

April 16

# Security Sellers Used "Judgment" On Roebuck Talks

Commissioner Finds No "Tips" Were Given  
and Financial Field Opinion Is That Can-  
cellation Policy Was Well-Kept Secret

## INVESTMENT MEN INTERVIEWED AND COMPANY BOOKS PROBED

**N**O LEAK, excepting Attorney-General Roebuck's radio broadcast, was the report brought into the Ontario Legislature last night affirming the secrecy protecting the Government's Quebec-contract policy prior to its announcement.

### Comments on Report.

"Leaks Limited," Attorney-General Arthur Roebuck entitled John M. Godfrey's report finding that no information had been given out by the Government or anybody connected with the Government.

"Mr. Godfrey has made an investigation of a very wide scope," the Attorney-General said. "Mr. Godfrey finds that no leak, so called, took place. He says that if any one is guilty it is me; that the leak came from me, and that I hired a radio microphone to do the deed."

The Securities Commissioner's report, extending back to the first of the year, held to the same thesis. "There was," it was stated, "very substantial selling of these bonds as the result of the speeches made in the Legislature and the Attorney-General's series of broadcasts."

Mr. Roebuck also affirmed that the policy of the Government was a well-kept secret. "I know," he said, "that the secret was kept with exceeding care."

"It did look rather peculiar," commented former Attorney-General Price, who had demanded the investigation. His comment referred in particular to New York sales of last January.

### Dealers Questioned.

"The investigating staff of the Commission," ran Mr. Godfrey's report, "have interviewed members of the Investment Dealers' Association, the Stock Exchange and other persons known to be engaged in dealing in the bonds of these companies, and have also examined their books of accounts."

"The Hon. Mr. Price requested the investigation of the sales of certain Gatineau bonds sold on the New York Curb. Very early in the investigation the records of these sales were found in three brokerage offices. The seller was summoned before the Commission, and, under oath, stated that he was the seller not only of the \$20,000 of bonds mentioned, but of a further amount of \$10,000. He stated that he had received no information from any member of the Government or from any other person, but that he had made these short sales on his own judgment as the result of speeches made by members of the present Government at the time of the Provincial election. He believed there would be strong action taken by the present Government in connection with these bonds, and, as a result, sold them short."

"As a general result of the investigation the Commission finds that there was no information given out by the Government or anybody connected with the Government; that it is the opinion in financial circles that there was no leak and that the policy

of the Government was an extremely well-kept secret.

"There was, however, very substantial selling of these bonds as the result of the speeches made in the Legislature and the Attorney-General's series of broadcasts. It was discovered that one of the banks had on March

29 and 30 and April 1 sold \$350,000 of these power bonds. A letter directed to the Commission explaining the transaction is typical of the reasons given for the sale of these bonds. It is as follows:

"Replying to your enquiry by your Mr. S. M. Thomson regarding Beauharnois, Maclaren and Gatineau Power bonds, we sold on our own account bonds of the latter \$350,000 on Friday, Saturday and Monday last. We were prompted to do so by the utterances of the Attorney-General as read in the press and heard over the radio.

"The only other transaction which passed through our hands was a sale of \$4,000 Gatineau bonds ordered sold by a customer at one of our branches some ten days or two weeks ago, the sale being consummated on April 1."

"In addition to the short-selling referred to the Commission by the Hon. Mr. Price, all other short sales were investigated and the sellers personally interviewed. They constituted a very small percentage of the total volume of sales. In every case the seller affirmed that he had no secret information and that the selling was the result of the debate in the Legislature and the Attorney-General's broadcasts.

(Signed) "John M. Godfrey,  
"Commissioner."