

# AUDITOR PRODUCES CHEQUE STUB IN NAME OF FORMER MINISTER AT GOVERNMENT BOND INQUIRY

**Home Bank Liquidator Makes Sensational Disclosure Regarding Rebates on Province of Ontario Bonds—No Record of This Money Reaching Provincial Coffers, Say Officials**

**CHEQUE EVIDENTLY "ABSTRACTED" AS OTHER CHEQUES ARE INTACT**

**Big Payments in Names of F. H. Richardson and Late J. C. Mason to Influence Deposits of Provincial and City Funds in Now Defunct Institution—Provincial Police at Work**

For the first time in Public Accounts Committee's investigation of Province of Ontario bond transactions, the name of former Provincial Treasurer Hon. Peter Smith was brought into evidence last night in connection with disbursements of profits on Provincial business.

In delving into Home Bank bond dealings with the Province, and the much-discussed 1 per cent. commissions paid to persons to influence Toronto and Province of Ontario deposits, Auditor G. T. Clarkson stated in evidence that there had apparently existed a \$15,000 cheque, made payable to Hon. Peter Smith, as Provincial Treasurer, in respect of profits on a \$4,000,000 bond sale. No record had been found of this money reaching the Provincial coffers.

### THINKS CHEQUE WAS "ABSTRACTED."

Although Mr. Clarkson produced the stub of the cheque, he stated before committee that he had been unable to find the cheque itself among the bank documents. He stated his conclusion that it had been "abstracted, because the cheques before and the cheques after are there." Both Provincial Auditor Brown and Chief Accountant Douglas stated positively before the committee there was no record of that \$15,000 ever coming to the Province.

At midnight last night, when the committee arose, Provincial Treasurer Price was asked for a statement as to evident dealings of the Cabinet earlier in the day with Provincial Police officials. Mr. Price stated: "The Provincial Police have been called in on this." Further than that he would make no statement.

### TO "INFLUENCE" PUBLIC DEPOSITS.

Of almost equally sensational nature was the evidence which the committee received regarding the commissions paid to persons to influence deposits of Provincial and city funds in the Home Bank. There were a score of bank documents produced showing payments to F. H. Richardson and the late J. C. Mason. The inference, said Mr. Clarkson, was that in one instance \$13,500 had been paid for influencing City of Toronto deposits in the bank, and that \$38,100 had been paid to influence Provincial deposits.

In the case of payments to Mr. Richardson, he said, it was always Mr. Mason's instructions behind it, and in the case of payments to the late Mr. Mason, in respect of Provincial deposits, it was made payable to Mason on instructions from Mason and taken out in legal tender, of which there would now be no trace. Ostensibly, Mr. Clarkson said, the bank was paying 4 per cent. for Ontario and Toronto deposits.

### EAGER TO RECOVER PAYMENTS.

Asked by J. A. Currie for such impressions of the disposition of that 1 per cent. as he had been able to obtain from the bank officials, Mr. Clarkson stated:

"I pressed them just as hard as I could press them, and they told me there was an atmosphere around the bank, among the employees, indicating their belief that moneys were paid for the Province of Ontario deposits—paid by Mason, but to whom they don't know. I would like very much to know where that money went, because I consider it is bank property, which I would try to recover."

Mr. Clarkson's statement as to the possibility of the 1 per cent. commission payments reaching the Province was: "The Province's account balances, so there cannot be that extra 1 per cent. there."

### All Gone; But Where?

Q.—That \$38,100 paid to Mr. Mason by way of commissions—no part of it appears to have gone to Mason in the bank; no part to the Province of Ontario account?

A.—No, sir.

Mr. Lewis—The story was that there was an extra one per cent. going to the Province, but they didn't think it was.

Mr. Clarkson, in reply to question as to the practice of paying such commission, said: "It certainly isn't the practice in banks to pay commissions for Government deposits. Never have I seen this done before."

### No Authorizing Motion.

Mr. Currie—There is no minute of the directors authorizing these payments of commission?

A.—No.

In producing the stub of the missing \$15,000 cheque, Mr. Clarkson read it out as dated Dec. 15, 1919, which would be a month or so after Mr. Smith took office—a fact which prompted Sam Clarke to say: "He couldn't have gone crooked so soon." "Hon. Peter Smith paid to Provincial Treasurer, rebate \$4,000,000 Province of Ontario bonds, \$15,000."

Mr. Clarkson said: "I am told that—it was one of the officers of the Bond Department told me—that there was an understanding with the Government that the bank should get a profit of, I think, one or one and a quarter, and that, having made more than that, they were refunding the \$15,000 to the Province. Now that is the explanation given."

### Cheque Paid in "Legals."

Q.—Have you made any investigation, seeing that cheque was missing?

A.—Yes, the cheque was paid in legals on Dec. 18, 1919.

Q.—What do you mean by legals?

A.—Dominion Government bills.

### Cheque Cashed Late in Day.

Provincial Treasurer Price—Have you anything in your books to show any further entries concerning that item?

A.—There is one other in the journal and several in the cash books, in the Toronto office, dealing with some of the entries into the Bond Department, and it is marked here something like this: "Refund re \$4,000,000 issue, P. Smith, \$15,000." From there it is carried into the Bond Department. It was paid in legals on Dec. 28. Indications are that it was cashed late in the day.

Mr. Price—Is there anything on the books of the Home Bank that you find that shows that that money came to the Province?

A.—There would not be anything on the books. Neither can I tell from the books of the Home Bank whether it did or it didn't go to the Province. The only statement I can make is that the cheque appears to have been issued and the cheque appears to have been cashed.

Mr. Price—On the nineteenth—Home Bank—\$42,400. Is there a cheque for that?

A.—No, there is a debit slip for that; apparently there was \$42,400 of the profits of the bank put into a suspense account and transferred into an account with J. C. Mason covering some \$42,400 which had been to him prior to that; \$42,400 was money which was apparently taken by Mason and transferred into his own account, and that other item shows the withdrawal.

Sam Clarke asked if that was money taken out of the profits and transferred to Mason's own private account, but Mr. Clarkson said the documents would have to speak for themselves.

Mr. Clarkson went through a long list of payments to the late Mr. Mason in respect of Provincial affairs, refunds to the Province, including one of \$1,500 which was signed by Ross and Fleming of the bank.