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## ARRESTED AND RELEASED ON BAIL OF \$50,000



**PETER SMITH.**

Ex-Provincial Treasurer of Ontario, whose arrest at the Parliament Buildings yesterday on a charge of conspiring with Andrew H. Pepall to defraud the Province of Ontario was the climax of a dramatic session of the Treasury scandal probe. The photograph was taken as Mr. Smith was refusing to give evidence before the Public Accounts Committee. He will appear in Police Court this morning in connection with further arrangements for bail.

of the Crown will have to take cognizance of the situation, and it will pass out of the hands of the committee into the hands of the Crown, but I would like to feel that Mr. Smith has been given a fair opportunity to appear before the committee and give evidence or make any statement he desires.

Mr. Smith—Thanks.

### Mr. Doherty's Position.

Mr. Doherty—May I say to you, Mr. Chairman, that in the proceedings of this committee up to the present I have been directing any efforts of mine toward the bringing out of information which would make it possible for Mr. Smith to come before this committee and make a statement or give evidence. It was not until this morning that I was aware that Mr. Smith had been advised by his counsel not to give evidence. My activities in this committee have been only along the line of bringing out such facts as would make it possible for Mr. Smith to give evidence.

Mr. Smith—Might I say that I came this morning prepared to give evidence, but, after having been informed of what has taken place, and having heard the evidence given here, I decided, on the advice of my solicitor, not to give any evidence this morning.

The Chairman—I quite understand that.

### Committee to Continue Work.

Mr. Price—I think we should report these proceedings as far as they have gone to the House, so that the House will be cognizant of the situation, probably this afternoon; probably the Chairman could do that. It should take probably two or three days to get through with the rest of the evidence that should be placed before the committee. I am hoping that we could meet all day tomorrow and the following day, and that all the witnesses who have been asked to appear before the committee can be heard. If it takes

longer, of course, we will have to sit longer.

### Formally Taken Into Custody.

As Mr. Smith, with scores of others, was walking down the hall as the committee adjourned, he was met by Provincial Police Inspector A. B. Boyd, who shook hands with him and walked with him to the door of Provincial Police Commissioner Williams's office. There Deputy Commissioner Cuddy handed a warrant for Mr. Smith's arrest to Chief Inspector Greer, and the former Provincial Treasurer was taken into custody.

The crowd surged around the doorway, but Provincial Police officers quickly cleared the hallway leading to General Williams's office, and Mr. Smith remained behind the closed door out of sight of all beholders. Somewhat later a luncheon was carried into the room on a tray, but up to 5 o'clock and after there was no sign of Mr. Smith leaving the room. It was announced that he was attempting to obtain the \$50,000 bail demanded by the Crown.

### Men From Home Give Bail.

At 5.15 Mr. Smith was taken through several adjoining offices and brought out to the main hallway of the first floor, adjacent to the west Legislature lobby, rushed down the main stairs, through the new wing into the quadrangle and carried in a Provincial Police car to the detective office in the City Hall. There he was given his supper, and there he remained until 9 o'clock, when he was released under bail to appear this morning. The bondsmen were three men from Stratford, one from Sebringville and one from Chesley. Mr. Smith then was released.

Those who went to bail and the amount of surety in each case were: William Krug, manufacturer, of Chesley, Bruce County, \$15,000, on his residence at Chesley, valued at that amount; Simon J. Grosch, manufacturer, of 232 Water Street, Stratford, \$8,000, on his house and lot,

valued at \$16,000, owned jointly by his wife and himself; William H. Grosch, manufacturer, of 30 Shrewsbury Street, Stratford, \$10,000, on his house and lot, valued at \$12,000; Aaron Christian Werner, merchant, of the Village of Sebringville, Perth County, \$5,000, on his butcher store and plant, valued at \$12,500; Norval F. Bapt, gentleman, of 180 Mornington Street, Stratford, \$12,000, on a block of stores and his home, valued at \$30,000.

### Charged With Conspiracy.

The warrant, which was issued upon the information of Deputy Commissioner Alfred Cuddy, charged that "Peter Smith of the City of Stratford did conspire with one Andrew Pepall, and with others unknown, to defraud the Government of Ontario by obtaining secret commissions on the purchase by the Government of Ontario of certain succession-duty-free bonds."

Only two witnesses were heard before the Public Accounts Committee yesterday, A. E. Nash and G. L. McHattie, Manager of the Bank of Toronto in Stratford. In the main, Mr. McHattie's evidence merely was corroborative of the testimony of Mr. Nash. Mr. Nash had been sent to Stratford by the committee to go over the books of the bank and examine entries pertinent to Mr. Smith's account. He was instructed to pick out items from this account of a public or extraordinary nature only.

### Some Notable Deposits.

Mr. Nash's testimony was that on Aug. 30, 1919, prior to the 1919 elections, Mr. Smith had a balance to his credit of \$35.59. On Sept. 30, 1923, after he had left the office of Provincial Treasurer, he had to his credit \$5,941.84. He showed that on Dec. 22, 1919, there was a deposit made in Mr. Smith's account of \$6,824, and the deposit slip showed seven items of \$1,000 each.

Mr. McHattie in his evidence said that these bills were brought into his office by Mr. Smith and handed to him for deposit, less \$625 for cash.

Altogether, Mr. Nash produced something like 24 deposit slips between Sept. 1, 1919, and Sept. 30, 1923. Several of these deposits were of "legals," that is, of Dominion of Canada bills of \$500 or \$1,000 denomination, which, Mr. Nash said, the bank record showed. On March 3, 1920, an item was credited to the joint savings account of Hon. Peter Smith and Laura A. Smith of \$6,189.40. Examination of the discount register of the bank showed this was a note signed by A. H. Pepall for \$6,250.

### Half the Jarvis Cheques to Young.

Provincial Treasurer Price declared that the cheque of Jarvis & Company to A. V. Young for \$12,500 was dated the same day. The sum of \$6,250 was half this cheque, he pointed out. It was shown further that Mr. Smith also had an account in the Bank of Nova Scotia in Stratford, and this account is to be examined by Mr. Nash.

On July 2, 1920, a deposit was made of \$3,950. The deposit slip showed this consisted of a \$4,000 item, less \$50. The cash item list of that day in the bank showed there was a cheque from Aemilius Jarvis & Company of Toronto to Peter Smith. Mr. Price observed that on June 30 the Province had issued a cheque to A. H. Pepall for \$4,000.

Mr. Nash said that the total of deposits in "legals" for the time he had examined the account had been \$18,000, and the total of other items he had examined was about \$26,000, or a total of about \$45,000. Then he gave evidence as to the deposit of bond coupons. On July 6, 1920, they totalled \$707.13; on July 31, 1920, they totalled \$1,827.50, and on Feb. 5, 1921, they totalled \$1,827.50. Other various deposits of a similar character were described by Mr. Nash.

### Smith Had "Very Active Account."

"During practically the whole of this period Mr. Smith had a very active account," he said. Mr. Smith's salary cheque, almost without exception, had been deposited in this account, but these salary cheque deposits were not included in any of the items he had mentioned. Answering a question as to the \$1,827.50 deposit of bond coupons, Mr. Nash said that on a half-yearly basis at 5½ per cent. they represented between \$60,000 and \$70,000 worth of bonds. Other deposits explained by the witness were of the proceeds of the disposal of Dominion of Canada bearer bonds.