

FRIEND OF PETER'S DREW COMMISSION FOR AID TO DEALER

**"Andy" Pepall and Smith
Used to Sell Farm Light-
ing Apparatus Together
and "Andy" Stayed at
Peter's House — Got
Quarter of One Per Cent.
Commission on Business
Secured From Aemilius
Jarvis & Company**

FURTHER EVIDENCE AT TREASURY PROBE

Further efforts on the part of the Public Accounts Committee to trace the missing \$15,000 cheque supposed to have been made out to Hon. Peter Smith failed last night when Alexander Ross, former Manager of the Home Bank bond department, stated he had no recollection of ever handling the cheque or of seeing it. The cheque was a refund on profits from an Ontario Government bond sale, and it had been hoped that the former bond department manager would be able to throw some light on the mystery.

Besides the \$15,000 cheque, the stub of which has been produced in committee, Provincial Treasurer Price examined R. R. Rogers, formerly General Manager of Aemilius Jarvis & Co., in connection with the Province of Ontario inscribed stock purchases in England, and upon which, the department contends, half a million dollars' profit was made by the bond concern. Mr. Rogers, however, had severed his connection with the firm before the details were completed, he said, and could not go into details for the committee.

Influence Bond Business.

He did, however, interest the committee by relating the details of an arrangement made by himself with Andrew Pepall, brother of Harry G. Pepall, office man of the company, who had been introduced by Harry Pepall as able to influence Provincial bond business in the direction of the Jarvis concern. Mr. Rogers said that he had made the arrangement of pay Andrew Pepall one-quarter of 1 per cent. on all bond business that he was able to direct to the Jarvis concern at the Jarvis price.

Although the story is old, having been brought out before the Public Accounts Committee two years ago, new members showed merriment in the recounting of the circumstances of the friendship of Andrew Pepall and Peter Smith. The former Treasurer, it was stated, was formerly an agent under Mr. Pepall for a farm-lighting apparatus, and they used to make sales tours together, on which occasions Mr. Pepall used to occupy a room in Mr. Smith's home—a fact which prompted Sam Clarke to comment that that was how the former Treasurer "got light."

Went to England for Peter.

Andrew Pepall, who drew at least one commission of \$7,500 on the Jarvis bond purchases that Mr. Rogers knew of, is the same Pepall who went to England as representing the Provincial Government on bond purchases, and who was paid something like \$80 a day for his services, which amounted in all to about \$4,000. Although Mr. Rogers was drawn into a statement that Pepall was to use his influence to get the business for Jarvis at their price and without competition, he qualified the inference that seemed to be drawn by committee men by saying that the Jarvis concern always bid what they thought the market justified, and he had no doubt that Mr. Smith called up every bond man in the city on the same deal to get his terms.

That Elusive Cheque.

The committee generally abandoned the larger items of the evening in a pursuit of that \$15,000 cheque, the stub of which purported to show that former Treasurer Smith got it. Ross said he had no knowledge of who "abstracted" the cheque from the files, swore he did not do it, and stated that any of the bank employees would have opportunity to steal it if they so desired.

During the night's proceedings Sam Clarke, Liberal member for West Northumberland, the veteran of the Legislature, brusquely commented that if Hon. Peter Smith got \$15,000 one month after he came into office, he got "ten millions" before he went out, whereupon Mr. Clarke was called to order by the Chairman for "making a speech."

Chief Clerk Testifies.

W. Douglas, chief clerk in the Treasury Department, was first called to prove an Order-in-Council of Feb. 24, 1920, authorizing purchase of three lots of inscribed stock—£1,200,000 3½ per cent., purchase price to be 80; £1,640,547 and £817,244 of 4 per cent., authorized purchase price 90 in both cases of 4 per cent. issues.

Provincial Treasurer Price produced London quotations showing that at that period the stock was quoted at 66½ for 3½ per cent. issue, and 75 to 82 for the 4 per cent. issue. He produced an Aemilius Jarvis & Company circular offering 75 for 3½ per cent., and 82 and 84½ for 4½ per cent. Those present at Cabinet Council meeting that day were listed as: Hon. Messrs. Drury, Rancy, Nixon, Smith, Bowman, Doherty, Grant, Rollo, Carmichael and Biggs.

Bought at 75 and Sold at 80.

Mr. Douglas produced computations showing that the total amount purchased by Jarvis & Company, 31-2 per cent., due 1946, was £655,989 17s 8d bought from holders at 75 and sold to Government at 80. Four per cents. in the circular were asked for at 82, and £798,141 were sold at 90 to the Government. The market price was even less. Mr. Price said. Another class of bonds, offered to be purchased in the circular at 84 1-2, were sold to the Government at .90. Mr. Price said the total profits to the Jarvis firm was £117,138, or about \$570,000 on transaction of £1,826,729 worth of bonds bought.

These figures were subject to searching questions from Messrs. Clarke and Fisher of the committee. Mr. Clarke elicited from witness that he did not know what price Jarvis & Company paid.

Mr. Fisher asked where the circulars which had been produced came from. Mr. Price said they came from the Bank of Montreal, Government agents in London.

"Do you know if anything was bought at that price?" asked Mr. Fisher. Mr. Douglas said he did not know the price. Finally it was decided to permit Mr. Price to go on with his examination of the witness.

Worthless, Says Doherty.

Mr. Doherty contended that the price submissions offered the committee by Mr. Douglas were worthless, as proved, he said, by the variation in the circular and the actual price.

Mr. McCausland established that the exchange would account for some of the difference. The evidence was that the Government was extraordinarily lax in not buying at the price at which Jarvis bought.

Mr. Doherty—Were not the bonds worth that much to the Province to get back?

The committee, however, decided that Mr. Douglas's opinion was not evidence.

To settle the dispute as to the accuracy of Mr. Douglas's figures, Mr. Price read a telegram from the Bank of Montreal, London, confirming the bond prices which were submitted to the committee for purposes of comparison.

R. R. Rogers, bond broker, said he had been in the bond business for 15 years. In 1919 and 1920 he had been with Aemilius Jarvis & Co. In that particular period he was manager of the firm. At that time Mr. Jarvis was the only member of the firm. Others working with him then were Mr. Jarvis Jr., Mr. Harry Pepall and Mr. Sykes.

"I had nothing whatever," he said, "to do with the European deal. I wasn't consulted about it."

Photographers Cause Commotion.

Quite a commotion was caused by the frantic efforts of several photographers to wheel in an apparatus for taking a photograph. Hon. Dr. Godfrey protested at the fumes that would be created—"poisoning people," he said. The Chairman ordered them to "hurry up" and the committee halted for five minutes while the picture was taken. After fighting through the crowded aisle the photographers couldn't get the apparatus out and there was general uproar during another struggle down the jammed aisle.

"Shortly after the Drury Government came in what arrangement was made in your office regarding Government business?"

A Friend of Peter's.

A.—When I was manager of the company, Harry Pepall introduced his brother, Andy, to me, and Andy was a personal friend of Peter Smith's.

Q.—How do you know that? A.—I don't know, except what Andy and Harry told me, and that they could influence a certain amount of business. I told him I would give him a quarter of 1 per cent.

Q.—And? A.—Yes. I said I would give him a quarter of 1 per cent. on any business he could turn our way. Of course, the price would have to be fixed by us.

Q.—And before you made that arrangement with Andy Pepall, you say you had a talk with Harry? A.—Well, as I remember, Harry came to me and said Andy was a personal friend of Peter Smith's and he could influence certain business for the house, and would we be prepared to pay commission, and I said sure—a quarter of 1 per cent. on anything he could turn our way on our purchase price.

After Smith Came In.

Q.—That is, if the Government gave you a Treasury bill of one million dollars you would pay Andy Pepall a quarter of 1 per cent.? A.—If he were in a position to get that.

Q.—When was that arrangement? A.—As far as I can recollect, that was made shortly after Peter Smith came in.

Q.—Do you remember when the first payment was made? A.—The only cheque I remember was one for \$7,500 on a \$3,000,000 purchase.

Q.—How was that \$7,500 payment made? A.—By currency cheque. My bookkeeper drew the cheque. I gave the cheque to Harry. The cheque was on the Canadian Bank of Commerce.

Q.—Why was this cheque handed to Harry to pay Andy? A.—Harry was looking after it.

Mr. Rogers said he never saw the entry in his books, nor the returned cheque.

Q.—Were there other deals on which the commission was paid? A.—That is the only deal I have recollection of, because as soon as Andy Pepall came in and started to influence the Province the matter was really taken out of my hands.

The Same Pepall.

Mr. Price brought out that Andy Pepall was the same Pepall for whom Hon. Mr. Smith used to sell Delco lights.

"And he lived for a time in Andy's house?"

Mr. Clarke—That is where he got the light.

He was the same Andy Pepall, Mr. Rogers believed, who was paid \$4,000 to represent Hon. Mr. Smith, as brought out two years ago in Public Accounts.

Q.—Do you know of any other business Andy got for your firm? A.—No.

Q.—Do you think Andy Pepall had influence to fix that price, without competition, that you would get a bigger price? A.—We would always be prepared to pay the Province the market on the bonds.