

March 16

# \$3,459 in Cheques Paid for No Work Member Declares

**Either Persons Who Did Nothing or Persons Who  
Were Dead Received Money, He Asserts—Says  
Premier Henry Had Received Complaint But Had  
Replied an Investigation Showed No Fraud—  
Names Mentioned in Charges by Speaker**

## SUMMARY OF QUESTIONS ASKED INDICATES SITUATION, HE CLAIMS

Detailed charges that funds had been misused by a Highways Department employee, shot across the floor of the Legislature last night by D. Paul Munro, and backed by a sheaf of documents, drew from Attorney-General Price the promise of an immediate investigation by a House committee, and brought Premier Henry hotfoot back to his seat in the Chamber.

Springing carefully collected and long-guarded Liberal information, Mr. Munro, M.P.P. for Wellington South, laid the following definite allegations:

That \$3,459 in pay cheques for highway work in Elgin County went either to persons who had performed no labor or to persons who were dead, and that a set of cheques issued to a number of persons were all endorsed with the same signature.

Specifically, he named James R. Gunning, foreman on the job, as deeply involved in the matter. A complaint concerning Gunning's activities had, Mr. Munro charged, been sent to Premier Henry in December of last year, and Premier Henry had replied that: "The department held an investigation, and were satisfied there had been no fraud or dishonesty."

### Suit Withdrawn.

Nevertheless, said Mr. Munro, two months before this, Gunning had been plaintiff in a slander action concerning this very matter, and, after making certain disclosures at an examination for discovery, had withdrawn his suit and paid the defendant's costs.

Mr. Munro came bluntly to the point of his remarks. "There's a man in the employment of the Department of Highways, in Residency No. 2 (Elgin County), by the name of James R. Gunning," he said. "He has been in the employ of the department for a number of years."

"I have before me a summary of certain questions asked and answers given, indicating that during the period between Jan. 1, 1929, and Dec. 31, 1933, the sum of \$3,459.50 was paid out to persons shown in the payroll who contributed no labor, were non-existent or dead." He flourished copies of payrolls, allegedly those of the Department of Highways. The department's cheques, he said, had gone to persons who did no work; and that certain cheques in the year 1930 all were endorsed by the same person. Every one of the pay sheets had the usual certificate of correctness, signed by Gunning and the resident engineer.

### Complaints Made.

As a consequence of the "notorious practice," said Mr. Munro, complaints had gone to the Prime Minister; and here Mr. Munro produced the Prime Minister's reply to complaints, which replies appear below. The section letter from the Premier stated that after investigation the Government was satisfied there was no fraud or dishonesty in the matter. That letter had been dated Dec. 16, 1933, but two months earlier Gunning had considered himself slandered by certain statements of Henry M. Walker, Talbotville, and had instituted a slander action in the courts. In October, Gunning had been subjected to an examination for discovery.

Subsequently, said Mr. Munro, the action was settled at the point of a trial in which twenty witnesses, employees of the department, had been called for the defense. Gunning had said, in effect, to Walker: "We'll pay your costs and we won't have a trial." There the matter had ended.

### If Definite Charge.

Attorney-General Price asked if Mr. Munro was making a definite charge on his responsibility as a member. If he had, the Government was prepared to investigate.

"I do, on my reputation as a member of this House, make the charge," said Mr. Munro.

Colonel Price replied: "Then we'll give you the opportunity to prove your charge before a special committee or the Public Accounts Committee."

Mr. Munro then expressed satisfaction with the Attorney-General's announcement.

Behind the scenes a call immediately went out for the Prime Minister. He was in the House within an hour, called in evening dress, from the function he had been attending.

Mr. Henry noted that a question concerning the same individuals had been raised by T. P. Murray and answered last year.

In December, the Premier stated, he had first become aware of the matter when he received a complaint, asking for an investigation. To this, he said, he had replied after a conference with the Minister of Highways (Hon. Leopold Macaulay) with an answer intimating that action would be taken. He then read a letter from Mr. Macaulay in answer to the complaint.

The Premier suggested that he had apparently received a copy of this letter and consequently answered with the missive to which Mr. Munro had originally referred.

The Premier mentioned Colonel Price's suggestion of an inquiry before committee and Mr. Munro, in return, stated that the Attorney-General had been very frank in saying he would facilitate inquiry, adding that there seemed to be complete understanding, and incidentally repeating: "I am alleging, of course, that there was fraud and dishonesty."

### List of Exhibits.

The important documents in the case include the following letter from Henry M. Walker, Talbotville, Elgin

County, to Premier Henry, Dec. 4, 1933, as sworn to by Walker in his declaration at London, Ont., Jan. 25, 1934:

"You, of course, have been informed by the Highway Department of the defamation action, brought by Highway Superintendent Gunning against myself.

"This case was not reached in the recent Assize Court at St. Thomas, and I felt it very keenly at the time, because it was evident to me that Gunning was very pleased over the delay—for obvious reasons.

"However, since then so much more evidence of irregularities under Gunning and others have come to my attention in a very tangible form that I am more than pleased that the case was not reached, because if it had been reached, as I now see it, and did not see it then, I would have been placed in a very false light in the eyes of the public, because the only conclusion that the public could arrive at as a result of defense would be, that I was desirous of bringing to the attention of the people of Western Ontario the fact that the Department of Highways knew for upward of a year about the conditions that existed insofar as Gunning is concerned.

"On giving this matter very serious consideration, I consulted Mr. Webster of St. Thomas, he being of our party, and we discussed the matter in every detail. Mr. Webster advised writing the Minister of Highways, which he did. There does not seem to be an answer forthcoming, which I regret very much.

"The point, as I see it, is that Gunning has involved numerous persons, including the Hon. Minister of Highways, in his evidence taken at the examination for discovery at St. Thomas, and it is therefore obvious to all of us that if this case is allowed to go on the result will be disastrous to our party; it looks to me as if some one will undoubtedly prosecute Gunning and others, and then be in a position to say that the department closed its eyes to this sort of thing, knowing of it for a period of over a year, so therefore would it not be logical that the prosecution—and there certainly will be a prosecution—emanate from the Government or department, and in this way show and prove to the public of Western Ontario that the Department of Highways, upon being informed of the existing conditions, lost no time in taking action? I am prepared to submit all evidence in the matter (in person) on being advised by you.

"The records of the Highways Department will prove to the Government of Ontario that I have in no way slandered their employee, J. R. Gunning, road foreman on Nos. 3 and 4 Highways, London Division.

"You, the Hon. Prime Minister of Ontario, I feel assured, will give this case of complicated irregularities by an employee of a department your immediate attention."

On Dec. 6, 1933, Premier Henry wrote as follows, to Henry M. Walker of Talbotville: "In reply to your favor of the fourth instant let me say I will discuss the matter with Hon. Mr. Macaulay."

On Dec. 16, a second letter from the Premier said: "In further reply to your favor of the fourth instant, let me say I have looked into the question you raise with the Highway Department. There is no trace of any correspondence to the Minister from Mr. Webster. The department had an investigation and were satisfied there had been no fraud or dishonesty. Mr. Gunning apparently feels that you have slandered him and has taken his case to the courts. In view of this I do not see how we could intervene. The matter will no doubt be thoroughly aired before the courts and should take its course."

Both letters were written after the examination for discovery which Gunning had made on Oct. 31, 1933.