

Tuesday, April 15<sup>th</sup>

Q.—These coupons were negotiable without the bonds? A.—I don't know what the coupons were or anything. I only know they were marked as coupons deposited.

Mr. Price—They are negotiable just like money.

Mr. Proulx—What was the highest amount on deposit during four years?

The Chairman—Credit balance? A.—The highest balance to Mr. Smith's credit, the current account, I would say that my recollection is around \$11,000.

Mr. Widdifield—Do you know his credit, beginning? A.—Yes, the current account would give us all that information.

**Smith's Balance \$35 in Aug., 1919.**

Mr. Price—Mr. Nash is here to answer all questions? A.—The 30th of August, 1919, the balance to the credit of Mr. Smith was \$35.59.

Mr. Currie—Thirty-five, how much?

The Chairman—\$35.59.

Mr. Oakley—What was the credit in September of 1923? A.—September, 1923, \$5,941.84.

Q.—And that varied from month to month? A.—It varied from day to day as cheques were issued or deposits made. The highest balance was on the 22nd of December, 1919, amounting to \$11,036.27.

Q.—That account we are speaking of was current account? Were there any large sums to the credit of his savings account? A.—The largest amount placed to the credit of savings was \$6,189.40.

Q.—Altogether? A.—That was the largest individual amount placed to the credit.

Q.—The balance? A.—No, in that deposit.

**Largest Savings Balance \$4,750.73.**

Q.—What is the largest balance in that account? A.—The largest balance was on the 27th of December, 1919, \$4,750.73.

Q.—How much was the other balance on that day—\$4,000 you say roughly—what is the other amount? A.—Well, on the 27th of December the current account was closed out into the savings account so that the current account had no balance at all.

Q.—Not at that date? A.—Not at that date.

Mr. Belanger—Will you refer to the ledger sheets and tell us whether in the months of May and June, 1923, there was a cheque of any large amount issued under that amount? A.—In the month of May,

1923, the largest amount chequed out is \$2,000 even. In the month of June the largest amount chequed out is \$600 even.

Q.—What date in June? A.—June 11.

Q.—And what date in May? A.—May 30, 1923.

Mr. Currie—In your examination of the accounts was there anything to show Mr. Smith carried an account in another bank? A.—There were transactions that—

**From Bank of Nova Scotia.**

Q.—From where? A.—Appear to come from the Bank of Nova Scotia.

Mr. McBrien—Is there a Bank of Nova Scotia in Stratford? A.—That I don't know.

Q.—It showed there was an account on the Bank of Nova Scotia. You were told that? A.—I think I was informed that.

Q.—Was there any other bank account shown at the Bank of Nova Scotia; was there any evidence to show there was an account in this British Loan Co.? A.—No.

Q.—Was there anything to show there was a personal account being carried by Jarvis & Co. on behalf of Mr. Smith? A.—No.

Q.—Anything to show Osler & Hammond carried a personal account for him? A.—No.

Q.—Except the cheques? A.—Nothing except the cheques.

Q.—And just this: in the cheques they would not look as if he was checking out of their account and realizing on the brokerage business? A.—There were no other items in his account that referred—

Q.—No other items that you could refer to? A.—No.

Mr. Currie—That is all you want to give the committee?—That is all the information I have, Col. Currie.

**Last Deposit December, 1922.**

Q.—Just one question, and that is: did your examination show any similar deposits since Sept. 19 last, since the recent election in October of last year? A.—The last deposit that showed bills of \$500 was on Dec. 22, 1922.

Mr. Currie—A year ago.

**Seven Bills of \$1,000 Each Handed In for Deposit**

George L. McHattie, Manager of the Bank of Toronto at Stratford since December, 1912, was the next witness. He said he knew Mr. Smith intimately. He said the first occasion on which he saw legal bills of a large denomination was December 12, 1919, when Mr. Smith brought in seven \$1,000 bills and handed them to him for deposit. He made out the deposit slip. Mr. Smith took \$625 in cash, and there was another item of \$449, added by cheque, he thought, making a total deposit of \$6,684. He did not remember the occasion distinctly, and told Chairman Finlayson that there was no comment passed between him and the former Treasurer as to the legal tender.

The Chairman asked as to the purport of an item on the ledger of March 3, 1920, credited to Mr. Smith's account, \$6,189.40.

Q.—That is in red; does that mean it was in savings? A.—That was in the savings account.

**Proceeds of Note From Pepall.**

Q.—What is that item? A.—That was proceeds of a note signed by A. H. Pepall in favor of Peter Smith.

Q.—A note for how much? A.—\$6,250 came into our records.

Q.—\$6,250? A.—Yes, sir.

Q.—And what period did it run? A.—I don't know how long the note was drawn up, but I see with reference to our books that there was \$596 interest on it, which would look like a two-months note.

Q.—Paid slightly before maturity? A.—Discounted a few days after the date of the note.

Mr. Currie—Who discounted that note? A.—Mr. Smith.

Q.—Was it you? A.—Yes, sir.

The Chairman—Did Mr. Smith come to you, Mr. McHattie? A.—I don't know whether he did or not.

Q.—Well, did Mr. Smith have an authorized line of credit? A.—No, sir.

Witness said Mr. Smith did not put up any collateral, but that he knew Mr. Smith, and knew that he was good for it.

**Pepall Not With Him.**

Proceeding, Mr. McHattie said that, not to his recollection, did Mr. Smith have Mr. Pepall with him when he came in with that note, nor did he tell him that Pepall wanted the money. He did not have any understanding that the money was to be used by Mr. Pepall for financial transactions, nor did he know what the money was used for.

Questioned by Chairman Finlayson as to any conversation he might have had with Mr. Smith subsequent to committee sittings, Mr. McHattie said that Mr. Smith had casually mentioned that Mr. McHattie might be subpoenaed. Mr. Smith on a couple of occasions had asked

look over his deposit slips to check up his bank book.

Mr. Currie asked Mr. McHattie if he didn't think it queer that Mr. Smith should deposit so many legals.

"Did you think they ran a printing office down here?" asked Mr. Currie. A.—I didn't know where they were coming from. I have always found Mr. Smith an honorable and upright man and never questioned them.

Mr. McHattie thought that the debenture deal with the British Mortgage & Loan Co. was a personal transaction of Mr. Smith's, with no particular significance.

Mr. Currie expressed astonishment that the bank should have charged Mr. Smith commission for purchasing on the several occasions when Victory bonds were sold at the bank by Mr. Smith. He characterized it as "a mild form of graft."

Mr. McHattie said that some of the bond coupons cashed were for Province of Saskatchewan bonds. Not to his knowledge did any of the

money go into campaign funds. The largest amount relating to cattle transactions that he remembered was \$6,051.51, and there were no \$1,000 bills connected with it.

Mr. Smith was then given an opportunity to make a statement, but refused to be sworn, and his arrest quickly followed.

**Seven Years in Penitentiary Is the Maximum Penalty**

The information against Hon. Peter Smith is laid under the Criminal Code, and charges conspiracy to defraud the Government. For offenses of this nature the maximum penalty is seven years in the penitentiary.

## BUSINESS OF SESSION BROUGHT TO CLOSE IN SOLEMN FASHION

Formal Prorogation of Legislature Fixed for Thursday Afternoon

### SMITH INCIDENT DEBATED

After giving third reading to no fewer than 58 private and Government bills, the Ontario Legislature concluded the business of the session at 6 o'clock yesterday afternoon, with the exception of the Public Accounts Committee, which will sit today and Wednesday, and the formal prorogation, which is scheduled for Thursday.

The news that the Public Accounts Committee would sit for two days was given by Premier Ferguson shortly after the opening of the House, in reply to a request by Hon. Manning Doherty that the inquiry now proceeding be continued during the recess of the Legislature by a subcommittee of the Standing Committee on Public Accounts.

**Interim Report Presented.**

Owing to the general excitement over the events of the morning it was nearer 3.30 than 3 o'clock before the members got down to business. Their first duty was to listen to the presentation by W. H. Finlayson, Chairman of the Public Accounts Committee, of the interim report of his committee, which read:

"Your committee has had produced before it certain accounts, vouchers, correspondence and particulars in connection with the public accounts of the Province of Ontario for the fiscal year ending Oct. 31, 1923, and during the course of examination of the said accounts; it was moved by Mr. Sinclair and seconded by Mr. Fisher.

"That the Honorable Peter Smith be summoned before this committee on Friday, April 11, to give evidence regarding commissions paid Provincial deposits in the Home Bank and also regarding commissions paid on the sales of the Provincial securities and to produce before the committee all books and documents in any way relating to such transactions.

"That in pursuance of said summons the Hon. Peter Smith appeared before the committee on Monday, April 14, when he was called as a witness before the committee and on being ordered to take the oath as such witness, he stated to the committee that he refused to give evidence, on the advice of counsel. All of which is respectfully submitted.

"(Signed) W. Finlayson, Chairman."