

HIGHWAYS OFFICIALS AT PAYROLL PROBE DENY WRONGDOING

**Testify Road Foreman
Found Not Guilty of
Dishonesty**

CLAIM FAMILY QUARREL

Full support of the Ontario Department of Highways was thrown yesterday behind James R. Gunning, its Elgin County road foreman, who is the principal figure in Liberal D. Paul Munro's allegations of payroll-padding. From Hon. Leopold Macaulay, the Minister, down, departmental officers testified that Gunning had been found guilty of no dishonesty, and that the Province had not lost a cent through the irregularities which admittedly appeared in his pay sheets.

The Legislature's Public Accounts Committee, vested with the task of investigating the Liberal charges, today will continue the inquiry, in the course of which, Mr. Munro hopes to prove that highway cheques were paid to a dead man, to fictitious persons, and to people who did no highway work.

Closely Questioned.

Yesterday, to expedite the probe, the readily available Government witnesses were heard first. The Minister closely questioned his subordinates and received from them accounts of the departmental investigation of the case and denial that wrongdoing had existed. "I found there had been a family quarrel between Walker (who alleged graft) and Gunning," said Highways Accountant W. H. Brown.

Mr. Munro's thirty-nine witnesses from the St. Thomas area will be heard either today or at a subsequent meeting of the committee, it was agreed at the opening of the inquiry.

Produce Correspondence.

As the first witness of yesterday's hearing, Mr. Macaulay produced a mass of documents bearing on the case, beginning with the correspondence between the Prime Minister and Henry M. Walker of Talbotville, original complainant in the matter. In a letter to the Premier setting forth his allegation, Mr. Walker said one Webster had written the Minister of Highways with regard to the matter. "He never wrote to me," commented Mr. Macaulay. "That's mistake number one, and there will be a lot more."

The only irregularity, and this implied no wrong doing, was the use of Wilfred Fife's name on the pay-sheets, said Mr. Macaulay. As contended by the Minister and other witnesses from the department, Gunning had bought a truck in the expectation that it would be used in road-work. He had believed that, as foreman, he could not appear as truck owner in the pay-sheets, and so he had entered the item under Fife's name. But the use of trucks at that time was discouraged by the department, with the result that one truck was entered on the sheet as two teams, and paid for at that rate.

Irregularity Found.

In describing the Government's investigation of the case, Mr. Macaulay said that, after Walker's complaint had been received, W. H. Brown, Highways Department accountant, went to London, and asked the assistance of the Provincial Police in making his inquiries. All that Walker had brought to the constable's attention was the irregularity in the payments to Wilfred Fife instead of to Gunning. There was then no suggestion of payments to those who did no work or to a dead man. Provincial Constable E. C. Shervill submitted his report on Oct. 21, 1932. He found no dishonesty in evidence, and was informed by Resident Engineer H. E. McPherson that there

was no objection to the irregularity in truck payments.

Deputy Minister of Highways R. M. Smith produced two cheques paid to Fife, and endorsed by him in order that they might be cashed by Gunning. They were for amounts of \$44 and \$37.95. The first represented 40 hours' use of the truck.

"Was there any indication that the Province was being defrauded out of anything on this deal?" Mr. Macaulay asked his Deputy.

"No, sir," affirmed Mr. Smith.

Mr. Munro remarked: "Yet the item is shown as being for 80 hours, and the sheet is signed by W. Fife and certified as correct by Gunning, and was not certified by the resident engineer."

On the second cheque, Mr. Smith again denied that there had been any defrauding of the Government. Mr. Macaulay asked him: "Has there ever been any suggestion of graft by Gunning since he has been in the department's service?"

"No," said Mr. Smith. "I think him an honest man."

Mr. Smith tabled a batch of correspondence with Foley & Myers of London, who, Mr. Macaulay suspected, "while acting for Walker, really had been building up this case."

Turning to the allegations that a dead man and fictitious people had been included in pay sheets, Mr. Macaulay drew from his deputy a denial that any such circumstances had been revealed by departmental investigation.

The Minister turned next to the matter of Talbotville United Church, "a classic case in this cause celebre, better than Grimm's Fairy Tales." One statutory declaration concerning this incident, published in Friday's Globe, Mr. Munro claimed never to have seen.

"Do you mean that The Globe printed a false statement?" asked Mr. Macaulay. Mr. Munro did not reply.

The declaration in question was that of John Brown, Secretary-Treasurer of the church, and whose name allegedly appeared on the payroll. Mr. Smith's explanation was that rental of the church shed had been paid through Gunning.

Accountant Brown of the department also stated that his investigation had revealed no misuse of funds.

At the start of yesterday's committee session, Dr. George A. McQuibban, Liberal House Leader, pressed further his investigation of transfer of Liquor Board moneys to the Treasury Department. James McGeachie, Board Auditor, regretted that he had not brought with him the papers showing liquor purchases during the past twelve months, but they filled thirty big filing cabinets. If necessary, however, he would have a truck bring them to Queen's Park in fifteen minutes. Meanwhile, he filed a summary.

Dr. McQuibban recalled the fact that at a previous hearing Mr. McGeachie had revealed that on Oct. 31 the board had a \$450,000 overdraft and credit balance of about \$25,000 in the banks. Mr. McGeachie explained further that on the date in question \$250,000 was in the hands of the various stores and in transit to board head office.

Attorney-General Price suggested that Dr. McQuibban and Mr. Munro, for convenience sake, examine the board's books at the board's head office. This was acceptable to the Liberals.