

Tuesday, April 1st

Mr. Price—What amount was taken out of the bank's funds for the payment of the 1 per cent. on Province of Ontario deposits?

Witness—\$38,100 for these commissions.

Mr. Price—What amount to Richardson?

Witness—\$13,500.

For "Influencing Somebody."

Mr. Currie—Mr. Richardson was paid for his influence with Mr. Bradshaw or Mr. Ross. Is not that the inference?

Witness—I can't answer that question, Mr. Currie, and I don't think I should. The inference is that he was paid \$13,500 for influencing somebody to get deposits.

Mr. Currie—Somebody at the City Hall?

Witness—Yes, at the City Hall.

Witness was asked if any other amounts had been paid out in commissions.

Witness—There is this \$38,100 drawn by Mason in legals. Then there is \$42,400 charged to his s.c. (special current) account. There is about \$4,000 in smaller transactions. All told, about \$99,500 is connected with the Provincial matter and \$13,500 with the city matter. And I believe there is some more.

Hon. Forbes Godfrey—The money was always paid in legals to Mason and by cheque to Richardson?

Witness—Yes.

Would Take Steps to Recover.

Hon. Manning Doherty—Are there any of Mason's accounts through which these payments could be traced?

Witness—One; \$42,400 appears in his special current account taken out of the bond department.

Mr. Doherty—Is there any evidence to show what he did with the \$38,000?

Witness—No, sir.

Mr. Currie—This is an inquest. We're not governed by the rules of evidence. Is there any information you could give that would lead to our obtaining further information about these payments? Have you tried to find out all you can?

Witness—I pressed the bank employees whom I questioned just as hard as I could press them. There was an atmosphere among the employees of the bank that indicated a belief that moneys were paid to the Province of Ontario, but to whom they did not know. I would like to know, from the standpoint of the bank, where it went. If I could find out I would take steps to recover.

Mr. Currie—Did you inquire up here at the buildings? Did you examine the Provincial accounts?

Witness—The Provincial account was exactly balanced.

Mr. Currie—There was not any little private account it could have gone into?

Witness—I would be very glad if there was. I'd try to get it back.

"Never Have I Seen It."

"If the money was credited to Mason and the atmosphere was created, in all probability it would be created by him?" asked Mr. Doherty.

"I suppose he'd say that," replied Mr. Clarkson.

"The Province received from the Home Bank the same interest as any other bank received?" "Yes."

Asked if it were the practice for banks to pay interest to induce deposits, Mr. Clarkson replied: "It certainly is not. Never have I seen it."

Discussing Mr. Richardson's transactions, Mr. Clarkson said that Mr. Richardson had largely reduced his account owing to the bank and had made satisfactory arrangements to pay it all.

Proceeding, Mr. Clarkson said: "In fairness to him I should say he offers to let me go over his books, one end to the other, personally, and he says there were no payments

made to any persons in the City Hall."

No Authorization by Directors.

Mr. Doherty asked if the minutes of the Home bank directors showed any authorization of paying out amounts to induce deposits. "There is no minute of the directors authorizing this at all," replied Mr. Clarkson. Answering Mr. Belanger, Mr. Clarkson said he could not say as to whether it was legal to do such

thing. Mason, he said, had an overdraft of \$60,000. "The inference was that he was gambling on the Stock Exchange?" asked Mr. Currie.

"Yes, he was," said Mr. Clarkson.

Mr. Currie asked if Mr. Richardson had a private account in the Home Bank. Mr. Clarkson replied in the negative, but said he had corporation or company accounts.

"Was Mason interested?" asked Mr. Currie.

"No, except indirectly," replied Mr. Clarkson. "He owns property down east on which the company has a mortgage." The company was good on its own responsibility, Mr. Clarkson explained.

Replying to Mr. Belanger, Mr. Clarkson said the Home Bank closed its doors on August 17, 1923. The date of the last payment to Mason was July 13, 1923.

Mr. McGarry's Statement.

Hon. T. W. McGarry, former Provincial Treasurer in the Hearst Government, asked and received permission to make a statement before the committee.

"I know nothing," he said, "of any commissions being paid for Province of Ontario deposits in my time. If any were paid, it was not necessary."

The first time he ever met anybody in connection with Provincial Government deposits was when Senator Claude Macdonell asked him on one occasion to increase Province of Ontario deposits. He looked up the bank statement, found it good at that time, and deposited a couple of hundred thousand dollars with the bank.

Another occasion for Province of Ontario increase in Home Bank deposits was after a 1915 loan flotation in New York. He got word from the Bank of Montreal that it would pay no more than two per cent. on deposits. Within a few hours Ontario's money in the Bank of Montreal was redeposited in other banks.

Still another occasion for Provincial deposits in the Home Bank was when the Organization of Resources Committee of 1918 decided, partly because of the work of M. J. Haney on that committee, to do its banking through the Home Bank.

Never Any Commissions.

"I am responsible for putting through every loan in my time," he said, "and I never paid anybody a commission that doesn't appear in the public accounts."

"I never received five cents commission during all the time I was Provincial Treasurer from anyone, and no one in the department had any right to take any."

Respecting transactions of his department with D. K. Ridout, who formerly testified as to his \$100,000 profit on a Government bond sale, he said: "Mr. Ridout had one deal—a \$2,000,000 bond sale. Mr. Ridout had wanted to put through a deal in which he would share in the exchange."

"But I said 'No!'"

"But I said 'No!'" declared the former Minister—"that we would fix the commission beforehand, and I finally agreed at one-quarter of one per cent."

Mr. McGarry said he was responsible for the legislation enabling the Province to buy in succession-duty-free bonds. He agreed with Mr. Doherty, that, in principle, it was a good policy. The wisdom of the various purchases depended on the prices, and he was not going to criticize.

Not Able to Find Them.

George R. Harris, Hamilton, bond broker, asked what documents and records of the Provincial Securities Company he was ready to produce to the committee, said he had not been able to find them. Chairman Finlayson asked him to give a full explanation as to this. "I have absolutely no idea where they are. I have searched all through our offices and everywhere I could think."

The only book he remembered having kept, said Mr. Harris, was a book showing prices paid for bonds. He had no idea when he saw it last.

"There was only one book?" asked Mr. Finlayson.

Only Kept One Book.

"I only remember keeping one book. To the best of my knowledge there is only one." He had searched all over his office and his house, he said. He made the entries himself, he said, but he could not recollect what entries were in it. He did not know where the vouchers were, nor had he found any record at all of the correspondence.

The only record he had, he said, was a memorandum. It was a list of the bonds he had been trying to buy from insurance companies. "These are the insurance companies listed that I knew held these bonds," he said, producing the list.

"Did you get this list from the Blue Books?" he was asked.

"I think so."

"No other sources?"

"Not so far as I can remember."

Had "a Few Others."

Asked where he had found the memorandum, he said he had found it in his office. The only file the Provincial Securities Company had was kept in his brother's office. When his brother left the office two years ago Harris said that to the best of his knowledge all Provincial Securities documents were transferred to Hamilton.

He could not say that all records of the Hamilton firm had been kept. Answering Mr. Biggs he said that the Provincial Securities Company had transactions with his new firm in Hamilton.

"Your object in forming the Provincial Securities was to sell to the Province?"

"Not particularly. We had a few others."

Proper Books Not Kept.

Mr. Harris said the transactions of the Provincial Securities Company with the Browning firm were on record, but he maintained that the ones with the Province were not available.

Q.—Give the reason why those have disappeared and no others?

books were not kept, and I have no track of them. I don't know where they are.

Mr. Harris asked and received permission to make a statement, which he read. His old firm of Morgan, Dean, Harris & Mulvenny had become involved in an underwriting of Beaver Motor Co., and he had become personally liable for a guarantee to the Union Bank for \$150,000. He decided to continue the bond business under a new company, using Snyder as the principal until he could take it over.

The reason he dealt with the Bank of Toronto was that he and his brother had failed, and he had given a personal guarantee for \$5,000. That was why, he said, the bank manager had assisted him in the financing, because he wanted to get the money back for the bank.

"And also the reason why I could not transact business under my own name was because, being human, the Bank of Toronto would take whatever money I made and apply it."

Kept "It" Himself.

Examined by C. R. McKeown (Conservative, Dufferin), Harris was asked if the Beaver Motor Truck Company had anything to do with his getting the Provincial business. "No, sir," said Harris.

Asked who kept the books for the Provincial Securities Company, Harris replied that he "kept it myself."

"You left it in the Toronto office?"

"Yes."
"Do you know whether that book ever reached your office in Hamilton?" "I can't say."

"You lost entire sight of it when you got through with the Provincial loan?" "Yes."

Mr. McKeown held up the memorandum, and, running his finger along the names, asked in turn for each name, if Mr. Harris "had purchased there?" Mr. Harris said he could not say.

"What does the memorandum mean?" asked Mr. McKeown.

"These companies owned the securities."

Under further questioning, Mr. Harris said he bought \$50,000 worth from the New York Life at about 93 or 94; but he could not swear as to the price.