

The Significant One.

Mr. Price—Of all these items and cheques that you have produced, what cheque is there that should have been deposited in the books of the Province?

A.—Cheque here, Dec. 13, 1919, of \$15,000 refund.

Q.—Payable to whom?

A.—The stub speaks for itself.

Mr. Price—The cheque is "Hon. Peter Smith, pay to the Provincial Treasurer, rebate \$4,000,000 Province of Ontario bonds."

Mr. Clarke—What is the trouble with that?

Mr. Price—Of all those cheques, this is the only one which is to the Province which the Province should have received and did not receive. The other items, of course, may be obscure, but this is an item where I have been making some investigation along with some others.

No Trace of Province Getting It.

Chief Accountant Douglas of the Treasury Department was called by the Provincial Treasurer.

"I asked you to see if the Province had received a cheque for \$15,000 around Dec. 15. Have you made investigation into your books to find out whether the Province received that? What did you find?"

A.—Yes, sir. We find no trace of it; no entries of that time.

Q.—You are quite sure the Province never received that?

A.—We have no trace of it.

Chief Auditor Brown of the Province was asked the same question. "No record whatever," he said. "We have gone through everything we could go through. I went through pass books, the cash book, the Treasury book, and there is absolutely no record of that \$15,000 in the books of the Treasury Department."

Mr. McKeown—As Auditor, would you think that it ever reached the Province?

A.—I have made search, and it is not there. It is not in any of the records.

J. A. Currie—There is no doubt in the world from your examination that that money never reached the Province?

A.—Absolutely no.

Why He Thinks Cheque Abstracted.

In answer to Mr. Doherty's question as to the possible whereabouts of the missing cheque, Mr. Clarkson said:

"I think it has been abstracted, because the cheques before and the cheques after are there. This one is missing, and then part of the cheques of that \$42,400 were taken out of their ordinary place, and we found them in an off corner by chance, showing they had been gone over after they came into the bank."

Mr. Biggs—The cheque would be the bank's receipt?

A.—Certainly.

Q.—Well, that would not be accessible to the Provincial Treasurer's Department; if it disappeared it must have been somebody took it from—

Mr. Finlayson—You know who is—

sued it, don't you? It was issued by Mason.

Mr. Biggs—Does that answer it?

Mr. Clarkson—No, the cheque was issued by the bank's bond department.

Q.—Who had charge of the bond department then?

A.—I think it was Mr. Fleming or Mr. Ross.

Reports to Attorney-General.

Mr. Clarkson summarized the affairs with the statement that, "with the taking of about \$80,000 of the bank's money, I reported the matter to the Attorney-General and followed it up in detail."

There was \$38,100 paid out to Mason from the Home Bank in legals with respect to the Province of Ontario deposits; there was \$42,400 transferred to his current account charged to the first bond transaction; there was the \$15,000 cheque in the first bond transaction, and about \$4,000 in small transactions and odd amounts.

"And told," said Mr. Clarkson, "it amounts to about \$99,500 in connection with Provincial matters, and \$13,500 in connection with City of Toronto matters, and I believe there are some more."

Mr. Doherty—That \$99,000 went to Mason?

Mr. Clarkson—No, you couldn't say that; a lot of it went out in currency.

Mason Behind All Payments.

Mr. Clarkson said further: "It went out in legals, and the statement to me is legals were given to Mason. Now the \$42,400 was also paid in legals."

Mr. Clarkson would not comment on whether Mason could have had any influence in the matter of Provincial deposits with the Home Bank. "It was always payable to Mason," he said. "His name is in or behind all payments to Richardson, but Mason's all went in legal tender."

Q.—No entries to show what he did with the \$38,000?

A.—No.

Discovered Ten Days Ago.

Mr. Clarkson was asked when he had first noticed that the \$15,000 cheque had been abstracted.

"About ten days ago," he replied. "I was trying to find out about the payment of commissions on deposits. I found that \$4,200 had been paid out of this account, and more out of another. When I learned of the taking of some \$80,000 of the bank's money I reported the fact to the Attorney-General."

Mr. Doherty—Was there any possibility that the cheque was made out differently from the entry on the stub, and that the money was paid to someone not in the Government?

Witness stated that a difference between a stub and a cheque was always a possibility, but that he had no means of telling if there had been such a difference in the present case. He had no idea where the money went. "Yes," he added, in response to a query, "the cheque was issued within a month of the bond transaction."

Sam Clarke (West Northumberland)—Peter couldn't go crooked in a month, could he? (Laughter.)

Witness had no answer for that question, but in answer to another he stated that Fleming had been manager of a bond company at the time the cheque was issued.

Nineteen "Commission" Payments.

Provincial Treasurer Price then proceeded with his examination of Mr. Clarkson in reference to the payment of commissions for the securing by the Home Bank of deposits from the Province of Ontario and from the City of Toronto. The witness produced vouchers and debit slips covering 19 such payments, showing that \$99,500 had been paid to the late J. C. Mason, former General Manager of the Home Bank, as commission on Province of Ontario deposits, and \$13,500 to F. H. Richardson as commission on City of Toronto deposits. The dates of these vouchers ran from April 5, 1921, to Dec. 14, 1923.

"These were all commissions for obtaining deposits?" asked the Provincial Treasurer.

"As far as I have been able to ascertain, yes."

First Payment for Richardson.

Mr. Price—The first item is dated April 5, 1921.

Witness—That covered the payment of \$3,000 to F. H. Richardson. I am informed it was for obtaining deposits from the City of Toronto. The receipt was initialed by A. E. Calvert.

In passing, Mr. Clarkson explained that the record of the payment appeared in two accounts at the Toronto office of the bank—in the suspense account and the interest account.

The next payment was dated May 11, 1921.

Mr. Clarkson—That was a payment of \$3,500 in cash on the instructions of the General Manager. The verbal explanation to me was that it was paid out to J. Cooper Mason as commission on Province of Ontario deposits.

J. A. Currie—Did you try to find out if the Province deposited about that time?

Witness—I am told that it is 1 per cent. of Provincial deposits, averaged quarterly.

Mr. Doherty—Is there any way of the Province knowing about this payment?

Witness—No; not unless there was a verbal understanding.

One Per Cent. "Disappeared."

Mr. Doherty—There is no evidence of a written agreement?

Witness—No.

Mr. Doherty—Or of any verbal understanding?

Witness—No; I have no evidence.

Witness was asked where he had secured his information. "The story was given to me by Mr. Calvert," he said.

J. A. Currie—In other words, the Province got 3 per cent. for its deposits and the bank paid 4 per cent. on the Province's deposits and 1 per cent. disappeared between the bank and the Parliament Buildings?

Witness—Yes, it went in cash to

Mason.

Mr. Currie—He drew it in bills?

Witness—Yes.

Mr. Currie—And lost it coming up the avenue? (Laughter.)

Hon. F. C. Biggs interposed with the suggestion that these payments were the result of an internal arrangement within the bank itself.

Mr. Clarkson—I can give you only documentary evidence, and what I've been told. That interest of 1 per cent. had to be paid to the Province. He (Mr. Mason) drew these amounts ostensibly as the 1 per cent. which was to go to the Province.

"Instructions, General Manager."

The third payment was dated May 10, 1921. It covered an amount of \$2,500, paid in legal tender to the former General Manager as commission for obtaining Province of Ontario deposits, and the voucher was marked "Instructions, General Manager."

Proceeding, Mr. Clarkson gave the details of the entire series of nineteen payments. In some cases single vouchers covered payments both to F. H. Richardson and J. Cooper Mason. All of the payments made to the former had been by cheque and all payments to Mr. Mason in legal tender. The Richardson payments were all marked C. of T. (City of Toronto) and the Mason payments P. O. (Province of Ontario).

Summary of Payments.

Following is a summary of these payments:

April 5, 1921—\$3,000 to Richardson, C. of T.

May 11, 1921—\$3,500 to Mason, P. O.

May 10, 1921—\$2,500, Mason, P. O.

July 19, 1921—\$2,500 to Mason, P. O. Initialed by J. C. Whittaker.

Nov. 2, 1921—\$4,000 in legals at head office, P. O.

Dec. 29, 1921—\$2,000 to Richardson, C. of T. and \$3,300 to Mason, P. O. The voucher covering the latter was marked "Instructions, J. C. M."

Jan. 6, 1922—\$1,000 to Richardson, C. of T.

March 11, 1922—\$4,000 to J. C. M., P. O.

May 16, 1922—\$1,500 to Richardson, C. of T.

June 19, 1922—\$3,000 to Mason, P. O.

July 31, 1922—\$3,000 to Richardson, C. of T.

Sept. 7, 1922—\$3,000 to J. C. Mason, P. O.

Oct. 4, 1922—\$2,000 to Mason, P. O.

Oct. 27, 1922—\$1,500 to Mason, P. O.

Dec. 14, 1922—\$1,000 to Richardson, C. of T. Of this amount \$225 was shown as paid to H. A. Colson, employed by the bank as a broker.

Dec. 20, 1922—\$1,800 to Mason, P. O.

April 3 and 6, 1923—\$1,000 to Richardson, C. of T., and \$3,000 to Mason, P. O.

June 7, 1923—\$2,000 to Mason, P. O.

July 13, 1923—\$1,000 to Richardson, C. of T., and \$2,000 to Mason, P. O.

Commissioner Knew Not Richardson.

Mr. Currie asked witness if he knew Mr. Richardson.

Witness—I believe he is Reeve of Pickering.

Mr. Currie—What connection has he with the City of Toronto?

Witness—He'll have to answer that himself.

Mr. Currie—Who was Mayor during this period, Mr. Church or Mr. Maguire?

Witness thought Mr. Maguire had been Mayor. He had taken the matter up with Finance Commissioner George Ross, who told him that he did not know Richardson.