come in with a trunk and am getting married, and I am going back to the States," and you give an order?—A. The department will have one to deal with next week, exactly the same.

Q. Do you have many like it?—A. Not many, thank God.

By Hon. Mr. Stevens:

Q. Is it customary, Mr. Weldon, in cases where you issue orders of that kind to have someone to vouch for this woman?—A. Yes, where it is of a certain

magnitude, people who were in affluence. We have an officer right there and he examines the stuff and sees that it is packed up and sent out of the country. In fact, I believe I had a letter of that kind, and acting on the letter I did the same thing for other people under similar circumstances.

By Mr. Donaghy:

Q. Do you say an officer examined this trunk to see that it went out with the same goods that came in it?—A. No.

Q. You would not say that he did that?—A. No.

Q. You have not the slightest knowledge of it being done?—A. No, sir, not the slightest knowledge.

Q. Here is an order of November 30th, 1922:

"To the Collector:

This will be your authority to deliver to Senator Beaubien two pieces of personal baggage in Quebec"?

A. Yes.

Q. Why should that be delivered without examination?—A. What does the letter say?

Q. I will read the whole letter:

"As one of the grips contains a present"

How would you know?—A. He told me so.

Q. "—As one of the grips contains a present from France to the Prime Minister."—A. I did not want to see the Prime Minister delayed in receiving his present.

Q. Have you any idea that the Prime Minister got his present?

The CHAIRMAN: You must not suppose that the present was for the Prime Minister; you are only joking there.

By Mr. Donaghy:

Q. Do you take people's word like that?—A. Surely to goodness you have to take somebody's word.

Q. Why? What is the examiner for?—A. The examiner can go and examine the goods any time; he can upset me any time he is ready.

Q. So he would have upset you if he had examined these goods? Why did you interfere with the duties of the examiners in that way, in this matter of Senator Beaubien?—A. I did not interfere with him—

Q. You interfered with him when you wrote that letter.—A. I am not interfering with him.

Q. This letter is an interference?—A. Yes. If you will read the entire letter—

Q. (Reading):

"This will be your authority to deliver to Senator Beaubien two pieces of personal baggage?"—A. Yes

Q. (Reading):

"As one of the grips contains a present from France for the Prime Minister, Senator Beaubien has promised to see that the necessary instructions will be given to protect the officers of this port in their action of releasing them."

Q. What do you think of that?—A. I think that is good enough.

Q. What right has Senator Beaubien to give instructions to the officers of this port that they can go ahead and do certain things and he will protect them? —A. In protecting them it means if he found there was duty collectable it would be paid.

Q. The law is that the duty shall be paid at the time the goods are released? You know enough for that?—A. When you sit down as Collector of Customs in a port like Montreal, you will not be surprised if you cannot read the law the same way all the time.

Q. They would examine these things if you did not step in and interfere with them. Why do you interfere with the examiners?—A. I don't think I interfered—

Q. This letter (indicating) is an interference with them?—A. I don't think they would consider that as an interference.

Q. Mr. Weldon, it is palpable and plain that every letter I have read has been an interference with the duties of the examiners—of the rankest kind——A. Yes?

Q. Why should the Collector of a port interfere with the duties of the officers, and keep them from properly performing their duties?—A. Yes—

Q. You should be the last man to interfere with them, I should think?—A. Yes.

Q. Do you know what was in this trunk of Senator Beaubien's?—A. No, I do not.

Q. Do you know whether he had a present for the Prime Minister?—A. I don't know what he had.

Q. And you did not let the inspectors find out? You wrote a letter to them interfering with their duties?—A. Yes, on the strength of that letter.

Mr. DONAGHY: All right; that is all.

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

,Mr. BELL: Just before you retire, Mr. Weldon, I would like, as a member of this committee, to personally express my appreciation of the frank straightforward way you have answered the questions put to you. It is a most refreshing thing, in view of the experience we have had here, to hear a witness deal with a series of transactions extending over a long period of years, and not clamour for files. I personally appreciate it.

The CHAIRMAN: You must not take that as the judgment of the committee. We will study the proof and render a decision later.

The WITNESS: I hope, Mr. Chairman, you will take a leaf out of the book—

The CHAIRMAN: You are not the only one who has answered without documents. I may say that since this investigation began, no document has been found missing from the Preventive or departmental files under any administration.

The WITNESS: Thank you.

Wtiness discharged.

Mr. BELL: Has there been any suggestion that Mr. King (Prime Minister) should appear here and deny that he got a present?

Mr. CALDER, K.C.: When I suggested that Mr. Robichaud should be called, I suggested a request should be sent to him. It is open to the committee. I understand I have no summoning power against Members of Parliament.

The CHAIRMAN: We must take some things for granted. We must verify here if there was a gift for the Prime Minister in one of these trunks, and it is for Senator Beaubien to prove before this committee that he had a present for the Prime Minister, because any man could go to a Customs office, a Senator, a business man, a professional man, or even a labourer, and state that he has a gift for somebody else, and sometimes it is not true. There is no reason for an explanation from the Prime Minister, unless there is proof there was a gift, and if a man wants to make a gift to the Prime Minister, he should pay the duty first.

Mr. CALDER, K.C.: My hands are tied, because I understand that the only two people I could call as witnesses in this matter are not compellable by me.

HORMISDAS LARAMEE called and sworn.

By the Chairman:

Q. Will you give your evidence in English or in French?—A. In French, if you please.

By Mr. Calder, K.C.:

Q. You can understand these questions in English?—A. Yes, I can understand the questions.

Q. What is your function in Quebec, Mr. Laramee?—A. Acting Clerk of the Court of Appeal.

Q. Have you a record in the office of which you are clerk, referring to an excise case of Plamondon?—A. Yes, I have here some documents. The first I have is the Notice of Appeal dated September 16th, 1920, signed by the attorneys of the appellant, Messrs. Sevigny and Servis. I have the stated case of the Judge—the reserve case—on the question of law, produced October 2nd, 1920.

Q. Is that Mr. Justice Choquette?—A. Yes.

Q. What else have you?—A. I have some receipts from the Clerk of the Peace, and one Disistement.

Q. On the part of the Crown?—A. On the part of the attorneys of the appellent, Mr. Plamondon.

Q. Will you leave with us, against Mr. Todd's receipt, the three documents you have mentioned?—A. Yes.

Q. Do those receipts show in whose hands the letters are now?—A. These are the receipts when the record is returned to the Clerk of Appeals.

Q. That is where they are now?—A. Yes.

Q. That is Mr. Chouinard?—A. Yes.

Witness discharged.

GUSTAVE CHOUINARD called and sworn.

By Mr. Calder, K.C.:

Q. Have you a record in the case of Plamondon, being an excise prosecution, which took place in 1920?—A. I have two cases; one bearing number 1232 dated the 12th of August, 1920, and the other numbered 1392 dated the 1st of September, 1920.

Q. Will you produce both records as they stand, leaving them with the Clerk of the Committee, and they will be returned to you when the relevant parts have been read into this record?—A. Yes.

Witness discharged.

JULES HENRI GAUTHIER called and sworn.

By Mr. Calder, K.C.:

Q. Do you speak English?—A. A little; I would rather speak in French?

Q. Well, will you carry on in English until you are embarrassed?—A. I may answer in French in some cases.

Q. If you do not understand what I say to you in English, let me know, and I will repeat it in French—in order to save the translation.—A. Very well.

Q. Are you one of the proprietors of the R. & G. Manufacturing Company?—A. One of the members.

Q. Is that an incorporated company?—A. No.

Q. It is partnership?—A. A partnership, Yes.

Q. What does the "R" stand for?—A. Well, it stands for Robbins and Gilmore; they used to carry on the business.

Q. Are both Mr. Robbins and Mr. Gilmore out of the business?—A. Yes.

Q. Who are the present partners?—A. Mr. Duncalfe and myself.

Q. How long have you been connected with the R. & G. Manufacturing Company?—A. Eight or ten years; around that.

Q. Did you keep any records prior to 1924?—A. Well, we had some records; we did not always keep them.

Q. Where are they?—A. I don't know where they are.

Q. You don't know where they are?—A. No.

Q. Were those records a full book-keeping set?—A. No; I cannot seem to remember.

Q. Come, come, Mr. Gauthier; who was responsible for the book-keeping in your firm?—A. Well, of course, there is the girl working there, and Mr. Duncalfe and myself.

Q. They are responsible for the books?—A. Yes.

Q. Then do not tell us that you do not know whether the books were kept or not.—A. I am just saying I cannot remember where they are.

Q. No. I am asking you whether books were kept at that time. Did you keep books?—A. Yes, we kept books.

Q. What books did you keep?—A. We kept a small ledger.

Q. No day book?—A. No.

Q. No journal?—A. A small journal.

Q. You did not keep a day book?—A. No day book.

Q. Did you keep a current cash account?—A. No.

Q. What has become of those records?—A. I do not know where they are.

Q. You do not know where they are; have you changed your offices?—A. We have changed our system.

Q. When did you change your system, in 1924?—A. Oh, no, we changed as the business grew, as the business grew larger we put in more books. Our business is very small.

Q. You improved your system of book-keeping?—A. Yes.

Q. Book-keeping means keeping books, that is, not only writing them up but keeping them afterwards. What has become of your books?—A. I don't know where they are.

Q. I did not ask you whether you know where they are now. How did they happen to leave your firm?—A. I don't know, that is something I can't tell you, I don't know.

Q. That same question was put to you by the auditor who tried to examine your books, was it not?—A. Yes.

Q. You answered him that you did not know where your books were?—A. If I remember right.

Q. Did you ask Mr. Duncalfe where the books were?—A. I did not ask him.

Q. Why not?—A. I supposed he didn't know.

Q. You supposed he didn't know?—A. I did not happen to ask him at the time.

Q. When the auditor asked you where they were, do you honestly say you did not know where they were?—Why did not you ask Mr. Duncalfe?—A. I did not think of it.

Q. What?—A. I did not think of it.

Q. You did not think to ask Mr. Duncalfe?—A. No.

Q. All your books prior to 1924 have vanished into thin air; you do not know what happened to them and you say you did not ask Mr. Duncalfe?—A. The auditor examined the books when he was there.

Q. That is not the question I am asking you. For some reason they are curious as to how your business was going on before 1924, and they asked you for those records; you say you do not know what became of them?—A. Well, of course, I don't know where they are; I didn't touch them.

Q. Are they on the American side?—A. No, they are not.

Q. On your oath?—A. I can say that on my oath, they are not.

Q. Are they in your house?—A. I have nothing.

Q. Are they in Duncalfe's house?—A. I don't know about that.

Q. Have any of your employees got them to keep them until this inquiry is over?—A. Not that I remember of.

Q. What?—A. I don't remember of such a thing.

Q. You would remember that, wouldn't you?—A. Well I don't remember just now.

Q. You don't remember just now?—A. No.

Q. Have you been ill?—A. I never delivered the books to anyone.

Q. I am speaking about the books previous to 1924. Now there is a large part of the year 1924, the books for which you have not got; what became of them?—A. I don't know where they are.

Q. I understand you had them in March of this year?—A. For 1924?

Q. Yes.—A. As I said before, they figured on the books we had; they have a bank statement. We had some ledger leaves that we took in 1920, we had taken out.

Q. They examined the books you had—that was convenient for you. Did you make any effort to trace your books at all prior to 1924?—A. Yes, I have looked around.

Q. Have you made any efforts?—A. I have.

Q. What efforts have you made?—A. I have looked around the office and everywhere else, and can't find them.

Q. Did you keep them as well as you kept the bundle of cheques that was found under your safe, after everybody had looked for them?—A. Yes, I didn't know they were there; I looked for them and found them there and produced them.

Q. Last March the auditor went down to your office?—A. Yes.

Q. And they found there a sales ledger, transfer binders, and part of a current binder?—A. Yes.

Q. And purchase journal. Purchase invoices from the United States companies, of 1924, and duplicate sales invoices for 1924. Now, on May 7th, 1926, those records were no longer there; why?—A. What records have you reference to.

Q. Sales ledgers, transfer binders, and part of the current binder, as well as purchase journal, and purchase invoices of goods from United States companies, and some duplicate sales invoices, for 1924?—A. Those invoices and books have all been examined, if I remember right, and have been audited.

Q. Well now, when you say they had been examined?—A. I can't understand you quite right, some questions I can't understand very clearly.

Q. Have you understood me so far?—A. I tried to.

Q. Well, have you?—A. I can't say that I have, all the questions.

Q. You don't even know whether you understood me or not?—A. I tried to answer. If you will put your question in French. I do not want to make mistakes.

Q. I will ask you the questions in French.

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

Q. In the month of March you had sales book, transfer book, binder, purchasing journal, invoices of sales with companies in the United States, and you had a few duplicate invoices covering sales in 1924?—A. I believe so, yes.

Q. Mr. Lever examined those books in the month of March?—A. I believe so, yes. He examined them all.

Q. And now those books are not in your office? Those documents are no longer in your office?—A. With those books that have been required?

Q. Wait a minute, is it a fact that the documents which were examined in March are no longer in your office?—A. Were those documents further required?

Q. Is it a fact, yes or no, that those documents are no longer in your office? —A. That is true.

Q. Then why are those documents no longer there?—A. I don't know. Because those documents had been examined and were no longer required, I suppose.

Q. Then, what did you do with those documents?—A. I told you I didn't touch them.

Q. Who handled those documents?—A. Who handled them? I can't say as to that.

Q. Where are those documents?—A. Are you speaking of all the documents which were audited?

Q. Yes. What happened to them?—A. We transferred them.

Q. Where?—A. We transferred them, we took the new journal and new ledger and we no longer required those.

Q. Then what did you do with them?—A. As for me, I didn't touch them.

Q. Did you ask your stenographer, or office clerk, as to what was done with those documents?—A. As for them, they did not see them either.

Q. What about Mr. Duncalfe?—A. I didn't ask him.

Q. Were all those books audited?—A. Were they further required? We showed them all our books.

Q. Those books might have been required for proceedings, or for the purpose of recovering money. How should they suspect that course would be followed?

Mr. CALDER, K.C.: Mr. Chairman, the witness says his records were there in March, they were examined, and after they had been examined a new set of books was opened, and the books in question were no longer of any use, so they all disappeared. He does not know how they disappeared; his female employee does not know how they disappeared; and as far as Mr. Duncalfe is concerned, the witness did not take the trouble to ask him where the books had gone to.

Q. Mr. Lever went to see those books in your office, in the month of March?—A. Yes; in the beginning of March, I do not quite recall at what date it was.

Q. Then he stopped examining the books, to go and examine freight records?—A. I thought at the time he had completed the examination of the books.

Q. Did he not tell you so when he left?—A. I do not recall.

Q. Wait a minute; you do not know what question I am going to put to you, when you say you do not remember. Did he not tell you, when he left to examine the freight records, not to destroy anything whatsoever, because very likely, those documents would be required for the purpose of further examination?—A. I do not recall as to that.

Q. When Mr. Lever returned, he asked you to produce the documents about which we have just been speaking?—A. Yes, I believe he did so.

Q. Then what did you say at that moment?—A. I asked him what he wanted; he looked in the journal which we had, and that was all, if I recollect well.

Q. Did he not ask you for all the documents which you had in your possession, and which you had in your office when he left to examine the freight records?—A. Yes, I believe he asked me as to that, but I am not certain.

Q. What did you say in that respect?—A. Was that when he returned?

Q. Yes, when he returned?—A. I believe we told him that we did not have them in our office, in our possession.

Q. You told him you did not have them, you told him in a casual way that you did not have these documents?—A. I do not exactly recall.

Q. Did he not insist that you produce these documents?—A. I believe he might have done so; I am not certain.

Q. Had you noted just then that the documents had disappeared, when he asked you for those documents?—A. No, I did not know at that time.

Q. When he asked you "where are these documents which were here in the month of March," you did not know that they had gone, that they had disappeared?—A. When he came to look for the documents, I was out, and when I arrived, he asked me that question, and I looked for the documents.

Q. That surprised you, then?—A. Yes, I did not know. Then I asked him if he wanted these documents. That is why I cannot recall whether he asked me to keep those documents.

Q. When he asked you about the documents which he left with you in the month of March, was that the first time you noticed the documents were not there?—A. Yes; I believe that was the first time.

Q. You say you believe so; do you know anything positively; is there anything in the world you know positively?—A. No, that is not it. I do not want to incriminate myself in anything.

Q. Incriminate is rather a good word?—A. I want to state what is the truth, and what he asked me. I cannot recall everything. It is rather difficult for me to do so. He asked me many questions, and I cannot recall all the questions he asked me.

Q. This happened only ten days ago; it is rather difficult for you to remember that? (No answer).

Q. When you were surprised at the disappearance of the books, you must have asked Mr. Duncalfe, or the other employees what happened to them?—A. I did not.

Q. Did you ask them what had happened to the books?—A. I did not ask them.

Q. Did you make that request, or make that inquiry since?—A. I looked around the office for them.

Q. Did you ask Mr. Duncalfe or your employees where those books were?—A. I did not ask Mr. Duncalfe.

Q. Did you ask the employees, then?—A. I asked Miss Clarke about them.

Q. What did she state?—A. She stated that she did not know anything about them.

Q. Then Mr. Duncalfe is the person who knows something about the books?—A. I did not ask him as to them, naturally.

Q. Who started the new set of books by using the facts contained in the old set, or basing them upon the old set?—A. I did.

Q. Then you opened a new set of books, basing your information upon the old set, and you do not know where the old books are?—A. You see, we took a new ledger, and had a new index to our ledger. We have not a very complete system in our office. We took a new index. The old index contained too many names, and those went back three or four years. These took more time, to look up the index, so we installed a new index, and as to the old sheets, we just opened a new ledger.

Q. Then what was done with the old sheets?—A. I do not know.

Q. You are person who changed the ledger and the index?—A. Yes. I made out the new index. We placed the new accounts in the ledger, so that our index would not fill up so quickly.

Q. What about the old accounts?—A. The old accounts are all there. They are there since the beginning of the year.

Q. Yes, but what of the old accounts, those preceding the beginning of the year?—A. I do not know where they are.

Q. Where are your cancelled cheques for 1924, and the period previous to that?—A. We have not got those cheques.

Q. I know that, I am asking you where are those cheques?—A. I do not know, they must be destroyed.

Q. Did you destroy your cheques at intervals of two years, when the limitation is for five years?—A. It is quite possible we might have cheques for 1925, and part of 1924.

Q. It would embarrass you if some person came to you and asked you for payment after three years if you did not have the cancelled cheques as proof of payment?—A. I am not certain whether we received cheques over a period of the years 1924 and 1925.

Q. Are there still any of these cheques at the bank?—A. No.

Q. They have all been withdrawn from the bank?—A. No, I do not think Mr. Lever made a request for the cheques.

Q. I am asking you where are the cheques for 1924 and the preceding years? —A. I do not know where they are.

Q. Do you know if these cheques have been destroyed?—A. I could not state.

Q. If these cheques have been destroyed they would have been destroyed at your direction or by your order?—A. I did not say that, I gave no orders to any person to destroy them.

Q. Why did you open another account with the Bank of Commerce at Rock Island, when you already had a current account?—A. We wanted to keep two separate accounts.

Q. You wanted to keep two accounts and you opened another account when you already had one account?—A. That is understandable.

Q. But why two current accounts?—A. I do not know why. We wanted to carry on our business in that manner.

Q. Then, what did you want to conduct your business in that way for?—A. I do not know.

Q. You went to the bank and opened a second account and you do not know why?—A. I understand what you mean, the collateral account and current account.

Q. You have two accounts; why have you two accounts?—A. Because we wanted to have them.

Q. Why have you not cheques for the second account?—A. I do not know.

Q. They have disappeared?—A. I cannot find them.

Q. Was it because these cheques covered payment of bills-of-lading of goods smuggled into Canada?—A. I could not state as to that.

Q. Had you a personal bank account at Derby Line?—A. I have a small account.

Q. Why did you not produce that account to the auditors?—A. Did they ask me for my account at Derby Line?

Q. Yes, according to my instructions Mr. Lever asked for the account at Derby Line.—A. I stated I had a small account; a personal account.

Q. Are you ready to produce that account?—A. I would be ready to produce it; I did not do business there for more than $100, but I have a personal account for the firm.

Q. Did you not do business for more than $100 at Derby Line?—A. Not myself.

Q. Then, for what persons?—A. That is only for my home.

Q. Did the R. and G. Manufacturing Company have a bank account at Derby Line?—A. No.

Q. Are you positive as to that?—A. I am certain as to that.

Q. At no time?—A. I do not recall that they had a bank account there.

Q. Were books kept at Derby Line for the firm?—A. I do not recall whether books were kept.

Q. Were books kept there of the R. and G. Manufacturing Company?—A. No, I do not recall.

Q. You do not recall?—A. No.

Q. You do not know whether bank accounts or books were withheld?—A. I know that there were no books whatever.

Q. Did you do any smuggling from the United States into Canada?—A. I don't remember.

Hon. Mr. STEVENS: What?

Mr. CALDER, K.C.: That is his answer.

Hon. Mr. STEVENS: Oh, such rot. This man is just trifling with the committee, and making sport of the whole business.

By Mr. Calder, K.C.:

Q. Do you recall if you paid any amount of money to the Customs Department?—A. Yes?

Q. To Mr. Bisaillon? That is, a settlement amounting to $1,656.50?—A. Yes.

Q. That followed upon a seizure?—A. I don't recall exactly.

Q. You paid $1,656.50 to Mr. Bisaillon in settlement for a seizure?—A. Yes.

Q. That seizure was made on smuggled goods?—A. That was an arrangement we made with him.

Q. I understand that was a settlement, to settle for goods on which duty had not been paid, amounting to $1,656.50 paid by you?—A. Yes.

Q. You recognize that those were smuggled goods?—A. Yes.

Q. Do you often do smuggling like that?—A. It is not my custom to do that.

Q. It is not your custom to do that?—A. No.

Q. Is it not a fact that this seizure was made in November, 1924?—I believe the settlement was made.

Q. The settlement was made in 1924, and the seizure would have been made in 1924?—A. Yes, in November, 1924.

Q. Then you did not do any smuggling whatsoever? This was an accident?—A. I do not engage in smuggling.

Q. This seizure having been made in November, 1924, and the settlement effected in December, 1924, you do not know where the books for 1924 have gone? Is that a fact?—A. I don't know.

Q. You don't know whether that is true?—A. I don't know where they have gone.

Q. What kind of business are you engaged in?—A. We manufacture overalls and shirts.

Q. Where did you buy your cotton?—A. From the Canadian Cottons, and the Dominion Textile, and from the Hunter Manufacturing Company.

Q. Do you buy any ready-made overalls?—A. No.

Q. Nowhere?—A. No.

Q. Do you buy any from Goodman's?—A. No, never.

Q. Nor from any manufacturer handling prison-made goods?—A. No; not to my knowledge.

Q. Have you paid the Customs duty on all denims imported from the United States, except in the case of this slight mishap which you had?—A. Yes.

Q. You state that upon your oath?—A. I did not do any smuggling.

Q. You did not do any smuggling? Did Mr. Duncalfe do any smuggling?—A. I don't dare say—

Q. I don't dare ask if Miss Clark did any. Did your employees engage in smuggling?—A. I cannot state.

Q. Were any denims brought to your factory during the night?—A. I don't know.

Q. You never awoke some morning and found yourself the lucky owner of more denim than you had had the previous night?—A. I don't know; not to my knowledge.

By Hon. Mr. Stevens:

Q. Just a minute; I want to ask a few questions. You know, Mr. Gauthier, that your firm, together with a number of others, was suspected of doing considerable smuggling in cotton goods at Rock Island?—A. Yes, sir.

Q. You knew there were auditors down there, and have been for a couple of months, auditing the books of other firms?—A. Yes, sir.

Q. And you knew when they entered your office and examined your books that they were acting under instructions from this committee?—A. Yes.

Q. On instructions from the Parliament of Canada?—A. Yes.

Q. And then after starting the examination of your books, because the auditors turned their backs for a few days, or weeks, you destroyed or did away with your records. That is correct?—A. I cannot find them; they are lost.

Q. Don't pull that silly stuff here, because we know better, and we know you are too intelligent than to give an answer of that kind regarding the events of two months ago. I repeat the question. You know or you admit that you or your partner removed the records and books of your company from your office, have you not?—A. I don't think I have admitted that.

Q. You will admit it now, won't you?—A. How can I admit it when I don't know where they are.

Q. Now, Mr. Gauthier, don't pull that stuff. You know those books were removed from your office?—A. I knew it then when Mr. Lever came in for the second or third time and wanted to look at the ledger.

Q. You know very well those books which Mr. Lever stamped for this committee have been removed from your office?—A. They are gone.

Q. Who removed them?—A. I don't know.

Q. Do you swear that you don't know?—A. I cannot swear that I don't know.

Q. Who removed them?—A. I don't know.

Q. You do not know, and you cannot swear you do not know?—A. There might be certain people did it, but I don't know it.

Q. But you have a very good idea that they were actually removed?—A. They must have been.

Q. Were they burned?—A. I don't know.

Q. Were they destroyed?—A. I don't know.

By Mr. Bell:

Q. When they turned out to be missing, did you ever go to the police for assistance to discover them?—A. No, I did not.

By Hon. Mr. Stevens:

Q. Were they removed with your consent?—A. With my consent?

Q. With your consent, yes?—A. I don't remember that.

Q. Oh, come. Do not say you don't remember; you certainly do.—A. As I said before, those books were all examined; they were all stamped; I do not know whether they were required any more. This gentleman said that I should have kept those books, and Mr. Lever told me, which I don't remember.

Q. You know you should have kept the books; you knew we were investigating your firm?—A. I thought they were through with them.

Q. Oh nonsense. Did you never discuss it with Mr. Duncalfe?—A. Never.

Q. About these books?—A. I don't remember discussing.

Q. You don't remember, in the last six weeks, discussing the disappearance of the books with your partner?—A. He was under the impression they had all been examined.

Q. How do you know he was under that impression, if you never had a discussion with him?—A. He knew they had been there for two weeks.

Q. How did you know what was his impression if you did not discuss it with him?—A. I didn't know his impression.

Q. You told us Mr. Duncalfe was under the impression that you were through with them; how did you know that if you never discussed it with him?—A. I don't know it.

Q. You don't?—A. No.

Q. Why did you tell us that?—A. I supposed he probably does.

Q. You and Mr. Duncalfe discussed this matter about the disappearance of those books, didn't you?—A. Mr. Duncalfe is a practical man and looks after the machines and operating part of the factory.

Q. You are the man who has charge of the books?—A. When I am sick, he takes care of the books.

Q. You discussed it with him?—A. I don't think he spoke to me about it.

Q. Nonsense.—A. I don't remember.

Q. Did you say a moment ago you never did any smuggling?—A. I don't remember.

Q. You don't remember?—A. $1,656 was talked about.

Q. Here is a letter on file reporting this matter; in fact, here it is over your own signature, in the following words:

> "The above sum of $1,656.50 has been paid by me to the Special Inspector of Customs and Excise Preventive Service, as stated in the foregoing receipt.
>
> (Signed) R. and G. MANUFACTURING COMPANY,
> Per J. H. GAUTHIER."

You remember that?—A. Yes.

Q. Here is another letter, where the special Officer of Customs and Excise reports on January 26, 1925:

> "I also beg to report that Mr. Gauthier, manager of the R. & G. Manufacturing Company, admitted in the presence of witnesses that he smuggled goods into Canada from the United States."

Do you remember that?—A. Yes, sir, I remember that.

Q. You remember now that you did smuggle goods?—A. I remember; I didn't say that I smuggled all myself.

Q. But you admitted, in the presence of witnesses, that you had smuggled goods into Canada from the United States; you recall that, do you?—A. Yes, I recall that.

Q. I will read a portion of form K-9 into the record, so that in the absence of production of your books, we may have at least some record of your activities:

> "35433
> Report 5441, December 29th, 1924.
>
> This is a charge against the R. & G. Mfg. Co., Rock Island, P.Q. of having smuggled cotton denim into Canada. The duty paid value of the goods is reported to be $1,656.50, and pending decision a deposit of that amount has been made.
>
> In December last a special Customs Officer, acting on information received, examined the office records of the R. & G. Manufacturing Co., and freight manifests covering goods arriving at Newport, Vt., on the B. & M. Rd. and it was found that a number of shipments had arrived for

the B. F. Moore Co., Newport, Vt. Information was received that these goods were smuggled into Canada. Officers of the B. & G. Mfg. Co. admitted that five bales of cotton denim, valued at $1,250, had been smuggled into Canada, and pending decision made a deposit of $1,656.50 representing the duty paid value of the smuggled goods."

Now follow me:

"No answer has been made to the notice of seizure.

The amount of deposit was arrived at in the following manner:—

Value for duty	$1,250 00
Duty	406 50
	$1,656 50

I would recommend that the deposit be and remain forfeited and be dealt with accordingly, reserving the right to take such further action in the matter as the Crown may be advised.

(Signed) CHARLES P. BLAIR.

12/3/25.
C.P.B.
25/3/25.

The decision of the Minister of Customs in the foregoing matter is in the terms of the above recommendation.

(Signed) JACQUES BUREAU,
Minister of Customs.

17/3/25."

Just let me call attention to this report. Under this report you were fined $1,656.50, not only the duty value of the goods, and you never made any answer with regard to the seizure, did you?—A. Not that I remember of.

Q. You could not very well remember that, I suppose, when it states here very clearly that you did not? Now, if that had been the only thing you had smuggled, you would have been entitled to get off by merely paying double duty, but you had to pay about four times single duty. This would indicate that there was much other stuff you had smuggled. Do you now admit that you had smuggled other stuff?—A. Not to my knowledge.

Q. These things could not happen automatically, without any personal knowledge?—A. Personally, I have none.

Q. The five bales of coton would weigh a considerable amount.

Mr. CALDER, K.C.: This witness makes a distinction as to his personal knowledge; I wish you could follow that up.

By Hon. Mr. Stevens:

Q. You say you did not do this personally. You say you have no knowledge of it. Did your firm do it?—A. I don't know.

Q. Would Seguin, the trucker, do it for you?—A. No, I can't say who did it.

Q. Did he ever work for you?—A. Oh, yes.

Q. Did he run the truck down to the station and bring these goods over for you?—A. He hasn't a truck.

Q. How did those five bales come across?—A. I don't know how they came across.

Q. They just slipped across the boundary and found themselves in your warehouse?—A. Probably.

Q. Here is another point. You are at present under suspicion for smuggling along with a lot of other firms of Rock Island, and you know it. Now you have destroyed or removed the records of your company, in the midst of this

investigation. I want to ask you to tell us the circumstances about that, what explanation you can give in the face of that fact. Have you anything to say to the Committee in regard to your action?—A. Well, we furnished for you all papers that they asked for, that we had.

Q. And then destroyed them?—A. They took everything down on paper.

Q. How do you know?—A. I supposed they did; they were there; I saw them working.

Q. Why did you destroy your books?—A. Because we did not need them.

Q. Why did you destroy your books?—A. Why did we?

Q. Yes?—A. Because we did not need them, as I said before.

Q. You thought you would get rid of them?—A. No. We had the new index, and we would have less accounts on the index.

Q. Is it your custom the moment you renew your books, or make new books, to destroy your books?—A. No.

Q. Instead of having them lying around, you did it as quickly as possible?—A. No, sir, we did not do it as quickly as possible.

Q. Why did you destroy these; did you burn them?—A. I do not know.

Q. You do know?—A. You see, we have some invoices there from away back in 1920 and 1921, done up in a small package, and they happened to be there.

Q. How are you going to check your accounts? Supposing one of your customers comes back with a claim for an overcharge, say last December, or last November, how are you going to check that?—A. Through the order sheet.

Q. Are the order sheets there for 1924 and 1925?—A. I think they are. I was not asked for them. I am not sure, I could not swear to that, but I was not asked that question.

Q. You know perfectly well, if they are there?—A. I do not know whether they are there for 1924 and 1925 at present; they may be there.

Q. They are not there.—A. Mr. Lever has been asking the questions.

Q. Now, Mr. Gauthier, you are business man enough to know that your action before this Committee, your statements before the Committee and your actions in removing and in destroying these records lay you open not only to a suspicion, but to a conviction that you have been indulging in smuggling, and you are trying to cover up your tracks?—A. We furnished all the invoices, and they stamped what we had—the outgoing invoices, but the order sheets, I do not think they asked for those, because they had the invoices right there.

Hon. Mr. STEVENS: What do you suggest, Mr. Calder, as to what we should do in a case like this? We want these books, I think we ought to order this man to produce his books, and give him a limited time to produce them.

Mr. CALDER, K.C.: I think he is in contempt of the Committee now, Mr. Stevens; if there is a sanction that this Committee could apply. I know if he was in an ordinary court, he would be committed until he produced his books, or give a reasonable explanation of their disappearance. I think if the Committee has power they should issue the requisite order. Unless this man is completely insane, he has been laughing at counsel and the Committee all afternoon. He can be prosecuted for destroying these books, I think.

Hon. Mr. STEVENS I think it is about time the Committee took up a flagrant case of this kind and made an example of it, that we should report to the House, and ask for an order to prosecute.

The CHAIRMAN: Mr. Nash, why did not your auditor who went there seize these books and put them in a safe place?

Hon. Mr. STEVENS: I can answer that, Mr. Chairman. It was because we did not want to inconvenience these people. It was at the request of these business men; we gave way, instead of seizing all these books, so that they could carry on their business. We granted them permission to keep their books,

and we would sent auditors to examine the books without any interference with the running of the business.

Mr. NASH: My staff have always, when they entered a place, explained to the proprietors of the business, that their object in coming there was to avoid them coming to Ottawa, and therefore, double care must be taken of the records until they are produced before the Committee.

Mr. CALDER, K.C.: What they saw and examined is also stamped.

By Hon. Mr. Stevens:

Q. How long have you been in the R.N.G. Company?—A. About eight or ten years.

By the Chairman:

Q. Mr. Gauthier, after these books had been audited by the auditors, what did you do with them?—A. Actually I do not know, as I stated.

Q. You see, all these books have been audited. Are these books destroyed?—A. I do not know, I could not state.

Q. After you copied those books, to make out your new books, where did you leave those books?—A. I do not know whether I could find them or not. I would be pleased to show these books again, if I could lay my hands upon them, as I did in the first instance.

Q. Did any person help you to copy those books?—A. Yes, Miss Clarke helped me. For myself, I made the entries on the index.

Q. Then what did Mr. Duncalfe do?—A. Mr. Duncalfe did not do anything. He did not have anything to do with them.

Q. He did not have anything to do with that work?—A. Not that I know.

Q. Apart from yourself, is there an accountant in your office?—A. No.

Q. Then where did you palce those books, after you copied them?—A. I left them there, in the safe.

Q. Have you a safe?—A. Yes, sir. We have a safe.

Q. Did you place the books in the safe?—A. I put them in the safe, if I remember well.

Q. One must recall what one does in life?—A. I personally was ready to supply all the books, and I saved what books I had.

Q. Did you take those books to your home?—A. I did not take them to my home.

Q. Who would be interested then in removing those books?—A. Nobody would have an interest, that I know of.

Q. Then did you destroy those books?—A. I myself do not know whether they were destroyed or not. No, I did not.

Q. Did you give any orders to anybody to destroy those books?—A. No, I do not recall having given any such orders.

Q. Yet those books have disappeared?—A. Yes, I believe they have. Mr. Lever asked me for the books, and I told him I would try and locate them. He did not return.

Q. Did you try to find those books, before you came here?—A. No, I was not requested to bring those books here.

Q. Would you locate those books if we gave you forty-eight hours to find them?—A. I do not know; I could not guarantee that, but if I could find those books I would bring them here. As a matter of fact, I showed previously that I did not hide the books. What books we had we produced them.

Q. Mr. Gauthier, I do not think your explanations are satisfactory to the Committee. If my colleagues concur in the matter, I will give you forty-eight hours to go to Rock Island and find those books, and you are not now discharged. You shall speak about the matter to Mr. Duncalfe and to Miss

Clarke, and you will look everywhere for the books, even in your own home; and you will report here, and I advise you strongly to do everything possible to find those books.—A. If it is possible, we will find them, and we shall send them or I will bring them myself.

Q. You will not send them, you will bring them yourself.—A. Very well, if we find them.

Mr. BELL: Mr. Chairman, I was going to suggest, if I may, that anything that the witness can do towards the discovery of these books can be done by his partner under the suggestions of this witness, if he likes to make such suggestions to his partner, and I do not think he ought to remove himself from this vicinity until his partner makes his report. If agreeable to you, I will make the suggestion.

The CHAIRMAN: It is your own wish.

Mr. DOUCET: My suggestion is he should remain until he produces the books. Mr. Duncalfe or Miss Clarke can produce the books if they wish to.

Mr. BELL: If he has any information to give his partner he can send it without any difficulty.

The CHAIRMAN: What is the suggestion of the Committee?

Mr. BELL: If agreeable to you and other members of the Committee I suggest the witness remain here.

Hon. Mr. STEVEN: I would move that the witness be now instructed to immediately communicate with his firm and office in Rock Island, and instruct them to send these books forward and that he remain here and produce these books, not later than Thursday, and I would add that this witness report here daily.

Is the resolution carried?

Motion agreed to.

Mr. GOODISON: I would make it broader and say the firm, or anybody else.

The CHAIRMAN: Mr. Gauthier, here is the decision of the Committee, in a few words. You will remain here in Ottawa, and between now and Thursday morning all books must be produced here. You will 'phone to Rock Island and you will ask somebody there, whether it is an officer, an employee of the company, a friend or stranger, so that these books may be here on Thursday. You will report to Mr. Calder at 10.30 o'clock every morning.

The WITNESS: Very well; will it be necessary for me to remain here all the time?

The CHAIRMAN: So long as you report in the morning to Mr. Calder. Do what I advise you to do, we are helping you against your will.

Mr. BELL: In order to avoid the possibility of misunderstanding—I think it was suggested that he report to Mr. Calder in the morning—my suggestion is that this witness do not leave town under any circumstances.

The CHAIRMAN: That is what I told him. I would leave him in the hands of Mr. Calder.

Mr. DOUCET: Do not allow him to leave the room while we are sitting.

The witness retired.

The Committee adjourned till 10.30 a.m., Wednesday, May 19, 1926.

JULES HENRI GAUTHIER est appelé et assermenté.

(Le témoin rend d'abord témoignage en anglais et continue ensuite en français, comme suit):

M. Calder, C.R.:

Q. Au mois de mars, vous aviez le grand livre des ventes, vous aviez le livre de transfert, vous aviez le livre courant à feuilles mobiles, vous aviez le journal de vos achats, vous aviez les factures d'achats des compagnies des Etats-Unis et vous aviez quelques factures en duplicata pour vos ventes de 1924?—R. Oui.

Q. M. Leaver les a examinées au mois de mars?—R. Oui, il avait tout examiné.

Q. Au 6 de mai, cette année, cette documentation-là n'est pas dans votre bureau?—R. Est-ce qu'ils auraient eu besoin....

Q. Attendez. Est-ce que c'est vrai que ces documents, examinés au mois de mars, ne sont pas aujourd'hui dans votre bureau?—R. Est-ce qu'ils en avaient besoin encore?

Q. Est-ce vrai, ou non, que cette documentation-là n'est pas actuellement dans votre bureau?—R. Ah, c'est vrai.

Q. Pourquoi ces documents n'y sont-ils plus?—R. Ah, je ne sais pas, moi; parce qu'ils ont été examinés et ils n'en avaient plus besoin, je suppose.

Q. Qu'est-ce que vous en avez fait?—R. Ah, pour moi, je n'y ai pas touché.

Q. Qui est-ce qui y a touché?—R. Qui est-ce qui y a touché, moi, je ne sais pas.

Q. Où est cette documentation?—R. Prenez vous tout ce qu'ils ont audité?

Q. Oui. Qu'est-ce que c'est devenu?—R. On les a transférés.

Q. Où?—R. On a transféré cela, on a pris un nouveau journal, un nouveau "ledger", et ces feuilles-là on n'en avait plus besoin.

Q. Qu'est-ce que vous en avez fait?—R. Je ne sais pas. Moi, je n'y ai pas touché.

Q. Avez-vous demandé à votre sténographe, à votre employé de bureau, à votre teneur de livre ce qu'ils sont devenus?—R. Ils ne les ont pas vus, eux autres non plus.

Q. M. Duncalfe, lui?—R. Je ne lui ai pas demandé.

(Suit une discussion en anglais entre Me Calder et l'hon. M. Stevens):

LE TÉMOIN: Est-ce que ces livres-là—ils ont tout audité—est-ce qu'ils avaient besoin encore de ces livres-là? On leur a tout montré nos livres qu'on avait.

M. Calder, C.R.:

Q. Ils en avaient peut-être besoin pour des fins de poursuite et de recouvrement. Cela, vous deviez vous en douter. M. Leaver est allé voir ces livres-là à votre bureau au mois de mars?—R. Au commencement de mars; je ne me rappelle pas de la date au juste.

Q. Et ensuite il a cessé de les examiner pour aller examiner des dossiers de transport par chemins de fer?—R. Je crois, dans ce temps-là, qu'il avait tout fini d'examiner dans mes livres.

Q. Est-ce qu'il ne vous a pas dit en parlant...—R. Je ne me rappelle pas...

Q. Attendez. Vous ne savez pas ce que je vais vous demander et vous dites que vous ne vous en rappelez pas. Est-ce qu'il ne vous a pas dit, en partant pour aller examiner les "freight records", de ne rien détruire, parce que, très probablement, on en aurait encore bsoin pour les examiner davantage?—R. Cela, je ne me rappelle pas de cela.

Q. Quand M. Leaver est revenu il vous a demandé de produire précisément la documentation dont on vient de parler?—R. Oui, je crois que oui.

Q. Qu'est-ce que vous lui avez dit à ce moment-là?—R. Je lui ai demandé ce qu'il voulait. Il a regardé dans le journal qu'on avait, et c'est tout. Si je me rappelle....Un instant....

Q. Est-ce qu'il ne vous a pas demandé toute la documentation que vous aviez et qu'il avait laissée en votre possession avant de partir pour examiner les dossiers des chemins de fer?—R. Oui, je crois que oui, qu'il m'a demandé cela; je ne suis pas certain.

Q. Qu'est-ce que vous lui avez dit à propos de cela?—R. Quand il est revenu?

Q. Quand il est revenu.—R. Je crois qu'on lui a dit qu'on ne les avait pas.

Q. Vous lui avez dit que vous ne le saviez pas, tout simplement, comme cela? —R. Je ne me rappelle pas au juste.

Q. Est-ce qu'il n'a pas exigé que vous les produisiez?—R. Je croirais que oui; je ne suis pas certain.

Q. Est-ce que vous veniez de vous apercevoir que c'était parti, cela, quand il vous les a demandés?—R. Non, je ne le savais pas, là, dans ce temps-là.

Q. Quand il vous a demandé: "Où sont les dossiers qu'il y avait ici au mois de mars?", vous ne saviez pas que c'était parti?—R. Quand il est arrivé pour les chercher, moi, j'étais sorti. Quand je suis revenu il m'a demandé cela. J'ai regardé.

Q. Ça vous a surpris, cela?—R. Oui. Bien, je ne savais pas. Je lui ai dit alors que je voulais savoir s'il en avait besoin. C'est pour cela que je ne peux pas me rappeler qu'il m'a demandé de les garder, ces documents-là.

Q. Quand il vous a demandé la documentation qu'il avait laissée chez-vous au mois de mars, est-ce là, pour la première fois, que vous vous êtes aperçu que cette documentation-là était disparue?—R. Oui, je crois que oui.

Q. Vous croyez que oui: Est-ce que vous savez quelque chose de positif?— R. Non, du tout, je ne veux pas m'incriminer sur rien.

Q. Vous incriminer! Le terme est bon.—R. Je veux dire ce qui est la vérité et ce qu'il m'a demandé. Je ne peux pas me rappeler toutes les choses, c'est difficile pour moi. Il m'a demandé plusieurs questions, je ne peux pas me rappeler toutes les questions.

Q. Il y a seulement dix jours que ça s'est passé, c'est difficile que vous vous en rappeliez! Alors, surpris de la disparition des livres, à laquelle vous n'aviez pas participé, vous avez immédiatement demandé à vos employés, à M. Duncalfe: "Mais, que sont devenus nos livres?" Avez-vous fait cela?—R. Je n'ai pas fait cela alors.

Q. L'avez-vous fait depuis?—R. J'ai regardé alentour pour les trouver.

Q. Avez-vous demandé à M. Duncalfe ou à vos employés ce qu'étaient devenus les livres?—R. Je n'ai pas demandé à M. Duncalfe.

Q. A vos employés?—R. A Mlle Clark, je lui ai demandé.

Q. Qu'est-ce qu'elle a dit?—R. Elle ne savait rien.

Q. Alors, c'est M. Duncalfe qui sait quelque chose?—R. Ah, je ne le lui ai pas demandé.

Q. Naturellement! Qui a ouvert les nouveaux livres en se basant sur les vieux?—R. C'est moi.

Q. Alors, vous, vous avez ouvert les nouveaux livres en vous basant sur les vieux et vous ne savez pas où sont les vieux livres?—R. Voyez-vous, moi. . . On a pris notre ledger, on a fait un nouvel index à notre "ledger", —on n'a pas un système bien complet, naturellement—on a fait un nouvel index. L'autre index avait trop de noms dessus et ça allait trois, quatre ans en arrière, ça prenait plus de temps pour regarder l'index. On a mis un nouvel index, et les anciennes feuilles, on a mis un nouveau "ledger".

Q. Que sont devenues les anciennes feuilles?—R. Je ne sais pas.

Q. C'est vous qui avez changé le "ledger" et l'index?—R. C'est moi qui ai fait le nouvel index. On a pris un nouveau compte, on le mettait dans le nouveau "ledger" pour avoir notre index moins rempli.

Q. Et les vieux comptes?—R. Les vieux comptes sont tous là. C'est là depuis le commencement de l'année.

Q. Mais les vieux comptes, avant le commencement de l'année?—R. Je ne sais pas où ils sont.

Q. Où sont vos chèques cancellés pour l'année 1924 et auparavant?—R. Nous ne les avons pas.

Q. Je le sais bien. Je vous demande où ils sont?—R. Je ne sais pas. Ils doivent être détruits.

Q. Détruisez-vous vos chèques par intervalles de deux ans alors que la période de prescription est de cinq ans?—R. Cela peut bien arriver que nous ayons les chèques pour 1925 et partie de 1924.

Q. Cela vous embêterait si quelqu'un venait vous réclamer un paiement au bout de trois ans, si vous n'aviez pas le chèque acquitté pour prouver le paiement?—R. Sous ce rapport, je suis certain qu'on a reçu les chèques pour l'année 1925 et partie de 1924.

Q. Y en a-t-il encore des chèques à la banque?—R. Non, monsieur.

Q. Ils ont tous été retirés de la banque?—R. Non, je ne crois pas que M. Leaver ait demandé les chèques.

Q. Je vous demande où sont allés les chèques pour l'année 1924 et auparavant?—R. Je ne sais pas où ils sont.

Q. Savez-vous s'ils ont été détruits?—R. Je ne pourrais pas dire.

Q. S'ils avaient été détruits, ce serait sur vos ordres?—R. Je ne les ai pas vus. Je n'ai pas donné ordre à qui que ce soit de les détruire.

Q. Pourquoi avez-vous ouvert un deuxième compte à la banque de Commerce, à Rock Island, alors que vous aviez déjà un compte courant?—R. On voulait tenir deux comptes séparés.

Q. Vous vouliez avoir deux comptes? Vous avez ouvert un autre compte alors que vous en aviez déjà un, c'est compréhensible! Pourquoi deux comptes courants?—R. Je ne sais pas pourquoi. Nous voulions faire nos affaires de même.

Q. Pourquoi vouliez-vous faire vos affaires de même?—R. Je ne sais pas.

Q. Vous êtes allé à la banque ouvrir un deuxième compte, vous ne savez pas pourquoi?—R. Je comprends ce que vous voulez dire: le compte collatéral et le compte courant?

Q. Vous avez deux comptes, pourquoi deux comptes?—R. Parce que nous voulions les avoir, deux comptes.

Q. Pourquoi n'avez-vous pas les chèques du second compte?—R. Je ne sais pas, ils sont disparus, je ne peux pas les trouver.

Q. Est-ce que c'est parce que ces chèques acquittaient les factures de marchandises introduites au Canada en contrebande?—R. Je ne pourrais pas dire cela.

Q. Avez-vous un compte personnel à Derby Line?—R. Oui, j'y ai un petit compte personnel.

Q. Pourquoi n'avez-vous pas produit ce compte-là quand les auditeurs vous ont demandé de le faire?—R. Ont-ils demandé mon compte à Derby Line?

Q. Oui. D'après mes informations, M. Leaver a demandé votre compte personnel de Derby Line?—R. Je lui ai dit que j'avais un petit compte personnel.

Q. Etes-vous prêt à le produire?—R. Je serais prêt à le produire. Je n'ai pas fait d'affaires pour plus de cent piastres là. J'ai un compte personnel pour la maison.

Q. Vous n'avez pas fait pour plus de cent piastres d'affaires à Derby Line?—R. Pas pour moi-même.

Q. Pour qui?—R. C'est seulement pour la maison: c'est seulement un compte personnel pour moi-même.

Q. Est-ce que la R. & J. Manufacturing Coy. avait un compte de banque à Derby Line?—R. Non, monsieur.

Q. Vous êtes sûr de cela?—R. Je suis sûr de cela.

Q. En aucun temps?—R. Pas que je me rappelle.

Q. Y avait-il des livres tenus à Derby Line pour la maison, pour la firme? —R. Je ne me rappelle pas.

Q. Pour le R. & J. Manufacturing Coy.?—R. Non, je ne me le rappelle pas.

Q. Vous ne vous rappelez pas?—R. Non, monsieur.

Q. Vous ne vous rappelez pas s'il y a eu un compte de banque et des livres tenus?—R. Je sais qu'il n'y en avait pas du tout.

Q. Est-ce que vous faisiez de la contrebande, des Etats-Unis au Canada? —R. Je ne me rappelle pas.

Q. Vous rappelez-vous avoir payé un certain montant à la douane?—R. Oui, j'ai payé un montant à la douane.

Q. A M. Bisaillon, un règlement pour $1,656.50?—R. Oui, monsieur.

Q. C'était à la suite d'une saisie?—R. Je ne me rappelle pas au juste.

Q. Vous avez payé $1,656.50 à M. Bisaillon en règlement d'une saisie?—R. Oui, monsieur.

Q. Cette saisie était pratiqué sur des objets de contrebande?—R. C'est un arrangement que nous avons fait avec lui.

Q. Je comprends cela. C'est un arrangement pour régler cette saisie de marchandises que vous aviez chez vous, sur laquelle vous n'aviez pas payé la douane; vous avez payé $1,656.50, moyennant quoi on a levé la saisie, c'est bien cela?—R. Oui, monsieur.

Q. Vous avez reconnu que c'étaient des objets de contrebande?—R. Oui, monsieur.

Le président:

Q. Si vous ne comprenez pas l'expression contrebande, dites-le. C'est du "smuggling".

M. Calder, C.R.:

Q. "Smugglez"-vous comme cela souvent?—R. Ce n'est pas mon habitude de le faire.

Q. Ce n'est pas votre habitude de faire cela?—R. Non, monsieur.

Q. N'est-il pas vrai que cette saisie a été pratiquée en décembre 1924?—R. Je crois que le règlement a été fait—

Q. Au mois de décembre 1924. La saisie aurait été pratiquée en novembre 1924?—R. En novembre 1924.

Q. Vous ne faites pas de "smuggling" du tout? C'est un accident?—R. Je ne fais pas de "smuggling".

Q. Cet accident s'étant produit en 1924, et un règlement étant intervenu, tous les livres de 1924 sont disparus, vous ne savez pas où ils sont allés C'est vrai?—R. Je ne sais pas.

Q. Vous ne savez pas si c'est vrai?—R. Je ne sais pas où ils sont allés.

Q. Quel genre d'affaires faites-vous?—R. Je suis manufacturier d' "overalls" et de chemises.

Q. Où achetez-vous votre toile?—R. A la Canadian Cotton, à la Dominion Textile, et de la Hunter Manufacturing Coy.

Q. Achetez-voux des "overalls" tout faits?—R. Non, monsieur.

Q. Nulle part?—R. Non, monsieur.

Q. De Goodman?—R. Non, jamais.

Q. Ni d'aucun manufacturier fabriquant des "overalls" à l'aide du travail des prisonniers?—R. Non, pas à ma connaissance.

Q. Vous avez payé la douane sur tous les "denims" importés des Etats-Unis, sauf l'unique fois où vous avez eu une petit accident?—R. Oui, monsieur.

Q. Vous dites cela sous votre serment?—R. Je n'ai pas fait de "smuggling".

Q. Vous n'en avez pas fait; M. Duncalfe en a-t-il fait?—R. Je ne sais pas.

Q. Je n'ose pas demander si Mlle Clerk en a fait; vos employés en ont-ils fait?—R. Je ne pourrais pas dire.

Q. Y a-t-il jamais eu des "denims" apportés à votre manufacture durant la nuit?—R. Je ne sais pas.

Q. Vous êtes-vous jamais réveillé heureux possesseur de plus de "denims" que la veille?—R. Je ne sais pas; pas à ma connaissance.

(L'interrogatoire est continué en anglais par l'honorable M. Stevens.)

Le président:

Q. Monsieur Gauthier, après que ces livres-là ont été audités par les auditeurs, qu'est-ce que vous en avez fait?—R. Actuellement, je ne sais pas, moi, comme je l'ai dit. Voyez-vous, ils ont tous été audités.

Q. Est-ce qu'ils sont détruits?—A. Ah, je ne sais pas, je ne pourrais pas dire.

Q. Après que vous avez copié ces livres-là pour faire vos nouveaux livres, qu'est-ce que vous en avez fait, où les avez-vous laissés?—R. Je ne sais pas si je les trouverais. Ça me ferait plaisir de les montrer encore, la même chose que la première fois.

Q. Y a-t-il quelqu'un qui vous a aidé à copier ces livres-là?—R. Oui, Mlle Clark, j'ai fait les entrées sur l'index.

Q. Qu'est-ce que M. Duncalfe a fait?—R. M. Duncalfe, il ne s'en est pas occupé, de cela.

Q. Il ne s'en est pas occupé du tout?—R. Pas que je sache.

Q. Avez-vous un comptable dans le bureau, à part vous-même?—R. Non.

Q. Où les avez-vous placés ces livres-là, après les avoir copiés?—R. Je les ai laissés là, sur le "safe".

Q. Avez-vous un coffre-fort?—R. On a un coffre-fort.

Q. Les avez-vous mis dans le coffre-fort?—R. Je les ai mis dans le coffre-fort, si je me rappelle.

Q. On se rappelle ce que l'on fait, dans la vie?—R. Moi, j'étais consentant de fournir tous les livres et j'ai fourni tous les livres.

Q. Les avez-vous emportés chez vous?—R. Je ne les ai pas emportés chez nous.

Q. Qui avait intérêt à prendre ces livres-là?—R. Personne, que je verrais.

Q. Les avez-vous détruits?—R. Je ne me le rappelle pas, moi. Pas moi.

Q. Avez-vous donné ordre à quelqu'un de les détruire?—R. Non, monsieur, je ne me rappelle pas d'avoir donné aucun ordre.

Q. Et ils sont partis?—R. Oui, je le croirais. M. Leaver me les a demandés, j'ai dit: "Je vais chercher si je les trouve." Il n'est pas revenu.

Q. Les avez-vous cherchés avant de venir ici?—R. Non, je n'ai pas été demandé de les apporter ici.

Q. Pourriez-vous les trouver, si on vous donnait quarante-huit heures pour les trouver?—R. Ah, je ne sais pas, je ne pourrais pas garantir; mais si je les trouvais je les emporterais. Comme je l'ai démontré avant, je n'en n'ai pas caché, de livres; ce qu'on avait on les a montrés.

(Suit une discussion en anglais).

Le président:

Q. Monsieur Gauthier, je pense que vos explications ne sont pas satisfaisantes pour le comité. Si mes collègues y consentent, je vais vous donner quarante-huit heures pour retourner à Rock-Island, deux jours, — et vous n'êtes pas congédié — pour trouver ces livres-là, en parler à M. Duncalfe et à Mlle

Clarke, et chercher partout, — dans votre maison privée — et faire rapport ici. Et vous aller chercher, et je vous conseil de les trouver, si possible.—R. Si c'est possible, on les trouvera et on les enverra ou je les emporterai moi-même.

Q. Pas les envoyer, vous les apporterez vous-même ici.—R. Très bien, si on les trouve.

(L'hon. M. Stevens fait quelques observations en anglais au témoin).

Le président:

Q. Avez-vous compris cela?—R. Oui.

Q. Vous allez téléphoner. Vous allez rester ici, à Ottawa?—R. Jusqu'à jeudi?

Q. Combien cela prend-il de temps pour aller à Rock-Island?—R. Ça ne prend pas de temps, si je peux partir d'Ottawa.

M. CALDER, C.R.: Vous n'êtes pas pour partir d'Ottawa.—R. Non, non.

Le PRÉSIDENT: Je ne vous en tiendrai pas compte, vous allez leur dire où ils sont si vous le savez et du moment qu'on les aura on vous aidera.

(Suit une discussion en anglais entre les membres du Comité).

Le PRÉSIDENT: Voici, en résumé, la décision du Comité: Vous allez rester ici, à Ottawa, et d'ici jeudi il faut que les livres soient ici. Vous allez téléphoner, — vous avez droit de les appeler, — vous allez vous adresser à quelqu'un de Rock-Island, que ce soit un officier de la compagnie, un employé, un ami, un étranger, afin que les livres soient ici jeudi. Vous vous rapporterez à M. Calder tous les jours, à dix heures et demie du matin.

Le TÉMOIN: Très bien. Est-ce que ce sera nécessaire de rester ici tout le temps?

Le PRÉSIDENT: Du moment que vous vous rapporterez le matin à M. Calder, ce sera suffisant.

(Suit une discussion en anglais entre les membres du Comité.)

Le PRÉSIDENT: Faites ce que je vous dis. On vous aide malgré vous-même.

Le Comité est ajourné jusqu'à demain matin à dix heures et demie.