

"Misuse" of Funds For Personal Gain, Charged to Henry

Former Premier Used Government Money to Save Company, Roebuck Claims

Hon. George S. Henry, former Ontario Premier, was charged in the Legislature yesterday with the "misuse of public funds to avert a private financial catastrophe to himself and his friends and to the company of which he was a director."

The charge was levelled by Hon. Arthur W. Roebuck, Attorney-General, in his summing up of Hydro administration in the past year. He referred, he said, to the Abitibi Canyon development in his charge against Mr. Henry.

At the same time the Attorney-General declared that, against the advice of Hydro Commissioner Charles Magrath, the then Government had "given away" power sites to private companies, and that the Government had guaranteed to purchase \$1,300,000 worth of power annually.

The private company then issued bonds and a bonding company made "a cool million dollars" on the sale.

Invested Funds.

"It was at this time," said Mr. Roebuck, "that the then Prime Minister, now Leader of his Majesty's Loyal Opposition, invested their private funds, and the moneys of the companies which they directed, in this company's bonds."

Mr. Henry made no reply to the charges.

Opening his charges against the Opposition Leader, Mr. Roebuck said:

"The member for South York has referred to this enterprise as the 'much-maligned Abitibi power development,' but, as a matter of fact, no one has uttered a derogatory word of that magnificent source of power, or doubted the value of its service to the mining and other communities of the North.

"What has been criticized was the alienation of this power into private hands in 1926, and the part which the former Government played in the stock-jobbing operations of its friends and promoters, and particularly of the part which the former Prime Minister played in his personal capacity as an investor in the bonds of a public service corporation having dealings with his Government, and, finally, his misuse of public funds to avert a private financial catastrophe to himself and his friends, and to the company of which he was a director.

"The honorable gentlemen opposite will find cold comfort in their attempt to confuse the record of the present

Commission's achievements in Northern Ontario with the betrayal by the former Government of the principle of public ownership—its questionable dealings with the Abitibi promoters, and the actions of the members of the former Administration in the use of the public exchequer to protect their own and other private investments.

"Had the intentions of the honorable gentlemen opposite not been frustrated by the unexpected insolvency of the Ontario Power Service Corporation, and the Abitibi Power and Paper Company, this 'beacon asset' of the Abitibi canyon development would have been a bright and shining one to the Abitibi promoters, and the mining districts of the North would have been blighted by another private power monopoly similar to the Northern Ontario Power Company, which has for many years imposed contracts on mining companies for the life of the mine at rates based on all the traffic will bear.

In 1926, Mr. Roebuck stated, the Conservative Government had granted a lease free of purchase price to the Hudson Bay Power Company, a subsidiary of the Abitibi Power and Paper Company. The lease was for the Abitibi power canyon, and was made on the recommendation of Mr. Henry, then Minister of Lands and Forests.

The conditions of the lease were not fulfilled and at that time Mr. Magrath stepped in to urge the Government to develop the power on a public-ownership basis.

"In spite of this admonition," continued Mr. Roebuck, "the lease was amended by Order-in-Council, on the recommendation of the Prime Minister to give away this property for the second time.

Quoted Proverb.

"The present Leader of the Opposition had forgotten the adage that 'he who sups with the devil should have a long spoon.' The promoters had loaded their proposition to the point that they were unable to bring the plant to completion, and the company defaulted in the payment of interest.

"The honorable gentleman from East York admitted that the bonds had sold on the New York market as low as \$30 each, and no doubt they would have gone lower still had it not been for the prospect of his Government's assistance. And yet, on the 25th day of June, 1932, the then Prime Minister announced the exchange of this bankrupt company's bonds for Hydro bonds, with a guarantee by the Government, on a basis of \$90 per \$100, and the Province was committed to an expenditure of \$18,000,000 for the assets of a bankrupt company.

"It was not until some considerable time later that the Prime Minister was forced to confess from his place in this House that he himself was a holder of bonds in the company—that he was a director of the company with a large block of these bonds, and that one of the Hydro Commissioners was financially interested, both personally, and as a shareholder and director of a number of companies, and that he had concealed from his own colleagues that he was personally interested in a transaction involving the expenditure of millions of dollars of public funds, which as Prime Minister he had recommended," Mr. Roebuck said.

No Feud With City Members Says Heenan

A MORNING-PAPER story of a feud between Hon. Peter Heenan and Toronto M.P.P.'s got a speedy denial from the Northern Ontario Cabinet Minister in yesterday's Legislature.

"It was the first time I knew there was any feud," said Mr. Heenan, "and an Irishman can smell a fight a long way off." Mr. Heenan denied the report that he had implied that all the Toronto representatives were good for was "sitting around hotels trying to make mischief."

"I always thought the Toronto members were rather like the cavalry in the army," Colonel Fraser Hunter, Toronto Liberal M.P.P. and veteran military man, interposed. "They give tone to what would otherwise be a vulgar brawl."

Mr. Heenan also said that "The Globe can even go wrong sometimes." He had been quoted as stating that the people of Northern Ontario regarded the people of Old Ontario as foreigners. He had said: "The people of Old Ontario regarded the people of Northern Ontario as foreigners."

ALMOST 1,200 HOTELS LICENSED

Between 1,100 and 1,200 hotels are now authorized to sell beer and wine, the Ontario Government reported in yesterday's Legislature.

An "answer" to Conservative queries stated that, as of Jan. 31, 1,152 hotels were licensed for wine and beer, and authorities had been granted to 108 social clubs, 85 soldier and labor clubs, 76 military messes and one railway. When the Government took office, said the "answer," the total number of standard hotel licenses was 977.

A comparison with 1916 figures given out at the same time, showed that just prior to the passage of the O.T.A. there were 1,251 licensed taverns, 7 taverns selling only beer and wine, 211 liquor shops and 64 licensed clubs.

HENRY TO ANSWER ROEBUCK CHARGES

Public Funds Misused, Is Claim

Charges made against him by Attorney-General Roebuck that he had "misused public funds" will be replied to in the Legislature shortly, Hon. George S. Henry said last night.

"All that has been replied to years ago, and any reply I make now will be given in the House, not through the press," he told The Globe in an interview.