

## Tax Amendment Passed by House

The amendment to the Corporation Tax Act, increasing the levy on income from two to five per cent, yesterday was given third reading by the Legislature. Opposition Leader Drew called for a declaration of the "ayes" and "nays" in the vote.

"The act, I am convinced, is an extremely unwise one at the present time," he said. Colonel Drew forecast that the sharp tax increase would effect an injury upon business at a time when it was "essential to get on with the business at hand."

## ROAD SUBSIDIES POLICY ALTERED

Under an amendment to the Highway Improvement Act, approved yesterday in the House, application for township road subsidies shall include only the estimated expenditure on such work as may be designated by the Minister as being work on which a subsidy will be paid.

According to Hon. T. B. McQuesten, Minister of Highways, the amendment applies particularly to suburban areas. Under the present system, he said, residents in the highly built up township areas lying beyond the borders of the cities are receiving Provincial grants for roads' construction, while those living within the borders paid for their roads under the local improvement plan. He believed that the Province should not be called on to subsidize such suburban roads.

## 'Naughty' Film Passes Offered

Leopold Macaulay and T. L. Kennedy, Conservative members for South York and Peel, respectively, last night in the Legislature were offered "season tickets" by Premier Hepburn to the "naughty" pictures banned for public consumption by the Motion Picture Censor Board.

The presentation offer was made as Mr. Macaulay questioned the \$42,525 item in the estimates dedicated to the censorship and theatre inspection branch of the Government.

"Do they ever turn down any pictures?" queried Mr. Macaulay, seeking an excuse to cut the estimate.

"Come up and see me some time and I'll show you a few," replied the Premier.

## CAUTION URGED ON MAGISTRATES IN OWN AFFAIRS

### Plan No Action in Case Of Judge Shea Who Held Construction Firm Post

### NO LONGER DIRECTOR

Magistrates of the Province must not only administer the law but must conduct themselves within the law, Attorney-General Gordon Conant declared in the Legislature yesterday in tabling correspondence in the case of Judge J. Ambrose Shea.

Last week Opposition Leader George Drew brought up in the House an article in the Financial Post which claimed that Judge Shea, at the time he was a magistrate at Kingston, had been an officer and a director of the Frontenac Construction Company which had received large contracts from the Ontario Government. The Attorney-General promised an immediate investigation of the facts.

The facts as presented by the Leader of the Opposition were correct, the Attorney-General said. He indicated that no action would be forthcoming.

"I neither approve nor condone what has been done," said Mr. Conant. "The fact that this has been brought to light may serve the purpose of indicating to the magistrates of the Province that it is not only their duty to administer the law but to conduct themselves within the law."

In October, 1935, continued Mr. Conant, Judge Shea, then a magistrate, had written to Colonel W. W. Dennison, Inspector of Legal Offices, admitting his connection with the company and asking advice as to whether he should continue that connection. Mr. Conant remarked that Colonel Dennison's reply was "unfortunately, not very helpful," and added: "Perhaps that is one indication why he is no longer holding the position of Inspector of Legal Offices."

The reply was to the effect that Mr. Shea would have to use his own good judgment in the matter and concluded: "I would myself, however, be very averse to being a director of a company unless I knew everything that was going on all the time."

"That may have been very good business advice but it was not very helpful under the circumstances," commented Mr. Conant, who stressed that the situation developed before his time as Attorney-General.

Following publication of the article and before the matter was raised in the House, Judge Shea wrote to the Deputy Minister of Justice at Ottawa, acquainting him with all the facts of the case. In this letter Judge Shea pointed out that in 1934, before his appointment as magistrate, he helped form the Frontenac Construction Company, and was retained as solicitor. Afterwards he became a director and was allotted one share.

"For the first year the company did no business," he wrote the Deputy Minister of Justice. "Then the head office was transferred to Toronto and I had virtually nothing to do with it thereafter. I know very

little about what was being done. I never received a dividend but from time to time received a director's fee which also covered my solicitor's charges for incorporation."

In June, 1939, he resigned as director and transferred his one share to his brother-in-law. Since that time he had had no interest, directly or indirectly, in the company, he declared.