

Wednesday. Mar. 26th

Received a Tip.

Hart's statement was as follows: "I received a tip that I could make some money. I took advantage

of it, and made some money, and the profits I split. The tip came from Ross. Where the money went I have a good idea, but I am not sure. I think that the tip came from Mr. Mason. Other than that I do not know."

Mr. Finlayson—Where did he get it?

Witness—Well, I imagine Mr. Mason, being a son-in-law of Mr. Mathews—

Mr. Finlayson—I don't want imagination. Where did you get the information?

Got Profit and Made Split.

"I got the information from Mr. Ross. He told me if I went in we could make some money. I bought the stock. We got a written guarantee to cover everything. I bought the stock; got my profit, and made the split."

"Split even?"

"My profit was \$1,500 on the first deal."

"Who got the rest of it?"

"Mr. Ross."

"Who told you?"

"I imagine Mr. Mason and Mr. Mathews."

"That is a serious statement to make. We do not want conjecture."

Got Tip From Mason.

"I base that on the fact that Mr. Ross came to me and asked me to go in on the deal."

"What did he tell you?"

"That we could make some money."

"But about the source of the tip?"

"He got the tip from Mr. Mason."

"Where did he get it?"

"From Mr. Mathews."

"Ross told you that?"

"Yes, sir; that is the statement and that is the truth."

"Ross told you this information came from the source he told you?"

"Yes, sir."

"Pure Fabrication."

Col. Price here took up the examination.

"Mr. Hart, when you said you took the bonds out to your house and put them in your bureau drawer, was that right?"

"Pure fabrication, sir."

"Where were these bonds—the \$7,000 or \$8,000—kept? You say you took them to the house."

"Pure fabrication. I went to the Old Country."

"This \$10,000 cheque Mr. Ross got—did you get any \$10,000 cheque at all?"

"No, sir."

"That went to Mr. Ross?"

"Yes, sir."

"And all that you got was the balance in your account from the \$10,000?"

"Yes."

Did Not See Any Bills.

"That was your profit. So that when you checked the \$10,000 out to Mr. Ross, he got that. Do you know actually what he did with it?"

"Actually, sir, I don't know."

"Did you see any bills?"

"No, sir."

"You lived with him, you know?"

"Yes, sir."

"Did he tell you what he did with this \$10,000?"

"No, sir."

"Whether he got it out in bonds or bills, or what he did? How much he got?"

"I don't know. The balance, I believe, went to Mr. Mason."

Col. Currie—He told you that?

Witness—Yes, sir.

Served in the War.

To Mr. Haney, Hart said he served in the war with the Army Service Corps, and was in England 23 months, going to the 2nd Canadian Railway Advanced Supply Troops, being stationed at Arras, Douai and Anzin.

Col. Currie—Got a clean sheet?

Witness—Absolutely. I failed in business not so long ago, and cleaned my sheet out of that, though I could have gone bankrupt.

Hon. Manning Doherty—This is rather a serious thing, for a man to bring in the name of others. I presume that when you mention Mr. Mathews's name you have some other ground than your imagination?

Witness—My information is from Mr. Ross.

"He told you what?"

"Mr. Ross told me that was the information he received from Mr. Mathews—we could make some money. He received it from Mr. Mason, I presume."

"The impression you want to leave with the committee is that some way or other Mr. Mathews told Mr. Mason the Province would buy these bonds?"

Frank Statement Asked.

Mr. Ross was then recalled, and Mr. Finlayson asked for a statement.

"Mr. Ross, you are under oath. Since you have been out Mr. Hart gave me at his own request what he says is a frank and complete statement to the committee on the whole transaction, showing where the tip came from, the source of it, the names of the different parties to whom it was distributed. Now, we want to give you an opportunity to make an equally frank statement. Do you want to do it?"

Witness—How do I know Hart has made a statement?

Mr. Finlayson—We are asking you to make a statement.

Col. Price—I want to say, Mr. Ross, I think it would be better for you to stand up and tell the committee the whole truth.

Tip Came From Mathews.

Witness—The tip came, then, from the Parliament Buildings. The tip came to us from Mr. Mathews.

"You say the tip came from the Province; who was it gave you the tip? Who told you?"

"Mr. Mason and I discussed it and brought the information down first that this was being done by the Province. I had also heard it outside, as a matter of fact."

"Did you have a talk yourself with Mr. Mathews?"

"No, with Mr. Mason."

"What did he tell you?"

"That if we were able to obtain it the block would be taken up."

"How did you divide this money when you got it—the \$10,000?"

"Evenly between myself, Mr. Mason and Mr. Mathews."

"How was it split up? In bills?"

"No, bonds."

Got \$3,300 Apiece.

"You got what? Three thousand?"

"Thirty-three hundred."

"Mason and Mathews \$3,300?"

"Yes."

"Where did that happen?"

"I turned it over to Mr. Mason."

"Did you know Mr. Mason gave any to Mr. Mathews?"

"No."

"Mr. Mason then got \$6,600?"

"In bonds."

"And Mr. Hart's profit was what he had in the Standard Bank. Were there any other transactions?"

"Just these."

"Any talk about other people selling bonds to the Province?"

"I know other brokers were selling these securities to the Province; I knew of the Jarvis one, for instance."

Early in the evening the Public Accounts Committee of the Legislature heard the story of G. M. Hart and Alex. Ross, and of how Hart, being unknown to Peter Smith, the former Provincial Treasurer, sold to the Province succession-duty-free bonds on which transactions the Province lost, according to a table submitted to the committee, the sum of \$26,361.37.

Hart said that he negotiated the deals without putting up any money himself except his liability to buy the bonds if the Province did not buy them from him. Ross, who told him of the possibility of making money this way, was head of the bond department of the defunct Home Bank of Canada. Hart says that Ross received some of the profits, and Ross admitted this when he was on the stand.

Ridout's Profits Not Income.

The other event of the evening was the testimony of George Hurst of the Toronto Assessment Department, who said that last week, after giving his evidence before the Public Accounts Committee, D. K. Ridout called on Commissioner Forman and said that in filing his income tax returns he had not included certain amounts, and said the reason why was that he had taken counsel with his solicitor, who had advised him that that amount of money was not properly returnable as income. Further, he had asked the department, Mr. Hurst said, that no action be taken by the department until he had had an opportunity of taking up the matter with his solicitor. Hurst produced Ridout's income tax returns, not sworn to, which showed his income to be \$8,900 for 1923.

Should Have Included \$100,000.

"From information I have obtained and from consultations held with the Assessment Commissioner," said Mr. Hurst last night, "we have come to the conclusion that the hundred thousand dollars should have been reported on the return, and is properly assessable. We intend to assess the amount and to press against him to collect the amount."

Made Trip to England.

Garnet Moore Hart, who three years ago lived at 421 Broadview Avenue, told the committee he took eventually the profits of his transactions with the Government, and had them turned into Victory bonds of small denominations, \$50 and \$100 chiefly. He sold about two thousand dollars' worth through Ross within a year, he said, and took the balance in Victory bonds when he made a trip to England in the fall of 1922. He said he turned these bonds into cash, as his needs for money arose in England. He always kept them in his house or rooms, he said. He testified that he did not know the former Provincial Treasurer, nor any member of the Government, that he never saw any of them but that all his transactions were done by letter, and that, except Ross no one received any of the profit except himself.

How It Was Done.

Ross, in his testimony, said that the proposition had been broached to Hart to sell the bonds some six months before the first deal went through. He then went to the Dominion Securities Corporation and authorized that firm, on behalf of the Home Bank, to buy some succession-duty-free bonds. These were delivered to the bank, and then Hart obligated himself to take them from the bank. Hart sold to the Government, and the Home Bank employees collected the cheque and Ross turned it over to Hart in the Home Bank office. Hart gave Ross a cheque in payment for the bonds drawn on the Standard Bank, and then took the Government cheque to the Standard Bank and deposited it. He also gave Ross an additional cheque for \$10,000, drawn against the same account, and of this Ross said that he kept about \$1,500 or \$2,000 and the balance went back to Hart in Victory bonds.

Ross said that the Home Bank made its usual commission on the deal, and that the Dominion Securities dealt with the Home Bank in selling these bonds.

Hart in his testimony said that the Victory bonds had been brought to him in his home by Ross. Ross, during the course of his evidence, said that Hart had picked up these bonds from witness at the Home Bank. At the time of the transactions Hart was an employee of the Royal Bank of Canada.

Was Common Knowledge.

Under examination by Provincial Treasurer Price, Hart was asked how he had come to make a sale of these bonds to the Provincial Government. Hart replied that it was a matter at that time of common knowledge that the Government was buying bonds. He had been told by a friend, Mr. Ross, manager of the bond department of the Home Bank, he said, and "he suggested that I could make a little money."