

Saturday, March 15th

PROFIT OF \$100,000 FOR TWO DAYS' WORK ON THE SALE OF BONDS

Toronto Financier Negotiated Two Deals for Hon. Peter Smith

AND SHARED WITH NO ONE

Testifying before the Public Accounts Committee of the Legislature yesterday morning, Douglas K. Ridout of the firm of Ridout & Strickland, insurance and financial brokers, Toronto, stated that he had made a profit of approximately \$100,000 on his purchase of the \$10,000,000 of Province of Ontario Treasury bills from the former Provincial Treasurer, Hon. Peter Smith. He cleared \$50,000 in twenty-four hours and another \$50,000 in the same length of time.

In the Ridout transaction the \$10,000,000 of bonds were split into two sections of \$5,000,000 each, and Mr. Ridout told the committee that in each of the two deals, involving overnight trips to New York and a few hours' negotiations at each end, his profit was, roughly, \$50,000. Out of that amount, however, were to be deducted a \$1,200 fee which he paid for legal advice in connection with the deal, and the expenses of himself and Assistant Provincial Treasurer Charles Mathews on their two journeys to New York to put through the transactions.

Will Bring Bank Book.

Through the failure of his office to notify him of the call of the Public Accounts Committee representative with a subpoena for the production of all documents, Mr. Ridout was not aware that the committee would ask for the production of his bank book covering the deposit and expenditure of that amount. He told the committee, however, that, although he did not have it with him, he was quite prepared to submit it for examination of the committee at its next meeting.

In discussing the misunderstandings that led to the failure to produce the bank book, Provincial Treasurer W. H. Price, K.C., pointed out the necessity of ascertaining just what disposition was made of the profits on the Province of Ontario's loan, and mentioned that there was a Provincial election coming on about that time. The inference is that Mr. Price wants to satisfy himself that none of the \$100,000 subsequently found its way into party campaign funds.

Did Not Share His Profit.

"You got \$100,000 profit?" asked Mr. Price, who examined.

"Yes."

"Did you share it with anyone?"

"No."

"Did it go into the firm, or was it personal profit?"

"It was my personal profit."

"You saw a chance to make money on the exchange rate as between Canadian and United States currency?"

"Yes."

"Did you suggest to the Government or to the Provincial Treasurer of the day that the Province itself could make a profit on the exchange?"

"I did not."

Mr. Ridout noted in his evidence that his profit was 1 per cent. on the transaction. Previously he had put through a \$2,000,000 deal with the former Government at a profit of about one-quarter of 1 per cent.

In the absence of Mr. Ridout's bank book Mr. Price attempted to

get his recollection of the disposition of the \$100,000 after it had been transferred from New York to Toronto to Mr. Ridout's personal account, but the witness protested that it was impossible for him to remember items of withdrawal in his bank account a year ago. He was quite willing to produce the book. Some of the money had been invested, he said, and no doubt some was still on deposit.

Mr. Ridout went through the whole details of negotiations for the benefit of the committee, and gave the exchange and discount rates upon which he operated. Both bills were payable in Canadian funds in New York and repayable in Canada in American funds. In New York they were taken up by the National City Bank. The exchange rates were 1 23-32 on the first \$5,000,000 and 1 25-32 on the second \$5,000,000. The bank rate quoted at about that time, noted the Provincial Treasurer, was around 2 per cent.

All Negotiations With Smith.

Cross-examined by Hon. Manning Doherty, Mr. Ridout stated that the Province got every cent that was coming to it under the deal as arranged with the Province. All the negotiations were with Hon. Peter Smith, the former Provincial Treasurer, the Assistant Treasurer, Charles Mathews, having nothing to do with it excepting to carry out the arrangements as made.

Members asked as to the financial responsibility of Mr. Ridout in a transaction amounting to \$10,000,000, and Mr. Ridout admitted that had he fallen down on his part of the contract he could not have been responsible to the extent of \$10,000,000 or any considerable part of it. Provincial Treasurer Price declared that Mr. Ridout was taking no risk whatever in what Mr. Doherty had stated was somewhat of a gamble, exclaiming that the only risk he ran was as to whether he made \$20,000, \$50,000 or \$100,000.

Mr. Ridout is to produce his bank book at the next meeting of the committee on Monday evening and other witnesses will be the Bank of Montreal managers at head office and the branch where Mr. Ridout has his personal account.

NORTHERN MEMBERS NOT HIGHLY ELATED OVER KEEFER'S JOB

Proposed Secretaryship Criticized as Political Agency for Government

OPPOSITION IS CRITICAL

Legislation providing for the appointment of a Legislative Secretary for Northern and Northwestern Ontario was given second reading in the House yesterday afternoon, the opposition to the measure not being as keen as anticipated. Malcolm Lang (Liberal, Cochrane) said that, while he wished that the appointment had taken the form of another Cabinet representative for the North, he, nevertheless, thought that the Under-Secretary could do some good. Peter Heenan (Labor, Kenora) and Hon. Beniah Bowman (Progressive, Manitoulin) could see no need for the bill; Hon. Manning Doherty branded it as a political move, while Liberal Leader Sinclair criticized the Government for asking the Legislature to validate an appointment made so far back as last July.