

Tuesday, April 15th

tions there is a bearer bond? A.—The account does not, but the records of the bank show.

Proceeds of Dominion Bearer Bond.

Q.—Then September 18? A.—The account of Mr. Smith shows a deposit on the 18th of September of \$4,353.76. The deposit slip is dated 20th of September. I inquired as to the difference, and, the Manager tells me, sometimes mistakes are made in the entering of the ledger as to the date. You will notice when this is produced that there are several blank spaces, no dates filled in there, but the last date in the ledger is the 18th. The records of the bank show that to be the proceeds of \$5,000 Dominion of Canada bearer bonds, together with \$113.76.

Q.—Well, that is a similar item to the \$1,000? A.—Similar to the \$1,000, yes.

Q.—Next, on the 4th of October, 1923, deposit of \$10,198.91, which the records of the company show to be the proceeds of \$9,500 Dominion of Canada bonds.

Q.—Deposit slip produced, marked 4th of October, 1923, showing \$9,500. A.—Dominion of Canada bonds.

Mr. Currie—Let us understand that: that means he cashed those bonds into the bank and the bank put the proceeds to his credit? A.—Yes.

Mr. Price—It doesn't indicate what the Dominion bonds were? A.—I think that the bank records would show the denominations, and in the case of the first one of \$5,363.76, I have the numbers of the bonds that were cashed.

Q.—Just give us the numbers? A.—TE 178356 to 178860, inclusive—five \$1,000's.

Mr. Currie—Dominion? A.—I believe that the bank can produce the numbers of the \$9,500.

Q.—Now, these are five \$1,000's. What was that date? A.—Sept. 18, 1923, cashed.

Mr. Currie—As near as you can find out from your examination it showed that Mr. Smith handed those

Victory bonds in to the Manager and the Manager sold them or their bond department took them over and gave cash for them and placed it to his credit? A.—Well, I don't know how, but it shows they were the proceeds of five \$1,000 Dominion of Canada bonds.

Mr. Price—The odd amounts would be for interest.

Mr. Price—Have you got any other item there? A.—No, sir.

Q.—Will you produce the ledger sheets?

Mr. McBrien—What is the total of those deposits?

Deposits in Legals and Bonds Totalling Upward of \$45,000

Mr. Price—About \$18,000-odd. \$18,000 in legals; these other items of \$10,000 \$5,000, \$9,000 run about \$26,000 in other items and \$18,000 in legals.

Mr. McBrien—Then the total would be about \$45,000 or \$50,000?

Mr. Price—Of course there are a lot of other items that have not been gone into because they did not appear to have any significance. Now, will you produce the ledger sheets so we can get them on the records? A.—That is a copy of the savings account of Mr. Smith's account in the branch, made by him personally.

Q.—Mr. Nash produces a copy of the savings account of the Hon. Peter Smith and Laura A. Smith, or either, 89 St. Vincent Street, Stratford, as made by him from the records of the bank. Produced and marked as exhibit 163. A.—All these seven sheets are copies of the current account of Peter Smith and the joint account of Mr. Smith and his wife as made by an official of the branch of the Bank of Toronto, Stratford.

Q.—Covering what period? A.—Covering the period from Sept. 1, 1919, to Oct. 31, 1923, the green references on that were made by me during my examination.

Q.—Just while you are on these accounts, I see you went back to Sept., 1919. Prior to the date Mr. Smith came to Toronto. Did you go back farther than that looking over the account, farther than that? A.—No, sir, not more than a brief examination of the ledger.

Q.—Did you find deposits of large bills, legal tender, before December? A.—I found none prior to Dec. 22, 1919.

Q.—Then, Mr. Nash, you have made certain items here. There are certain items concerning coupons, and there are quite a number of them, I understand, but we will take some of the larger ones. On July 6, 1920, apparently there were \$707.13, the amount credited, the amount of the coupons deposited in the account? A.—Yes, sir.

Deposit Slips Produced.

Q.—Have you got that deposit slip? A.—I have, sir, deposit slip dated July 5, and is marked coupons.

Q.—This deposit slip dated July 5 shows coupons written across the top of it.

Member—What year?

Mr. Price—All 1920, these.

Member—That would mean coupons clipped from bonds held by Mr. Smith?

Mr. Price—Yes, 27 at 7.29, \$196.83. Seven at \$72.90, \$510.30, making a total of \$707.13. The bank Manager will no doubt be able to explain just whether he had these bonds in his possession or whether these were coupons handed in to him. Then you have another deposit, July 3? A.—The deposit slip of \$1,827.50 consisted of 20 items of \$12.50, 21 items of \$2.50, and 61 items of \$25.

Q.—Making a total of? A.—\$1,827.50.

Mr. Price—The deposit slip shows it written in ink showing the amounts which we believe are coupons, produced and marked as Exhibit 166. Mr. Chairman and gentlemen, there are a lot of others quite small, but I am taking the large ones. There are several items of \$13.75—

Mr. Currie—What is the total amount of the bonds?

Mr. Price—Yes, we will get that. What is the next large amount. A.—1st of November, 1920, items which appear to be coupons, of \$862.50, and New York funds marked underneath of \$88.35, total of \$950.85. That is indicated just in the same way, the coupons in each case being placed after number.

Mr. Currie—Well, there is an item of New York funds which would signify cheques.

Q.—Have you followed through to find the reason for this \$88.35 or any other items? A.—No, sir, the bank records don't give details of coupons that are cashed from time to time.

Payable in New York Funds.

Q.—Mr. Nash, you have had experience in auditing bank accounts. If the item was \$862.50, and it is audited New York funds, what would it indicate? A.—It would indicate to me that the coupons were payable in New York funds.

Q.—And Mr. Smith got credit for that amount in his account? A.—Yes, sir. January 3, 1921, there is no mention of the coupons, but the amount indicates coupons, \$824.66.

Q.—3rd of January. So many at \$7.29, others at \$14.58, and so on, and seven at \$72.90. Of course, these would be, might be, four or five or five and a half. It could easily be figured out. Next item. There is one in February, \$1,827.50. A.—The deposit slip is marked January 5, 1921, and then changed in pencil to February 21, a total of \$1,827.50, consisting of 21 items of \$2.50, 20 of \$12.50, and 61 items of \$25.

Q.—You will notice that that is about six months from the time that \$1,827.50, the exact amount, was deposited before. That would be the six months' period which the coupons would cover.

What Coupons Would Cover.

Member—How much would the coupons cover?

Mr. Price—About \$72,000-odd at 5 per cent. and \$66,000 at 5½ per cent.

The Witness, continuing—On Oct. 1, 1921, what would appear to be coupons, although not marked on the deposit slip, is \$552.50, and underneath that, New York exchange, \$53.80.

Mr. Price—That is \$552.54, and here is another. The New York exchange shows, Mr. Chairman and gentlemen, that these were payable in New York, and anyone holding them would get exchange.

Mr. Currie—That is above if he held the bonds here?

Mr. Price—Yes, the banks give you credit for it.

Q.—What other items? A.—On April 1, 1922, \$582.44.

Q.—Just the same way, the numbers in each case dated 1st, produced and marked as Exhibit 171. What is your next? A.—On Oct. 7, 1922, \$277.59.

Q.—Any others, Mr. Nash? A.—That is all that I have dealt with.

Q.—What is the last deposit and coupon, what date? A.—Oct. 7, 1922, there are some smaller deposits marked coupons, but being of a small nature I did not detail them on this exhibit.

Q.—The next in 1923? A.—On May 1, 1923, one of \$104.50, a small one.

According to Instructions.

Mr. Widdifield—What is the idea of going back to the end of September, 1919? A.—My instructions were to cover a period from the end of 1919 to the present time.

Mr. Price—I said 1919, but it

probably would have been better to have stated certain months.

Mr. Currie—You wanted to satisfy yourself that Mr. Smith, previous to that, was not indulging in these large deposits.

Mr. Price—There is just one other item. We will place this in as a summary of what you have gathered from your inspection of the account—Mr. Smith's account at Stratford. Now, Mr. Nash, are there any other things that you think you should bring to the attention of the committee?

Smith Had "Active Account," In Opinion of Witness

A.—During practically the whole of this period of some four years, Mr. Smith had a very active account. I didn't think that it was the intention to examine any personal transactions of Mr. Smith, and I tried to segregate so far as possible those items which I thought would be of importance. Among those items that I have not brought to the attention of the committee are a great many deposits made in cash of \$100 bills, \$50 bills, \$25's and \$10's, amounting as high as \$300 or \$400 in one deposit, and as low as \$100.

Q.—How much would these aggregate? A.—They would aggregate some \$7,000 or \$8,000 over the period.

Mr. Clarke—Over a period of three or four years? A.—Four years. Apart from those I have nothing else to report as to my findings on examination of this account.

Mr. Currie—Did you find Mr. Smith's salary cheque deposited? A.—I found Mr. Smith's salary cheque deposited there almost without exception every month.

Q.—You did not take that into account at all—I mean those items you have given us? A.—They are, of course, shown on the copy of Mr. Smith's current account which was put in as an exhibit.

Salary Deposits Not Included.

Q.—But you didn't take them into consideration in any of those deposits you brought to the attention of the committee? A.—They are not included in any of the items I have given.

Q.—You made a calculation of these coupons. What would these coupons represent half-yearly in the way of 5½'s? A.—I did not make a calculation. Without knowing the rate of interest the bonds would pay it would be impossible to make an accurate calculation of what bonds might be held.

Q.—You wouldn't want to volunteer? A.—I would prefer not to volunteer any statement.

Q.—Supposing 5½? A.—Well, I could work that out on the basis of 5½. The \$1,827.50 credited half-yearly at 5½ per cent. basis would mean somewhere between \$60,000 and \$70,000 of bonds.

\$60,000 or \$70,000 in Bonds.

Q.—Coupons had been clipped and cashed on between \$60,000 and \$70,000 of Victory bonds, 5½? A.—If the bonds were 5½ per cent. bonds.